

Open Session Cover Page

June 8, 2022

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Agenda

Date: June 8, 2022
Time: 10:00 a.m. ET
Location: Virtual Meeting. Please click the link below to register:
<https://www.zoomgov.com/meeting/register/vJIsdeipqzMuGc1dkEM7INUyQSprMyASbUM>

Open Session

Reports

- | | |
|----------------------|-------------|
| • Chair | Z. Martinez |
| • Executive Director | J. Park |
| • Grants Report | D. Graves |
| • Financial Report | G. Hull |
| • Notation Vote | L. Schuster |

Action and Discussion Items

- | | |
|---|-------------|
| • Approval of Minutes | Z. Martinez |
| ○ March 9, 2022 Quarterly Meeting Minutes | |
| • Appraiser Census/Survey | J. Park |
| • Budget Amendment | J. Park |



Appraisal Subcommittee
Federal Financial Institutions Examination Council

Executive Director Report


June 8, 2022

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director 

DATE: May 26, 2022

RE: ASC 2nd Quarter 2022 Update

The next ASC Meeting is scheduled for June 8, 2022, from 10:00 – 11:00 a.m. A Briefing is also scheduled for June 1 from 10:00 – 11:30 a.m.

ASC Personnel

ASC Grants Director, Mark Abbott, recently resigned to take a new position. His last day with the ASC was May 20. We retained an additional temporary staff member with grant expertise and are looking to add at least one additional temp (for a total of 3 temps) to assist with the grants process until we can replace Mark. Two ASC staff are also supporting the Grants Program. We are working with GSA/OPM to hire a new Grants Director as quickly as possible.

An attorney position, intended to provide continuity and potentially replace Alice Ritter following her December 31, 2022, retirement, was posted a few weeks ago. We received over 70 applications and narrowed the field down to seven candidates who we are currently interviewing. Those interviews should be concluded this week. Given the strong applications from several candidates and depending on how the interviews go, we may seek Board approval for budget authority to hire more than one attorney from this posting. (See attached memo on budget impact.)

We recently reached out to OPM for assistance in planning the ASC's reorganization/growth plan. A proposal was received May 23 which is included in your briefing materials for discussion during the June 1 Briefing.

Appraisal Foundation

I recently met with Dave Bunton, TAF President, and Michelle Bradley, ASB Chair, to reengage in direct communications. I had a call with Mr. Bunton on May 23 and have had several conversations (in-person and email) with Chair Bradley and John Ryan, past Appraiser Qualifications Board (AQB) Chair. We plan to meet in-person in Washington, DC the week of June 27.

During the recent Board of Trustees (BOT) meetings in San Diego, CA, the Board of Trustees voted to remove John Ryan as Chair of the AQB. We are concerned that over the past year, both the ASB and AQB Chairs have either stepped down or been asked to leave their positions on their respective Boards. Also of note, the American Bankers Association discontinued their sponsorship of TAF earlier this year.

The Practical Applications of Real Estate Appraisal (PAREA) project continues to progress slowly. During the most recent AARO meetings and recent AQB public meeting, TAF reported that at least 30 States have adopted PAREA. However, some of the States are not allowing 100% of the experience requirement be fulfilled by PAREA, and numerous States will require statute and/or rule changes. While we hope for the best, it remains unclear how long it will take for PAREA to reach enough of a critical mass, or even how accessible it will be, to have a material impact on the shortage of appraisers or the diversity in the industry.

Review of USPAP and the AQB Criteria

Staff is working on a letter to the Appraisal Foundation (TAF) requesting information on their plans to address the issues brought forth in the NFHA report. This would be in addition to the 7-Hour National USPAP Update Course (7-Hour Course) letters to TAF which are being handled separately. I recently had several communications (in-person and email) with the ASB Chair, and she has indicated that the review of the 7-Hour Course by Relman Colfax is almost complete. Earlier she agreed to share those results with me when finalized. On May 23, I received the following in an email:

This email is in response to the letter dated May 4, 2022, sent to Chair Kopfer, Acting Chair Swinney and myself regarding the comprehensive review of the current 7-hour National USPAP Update Course. As you know, the Foundation has engaged Relman Colfax to complete this review.

