



**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

**July 22, 2022**

**ASC Briefing Agenda**

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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination  
Council*

**Briefing Agenda**

**Date:** July 22, 2022  
**Time:** 11:00 a.m. ET  
**Location:** Go to the Link below to register for the Briefing  
<https://www.zoomgov.com/meeting/register/vJIscu-trTsjE-T55acX2r-zNvigVCcDKkU>

<b>Briefing Topic(s)</b>		
<b>Opening Remarks</b>	<b>Chair Martinez</b>	<b>11:00 – 11:05</b>
<b>NFHA Report/Staff Recommendations</b>	<b>J. Park</b>	<b>11:05 – 11:20</b>
<b>TAF Communications</b>	<b>Chair Martinez/ J. Park</b>	<b>11:20 – 11:35</b>
<b>TAF 2017-2019 Grants Audit</b>	<b>J. Park</b>	<b>11:35 - 11:45</b>
<b>Staffing/Reorganization</b>	<b>J. Park</b>	<b>11:45 – 11:55</b>
<b>Temporary Waiver Rulemaking</b>	<b>A. Ritter</b>	<b>11:55 – 12:05</b>
<b>Census/Survey</b>	<b>J. Park</b>	<b>12:05 – 12:15</b>
<b>PAVE Task Force Update</b>	<b>J. Park</b>	<b>12:15-12:20</b>
<b>Other Business</b>	<b>Chair Martinez/ J. Park</b>	<b>12:20 – 12:30</b>



**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

**ASC Staff Comments  
on NFHA  
Recommendations**

# NFHA Recommendations; ASC Staff Comments

7/15/2022

## Oversight of the Appraisal Regulatory System

### Legal Authority

The appraisal governance structure is unique and complex with a private entity setting the uniform appraisal standards and the minimum professional qualification entrance criteria that must be adopted by the States.

*NFHA Recommendation:* Given the importance of appraisals to the residential housing market and individual consumers' finances, the complex questions regarding the extent of the Appraisal Foundation's (TAF) legal authority should be considered for further review, including questions about the extent of the legal authority under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), any potential obligations under the Administrative Procedures Act (APA), and any potential issues under the Constitution's nondelegation doctrine.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Refer to U.S. Department of Justice (DOJ) for an analysis/opinion on the legal issues raised in the NFHA Report.

### Appointments and Elections Process

TAF's current processes tend to favor a closed-loop system of industry viewpoints rather than a governance structure that is open to diverse viewpoints, including those of civil rights and consumer advocates.

*NFHA Recommendation:* TAF should consider the following steps to enhance inclusiveness, to provide a more intentional and meaningful way to incorporate the voices of civil rights and consumer advocates, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- Repeal the requirement that a majority of the Board of Trustees must be appraisers.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Staff agrees with recommendation and would like to see this extended to the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB) membership as well. TAF recently changed the bylaws removing the requirement that the majority of Board of Trustees (BOT) members must be appraisers. However, it is unclear what their plan is regarding adding more non-appraisers to the BOT.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

- Repeal the requirement of financial donations to appoint board members.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

- Provide a mechanism allowing industry groups and civil rights/consumer advocates to appoint an equal number of trustees. (For purposes of this report, the term “civil rights/consumer advocates” means organizations that have as their primary purpose the promotion of civil rights and/or consumer protection.)

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

- Provide a mechanism allowing industry groups and civil rights/consumer advocates to nominate an equal number of trustees to at-large elections.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

- Require that at least four of the at-large trustees must be civil rights/consumer advocates.

**ASC Authority:** Monitoring and review.

**Staff Comments:** This recommendation could lead to expansion of the BOT when it may be preferable to consider reducing the number of Trustees. There is currently a Trustee position reserved for a consumer advocate.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

- Form an advisory council consisting only of nonprofit civil rights and consumer advocates.

**ASC Authority:** Monitoring and review.

**Staff Comments:** TAF announced its intent to form an advisory council.

**Staff Recommendation:** Send a letter indicating support and request more detail on implementation (*e.g.*, timing and selection process).

- Require that at least a third of the members of the ASB and AQB be civil rights/consumer advocates.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

### **Rules of Procedure and Exposure Draft Process**

As with the appointments and elections process, TAF's rules of procedures and exposure draft process tend to favor industry access and industry viewpoints instead of ensuring that the public – including civil rights and consumer advocates – have full access and meaningful opportunities for input.

