Appraisal Subcommittee
Federal Financial Institutions Examination Council

FYI
Cover Page

June 8, 2022

1325 G Street, NW ♦ Suite 500 ♦ Washington, DC 20005 ♦ (202) 289-2735 ♦ Fax (202) 289-4101

Appraisal Subcommittee Members
(Revised as of May 24, 2022)

Agency	Member	Alternate Member
CFPB	Zixta Martinez **(Chair)** Deputy Director Consumer Financial Protection Bureau 1700 G Street NW Washington, DC 20552 O: 202-435-7204 C: 202-288-1409 Email: Zixta.Martinez@cfpb.gov	John Schroeder Regional Director – Midwest Region Supervision, Enforcement and Fair Lending Consumer Financial Protection Bureau 230 S. Dearborn Street, Suite 1590 Chicago, IL 60604 O: 312-610-8948 C: 202-591-5938 Email: John.Schroeder@cfpb.gov
FDIC	Luke Brown Associate Director for Supervisory Policy Branch Division of Depositor and Consumer Protection Federal Deposit Insurance Corporation 550 17th Street NW Washington, DC 20429 O: 202-898-3842 Email: LuBrown@fdic.gov	Tom Lyons Corporate Expert (Examination Policy) Division of Risk Management Supervision Federal Deposit Insurance Corporation 550 17th Street NW Washington, DC 20429 O: 202-898-6850 C: 413-535-6059 Email: TLyons@fdic.gov
FHFA	Maria Fernandez Senior Associate Director Office of Housing and Regulatory Policy Division of Housing Mission & Goals Federal Housing Finance Agency 400 7th Street SW Washington, DC 20219 O: 202-649-3102 Email: Maria.Fernandez@fhfa.gov	Julie Giesbrecht Senior Policy Analyst Office of Housing & Regulatory Policy Division of Housing Mission & Goals Federal Housing Finance Agency 400 7th Street SW Washington, DC 20219 C: 202-557-9866 Email: Julie.Giesbrecht@fhfa.gov
FRB	Suzanne Williams Deputy Associate Director Division of Supervision and Regulation Board of Governors of the Federal Reserve System 20th & C Streets NW Washington, DC 20551 O: 202-452-3513 C: 202-498-8710 Email: Suzanne.L.Williams@frb.gov	Keshia King Lead Supervisory Policy Analyst Division of Consumer & Community Affairs Board of Governors of the Federal Reserve System 20th & C Streets NW Washington, DC 20551 O: 202-452-2496 C: 202-853-7738 Email: Keshia.King@frb.gov

Appraisal Subcommittee Members
(Revised as of May 24, 2022)

Agency	Member	Alternate Member
HUD	Bobbi Borland **(Vice Chair)** Deputy Director Office of Single Family Program Development U.S. Department of Housing & Urban Development 451 7th Street SW, Room 9278 Washington, DC 20410-8000 O: 202-402-5244 Email: Bobbi.L.Borland@hud.gov	Brian Barnes Deputy Director Home Valuation Policy Division Office of Single Family Program Devel. U.S. Department of Housing & Urban Development 451 7th Street SW, Room 9270 Washington, DC 20410-8000 O: 202-402-6467 Email: Brian.S.Barnes@hud.gov
NCUA	Tim Segerson Deputy Director Office of Examination & Insurance National Credit Union Administration 1775 Duke Street Alexandria, VA 22314-3428 O: 703-518-6397 C: 716-228-4993 Email: Segerson@ncua.gov	JeanMarie Komyathy Deputy Director Office of Credit Union Resources and Expansion National Credit Union Administration 1775 Duke Street Alexandria, VA 22314-3428 O: 703-518-6362 C: 703-853-0334 Email: Komyathy@ncua.gov
OCC	Enice Thomas, CFE Deputy Comptroller for Credit Risk Office of the Comptroller of the Currency 400 7th Street SW Washington, DC 20219 O: 202-649-8281 C: 202-286-2954 Email: Enice.Thomas@occ.treas.gov	James Rives National Bank Examiner Bank Supervision Policy – Credit Risk Office of the Comptroller of the Currency 400 7th Street SW, 7W-114 Washington, DC 20219 O: 202-649-6594 C: 202-294-1823 Email: James.Rives@occ.treas.gov

May 25, 2022

Mr. James Park
Executive Director
Appraisal Subcommittee of the Federal Financial Institutions Examination Council
400 7th St SW
Washington, DC 20219

Dear Mr. Park:

Thank you for testifying before the United States Senate Committee on Banking, Housing, and Urban Affairs on March 24, 2022, at our hearing entitled “Strengthening Oversight and Equity in the Appraisal Process.”

To complete the hearing record, we would appreciate your answers to the enclosed questions by May 16, 2022. When formatting your response, please repeat the question, then your answer, single spacing both question and answer. Please do not use all capitals.

Send your reply to Mr. Cameron Ricker, the Committee’s Chief Clerk. He will transmit copies to the appropriate offices, including the Committee’s publications office. Due to current procedures regarding Senate mail, it is recommended that you send replies via e-mail in a Microsoft Word or PDF attachment to Cameron_Ricker@banking.senate.gov.

If you have any questions about this letter, please contact Mr. Ricker at (202) 224-5587.

Sincerely,

Sherrod Brown
Chairman

SB/cr

Committee on Banking, Housing, and Urban Affairs
"Strengthening Oversight and Equity in the Appraisal Process."
March 24, 2022

Questions for Mr. James Park, Executive Director, Appraisal Subcommittee of the Federal Financial Institutions Examination Council, from Senator Jack Reed:

1. How does the Appraisal Subcommittee currently exercise its existing oversight powers over The Appraisal Foundation to address racial bias in the appraisal process? Are there existing powers the Appraisal Subcommittee that could be used more effectively to reduce bias in appraisals?

The ASC has very limited oversight powers over the Appraisal Foundation (Foundation), a private non-profit. The ASC is limited to monitoring and reviewing the Foundation but lacks the enforcement and rulemaking authority necessary to provide effective oversight. Therefore, the agency's ability to directly reduce or impact bias in appraisals through the Appraisal Foundation is limited as well. Until 2020, the Foundation accepted an annual grant from the ASC which provided the ASC a degree of Foundation oversight. However, since 2020, the Foundation has stopped accepting ASC grants further limiting the ASC's ability to influence Foundation actions. The ASC has offered the Foundation approximately $2.75 million in federal grants over the past three years which were declined over concerns that accepting federal funds for the work to develop USPAP changes could compromise over 80% of their annual revenue. The ASC's 2022 Notice of Funding Availability to the Foundation made it clear that in addition to funding for the standards and qualifications setting boards, funds could also be used for diversity, equity and inclusion projects such as diversifying the appraisal industry and the Foundation Boards.

The ASC has been actively working within our authority to identify the root causes and solutions to bias in appraisals and the lack of diversity in the industry. The agency hosted two public (virtual) roundtables on bias and diversity problems with over 700 attendees. The ASC also commissioned an independent report on the appraisal standards and appraiser qualifications to ensure that neither set of requirements systematize or encourage bias in appraisals or the credentialing of appraisers. The study pointed out several problems with the standards and qualifications setting process and the standards and qualifications themselves. The report also included recommendations for addressing the problems. Increased oversight and enforcement authority over the standards and qualifications setters to ensure a fair and equitable process would greatly enhance the ASC's ability effectuate changes in appraisal practice and appraiser education. The ASC staff and ASC member agencies also made significant contributions to the PAVE Task Force.

Committee on Banking, Housing, and Urban Affairs
"Strengthening Oversight and Equity in the Appraisal Process."
March 24, 2022

Questions for Mr. James Park, Executive Director, Appraisal Subcommittee of the Federal Financial Institutions Examination Council, from Senator Thom Tillis:

1. Various studies on this topic cite news stories of alleged racial bias in appraisals. While allegations of any unlawful action or bias should always be investigated and, if need be, sent to the courts, can you provide to me the specific number of convictions of appraisers who have been found to be discriminatory in their work?

   No, because investigations and convictions in this areas would be under the jurisdiction of State or Federal agencies over which the ASC has no authority.

2. Some policymakers and special interest groups are currently advocating that the education requirements for becoming an appraiser be dramatically reduced. Do you believe this will help more competent appraisers enter into the profession or could this have further compounding effects?

There are two parts to the education requirements to obtain an appraiser credential[1]: college degree or course requirements and a core curriculum of education on appraisal practice.

The PAVE Task Force and other studies have been focusing on reducing or eliminating the college degree and college course requirements. Other than the need to make Fair Housing Training part of the core curriculum, I am not aware of any requests to change the core curriculum education related to appraisal practice.

The college degree and college course requirements became effective in 2015. I am not aware of any studies or research done before or after implementation that supported the conclusion that having a college degree or college courses leads to someone being a more ethical or competent appraiser. However, there is plenty of research that indicates people of color and rural citizens are less likely to have college degrees or coursework.

Since the college degree and course requirements became effective, the numbers of appraisers entering the profession have dropped and complaints of appraiser shortages are growing. It is also important to keep in mind that the experience requirements, which forces trainee appraisers to find someone willing to supervise them, can serve as a barrier to entering the profession that is equal to or greater than the college degree or course requirements.

[1] These requirements vary depending on whether one is seeking to obtain a Licensed, Certified Residential, Certified General credential.