As I have stated previously, Relman Colfax has not suggested that the course be removed from the market. Instead, they have advised us that they are working on enhanced training to the existing course. The timeline for Relman Colfax to provide us with modifications is July 30th. Upon receipt, the Foundation is prepared to include this in the course materials and distribute this to students who have already taken the course. We anticipate having this completed by September 30th. (Emphasis added)

Please know that we are working diligently with the experts at Relman Colfax. Thank you very much.

I remain concerned that appraisers will continue to receive inadequate and incorrect information related fair housing issues for another 4 months.

Census/Survey Project

Under our Cooperative Agreement, ASC and CLEAR continue to make progress on the “Census/Survey” project, approved by the ASC last year, in support of data-driven policy development. Over the last few months, our work has progressed along three fronts:

Census: This is our effort to identify a “universe” of active appraisers, and then derive statistically valid qualitative and quantitative conclusions from that universe. We are pursuing this census to determine an accurate headcount on active appraisers within the profession, and to then utilize statistical sampling techniques from that universe to draw scientifically defensible conclusions on the demographics, experiences, and barriers to entry experienced by active appraisers. Earlier this year we engaged Econometrica, a research organization that provides economic and analytical services, to provide expert guidance on how best to develop testable research questions, aggregate data from multiple sources, and assemble a plan to collect and integrate data. Econometrica has recently produced an analysis of the “Supply Curve” for the appraiser profession, helping to identify strategies that could make a meaningful impact on appraiser supply and diversity. Imminently, we plan to issue a “Request for Information” (RFI) that will specify the data we seek from ASC’s fellow governmental agencies as well as those in the private sector (lenders, AMCs, and data/analytics companies). We expect that RFI to lead to new partnerships with both the public- and private-sectors.

Surveys: We are engaging in not just one, but a variety of efforts to reach out to different populations so that ASC can learn more about the appraiser regulatory environment. Unlike the Census, which uses one strategy, the Survey component of our work will deploy a variety of strategies, including focus groups, online polls, 1:1 interviews, and others. Potential targets for these surveys include appraisers, State appraiser regulators, lenders, and AMCs. We have already completed one major survey, a Needs Assessment that included a series of focus groups of “thought leaders” among the State appraiser regulator community. For those focus groups, 30 individuals were invited to participate in this process, and we held four focus groups with an average of about 6-7 participants. The feedback provided by these focus groups fed directly into CLEAR’s development of new training programs for appraiser regulators, one of which has already been delivered and four more of which are currently in active development.

Data Visualization: As ASC increasingly becomes a hub for appraiser data, we are implementing a long-term strategy to better interpret and analyze that data. We are testing state-of-the-art data software like PowerBI and Tableau to visualize and present data. We have created a secure “sandbox” – separated from the ASC Registry – where we can experiment with linking Registry data with other resources as they become available. For example, we recently ingested 3.3 million records from the FHFA that report residential appraiser activity from 2017-2019. Linking that data to registry data, we can now create new “spider maps” that show appraiser activity (origins for appraisers producing appraisals in a given neighborhood, or commute patterns for appraisers showing where they conduct appraisals). We can do this graphically on a national, state, or local scale. We hope to utilize these data visualization techniques to promote further intergovernmental sharing (by giving ASC’s fellow governmental agencies new ways to interpret their own data in the context of connections with other data sources) and to identify actionable observations and patterns (for example, by finding minority neighborhoods that lack internal appraiser options, providing potential testbeds for innovative appraiser recruitment strategies).

TAF 2017-19 Grant Audit

Staff recently authorized the audit firm to release the draft audit to TAF for their response. The TAF response was requested by May 31. We anticipate a similar response to the one received on

the Notice of Findings (Appendix A in the Draft Report provided to the Board). Once the TAF response is received, staff will then issue the Management Decision. The Management Decision presents a summary of each unresolved finding, recipient response, and actions that must be taken to resolve the finding. The Management Decision will also notify the auditee of its right to appeal the Management Decision to the ASC Board.

Given the sensitive nature of the audit and the unique aspects of the ASC grant history, we engaged an independent accounting/audit firm, RSM (<https://rsmus.com/>) to review the ASC's historic grant procedures as well as the current grant policies and procedures to obtain an opinion regarding the strengths and weaknesses of the grant program. We should receive the draft review within the next few days. RSM has also been helpful in better understanding the implications for the ASC and TAF regarding program income.