**NFHA Recommendation:** TAF should consider the following steps to enhance transparency and inclusiveness, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- Require the AQB to provide notice to the public, exposure of drafts, and an opportunity for public participation. (The AQB currently engages in this practice but would benefit from having the practice codified in its bylaws.)

**ASC Authority:** Monitoring and review.

**Staff Comments:** Both the AQB and ASB current exposure draft process is limited and should be made available to a wider and more diverse audience, including nonprofit civil rights and consumer advocates and non-appraisers.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

- Require the ASB and AQB to state the legal authority under which it is promulgating standards or criteria.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

- Require the ASB to make the complete text of USPAP Standards, including Advisory Opinions (AO), available to both appraisers and the public for no charge.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. (Note: ASC along with DOJ were successful in requesting TAF place Standards 1- 4 on their website in a pdf format and available for free approximately two years ago.)

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

- Require the ASB and AQB to consider the impact of proposed standards and criteria on consumers and neighborhoods, including consumers and neighborhoods of color. As a best practice, many agencies that regulate the housing finance market set up specific and regular meetings to hear feedback from civil rights and consumer advocates.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

- Require the ASB and AQB to publish the final standards and criteria at least 30 days before the effective date.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. However, TAF should only make changes to the standards and criteria when necessary and accommodate the time needed for States to implement those changes.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

- Require the ASB and AQB to provide to the public an easily accessible system to request the issuance, amendment, or repeal of any standard or criteria.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

## **Gaps in Fair Housing Requirements and Training**

The evidence clearly shows that the current appraisal system can result in biased valuations, both at the individual and neighborhood level. The causes of such bias are varied and complex. There are four gaps in the USPAP Standards' fair housing requirements and training that should be addressed in order to help remedy the issue.

### **Lack of a clear prohibition on discriminatory conduct**

***NFHA Recommendation:*** To make it easier for appraisers and the public to understand an appraiser's fair housing obligations, the USPAP Standards and Advisory Opinion 16 should be revised to clearly state that discrimination in appraisals is prohibited.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. The ASB has indicated they are working with Relman Colfax and several federal agencies to rewrite the USPAP Ethics Rule and AO-16 to clearly indicate that bias and discrimination are USPAP violations. TAF has indicated that an exposure draft of these changes should be issued on or near August 1.

**Staff Recommendation:** ASC staff should respond in writing to the exposure draft of these and other proposed changes to USPAP.

### **Lack of Guidance on the Use of Discretion**

***NFHA Recommendation:*** Consistent with other aspects of the housing finance market, the appraisal process should be thoroughly reviewed for fair housing risk, particularly in the exercise of discretion, and the USPAP Standards should be amended accordingly in order to provide a baseline standard for fair and equitable outcomes.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. If TAF does not follow through on this recommendation, the ASC could consider establishing an advisory committee or hold hearings on this topic.



### **Lack of Clear Fair Housing Training Requirements**

***NFHA Recommendation:*** Quality fair housing training for appraisers is critically important and should be a requirement for every appraiser to obtain and maintain their credentials. The Criteria should be revised to clearly require comprehensive fair housing training on federal, state, and local fair housing laws at every stage of the credentialing process and at renewal.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. TAF has indicated that fair housing or valuation bias training is under consideration by the AQB. A symposium on the topic is also under consideration.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what progress has been made on implementing this recommendation.

### **Lack of Effective Clear Fair Housing Training Requirements**

***NFHA Recommendation:*** There should be comprehensive fair housing training included in the initial 15-hour USPAP course (not just in the 7-hour USPAP continuing education course).

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

***NFHA Recommendation:*** The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. In response to a letter from the ASC staff, TAF indicated that corrections to the Course will be made by September 30. Subsequent public comments discussions indicated that TAF will, once the corrections are complete, issue an errata or supplement to all appraisers who have already taken the course. They refer to it as a "patch."

**Staff Recommendation:** Continue to monitor and review the progress and comment as appropriate. ASC should consider recommendation to TAF that all Fair Housing training for aspiring and renewing appraiser be written and taught by experts in the fair housing field.