Committee on Banking, Housing, and Urban Affairs
"Strengthening Oversight and Equity in the Appraisal Process."
March 24, 2022

3. As you know, the Appraisal Subcommittee maintains the Appraisal Complaint National Hotline.

    a. How many Fair Housing Complaints have been processed by the Appraisal Complaint National Hotline?

    - The original Appraisal Complaint National Hotline did not include referrals of fair housing complaints. Dodd-Frank amended Title XI of FIRREA to authorize complaint referrals only for alleged violations of Uniform Standards of Professional Appraisal Practice (USPAP) and/or appraiser independence. However, as a result of the PAVE recommendations, the ASC will determine ways to highlight the processing of Fair Housing complaints in order to assist and educate consumers.

    b. How many complaints concerning appraisers and appraisal management companies have been referred to state regulatory agencies?

    - The Hotline was opened in March 2013. There have been 3,399 referrals against appraisers and 304 against appraisal management companies (AMC) generated over the past twenty-four months
    - The Appraisal Complaint National Hotline refers complainants to appropriate State and/or Federal agencies to handle complaints of alleged violations of the (USPAP) and/or appraisal independence requirements. Intake of complaints are handled based on existing protocols established by the State or Federal agency receiving the complaint. The Hotline does not initiate complaints, act on behalf of complainants, arbitrate complaints, assist in appealing the outcome of complaints, or follow up on complaint referrals previously provided. Therefore, we do not have information regarding the number of referrals that resulted in actual complaints being filed at the State or Federal levels.

    c. Has the number of complaints received through the hotline increased or decreased over the past twenty-four months?

    - From 2020 -2021 the number of referrals against appraisers has increased from 579 to 610 or 5% and from 12 to 22 or 83% for AMCs.

    d. If an increase, does that indicate appraisers are doing a better job and less education and experience should be required?

The number of referrals against appraisers has risen slightly while the number of complaints against AMCs has almost doubled. We do not have enough data to attribute either increase to a specific reason or set of reasons.

APPRAISAL SUBCOMMITTEE

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

APPRAISAL SUBCOMMITTEE

Financial Statements

September 30, 2021 and 2020

C O N T E N T S

O'Connor & Drew P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Appraisal Subcommittee of the
Federal Financial Institutions Examination Council
Washington, DC 20005

Report on the Financial Statements
We have audited the accompanying balance sheets of the Appraisal Subcommittee ("ASC") as of September 30, 2021 and 2020, the related statements of net cost, changes in net position and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget ("OMB") Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Appraisal Subcommittee as of September 30, 2021 and 2020, and its net cost, changes in net position and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis* ("MD&A") section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Appraisal Subcommittee's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Appraisal Subcommittee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Appraisal Subcommittee's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 21-04. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 ("FMFIA"), such as those controls relevant to ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Appraisal Subcommittee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04.

Management's Responsibility for Internal Control and Compliance

Appraisal Subcommittee's management is responsible for (1) evaluating effectiveness of internal control over financial reporting based on criteria established under the Federal Managers Financial Integrity Act ("FMFIA"), (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, and (3) ensuring compliance with other applicable laws and regulations.

Auditors' Responsibilities

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audits, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 21-04 requires testing, and (3) applying certain limited procedures with respect to the MD&A.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing internal control over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to Appraisal Subcommittee. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 21-04 that we deemed applicable to Appraisal Subcommittee's financial statements for the fiscal year ended September 30, 2021. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Appraisal Subcommittee's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 21-04 in considering the Appraisal Subcommittee's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

This report (with the exception of the report on the financial statements) is intended solely for the information and use of management of the Appraisal Subcommittee, OMB, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

March 8, 2022

ASC History

The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI). Title XI's purpose is to "provide that Federal financial and public policy interests in real estate transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."

In general, the ASC oversees the real estate appraisal process as it relates to federally related transactions, as defined in Section 1121(4) of Title XI (1). The ASC is an FFIEC subcommittee. The FFIEC was established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The FFIEC is an interagency body empowered to set uniform principles for the examination of federally regulated financial institutions.

Title XI requires the ASC to:

- monitor the requirements established by States:
    - for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and
    - for the registration and supervision of the operations and activities of appraisal management companies (AMCs)
- monitor the requirements established by the Federal financial institutions regulatory agencies with respect to:
    - appraisal standards for federally related transactions under their jurisdiction; and
    - determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser
- maintain a national registry of State certified and licensed appraisers (Appraiser Registry) who are eligible to perform appraisals in federally related transactions
- maintain a National Registry of AMCs (AMC Registry) that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution
- monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation (Foundation).
- transmit an annual report to Congress not later than June 15 of each year that describes the way each function assigned to the ASC has been carried out during the preceding year

Title XI also requires the ASC to:

- make grants in such amounts as it deems appropriate to the Foundation to help defray costs relating to the activities of the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB)
- make grants to State appraiser certifying and licensing agencies in accordance with policies developed by the ASC to support the efforts of such agencies to comply with Title XI, including—
    - the complaint process, complaint investigations, and appraiser enforcement activities of such agencies
    - the submission of data on State licensed and certified appraisers and AMCs to the Appraiser Registry and the AMC Registry, including information affirming that appraisers or AMCs meet required qualification criteria, and information on formal and informal disciplinary actions
    - reporting to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked or suspended

The ASC has seven members, each designated respectively by the head of their agency, including the Board of Governors of the Federal Reserve System (Federal Reserve), Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Federal Housing Finance Agency (FHFA), and U.S. Department of Housing and Urban Development (HUD). Title XI also requires the FFIEC to appoint a chairperson from the member representatives to serve a two-year term.

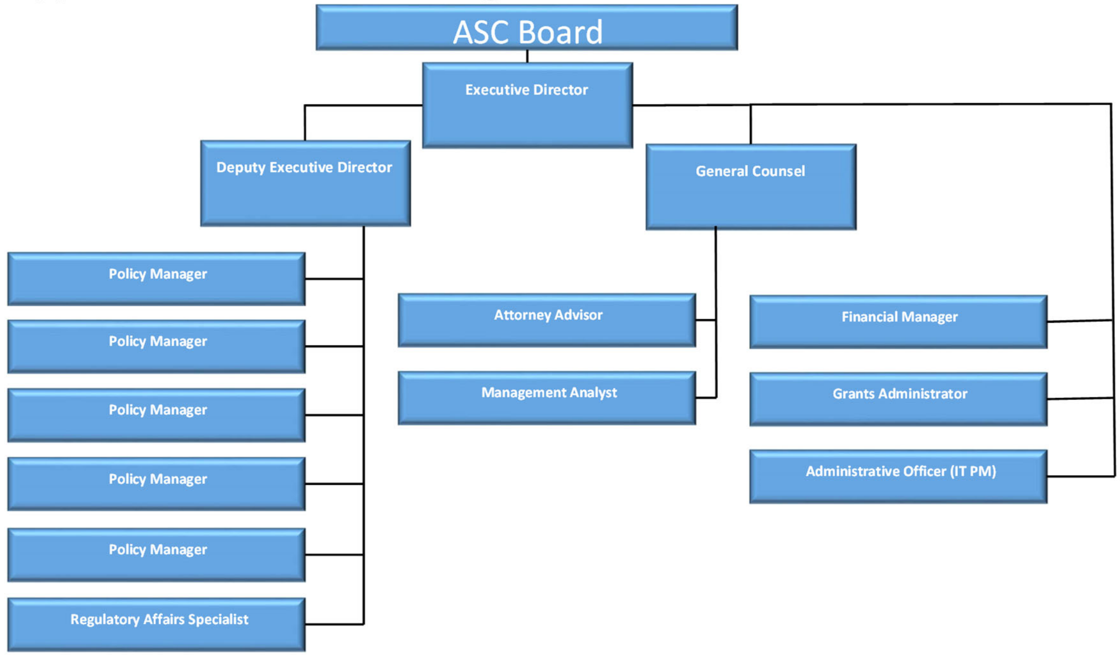
The Appraisal Subcommittee's (ASC) Mission Statement:

To provide federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

Strategic Goals

1. Promote Title XI-compliant State Appraiser Programs and AMC Programs;
2. Carry out Title XI monitoring functions;
3. Administer Title XI Grant Programs;
4. Finalize Implementation of Advisory Committee recommendations;
5. Maintain the National Registries (Appraiser Registry and AMC Registry);
6. Prudently manage ASC resources; and
7. Facilitate Effective and Efficient Valuation Services and Regulation.

Appraisal Subcommittee Organizational Chart



Performance Goals

As required by Title XI, the ASC monitors each State's Program for compliance with Title XI, AQB Criteria and ASC Policy Statements. Appraisers credentialed by State Programs that do not comply with the requirements of Title XI may be prohibited from performing appraisals of real property involved in federally related transactions in that State. The ASC's rating criteria of the State Programs focuses on three key components: (1) complying with Title XI mandates and requirements of ASC Policy Statements; (2) maintaining a strong regulatory program; and (3) limiting overall risk of Program failure.

The ASC monitors State Programs largely through on-site visits to the States; the ASC performs an on-site Compliance Review of each State at least once every two years. Programs that evidence noncompliance in one or more areas may be subject to additional oversight, including Follow-up Reviews, an accelerated Review Cycle and/or off-site monitoring.