Cooperative Agreement

The CLEAR cooperative agreement is now 10 months into its first year of programming. Having successfully managed the NFHA appraisal standards/appraiser qualifications research project and the development of the Policy Statements and Appraisal Regulation (PStAR) training for State appraiser regulatory programs, the remainder of FY 2022 will be focused on developing more training courses for States and working to implement the appraiser census/survey project addressed above.

The first CLEAR PStAR training for State appraiser regulators was held May 12, in San Antonio, TX, just prior to the AARO Conference. Over 50 State regulators from 30 States attended.

Finance Update

The FY22 Financial Statement Audit is complete with no material findings or deficiencies. A copy is included in the FYI section of the meeting materials.

Girard Hull, ASC Financial Manager, will be providing a mid-year financial update during the upcoming ASC Meeting.

PAVE Task Force

The PAVE Task Force Deputy Principals met May 26 and discussed potential legislative options to improve governance of the appraisal regulatory system.

ASC 2021 Annual Report

The Annual Report was approved by notation vote and will be delivered to Congress prior to the June 15 deadline.

ASC Website Update

The new ASC website is progressing. We have experienced some delays due to staffing issues with our contractor. It will likely be August before the new website is deployed.

Recently, we began meeting with CFPB staff regarding upgrades to the Appraisal Complaint National Hotline. We greatly appreciate their assistance.

Recent Meetings Attended and Presentations

- April 6 - Collateral Risk Network – New Orleans, LA (presentation)
- May 2 – National Association of Mortgage Brokers Legislative Conference – Washington, DC (presentation)
- May 2 – National Association of Realtors Legislative Conference – Washington, DC (presentation)
- May 13-15 - Association of Appraiser Regulatory Officials, San Antonio, TX (presentation)
- April 28-30 - Appraisal Foundation Board of Trustees, San Diego, CA (attended)

Attachment

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Memorandum

To: Appraisal Subcommittee

From: Jim Park, Executive Director

RE: Budget Impact for addition of Attorney Advisor FTE

Date: May 26, 2022

The information contained herein details the costs and budgetary impact for adding two full-time equivalents (FTEs) of Attorney Advisors. This estimate considers Grade 14, Step 5 and Grade 15, Step 1 assuming part-year hires beginning June 2022 and full-year hires for 2023, respectively.

(FY22) Attorney Advisor – Grades 14/5 & 15/1

Base salaries estimated total – \$96,211

- ❖ Fringe benefits estimated total* – \$33,674
- ❖ Additional employee costs** - \$37,347
- ❖ Total additional agency costs for FY22 - \$167,231

Grade 14, Step 5	Time frame	Salary	Fringe Rate 35%	Other FTE costs	Total FTE Costs
\$143,064	Jun - Sep	\$ 47,211	\$ 16,524	\$ 18,673	\$ 82,408

Grade 15, Step 1	Time frame	Salary	Fringe Rate 35%	Other FTE costs	Total FTE Costs
\$148,484	Jun - Sep	\$ 49,000	\$ 17,150	\$ 18,673	\$ 84,823

Total costs for FTEs \$ 167,231

* Fringe benefit rate of 35% based of FY22 Budget

** Additional employee costs include equipment (i.e., computers & peripherals, office supplies, cell phones, training & travel costs.

(FY23) Attorney Advisor – Grades 14/5 & 15/1

- ❖ Base salaries estimated total – \$291,548
- ❖ Fringe benefits estimated total – \$102,042
- ❖ Additional employee costs - \$37,347
- ❖ Total additional agency costs for FY23 - \$430,936

Grade 14, Step 5	Time frame	Salary	Fringe Rate 35%	Other FTE costs	Total FTE Costs
\$143,064	Oct - Sep	\$ 143,064	\$ 50,072	\$ 18,673	\$ 211,810

Grade 15, Step 1	Time frame	Salary	Fringe Rate 35%	Other FTE costs	Total FTE Costs
\$148,484	Oct - Sep	\$ 148,484	\$ 51,969	\$ 18,673	\$ 219,127

Total costs for FTEs

\$ 430,936

**FY22 Mid-Year Status of ASC Revenue
and Expenses**

June 8, 2022

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Girard Hull, Financial Manager

DATE: June 8, 2022

RE: Fiscal Year 2022 (FY22) Mid-Year Status of ASC Revenue & Expenses

The following information summarizes the mid-year financial status of the ASC FY22 as of March 31, 2022.