*NFHA Recommendation:* TAF should collaborate with HUD, the DOJ, the Federal Housing Finance Agency (FHFA), and other regulators and enforcement agencies to develop, improve, and implement fair housing training.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

*NFHA Recommendation:* TAF should consider inviting civil rights experts to provide the fair housing training for appraisers.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation.

## **Barriers to Entry**

*NFHA Recommendation:* It is recommended that each of the barriers to entry to the appraisal profession be reviewed for disparate impact by analyzing the burden on potential appraisers of color, the business justification for the requirement, and whether there is a less discriminatory alternative that can achieve the business interest.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

At the Spring BOT meeting the AQB Chair reported that the AQB will:

- Review the Criteria for unintended barriers to entry
- Update and document rationale for all specific criteria
- Propose and review alternative options for reduction of unintended barriers to entry
- The AQB Chair requested the needed financial resources for the AQB to achieve their objectives.

After an executive committee meeting, it was announced that TAF voted to remove the AQB Chair. The TAF President has indicated TAF is waiting for a letter from the PAVE Task Force per the Action Plan before considering any changes to the AQB Criteria.

**Staff Recommendation:** Work with the PAVE Task Force to expedite the letter to TAF included in the PAVE Task Force Action Plan. The ASC should also send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. The ASC could consider holding a round table or public hearing on this topic.

### **Barrier: Multiple Levels of Credentials**

***NFHA Recommendation:*** The credentialing criteria should be reviewed to consider streamlining the credentials to just two certifications: 1) certified residential appraiser; and 2) certified general appraiser. This approach would:

- Follow the model of other professions where the individual is fully licensed or certified after passing the exam (*e.g.*, real estate broker, accountant, lawyer);
- Follow the model of many large lenders and appraisal management companies, which already require appraisals to be conducted by a certified appraiser; and
- Provide a more realistic way for new entrants to earn a living in the profession.

**ASC Authority:** N/A

**Staff Comments:** This recommendation would require action by Congress and considerable amendment to federal regulations adopted pursuant to existing statute. In addition, it would require the States to change statutes and regulations and could cause more disruption to the financial services industry.

**Staff Recommendation:** Consider further study on this recommendation.

### **Barrier: College Degree Requirements**

***NFHA Recommendation:*** The criteria should be reviewed to consider whether the college degree is necessary for the profession, including whether this requirement has appreciably improved the quality of appraisals.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. The ASC could also consider holding a round table or public hearing on this topic.

### **Barrier: Appraiser Education Hours**

***NFHA Recommendation:*** The appraiser education hours criteria should be reviewed to consider whether the extensive hours are necessary and whether the content of the courses should be revised to better prepare the student to conduct the work of an appraiser.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. The ASC could also consider holding a round table or public hearing on this topic.

**Barrier: Experience Hours**

**NFHA Recommendation:** Given the clear racial disparate impact of the experience hours and Supervisory Appraiser criteria, this requirement should be thoroughly reviewed to consider less discriminatory alternatives, including:

- Improving the content of the education courses so that the student is better prepared to conduct appraisals after passing the exam.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. TAF continues to promote the Practical Application of Real Estate Appraisal (PAREA) program. TAF has indicated that eight PAREA concept proposals have been approved. It is unclear when any actual PAREA training programs will be available. In addition, the cost of PAREA could be prohibitive for aspiring appraisers and program developers. TAF has said that at least one program could be available before the end of 2022. It is also unclear how many States would adopt PAREA.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. The ASC could consider holding a round table or public hearing on this topic.

- Improving the content of the exam by including a practice-based component that ensures a prospective appraiser has a clear understanding of industry practices.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. However, the exam is already reported to have practice-based components.

**Staff Recommendation:** Work with TAF to better understand the content of the exam and whether or not the recommended changes are needed.

- Replacing the current experience requirement with an exam that, once passed, makes the individual a certified appraiser.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation. However, instead of replacing the experience requirement, an option in the AQB Criteria could be added that allows aspiring appraisers to obtain a credential without experience if they can pass the exam.

Some States will continue to require experience even if it is removed from the AQB Criteria.

**Staff Recommendation:** Send a letter to TAF indicating qualified support and ask what TAF's intentions are to address this recommendation.