The ASC identifies State Programs that may have a significant impact on the nation's appraiser regulatory system. The following 14 States, listed alphabetically, collectively represent over 50% of the credentialed appraisers on the Appraiser Registry: California, Colorado, Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Washington. The ASC performs Priority Contact visits with these States in those years when Compliance Reviews are not scheduled. The ASC also conducts a Priority Contact visit for individual States when a specific concern warrants special attention by the ASC. The primary purpose of the Priority Contact visit is to review topical issues, evaluate regulatory compliance issues and maintain a close working relationship with the State.

ASC Organizational Overviews

ComplianceReviewProcess

The ASC's Compliance Review process is a risk-based review process, focusing on areas of State Programs that are not in compliance with Title XI or that exhibit characteristics which could lead to non-compliance. Effective June 1, 2013, the ASC refined its Compliance Review process to better identify various levels of compliance.

Compliance Reviews are scheduled over a three to four-day period to coincide with a meeting of the State Program's decision-making body whenever possible. Preliminary Findings are communicated to the State in an ASC staff report and the State is given 60 days to respond. ASC staff then considers the State's response and makes formal recommendations for final disposition. The ASC, or its designated representative acting under delegated authority, considers the ASC staff report and recommendations along with responses from the State Program before rendering a decision. A final Compliance Review Report and letter to the State with a determination regarding the State's compliance with Title XI is then issued. Actions taken under delegated authority are presented to the ASC at its next regularly scheduled meeting.

State Off-Site Assessments

As a result of the temporary suspension of on-site visits, the ASC initiated an alternative process to communicate with States referred to as State Offsite Assessments (SOAs). SOAs are used in lieu of a Compliance Review when travel is restricted. An SOA is a limited assessment and evaluation of the Appraiser and AMC Program's compliance with Title XI intended to provide feedback to State staff. SOAs focus on State Appraiser or AMC Program statutes, rules, policies, and applications intended to identify characteristics which could lead to non-compliance. The SOA does not result in a finding regarding compliance or a Program rating, but rather provides the State with information it needs to make program improvements, if necessary. The ASC performed 19 SOAs of both Appraiser and AMC Programs in 2021.

State Programs are issued one of the following Findings:

ASC Finding	Rating Criteria	Review Cycle*
Excellent	• State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure	2-year
Good	• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure	2-year
Needs Improvement	• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure	2-year with additional monitoring
Not Satisfactory	• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure	1-year
Poor	• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

Priority Contacts

The ASC identifies Appraiser Programs that may have a significant impact on the nation's appraiser regulatory system. The following 14 States, listed alphabetically, collectively represent over 50% of the credentialed appraisers on the Appraiser Registry: California, Colorado, Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Washington. The ASC performs Priority Contact visits with these States in those years when Compliance Reviews or SOAs are not scheduled.[1] The ASC also conducts a Priority Contact visit for individual States when a specific concern warrants special attention by the ASC. The primary purpose of the Priority Contact visit is to review topical issues, evaluate regulatory compliance issues and maintain a close working relationship with the State. The ASC performed 3 off-site Priority Contact visits remotely in 2021

ASC Roundtables: Building a More Equitable Appraisal System

On September 22, 2021, the ASC began convening virtual Roundtables around the theme: "Building a More Equitable Appraisal System" to address historical and contemporary factors that have contributed to racial and other inequities challenging the appraisal system today. The goals of the Roundtable were to: 1) engage audiences around the challenges and opportunities of building a more equitable appraisal system; 2) educate stakeholders on issues of racial bias and inequity in the appraisal process; and 3) collaborate with ASC's partners on potential strategies for achieving a more equitable appraisal system. This groundbreaking event brought together leaders in government, finance, real-estate, non-profits, and communities impacted by the appraisal system.

The September 2021 Roundtable brought together a distinguished group of speakers, including:

- **Secretary Marcia L. Fudge**, U.S. Department of Housing and Urban Development (Opening Remarks)
- **Timothy** Segerson, Chairman, Appraisal Subcommittee (Welcoming Remarks)
- **Jillian White,** Head of Collateral, Better.com (Keynote Speaker & Subject Matter Expert)
- **B. Doyle Mitchell Jr,** President and CEO of Industrial Bank (Keynote Speaker)
- **Rodman Schley,** 2021 National President, The Appraisal Institute (Keynote Speaker)
- **Marc H. Morial,** President & CEO, National Urban League (Keynote Speaker)
- **Johnnie White,** CEO & Executive Vice President, American Society of Appraisers (Subject Matter Expert)
- **Cate Agnew,** Head of Valuation & Executive Director, Natixis CIB (Subject Matter Expert)
- **Cy Richardson,** Senior Vice President, National Urban League (Subject Matter Expert)

The event featured four keynote speakers followed by a question-and-answer session and then breakout sessions in which participants were "visited" in their breakout rooms by subject matter experts.

Ideas generated by the discussion included:

- providing implicit bias education to industry participants, including appraisers, brokers and mortgage professionals
- rethinking the apprenticeship/training model for new entrants into the appraisal profession
- collecting and employing data to identify trends and inform opportunities for solutions

[1] Priority Contact visits may be performed onsite or remotely.

On November 9, 2021, the ASC convened the second virtual Roundtable that brought together another distinguished group of speakers, including:

- **The Honorable Maxine Waters**, (VIP) Chair, US House of Representatives Financial Services Committee
- **Vivian Li,** (Keynote) Director, Quantitative Analytics, Federal Home Loan Mortgage Corporation (Freddie Mac)
- **Erika Poethig***, (VIP)* **Special Assistant to the President for Housing and Urban Policy at the White House's Domestic Policy Council (DPC)**
- **Melody Taylor**, (Keynote) Executive Director of PAVE and Regional Director for the Mid-Atlantic Office of Fair Housing and Equal Opportunity for the U.S. Department of Housing and Urban Development
- **Danny Wiley**, (Keynote) Senior Director, Single Family Valuation, Federal Home Loan Mortgage Corporation (Freddie Mac)

The event featured two special VIP speakers and two keynote presentations, followed by theme based concurrent sessions. In one session participants could ask questions and make comments regarding the Freddie Mac presentation and the other session was a listening session for the PAVE Task Force initiative.

The ASC anticipates hosting additional Roundtables around this theme, "Building a More Equitable Appraisal System," in 2022.

Appraisal Foundation Monitoring and Review

ASC Oversight of the Appraisal Foundation

<u>Monitoring and Reviewing the Appraisal Foundation (Foundation)</u>

Title XI specifically requires the ASC to "monitor and review the practices, procedures, activities and organizational structure" of the Foundation.[2] Historically, the ASC has carried out this responsibility in several ways, including:

- attendance at all relevant public and private ASB, AQB and Board of Trustees (BOT) meetings
- providing informal and formal comments and input on proposed changes to USPAP and the AQB Criteria
- providing informal and formal comments and input on activities of the BOT that impact the Foundation's Title XI-related activities

In 2020, the ASC adopted a policy that memorialized the actions the ASC would take to monitor and review the Foundation. In September of 2021, the ASC revised the policy to clarify ASC staff attendance at public meetings, with attendance delegated by the ASC Executive Director to ASC staff on a rotating basis and private meetings on an as needed basis.

[2] Title XI § 1103(b), 12 U.S.C. § 3332 (b).

In addition to attending Foundation meetings, the ASC provided written comments to the AQB regarding the Second Exposure Draft of proposed changes to the *Real Property Appraiser Qualification Criteria* (Criteria) urging the AQB to develop written requirements for organizations seeking to qualify for review and approval authority of asynchronous education.

In June, the ASC approved budget authority of up to $250,000 to support a comprehensive and independent review of the USPAP and the Criteria. The goal of the review was to ensure that USPAP and the AQB Criteria do not encourage or systematize bias, and consistently support or promote fairness, equity, objectivity and diversity in both appraisals and the training and credentialing of appraisers. The Council on Licensure, Enforcement and Regulation. (CLEAR) has a three-year cooperative agreement with the ASC to, in part, undertake research on the appraisal and AMC regulatory system. CLEAR managed the procurement of appropriate experts to carry out the independent review. The independent review was completed in December 2021 and was made public in January 2022.

In September, the ASC published a Notice of Funding Availability (NOFA) for the Foundation in the amount of $2,000,000 over two years. The purpose of the funds would be to support operations of the AQB and ASB, including projects that promote innovation and reform of the AQB and ASB grant-eligible activities, including:

- an outside study to review the current publishing cycle for USPAP and its connection to the Foundation's revenue needs
- free or reduced cost copy of Standards 1-4 and associated annotations for trainees and credentialed appraisers
- appraiser shortages
- diversity in the profession
- Veterans' outreach
- National Exam update

Appraiser Registry

Title XI requires the ASC to maintain an Appraiser Registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions. As of December 31, 2021, the Appraiser Registry contained 93,262 appraiser credentials, up slightly from the 93,204 credentials at the end of 2020, and down 23% from the peak of 121,000 in 2007.

The Appraiser Registry is accessible at the ASC's website (www.asc.gov), and is used by appraisers, Federal and State agencies, financial institutions, users of appraisal services, law enforcement, and consumers. Use of the Appraiser Registry is free. The Appraiser Registry allows users to determine whether an appraiser is State certified or licensed to perform appraisals in connection with federally related transactions. Users can also access an appraiser's credential status and determine whether the appraiser's credential is currently suspended, revoked, or surrendered in lieu of State disciplinary action.