ASC Revenues

As of March 31, 2022, the ASC has recognized revenue of \$5.7M, representing 62% of the total FY22 budgeted revenue of \$9.1M. For FY22, appraiser registry fees account for \$1.8M, or 32% of mid-year revenue, and AMC registry fees account for \$3.9M, or 68% of mid-year revenue. By comparison, FY22 mid-year revenue shows a 28% increase over FY21 revenue of \$4.4M for the same period. Based on the current revenue trend, we could recognize revenue in the range of \$10.5M thereby exceeding our projected FY22 revenue of \$9.1M.

ASC net reserves for the period ending March 31, 2022, amounted to \$8.4M. This amount is based on the gross reserve balance of \$17.4M less \$4.2M for standing reserves and \$4.8 for future commitments in FY23.

ASC Expenditures

As of March 31, ASC expenditures totaled \$4.1M, or 46% of the annual budget of \$9.1M, and \$381K less than budgeted mid-year expenditures.

The attached FY22 Income Statement (Budget vs. Actual) shows most mid-year expenditures at or below target mid-year levels. Expenditure line items (Awards, OPM Survey-Annual, Annual Audit of ASC) which significantly exceed the average mid-year level of 50%, represent fully annualized costs with no additional forthcoming expenses.

Financial Operations

For FY22, the ASC is working to address staffing needs based on employee attrition and additional workload. Also, due to Covid-19-affected travel operations, ASC travel costs will again be significantly less than budgeted. IT Project Services will increase in the remaining quarters of FY22 with the enhancement of the ASC website, continuing development of the

Compliance Review software and support services for the ASC Appraiser Census Survey Project.

The ASC is currently operating under a 5.7% sequestration reduction of available cash receipts as per OMB/US Treasury mandate.

To date, the ASC has not experienced any unforeseen or unusual expenditure activity, and agency fiscal operations are normal.

Enclosures:

ASC FY22 Income Statement (Budget vs. Actual)

ASC Balance Sheet (as of March 31, 2022)

Appraisal Subcommittee				
Budget vs. Actuals: FY22 Budget - FY22 P&L				
October 2021 - March 2022				
	Budget	Actual	Remaining	% of Budget
Income				
40000 Appraiser Fees (National Registry)	\$ 3,407,500	\$ 1,789,724	\$ 1,617,776	52.52%
40005 Appraiser Fees (AMC Registry Fees)	5,753,055	3,868,925	1,884,130	67.25%
Total Income	\$ 9,160,555	\$ 5,658,649	\$ 3,501,906	61.77%
Expenses				
61700 Computer and Internet Expenses	\$ 170,690	\$ 141,471	\$ 29,219	82.88%
62400 Depreciation Expense	\$ 12,215	\$ 6,108	\$ 6,107	50.00%
62501 Legal Research Service	\$ 12,290	\$ -	\$ 12,290	0.00%
62600 Equipment Rental	4,320	1,755	2,565	40.63%
64700 Miscellaneous Expense (General)	24,480	1,083	23,397	4.42%
64700 Miscellaneous Expense (General)	\$ 24,480	\$ 1,725	\$ 22,755	7.05%
64900 Office Supplies	16,273	2,252	14,021	13.84%
66000 Payroll Expenses				
66001 Salaries	2,183,441	929,971	1,253,470	42.59%
66002 Personnel Benefits	764,206	331,102	433,104	43.33%
66004 Cash Awards	42,625	38,884	3,741	91.22%
Total 66000 Payroll Expenses	\$ 2,990,272	\$ 1,299,957	\$ 1,690,315	43.47%
66100 Training	12,000	779	11,221	6.49%
66320 OPM Survey (Annual)	5,000	5,000	—	100.00%
66326 Strategic Communications/Social Media consulting	250,000	63,555	186,445	25.42%
Total 66300 Consulting Services	\$ 255,000	\$ 68,555	\$ 186,445	26.88%
66350 Annual Audit of ASC	35,900	35,900	—	100.00%
66351 ERP-Enterprise Resource Planning System	60,000	20,000	40,000	33.33%
66356 Grants Technical Assistance Contract	76,000	21,508	54,492	28.30%
66361 Indirect Cost Rate Negotiation	5,000	—	5,000	0.00%
66362 Independent Auditor Contract	50,000	—	50,000	0.00%
66400 GSA Services	160,075	62,059	98,016	38.77%
66600 Printing and Reproduction				
66601 Printing & Repro - Fed Register	\$ 31,500	—	\$ 31,500	0.00%
66602 Printing & Repro - Other	1,000	—	1,000	0.00%
66603 Printing & Repro - Publications	14,675	—	14,675	0.00%
Total 66600 Printing and Reproduction	\$ 47,175	—	\$ 47,175	0.00%
66800 FDMS	10,635	5,629	5,006	52.93%
67100 Rent Expense	9,170	2,709	6,461	29.54%
68100 Telephone Expense	28,800	13,590	15,210	47.19%
68400 Travel Expense	192,850	3,650	189,200	1.89%
68405 Staff Local Travel	835	—	835	0.00%
68550 Unique Identifier Project	\$ 21,000	\$ 4,191	\$ 16,809	19.96%
68554 Project Services - Customer Relations Software	20,000	16,455	3,545	82.28%
68555 Project Services - ASC Database Enhancements (National Registry of AMCs)	14,000	—	14,000	0.00%
68556 Project Services - Compliance Review	24,500	—	24,500	0.00%
68557 Project Services - ASC Website Rebuild	75,000	75,204	-204	100.27%
68700 Grants - Expense				
68705 Appraisal Foundation Grant	\$ 1,000,000	\$ 500,000	\$ 500,000	50.00%
68711 State Grants Expense	3,300,000	1,650,000	1,650,000	50.00%
68715 TTA Cooperative Agreement	500,000	250,002	249,998	50.00%
Total 68700 Grants - Expense	\$ 4,800,000	\$ 2,400,002	\$ 2,399,998	50.00%
Total Expenses	\$ 9,128,480	\$ 4,183,501	\$ 4,944,979	45.83%
Operating Income	\$ 32,075	\$ 1,475,148	\$ 1,443,073	

Appraisal Subcommittee	
Balance Sheet	
As of March 31, 2022	
	Total
ASSETS	
Current Assets	
Bank Accounts	
821 AS Registry Fee Account	
821G Registry Fees- Unrestricted Acc	7,139,888
821FG Federal Grants Funds	2,000,000
821SG State Grants Funds	5,731,014
821TA Technical Assistance & Cooperative Agreements Funds	491,409
Total 821G Registry Fees- Unrestricted Acc	\$ 15,362,311
821T Incremental Fee - Restricted	5,219,635
Total 821 AS Registry Fee Account	\$ 20,581,946
Total Bank Accounts	\$ 20,581,946
Accounts Receivable	
11000 Accounts Receivable	2,431,739
Total Current Assets	\$ 23,013,685
Fixed Assets	
15000 Furniture and Equipment	
15300 Server Hardware and Equipment	140,458
15305 NR of Appraisers Database	303,594
15310 NR of AMCs Database	87,640
15320 Work In Progress	866,754
Total 15000 Furniture and Equipment	\$ 1,398,446
17000 Accumulated Depreciation	
17300 Accum Depr. - Server	-112,824
17305 Accum Depr. - NR of A Database	-303,588
17310 Accum Depr. - NR of AMCs D-base	-87,649
Total 17000 Accumulated Depreciation	-\$ 504,061
Total Fixed Assets	\$ 894,385
TOTAL ASSETS	\$ 23,908,070
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20001 *Accounts Payable	52,843
20003 Grants Payable	\$ 1,429,248
Total Accounts Payable	\$ 1,482,092
Other Current Liabilities	
21022 Deferred Revenue FY22 (CY)	476,275
24000 Payroll Liabilities	
24100 Accrued Payroll & Benefits	41,081
24200 Accrued Annual Leave	263,706
Total 24000 Payroll Liabilities	\$ 304,787
Total Other Current Liabilities	\$ 781,062
Total Current Liabilities	\$ 2,263,154
Long-Term Liabilities	
25000 Restricted Incremental Fees	
25012 Restricted Incremental Fees 12	149,131
25013 Restricted Incremental Fees 13	313,906
25014 Restricted Incremental Fees 14	379,993
25015 Restricted Incremental Fees 15	376,865
25016 Restricted Incremental Fees 16	363,809
25017 Restricted Incremental Fees 17	368,681
25018 Restricted Incremental Fees 18	367,732
25019 Restricted Incremental Fees 19	361,174
25020 Restricted Incremental Fees 20	396,724
25021 Restricted Incremental Fees 21	338,145
25022 Restricted Incremental Fees 22	203,239
25023 Restricted Incremental Fees 23	78,641
25024 Restricted Incremental Fees 24	5,486
25025 Restricted Incremental Fees 25	176
25026 Restricted Incremental Fees 26	41
25027 Restricted Incremental Fees 27	19
Total 25000 Restricted Incremental Fees	\$ 3,703,762
26000 Deferred Revenue	
26023 Deferred Revenue - 2023	524,175
26024 Deferred Revenue - 2024	36,575
26025 Deferred Revenue - 2025	1,175
26026 Deferred Revenue - 2026	275
26027 Deferred Revenue - 2027	125
Total 26000 Deferred Revenue	\$ 562,325
Total Long-Term Liabilities	\$ 4,266,087
Total Liabilities	\$ 6,529,241
Equity	
Total Equity	\$ 17,378,829
TOTAL LIABILITIES AND EQUITY	\$ 23,908,070