The Appraiser Registry facilitates information sharing that assists State Programs in enforcing their appraiser-related statutes and regulations, including temporary practice and reciprocity. Financial institutions and other users also can access the Appraiser Registry to:

- Receive automatic notifications about new revocations, suspensions, surrenders, and certification/license expirations
- Download publicly available information or parts of the Appraiser Registry into predefined queries and user-customized queries
- Verify appraiser credentials
- Set up automatic queries of Appraiser Registry information using a web service which allows computer systems used by lenders, regulatory agencies, and other authorized parties to integrate directly with the Appraiser Registry

States reported over 12,000 disciplinary actions taken against appraisers for misconduct or wrongdoing over the past 10 years.

National Registry of AMCs (AMC Registry)

Title XI requires the ASC to maintain an AMC Registry of AMCs that either are registered with and subject to supervision of a State AMC Program or are Federally regulated.[3] The AMC Registry became available for States to populate on July 16, 2018. As of December 31, 2021, the AMC Registry contained AMCs registered from 44 States.

The AMC Registry is accessible at the ASC's website (www.asc.gov), and is used by appraisers, Federal and State agencies, financial institutions, users of appraisal services, law enforcement, and consumers. Use of the AMC Registry is free. The AMC Registry allows users to determine whether an AMC meets the federal definition of an AMC and is registered in a particular State. Users can also access an AMC's registration status and determine whether the AMC is currently suspended, revoked or surrendered in lieu of State disciplinary action.

The AMC Registry facilitates information sharing that assists State Programs in enforcing their AMC-related statutes and regulations. Financial institutions and other users also can access the AMC Registry to:

- Receive automatic notifications about new revocations, suspensions, surrenders, and registration expirations
- Download publicly available information or parts of the AMC Registry into predefined queries and user-customized queries
- Set up automatic queries of AMC Registry information using a web service which allows computer systems used by lenders, regulatory agencies, and other authorized parties to integrate directly with the AMC Registry

[3] Title XI § 1103(a)(6), 12 U.S.C. § 3332(a)(6).

ASC Grants

The Appraisal Foundation Grant

Title XI authorizes the ASC "to make grants in such amounts as it deems appropriate to the [Foundation], to help defray those costs of the Foundation relating to the activities of [the ASB] and [AQB]." Since the ASC's inception in 1989, it has provided approximately $21.7 million in grant funds to the Foundation.

In FY 2021 the ASC published a non-competitive Notice of Funding Availability (NOFA) authorizing up to $1,000,000 for the Foundation in FY 2022 to support activities of the ASB and AQB.

In addition to direct support for the AQB and ASB, ASC offered to fund activities to promote innovation and expand the positive impact of the Foundation on appraisers and other stakeholders, including addressing the appraiser shortage, lack of diversity in the profession and additional outreach to veterans. ASC also encouraged the Foundation to ask for funds in the following areas:

1. USPAP Publishing and Revenue Model. TAF can request funds to commission an outside study to review the current publishing cycle for USPAP and its connection to TAF's revenue needs.

2. AQB/ASB/Board of Trustees (BOT) Operational Assessment. TAF can request funds to use outside experts to assess structure, operations and programmatic impact of the Boards' work. The assessment can include analysis and recommendations related to legal support and review of the Boards' work product, general professional Board staffing, diversity of the Boards, independence and governance (Board term lengths, recruitment/selection strategies) of the Boards.

3. Free USPAP. Grant funds may be used to provide trainees and credentialed appraisers with a free or reduced cost copy of Standards 1-4 and associated annotations.

Training and Technical Assistance Cooperative Agreement

The ASC published a competitive NOFA to identify a new partner to work closely with ASC to deliver training and technical assistance to State Appraiser and AMC regulatory Agencies and commission research on the appraisal industry to support the goals of Title XI and advance the profession in general. The Council on Licensure, Enforcement and Regulation (CLEAR) was the recipient of this award. CLEAR was awarded an initial $350,000 to carry out planned training and technical assistance to State regulatory agencies plus an additional $400,000 for supplemental activities.

Outcomes in FY 2021 include a comprehensive training needs assessment of the State Appraiser and AMC regulatory agencies, a Report on Appraisal Standards and Appraiser Qualifications carried out by the National Fair Housing Alliance, and a scoping project to prepare for a national census and survey of active appraisers in the U.S.

State Grants

Title XI authorizes the ASC to make grants to the States in accordance with policies developed by the ASC in support of States' Title XI activities. In 2020, the ASC significantly increased the size of the State grant program by making $10 million available over three years (2020-2022) directly to the 55 eligible States and U.S. Territories. Funds can be used to improve State appraiser and AMC regulatory processes and advance the appraisal industry with high-quality, impact-oriented programming.

The ASC awarded $709,619 in new funds to support activities that included hiring additional investigator staff, training for staff and board members, technology upgrades, and the creation of a new training experience program to support and accelerate credentialing of new appraisers to be carried out across FYs 2021 and 2022 in the States listed below. This brings the total ASC State grant portfolio to 14 States, or 25% of the entities eligible to receive an award. ASC anticipates new states will be added to the portfolio in FY 2022.

FY 2021 State Grantees	Award Amount
North Carolina	$117,200
Arkansas	$116,500
Texas	$101,640
Hawaii	$25,850
Mississippi	$119,900
Connecticut	$119,409
Vermont	$109,120

APPRAISAL SUBCOMMITTEE

Balance Sheets

As of September 30,

Assets

	2021	2020
Assets:		
Intragovernmental Assets:		
Fund balance with Treasury	**$ 14,667,553**	$ 8,917,693
Restricted fund balance with Treasury	**3,518,910**	3,204,698
Total Intragovernmental Assets:	**18,186,463**	12,122,391
Accounts receivable	**1,911,751**	2,317,541
Property and Equipment, net	**900,493**	402,416
Total Assets	**$ 20,998,707**	$ 14,842,348

Liabilities and Net Position

	2021	2020
Liabilities:		
Intragovernmental Liabilities:		
Unearned revenues	**$ 992,238**	$ 1,534,957
Restricted funds held for others	**3,518,910**	3,204,698
Total Intragovernmental Liabilities:	**4,511,148**	4,739,655
Accounts payable	**173,748**	46,717
Grants payable	**-**	18,182
Accrued funded payroll and leave	**138,012**	129,773
Unfunded leave	**271,757**	272,734
Total Liabilities	**5,094,665**	5,207,061
Net Position:		
Unexpended appropriations - other funds	**-**	-
Cumulative results of operations - other funds	**15,904,042**	9,635,287
Total Net Position	**15,904,042**	9,635,287
Total Liabilities and Net Position	**$ 20,998,707**	$ 14,842,348

The accompanying notes are an integral part of the financial statements.

APPRAISAL SUBCOMMITTEE

Statements of Net Cost

For the Years Ended September 30,

	2021	2020
Program Costs:		
Public costs	**$ 3,605,383**	$ 3,442,300
Less: Earned revenue from public	**(9,874,138)**	(7,786,343)
Net public costs	**$ (6,268,755)**	$ (4,344,043)

The accompanying notes are an integral part of the financial statements.

APPRAISAL SUBCOMMITTEE

Statements of Changes in Net Position

For the Years Ended September 30,

	2021	2020
Cumulative Results of Operations:		
Beginning Balance	**$ 9,635,287**	$ 5,291,244
Beginning Balance, As Adjusted	**9,635,287**	5,291,244
Budgetary Financing Sources:		
Appropriations used	**-**	-
Other Financing Sources:		
Imputed financing	**-**	-
Total Financing Sources	**-**	-
Net Cost of Operations (+/-)	**6,268,755**	4,344,043
Net Change	**6,268,755**	4,344,043
Cumulative Results of Operations	**$ 15,904,042**	$ 9,635,287
Unexpended Appropriations:		
Beginning Balance	**$ -**	$ -
Beginning Balance, As Adjusted	**-**	-
Budgetary Financing Sources:		
Appropriations received	**10,162,019**	5,771,951
Other adjustments	**-**	-
Appropriations used	**(10,162,019)**	(5,771,951)
Total Budgetary Financing Sources	**-**	-
Total Unexpended Appropriations	**-**	-
Net Position	**$ -**	$ -

The accompanying notes are an integral part of the financial statements.

APPRAISAL SUBCOMMITTEE

Statements of Budgetary Resources

For the Years Ended September 30,

	2021 Budgetary	2020 Budgetary
Budgetary Resources:		
Unobligated balance brought forward, October 1	**$ 6,474,486**	$ 4,398,005
Unobligated balance brought forward, October 1, as adjusted	**6,474,486**	4,398,005
Recoveries from prior year unpaid obligations	**84,362**	140,711
Recoveries from prior year paid obligations	**290**	-
Other changes in unobligated balance	**-**	-
Unobligated balance from prior year budget authority, net	**6,559,138**	4,538,716
Appropriations (Discretionary and Mandatory)	**10,162,019**	5,771,951
Total Budgetary Resources	**$ 16,721,157**	$ 10,310,667
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	**$ 4,358,455**	$ 3,836,181
Unobligated balance, end of year		
Apportioned, unexpired accounts	**-**	-
Unapportioned, unexpired accounts	**12,362,702**	6,474,486
Unexpired unobligated balance, end of year	**12,362,702**	6,474,486
Expired unobligated balance, end of year	**-**	-
Unobligated balance, end of year	**12,362,702**	6,474,486
Total Status of Budgetary Resources	**$ 16,721,157**	$ 10,310,667
Change in Obligated Balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	**$ 363,459**	$ 581,675
New obligations and upward adjustments	**4,358,455**	3,836,181
Outlays (gross) (-)	**(4,112,588)**	(3,913,686)
Recoveries of prior year unpaid obligations	**(84,362)**	(140,711)
Unpaid obligations, end of year	**524,964**	363,459
Uncollected payments:		
Uncollected payments, Fed sources, brought forward, October 1 (-)	**-**	-
Change in uncollected payments, Fed sources (+/-)	**-**	-
Uncollected payments, Fed sources, end of year (-)	**-**	-
Memorandum (non-add) entries		
Obligated balance, start of year (+/-)	**$ 363,459**	$ 581,675
Obligated balance, end of year (+/-)	**$ 524,964**	$ 363,459
Budget Authority and Outlays, Net:		
Budget authority, gross (discretionary and mandatory)	**$ 10,162,019**	$ 5,771,951
Actual offsetting collections (discretionary and mandatory)	**-**	-
Recoveries of prior year paid obligations (discretionary and mandatory)	**-**	-
Budget authority, net (total) (discretionary and mandatory)	**10,162,019**	5,771,951
Outlays (gross) (discretionary and mandatory)	**(4,112,298)**	(3,913,686)
Actual offsetting collections (discretionary and mandatory)	**-**	-
Outlays, net (total) (discretionary and mandatory)	**(4,112,298)**	(3,913,686)
Agency Outlays, net (discretionary and mandatory)	**$ (4,112,298)**	$ (3,913,686)

The accompanying notes are an integral part of the financial statements.