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

March 9, 2022 ASC Quarterly Meeting

Minutes

June 8, 2022

**APPRAISAL SUBCOMMITTEE
QUARTERLY MEETING MINUTES
MARCH 9, 2022**

LOCATION: Zoom Conference

ATTENDEES

ASC MEMBERS: CFPB – Rohit Chopra/John Schroeder
FDIC – John Jilovec
FHFA – Julie Giesbrecht
FRB – Keith Coughlin
HUD – Brian Barnes
NCUA – Tim Segerson (Chair)
OCC – Enice Thomas

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 – Jenny Tidwell

PRESENTER: Maureen Yap – National Fair Housing Alliance (NFHA)

OBSERVERS: See attached list.

The Meeting was called to order at 10:00 a.m. by Chair T. Segerson.

REPORTS

• **Chairman**

T. Segerson thanked observers for attending. He introduced new ASC member, CFPB Director Rohit Chopra and new NCUA alternate member JeanMarie Komyathy. R. Chopra said that he looks forward to working with the ASC members and staff. He thanked J.

Schroeder for serving as the CFPB representative on the ASC and noted that J. Schroeder will stay on as the CFPB alternate member. (Following remarks, R. Chopra left the meeting.) T. Segerson added that there has been much attention recently on appraisal bias. Efforts are in process to reform the industry while listening to the concerns of appraisers.

- **Executive Director**

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

- State Off-Site Assessments (SOA) will continue through 2022 with on-site Compliance Reviews resuming in 2023. SOAs have been performed on approximately 50% of States/Territories since mid-2020.
- The Task Force on Property Appraisal and Valuation Equity (PAVE) is finalizing its recommendations. The recommendations are tentatively scheduled for delivery to the President and public release on March 10th.

- **Grants Director**

M. Abbott provided an update of the grants program since the December 8, 2021 ASC Meeting.

- Three new grants have been approved thus far in 2022 for Connecticut, Montana and Vermont. Nine States with existing grants have submitted applications requesting funding for Year Two: Arizona, Illinois, Kentucky, Louisiana, Minnesota, Mississippi, South Dakota, Texas, and Utah. Due to COVID restrictions and staffing

issues, three of those States (Minnesota, South Dakota and Utah) were not able to implement or fully implement their grants. They have elected to extend their initial grant for an additional year.

- As of the close of Fiscal Year 2021 (FY21) on September 30th, State grantees reported spending 48% of their Year One grants. Most States have elected to use unexpended funds to increase their programming in Year Two.
- Grant proposals received from Puerto Rico and South Carolina are being reviewed by ASC staff.
- ASC staff is working on a risk assessment to help set up an audit schedule starting later in 2022.
- The Council on Licensure, Enforcement and Regulation (CLEAR) is ten months into its first year of programming under the FY21 Cooperative Agreement. CLEAR successfully managed the review of the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the *AQB Real Property Appraiser Qualification Criteria* through its contract with the NFHA. CLEAR also finalized the development of the Policy Statements and Appraisal Regulation Training Course that is scheduled to take place on May 12th prior to the Association of Appraiser Regulatory Officials Spring Conference in San Antonio, TX. This course will be offered to State Regulators. Other courses are in development. Course offerings will include training for new State board members, new courses for investigators and implicit bias training for

State Regulators. CLEAR is also working on the Appraiser Census/Survey project approved by the ASC last year. ASC staff anticipates adding an additional \$430,000 to the award which has already been budgeted to support these activities.

J. Jilovec asked for an update on the Appraiser Census/Survey. J. Park and D. Byerman responded that additional information will be available at the next ASC Quarterly Meeting on June 8th.

- **Financial Manager**

G. Hull reported that the FY21 financial audit is being finalized. The final audit report will be distributed to ASC members and included in the 2021 ASC Annual Report. He reported on activity in the first quarter of FY22. As of December 31, 2021, total revenue was \$3.5M representing a 55% increase over the FY22 budgeted amount of \$2.3M for the 1st quarter. Expenditures for the same period totaled \$2M representing 90% of the budgeted amount of \$2.3M. T. Segerson asked for clarification on revenue and whether this is cyclical. G. Hull responded that several States have renewals in December and he felt the increase was cyclical.

ACTION ITEMS

- **December 8, 2021 Open Session Special Minutes**

J. Schroeder made a motion to approve the December 8th open session special meeting minutes as presented. J. Jilovec seconded and all members present voted to approve.

- **Selection of Vice Chair**

T. Segerson said that the FFIEC will appoint a new ASC Chair later this month. He asked to table this item until the next ASC Meeting. E. Thomas made a motion to table selection of a Vice Chair. K. Coughlin seconded and all members present voted to approve.

- **Amendment to FY22 ASC Budget**

J. Park reported that due to increasing workloads, ASC staff is recommending hiring an additional Attorney Advisor. If approved, a start date in early June is anticipated. The position will be budgeted for the last four months of FY22 and will increase the budget by approximately \$79,000. He added that ASC staff is developing a reorganization plan as well. There were no questions or comments from ASC members. K. Coughlin made a motion to approve the request to hire an additional Attorney Advisor. E. Thomas seconded and all members present voted to approve.

- **7-Hour National USPAP Update Course**

J. Park introduced M. Yap, Senior Counsel with NFHA, who provided a presentation to ASC members and meeting attendees. The focus of her presentation was regarding the 7-Hour National USPAP Update Course. NFHA recommends that the Appraisal Standards Board (ASB) revise the course with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals on complying with the letter and spirit of applicable federal, state, and local fair housing laws. NFHA suggested that the course should clearly identify fact patterns that represent illegal

discrimination and avoiding harm to consumers rather than raising questions about perception and reputational risk for appraisers. Advisory Opinion 16 (AO16) should also be amended regarding its discussion of fair housing laws. The course inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices. T. Segerson agreed that the course should be amended and thanked NFHA for its work. He suggested that the ASC send a letter addressed to the Chairs of the Appraisal Foundation (TAF) Board of Trustees, the Appraiser Qualifications Board (AQB) and the ASB requesting that the 7-Hour National USPAP Update Course be revised. Those appraisers who have already taken the course should be provided with remedial material. Michelle Bradley, ASB Chair, was present and was approved to provide comments. She stated that she was not told in advance what would be presented today so her comments would be restricted to the findings in NFHA's Report. She noted that the course covers USPAP and is not a fair housing course. While TAF supports fair housing training for appraisers, the 7-hour National USPAP Update Course is not the appropriate course for this. The course objective is for appraisers to understand USPAP. TAF is willing to work with course providers to develop courses that cover fair housing laws. She added that TAF contacted NFHA last month to get a better understanding of what NFHA recommended and TAF welcomes the opportunity to work with NFHA on the development of these courses. She noted that AO16 is available for free on TAF's website. TAF is also designing a new page on its website to include materials on fair housing. She welcomed input from NFHA

and the ASC. She hopes to be responsive and transparent in her role as ASB Chair. J. Park thanked M. Yap and M. Bradley for their presentation and comments. He said that the ASC is willing to work with the ASB. Based on issues raised in NFHA's Report, he is concerned that the 7-hour National USPAP Update Course that is currently on the market is harmful to appraisers, and suggested that this course be removed from the market immediately and revised to prevent further harm. He added that USPAP's Ethics Rule should also be revised. TAF should also describe how remedial information will be distributed to those who have already taken the course. J. Schroeder expressed appreciation to M. Yap and M. Bradley. He noted that it is not possible to separate USPAP from the law. USPAP and fair housing law wording should be consistent. The wording in the current course is confusing and may harm appraisers. T. Segerson added that appraisers should operate within fair housing laws. M. Bradley added that TAF sent a letter to federal agencies regarding preliminary changes to the Ethics Rule. As written, the Ethics Rule is unclear to those outside of the appraisal profession. TAF also met with members of the Appraisal Foundation Advisory Council, USPAP instructors and other stakeholders to clarify the Ethics Rule. The ASB will use this research to prepare a Third Exposure Draft on revisions to AO16. The ASB is collaborating with a fair housing attorney/expert. She expects there will be collaboration with NFHA and other fair housing entities as well. J. Schroeder made a motion that the ASC send a letter to the Chairs of the TAF Board of Trustees, AQB and ASB requesting that the 7-Hour National USPAP Update Course be revised and that remedial information on fair housing law be sent to those who have already taken the course. E. Thomas seconded and all members present voted to approve.