APPRAISAL SUBCOMMITTEE

Notes to the Financial Statements

September 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies**

Organization

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (the "Appraisal Subcommittee" or "ASC") was created by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act ("FIRREA") of 1989. The mission of the Appraisal Subcommittee is to monitor the certification and licensing programs of the States to determine compliance with Title XI of FIRREA. The purpose of this title is to ensure that the federal financial and public policy interests in real estate-related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision. In accordance with Title XI of FIRREA, an appraiser must be registered to perform appraisals connected to federal transactions. Effective January 1, 2012, ASC raised the annual fee assessed to the States from $25 per registered appraiser to $40.

The federal financial institutions regulatory agencies include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau ("CFPB"), the Office of the Comptroller of the Currency, and the National Credit Union Administration. The member agencies of the Appraisal Subcommittee include the federal financial institutions regulatory agencies, the Department of Housing and Urban Development, and the Federal Housing Finance Agency ("FHFA"). The CFPB and FHFA were added as members to the ASC as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act").

Effective November 24, 2017, the ASC adopted a final rule to implement collection and transmission of appraisal management company ("AMC") annual registry fees under the Dodd-Frank Act. The first full year of collection of AMC fees began on October 1, 2018. The ASC adopted Section 1102.402. Section 1102.402 establishes the annual AMC registry fee for States that elect to register and supervise AMCs as follows:

In the case of an AMC that has been in existence for more than a year, $25 multiplied by the number of appraisers who have performed an appraisal for the AMC on a covered transaction in such date during the previous year. If an AMC has not been in existence for more than a year, $25 multiplied by the number of appraisers who have performed an appraisal for the AMC on a covered transaction in such State since the AMC commenced doing business.

The COVID-19 crisis has created volatility in the financial markets and a significant decrease in the overall economy. Operations of ASC were minimally impacted by the novel corona virus (COVID-19) pandemic as ASC employees had already been teleworking. The full adverse impact and duration of COVID-19 on the ASC's finances and operations cannot be determined.

Basis of Accounting and Presentation
These financial statements have been prepared from the accounting records of ASC in accordance with Generally Accepted Accounting Principles ("GAAP"), and the form and content for entity financial statements specified by the Office of Management and Budget ("OMB") in OMB Circular No. A-136, as amended. GAAP for federal entities are standards prescribed by the Federal Accounting Standards Advisory Board ("FASAB"), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare financial statements, which include Balance Sheets, Statements of Net Cost, Statement of Changes in Net Position, and Statements of Budgetary Resources. The Balance Sheets present, as of September 30, 2021 and 2020, amounts of future economic benefits owned or managed by ASC (assets), amounts owed by ASC (liabilities), and amounts, which comprise the difference (net position). The Statements of Net Cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within ASC and other reporting entities. The Statements of Budgetary Resources report an agency's budgetary activity.

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Significant assumptions made in these financial statements include future collection of receivables and deferring revenue on the receipt of 25% of the incremental fee from $25 to $40.

The accompanying financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of the ASC as required by the Accountability of Tax Dollars Act of 2002. These financial statements have been prepared from the books and records of the ASC in accordance with U.S. generally accepted accounting principles (GAAP) and the accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) in the format prescribed by the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements, as amended*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal government.

The ASC's financial statements should be read with the realization that they are for a component of the U.S. Government whose liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the Federal Government acting in its capacity.

Budgetary Basis of Accounting

The ASC'S programs and activities are funded through annual appropriations and appraisal fees. Congress annually adopts a budget appropriation that provides the ASC with authority to use funds from the U.S. Department of the Treasury (Treasury) to meet operating expense requirements. The ASC has single year budgetary authority and all unobligated amounts at year-end expire. At the end of the fifth year following the year of execution, all amounts not expended are canceled and returned to Treasury. Additionally, all revenue received from other sources must be returned to the Treasury.

Budgetary accounting measures appropriation and consumption of budget/spending authority and facilitates compliance with legal constraints and controls over the use of federal funds. Under budgetary reporting principles, budgetary resources are consumed at the time an obligation is incurred. Only those liabilities for which valid obligations have been established are considered to consume budgetary resources.

Fund Balance with U.S. Treasury
Fund Balance with the U.S. Treasury is the aggregate amount of the ASC's funds with Treasury in expenditure, receipt, and revolving fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases. The ASC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency upon request.

Restricted Fund Balance with U.S. Treasury
Restricted fund balance with the U.S. Treasury are amounts restricted by law that the Appraisal Subcommittee received in conjunction with the $15 fee increase, as permitted by the Dodd-Frank Act. As part of the fee increase that was effective January 1, 2012, Congress specifically required the ASC to set aside 25% of the increase without specifications as to how it could be used. Accordingly, these funds have been classified as a liability on the balance sheets.

Accounts Receivable
Accounts receivable consist of amounts due to the Appraisal Subcommittee for registry fees. As of September 30, 2021 and 2020, management is of the opinion that an allowance for doubtful accounts is not necessary.

Property and Equipment
Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives ranging from three to ten years. The capitalization threshold is $5,000 for assets with a useful life of three or more years. For bulk purchases, items will be capitalized when the individual useful lives are at least three years and have an aggregate value of $15,000 or more.

Annual and Sick Leave Program
Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefits cost. An unfunded liability is recognized as earned but unused annual leave since, from a budgetary standpoint, this annual leave will be paid from future funding sources when the leave is used by employees. The amount accrued is based upon current pay rates of the employees. Sick leave is expensed when used and no liability is recognized as employees have no right to be paid for unused sick leave.

Unearned Revenues
Registry fees received in advance are deferred and recognized as earned during the applicable fee year.

Tax Status
The Appraisal Subcommittee is a federal governmental agency and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Note 2 - **Property and Equipment, Net**

Property and equipment at September 30, consist of the following:

	2021	2020
Property and equipment not depreciated:		
Work in progress	**$ 866,754**	$ 379,241
Property and equipment depreciated:		
Computer equipment	**531,692**	489,806
Total property and equipment	**1,398,446**	869,047
Less: accumulated depreciation	**497,953**	466,631
Net Property and Equipment	**$ 900,493**	$ 402,416

During FY2020, the ASC disposed of fully depreciated software and equipment no longer in use with an original cost of $355,317.

Note 3 - **Appraisal Foundation Grant**

Title XI of FIRREA provides that amounts appropriated for, or collected by, the Appraisal Subcommittee be used to make grants to The Appraisal Foundation (the "Foundation") to help defray costs of the Foundation relating to the activities of its Appraisal Standards Board ("ASB"), Appraiser Qualifications Board ("AQB"), and State Investigator Training Grants. Since inception of the Appraisal Subcommittee on August 9, 1989, it has made grants to the Foundation under which approximately $21,264,000 was expended through September 30, 2021. As of September 30, 2021 and 2020, the Appraisal Subcommittee has $0 and $18,182, respectively, in undistributed grant funding available to the Foundation for the grant years ending September 30, 2021 and 2020, which is recorded in grants payable.

Note 4 - **Retirement and Benefit Plans**

The Appraisal Subcommittee contributes to the Civil Service Retirement System and the Federal Employees' Retirement System administered by the Office of Personnel Management for the benefit of U.S. Government employees. The retirement plans are participatory. Under the Civil Service Retirement System, the employer and employee each contribute amounts ranging from 7-8 percent of salary to the plan. Under the Federal Employees' Retirement System, 13 percent of salary is contributed by the Appraisal Subcommittee and 1 percent of salary is contributed by the employee.

The Appraisal Subcommittee contributes up to 5 percent of base pay for participants in the Thrift Savings Plan under the Federal Employees Retirement System. Contributions by the Appraisal Subcommittee during fiscal years 2021 and 2020 for the Civil Service Retirement System and the Federal Employees' Retirement System plans aggregated approximately $394,000 and $368,000, respectively.