The Open Session adjourned at 10:55 a.m. The next quarterly ASC Meeting is scheduled for June 8, 2022.

Attachment: Observer list

DRAFT

Meeting:	Appraisal Subcommittee Meeting	Meeting Date:	March 9, 2022
Time:	10:00 AM ET	Location:	Zoom Meeting

OBSERVERS	
Affiliation	Name
Appraisal Foundation	JoEllen Alberts
Appraisal Foundation	David Bunton
Appraisal Foundation	Kelly Davids
Appraisal Foundation	Lisa Desmarais
Appraisal Foundation	Edna Nkemngu
Appraisal Foundation	Amy Timmerman
Appraisal Foundation Board of Trustees	Jeremy Gray
Appraisal Foundation Board of Trustees	Tracy Johnston
Appraisal Foundation Board of Trustees	Randall Kopfer
Appraisal Institute	Brendan Donnelly
Appraisal Institute	Brian Rodgers
Appraisal Standards Board	Melissa Bond
Appraisal Standards Board	Michelle Bradley
Appraiser Qualifications Board	John Ryan
Appraiser Qualifications Board	Shawn Telford
Appraiser Qualifications Board	Donna VanderVries
Appraiser Qualifications Board	Jerry Yurek
Arkansas Appraiser Licensing & Certification Board	Diana Piechocki

Clear Capital	Dave Cherner
Colibri Group	Jo Traut
Conference of State Bank Supervisors	Daniel Berkland
Consumer Financial Protection Bureau	Deana Krumhansl
Consumer Financial Protection Bureau	Tim Lambert
Consumer Financial Protection Bureau	Orlando Orellano
Consumer Financial Protection Bureau	David Ueijo
Council on Licensure, Enforcement & Regulation	David Byerman
CRE Homes	Wallace Czekalski
DiSanto Appraisals	Carol DiSanto
District of Columbia Government	Andrew Sullivan
Federal Deposit Insurance Corporation	Richard Foley
Federal Deposit Insurance Corporation	Tom Lyons
Federal Deposit Insurance Corporation	Patrick Mancoske
Federal Deposit Insurance Corporation	Mark Mellon
Federal Deposit Insurance Corporation	Lauren Whitaker
Federal Financial Institutions Examination Council	Kaelin Browne
Federal Financial Institutions Examination Council	Rosanna Piccirilli
Federal Housing Finance Agency	Sara Todd
Federal Reserve Board	Carmen Holly
Federal Reserve Board	David Imhoff
Federal Reserve Board	Devyn Jeffereis

Federal Reserve Board	Keshia King
Federal Reserve Board	Matthew McQueeney
Federal Reserve Board	Derald Seid
Federal Reserve Board	Matthew Suntag
Federal Reserve Board	Suzanne Williams
HomeSight	Peter Gallo
Massachusetts Board of Real Estate Appraisers	Steve Sousa
McKissock	Dan Bradley
National Credit Union Administration	Rachel Ackmann
National Credit Union Administration	Gira Bose
National Credit Union Administration	JeanMarie Komyathy
National Credit Union Administration	Lisa Roberson
Office of the Comptroller of the Currency	Kevin Lawton
Office of the Comptroller of the Currency	Joanne Phillips
Office of the Comptroller of the Currency	James Rives
Office of the Comptroller of the Currency	Marta Stewart-Bates
Real Estate Valuation Advocacy Association	Mark Schiffman
Realist Appraisal Services	Eric Morse
Upstate Appraisals	Rebecca Jones
Wagar Appraisals	Marty Wagar
Wells Fargo	Maggie Vasquez
Woodland Appraisal Group	Louis Pitoni

	Beth Graham
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