Although the Appraisal Subcommittee contributes a portion of pension benefits for its employees participating in the retirement plans and withholds the necessary payroll deductions from them, it has no liability for future payments to employees under those programs and is not accountable for the assets of the Civil Service and Federal Employees' Retirement Systems, nor does the Appraisal Subcommittee have actuarial data concerning the accumulated plan benefits or the unfunded pension liability relating to its employees. These amounts are reported by the Office of Personnel Management for the retirement systems and are not allocated to the individual employers. The Office of Personnel Management also accounts for all health and life insurance programs for retired federal employees.

Note 5 - **Interagency Transactions**

In conducting its administrative operations, the Appraisal Subcommittee uses the services of various other federal agencies. The largest of the administrative service arrangements is with the U.S. General Services Administration for certain accounting and reporting functions, and processing of payroll and related benefits. Operating expenses of the Appraisal Subcommittee for fiscal years ended 2021 and 2020 include approximately $130,000 and $119,000, respectively, for these services.

Note 6 - **Reconciliation of Net Cost of Operations to Budget**

	2021	2020
Net Cost	**$ 3,605,383**	$ 3,442,300
Components of Net Cost that are not part of Net Outlays:		
Property and equipment depreciation	**(31,322)**	(113,547)
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	**125,239**	(5,997)
(Increase) / Decrease in Liabilities		
Accounts payable	**(127,031)**	45,200
Grants payable	**18,182**	242,024
Salaries and benefits	**(7,262)**	(75,535)
Components of Net Outlays that are not part of Net Cost:		
Acquisition of capital assets	**529,399**	379,241
Net Outlays	**$ 4,112,588**	$ 3,913,686

A reconciliation of net cost of operations to budget is presented above to show the relationship between accrual-based (financial accounting) information in the statement of net cost and obligation-based (budgetary accounting) information in the statement of budgetary resources. This reconciliation ensures that the proprietary and budgetary accounts in the financial management system are in balance. For FY 2021 and 2020, the ASC reconciled the difference between the $4.1 million and $3.9 million in obligated resources and the $3.6 million and $3.4 million in the net cost of operations, respectively, by adjusting for offsetting collections, adjustments, recoveries, financing resources not part of the net cost of operations, and depreciation. The details of these reconciliations are as listed above.

Note 7 - **Management's Acceptance of Financial Statements**

Subsequent Events

Management has evaluated subsequent events through March 8, 2022, the date for which the financial statements were available for issuance. Management has accepted the financial statements and did not identify any events subsequent to September 30, 2021 requiring disclosure in the financial statements.

March 8, 2022

To the Board of the Appraisal Subcommittee

We have audited the financial statements of the Appraisal Subcommittee, which comprise the balance sheets as of September 30, 2021 and 2020, the related statements of net cost, changes in net position and budgetary resources for the years then ended, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 12, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Appraisal Subcommittee are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2021. We noted no transactions entered into by Appraisal Subcommittee during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

> Management's estimate of deferring revenue upon receipt of 25% of the incremental fee from $25 to $40 is based upon the language within the Dodd-Frank Act, which discusses that an increase in fee may be charged, but that 25% of the increase is required to be held in a separate US Treasury account. In addition, the obligations of the Appraisal Subcommittee relating to the incremental fee cannot exceed 75% of the fee increase. We evaluated key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

> The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
During the course of our audit, we experienced a delay in the receipt of a proper cash reconciliation. The cash reconciliation was not provided until the treasury confirmation was received. We recommend that formal monthly cash reconciliations be performed timely and confirm the balances with Treasury monthly. These cash reconciliations should be prepared and reviewed by two different individuals.

Management is in the process of considering accounting systems to mitigate risks as they are planning to implement an ERP system. The implementation of the ERP system should improve the cash reconciliation process and management plans to improve the process by including two individuals in the reconciliation process.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule contains corrected misstatements detected as a result of our audit procedures or provided to us after the initial trial balance were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 8, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Appraisal Subcommittee’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Appraisal Subcommittee’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Based on the audit, we recommend that management look into a robust financial management system. Currently, management utilizes a software that is recommended for smaller entities and management performs many outside reconciliations in order to reconcile amounts within the general ledger.

In 2021 a consultant was hired to review alternative systems and management is in the process of reviewing various software vendors. A consulting firm is also being used to provide additional support for grants management operations as well as offering assistance in moving forward with the selection of an ERP system.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use
This information is intended solely for the information and use of the Board of the Appraisal Subcommittee and management of Appraisal Subcommittee and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

O'Connor + Drew, P.C.

O'Connor & Drew, P.C.

Client: ***1419000 - Appraisal Subcommittee***
Engagement: ***1419000 - Appraisal Subcommittee***
Period Ending: ***9/30/2021***
Trial Balance: ***H01 - Master TB***
Workpaper: ***H09 - Combined Journal Entries Report***

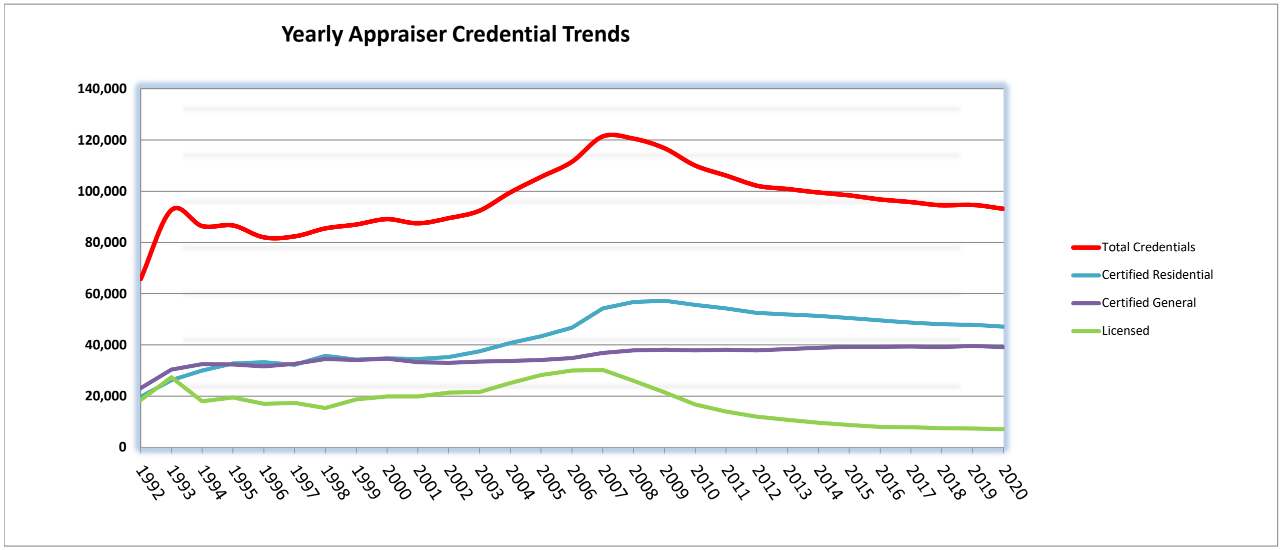
Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		**6104.01**		
To adjust Grants payable to the actual expense				
20003	Accounts Payable:Grants Payable		3,056,859.00	
20003	Accounts Payable:Grants Payable		354,500.00	
68711	State Grant Expense			3,061,359.00
68715	TTA Cooperative Agreement			350,000.00
68715	TTA Cooperative Agreement			
Total			**3,411,359.00**	**3,411,359.00**
Adjusting Journal Entries JE # 2		**c086.8**		
To adjust TAF Expense for award not accepted by Foundation as documented in the board minutes				
20003	Accounts Payable:Grants Payable		1,000,000.00	
68706	Federal Grants Expense			1,000,000.00
Total			**1,000,000.00**	**1,000,000.00**
Adjusting Journal Entries JE # 3		**2003**		
To post adjustments from cash reconciliation PBC				
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		10,320.00	
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		90.00	
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		63.00	
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		32.00	
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		20.00	
11000	Accounts Receivable			10,410.00
64700	Miscellaneous Expense (General)			32.00
64700	Miscellaneous Expense (General)			20.00
68400	Travel Expense			63.00
Total			**10,525.00**	**10,525.00**
Adjusting Journal Entries JE # 5		**3202**		
To capitalize projects expensed during the year				
15320	Work in Progress		487,513.00	
68556	Project Services- Compliance Review			101,379.00
68557	Project Services- ASC Website Rebuild			237,751.00
68558	Project Services- AMC API			42,334.00
68559	project services AMC Financial Operations			39,232.00
68591	Project services Server Capitalization			1,397.00
68592	Project services Drupal 2 Discovery			14,513.00
68593	Project services Drupal 3 Discovery			31,401.00
68595	Project Services - MSO 365			15,586.00
68597	Project services Comprev3 Scope Def			3,920.00
15310	Furniture and Equipment:NR of AMCs Database			
Total			**487,513.00**	**487,513.00**
	Total Adjusting Journal Entries		**4,909,397.00**	**4,909,397.00**
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 4		**2003**		
Reclass entries PBC in cash reconcilation				
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc		1,163,412.00	
821T	AS Registry Fee Account:Incremental Fee - Restricted		64,727.00	
821G	AS Registry Fee Account:Registry Fees- Unrestricted Acc			64,727.00
821T	AS Registry Fee Account:Incremental Fee - Restricted			1,163,412.00
Total			**1,228,139.00**	**1,228,139.00**
	Total Reclassifying Journal Entries		**1,228,139.00**	**1,228,139.00**
	Total All Journal Entries		**6,137,536.00**	**6,137,536.00**

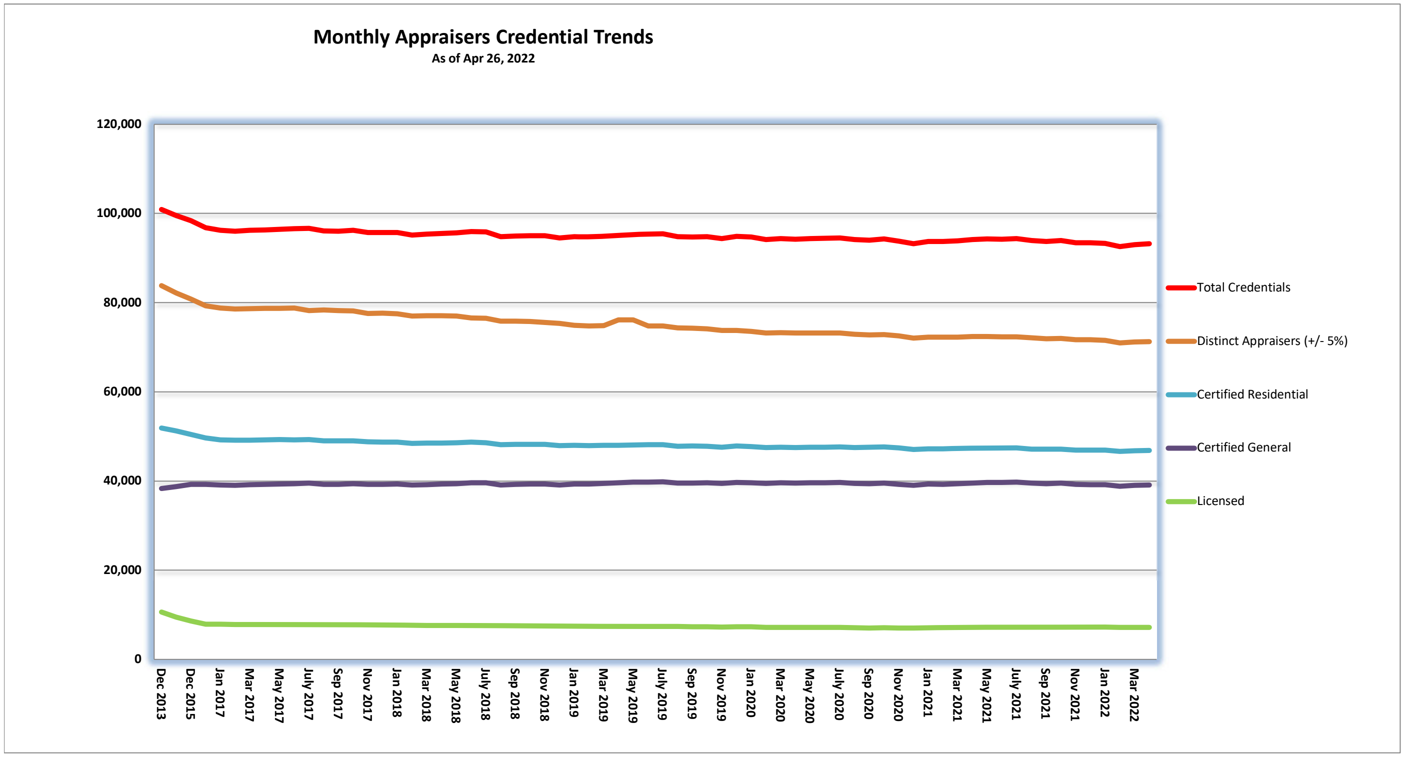
Year-End Appraiser Credentials

Year-End	Certified General	Certified Residential	Licensed	Transitional	Total Credentials
1992	23,133	19,772	18,406	4,405	65,716
1993	30,348	26,163	27,316	8,882	92,709
1994	32,450	29,949	17,960	6,043	86,402
1995	32,305	32,733	19,375	2,244	86,657
1996	31,628	33,141	16,984	226	81,979
1997	32,519	32,161	17,371	318	82,369
1998	34,485	35,697	15,287	23	85,492
1999	34,082	34,237	18,676	24	87,019
2000	34,609	34,702	19,755	28	89,094
2001	33,246	34,401	19,837	23	87,507
2002	32,959	35,233	21,261	37	89,490
2003	33,394	37,418	21,575	47	92,434
2004	33,725	40,726	25,095	46	99,592
2005	34,074	43,327	28,185	52	105,638
2006	34,812	46,701	29,921	51	111,485
2007	36,881	54,177	30,286	63	121,407
2008	37,851	56,704	25,931	65	120,551
2009	38,061	57,253	21,434	43	116,791
2010	37,807	55,522	16,674	23	110,026
2011	38,016	54,201	13,900	13	106,130
2012	37,834	52,504	11,875	12	102,225
2013	38,332	51,893	10,648	1	100,874
2014	38,777	51,240	9,507	0	99,524
2015	39,257	50,472	8,622	0	98,351
2016	39,246	49,631	7,926	0	96,803
2017	39,262	48,720	7,749	0	95,731
2018	39,135	47,908	7,481	0	94,524
2019	39,606	47,776	7,321	0	94,703
2020	39,070	47,073	7,061	0	93,204
2021	39,110	46,903	7,249	0	93,262

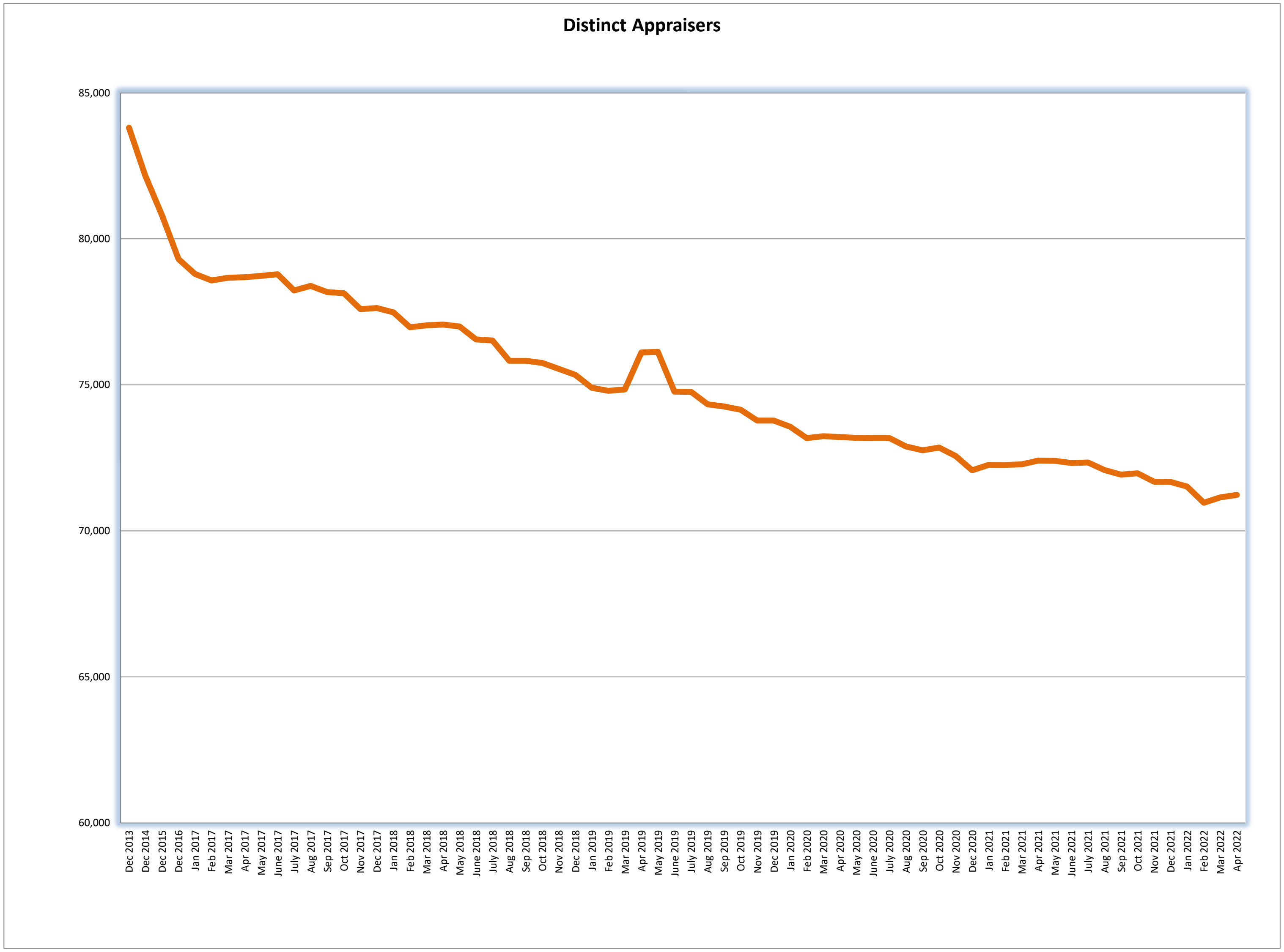
Monthly Appraiser Credential Trends

Date	Certified General	Certified Residential	Licensed	Transitional	Total Credentials	Appraisers (+/- 5%)
Jan 2022	39,146	46,904	7,247	0	93,297	71,518
Feb 2022	38,788	46,648	7,153	0	92,589	70,969
Mar 2022	39,030	46,809	7,181	0	93,020	71,150
Apr 2022	39,122	46,870	7,211	0	93,203	71,228


Yearly Appraiser Credential Trends
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Total Credentials
Certified Residential
Certified General
Licensed


Monthly Appraisers Credential Trends
As of Apr 26, 2022
120,000
100,000
80,000
60,000
40,000
20,000
0
Dec 2013
Dec 2015
Jan 2017
Mar 2017
May 2017
July 2017
Sep 2017
Nov 2017
Jan 2018
Mar 2018
May 2018
July 2018
Sep 2018
Nov 2018
Jan 2019
Mar 2019
May 2019
July 2019
Sep 2019
Nov 2019
Jan 2020
Mar 2020
May 2020
July 2020
Sep 2020
Nov 2020
Jan 2021
Mar 2021
May 2021
July 2021
Sep 2021
Nov 2021
Jan 2022
Mar 2022
Total Credentials
Distinct Appraisers (+/- 5%)
Certified Residential
Certified General
Licensed

State or Territory	Number of Distinct Active Appraisers Apr 26, 2022 (+/- 5%)
Alabama	1287
Alaska	217
Arizona	2232
Arkansas	870
California	8681
Colorado	2675
Connecticut	1241
Delaware	511
District Of Columbia	681
Florida	6029
Georgia	3147
Guam	20
Hawaii	453
Idaho	797
Illinois	3125
Indiana	2221
Iowa	1144
Kansas	1059
Kentucky	1425
Louisiana	1274
Maine	578
Maryland	2061
Massachusetts	1869
Michigan	2563
Minnesota	1864
Mississippi	946
Missouri	1970
Montana	478
Nebraska	653
Nevada	943
New Hampshire	685
New Jersey	2401
New Mexico	599
New York	3542
North Carolina	2980
North Dakota	297
Northern Mariana Islands	5
Ohio	2805
Oklahoma	1091
Oregon	1418
Pennsylvania	3025
Puerto Rico	301
Rhode Island	441
South Carolina	2244
South Dakota	381
Tennessee	2019
Texas	5395
Utah	1253
Vermont	272
Virgin Islands	19
Virginia	3080
Washington	2594
West Virginia	570
Wisconsin	1738
Wyoming	335
All States and Territories	**71228**



APPRAISAL SUBCOMMITTEE
OPEN SESSION SPECIAL MEETING MINUTES
DECEMBER 8, 2021

LOCATION: Zoom Conference

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder (Vice Chair)
FDIC – John Jilovec
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson (Chair)
OCC – James Rives

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Grants Director – Mark Abbott
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Regulatory Affairs Specialist – Maria Brown
Policy Manager – Claire Brooks
Policy Manager – Neal Fenochietti
Policy Manager – Kristi Klamet

OBSERVERS: See attached list.

The Meeting was called to order at 11:03 a.m. by Chair T. Segerson.

REPORTS

- **Chairman**

  T. Segerson thanked observers for attending. He noted that this is the last ASC Meeting for 2021. The recommendations from the Property Appraisal and Valuation Equity Task Force (PAVE) are being finalized. The report on the review of the Real Property Appraiser Qualification Criteria (AQB Criteria) and the Uniform Standards of Professional Appraisal Practice (USPAP) is nearly complete. The goal of the review is to ensure that the AQB Criteria and USPAP do not encourage or systematize bias, and consistently support or promote fairness, equity, objectivity and diversity in both appraisals and the training and credentialling of appraisers.

- **Executive Director**

J. Park updated the ASC on recent staff activity as noted below.

- The State Off-Site Assessments (SOA) that were initiated at the beginning of 2021 are going well. ASC staff has completed 17 SOAs with several in process. J. Schroeder asked if ASC staff will continue with SOAs in 2022 or start on-site Compliance Reviews (CR). D. Graves responded that there may be a couple of States that will have an on-site CR scheduled at the end of Fiscal Year (FY) 2022 as well as a one-day SOA for States that have new staff.

- J. Park reported on the ASC Roundtables held on September 22nd and November 9th. The Roundtables included a diverse audience of the lending and fair housing industries as well as individual appraisers and appraisal management companies. The November 9th Roundtable included a breakout session that served as a listening session for PAVE. Due to Federal Advisory Committee Act Rules, PAVE representatives were unable to answer any questions, but they did appreciate the opportunity to hear from attendees. There was also a breakout session with Freddie Mac to discuss its report on appraisal bias and to answer questions from attendees. A third Roundtable is being planned for the first quarter of 2022.

- J. Park noted that PAVE's work is winding down. T. Segerson thanked ASC staff for their participation in PAVE.

- **Grants Director**

  M. Abbott provided an update of the grants program. Two States have submitted renewal applications for their current grants, and he anticipates that eight States awarded grants in the first round of FY21 will submit renewals. Financial status and progress reports from current grants show great progress. New grant applications will now be allowed on a rolling basis.

  As to the Cooperative agreement with the Council on Licensure, Enforcement & Regulation, work continues on developing training for States and the census/survey project. As noted by the Chair earlier, the USPAP/AQB Criteria Review is nearly complete.

  The ASC has been asked to support grants allowing minority and underrepresented groups into the appraiser profession. He will remind States that they can use grant funds to support these initiatives.

  T. Segerson asked for an update on outreach for diversity initiatives with PAVE. M. Abbott responded that ASC staff believes that quality supervisors can help the States better administer their Title XI requirements. Mississippi and South Dakota will recruit underrepresented groups to work with those supervisors. ASC staff will consider other models to reform the supervisory model and encourage States to do so as well.

- **Financial Manager**

  G. Hull provided a financial update since the ASC's September 15th Meeting. In FY21, which ended on September 30th, the ASC's unaudited financial statements recognize $9.8M of total revenue, representing 97% of the budgeted $10.2M. Total AMC Registry revenue was $6.4M with 46 States populating the AMC Registry. Appraiser Registry fees totaled $3.4M. FY21 expenses totaled approximately $5M as budgeted. The net income for FY21 was $5M with a total of $5.5M in the reserve account. The FY21 financial audit is scheduled to start next week. J. Jilovec asked which States are not submitting data to the AMC Registry and G. Hull responded that Hawaii, Maine, and Massachusetts are not submitting data at this time.

ACTION ITEMS

- **September 15, 2021 Open Session Minutes**

  J. Jilovec made a motion to approve the September 15th open session meeting minutes as presented. J. Schroeder seconded and all members present voted to approve. The vote passed 6-0 as the Federal Reserve Board did not have a voting member present.

- **Notice of Proposed Rulemaking on Temporary Waiver**

  T. Segerson thanked ASC staff and agency staff for their work on the Notice of Proposed Rulemaking (NPRM). A. Ritter also thanked agency staff for their input. She noted that since the Temporary Waiver Rule was created in 1992, there have only been two instances of relief: one in 1993 to the Commonwealth of the Northern Mariana Islands and the second in 2019 to the State of North Dakota. In applying the existing rules to current practice, it was determined that the current rules need revisions to provide clarity in the process as well as extend the timeframe for ASC deliberation. If approved today, the NPRM will be posted in the *Federal Register* in January 2022 for a 60-day comment period. ASC members were amendable to this approach. T. Segerson requested a motion to approve for publication in the *Federal Register*, the NPRM on practices and procedures governing temporary waiver proceedings for a 60-day notice and comment period, subject to any technical (non-substantive) edits by the ASC prior to publication in the *Federal Register*. J. Schroeder moved to approve. J. Rives seconded and all members present voted to approve. The vote passed 6-0 as the Federal Reserve Board did not have a voting member present.

J. Park thanked all ASC members and staff for their work the past year. T. Segerson added that 2021 has been a challenging year and thanked ASC members, agency staff and ASC staff for their work.

The Open Session adjourned at 11:35 a.m. The next regularly scheduled ASC Meeting is scheduled for March 9, 2022.

Attachment: Observer list

Meeting:	**Appraisal Subcommittee Meeting**	**Meeting Date:**	December 8, 2021
Time:	11:00 AM ET	**Location:**	Zoom Meeting

Observers	
Name	**Affiliation**
Justin Kane	American Society of Appraisers
David Bunton	Appraisal Foundation
Brian Rodgers	Appraisal Institute
Michelle Bradley	Appraisal Standards Board Chair
Craig Morley	Appraisal Standards Board Member
David Byerman	CLEAR, Inc.
Daniel Berkland	Conference of State Bank Supervisors
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau
Barbara Leslie	Department of Housing and Urban Development
Richard Foley	Federal Deposit Insurance Corporation
Patrick Mancoske	Federal Deposit Insurance Corporation
Mark Mellon	Federal Deposit Insurance Corporation
Lauren Whitaker	Federal Deposit Insurance Corporation
Sara Todd	Federal Housing Finance Agency
David Imhoff	Federal Reserve Board
Devyn Jeffereis	Federal Reserve Board
Peter Gallo	HomeSight Appraisal

Rachel Ackmann	National Credit Union Administration
Gira Bose	National Credit Union Administration
Denise Daly	North Carolina Association of Realtors
Will Binkley	Office of the Comptroller of the Currency
Stacey Fluellen	Office of the Comptroller of the Currency
Mark Schiffman	Real Estate Valuation Advocacy Association
Craig Steinley	Steinley Real Estate Appraisals and Consulting
William King	ValueOne Appraisal
Ernest Durbin	Voxtur Valuation
Louis Pitoni	Woodland Appraisal Group
Susan Martins-Phipps	
Mike Warren	