**Barrier: Standardized Tests**

*NFHA Recommendation:* TAF should collect data on race, ethnicity, and gender to measure the impact of the examinations. Also, the examinations should be reviewed for validity and consistency with federal anti-discrimination laws.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF's intentions are to address this recommendation. The ASC could consider asking TAF to have an independent review of the exam questions and answers for discriminatory content and disparate impact by analyzing the burden on potential appraisers of color, the business justification for the requirement, and whether there is a less discriminatory alternative that can achieve the business interest. The demographics and skills of the committee that determines the exam content could also be reviewed.

**Concern: Pipeline and Future of the Profession**

*NFHA Recommendation:* TAF and other appraiser organizations should continue and expand their outreach to women and people of color. In addition, TAF and other appraisal organizations should monitor the demographics of individuals entering the profession or renewing their credentials and share this information publicly to ensure that the demographics of the profession are more transparent. Finally, appraiser organizations should ensure that new professionals are prepared for the future with respect to the use of technology, automation, and artificial intelligence.

**ASC Authority:** Monitoring and review/grant making

**Staff Comments:** Agree with recommendation. The ASC's current census of appraisers will establish an initial baseline to study future changes in appraiser demographics.

**Staff Recommendation:** Send a letter to TAF and the States indicating support for this recommendation. The ASC could consider providing grant funds to TAF and States to assist in this effort. The ASC could also consider hosting a round table or public hearing on this topic.

## Compliance and Enforcement

### Need for Data

*NFHA Recommendation:* Government, Government Sponsored Enterprises (GSEs, that is, Fannie Mae and Freddie Mac), lenders, appraisers, researchers, and civil rights/consumer advocates should strategize and work together for the release of appropriate elements of the appraisal data sets to reduce bias and develop more robust compliance and monitoring systems. In addition, after public input and collaboration, a public repository and accessible database of complaints involving appraisals for mortgage lending should be developed to identify trends in the filing of complaints, including instances of alleged discrimination, and to identify appraisers and appraisal management companies that may be engaging in repeatedly deficient or discriminatory appraisal activity.

**ASC Authority:** N/A

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** ASC staff has obtained data from FHFA which will be used to determine the number of active appraisers in the U.S. The next phase will be to survey those active appraisers to obtain demographic and appraisal practice information.

### Development of Robust Compliance Management Systems

*NFHA Recommendation:* Government, the GSEs, lenders, appraisers, researchers, and civil rights/consumer advocates should use knowledge of data science and appropriate examples from the mortgage and homeowners' insurance industries to develop more robust compliance management systems to monitor, remedy, and prevent fair housing risk and/or violations in appraisals.

**ASC Authority:** N/A

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** The ASC could support such initiatives by working with government and industry to promote enhanced compliance management systems for appraisers.

### Duty of Care: Appraiser Accountability

*NFHA Recommendation:* Fair housing advocates working on behalf of borrowers indicate that fair housing legal issues in appraisals often overlap with appraiser professional negligence. Because appraisers' legal accountability for professional negligence under applicable case law typically extends only to those parties whom the appraiser has identified as "intended users" within the meaning of USPAP Standards and because appraisers generally do not identify

borrowers as such intended users, appraisers often have no legal accountability to borrowers for instances of negligence. To increase the accountability of appraisers to borrowers who have been injured by appraisal negligence, the ASB should consider amending the USPAP Standards to require appraisers to identify mortgage borrowers as “intended users” of appraisals prepared in relation to residential mortgage transactions.

**ASC Authority:** Monitoring and review.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** Send a letter to TAF indicating support and ask what TAF’s intentions are to address this recommendation.

### **Reconsideration of Value Process**

**NFHA Recommendation:** A “reconsideration of value” is the term used to describe the ad hoc process by which borrowers challenge appraisal values. It is a process that varies highly from lender to lender and that is without any legal structure. Fair housing advocates indicate that lack of fair consideration and clear communication in the process often occurs at the beginning of fair housing claim situations. Government, the GSEs, lenders, and TAF should develop standards and guidance for appraisers regarding the fair handling of and increasing the transparency and accountability in the Reconsideration of Value process.

**ASC Authority:** § 1106. *Powers of Appraisal Subcommittee* [12 U.S.C. 3335]

The Appraisal Subcommittee may, for the purpose of carrying out this title, establish advisory committees, hold hearings, . . . sit and act at times and places, take testimony, receive evidence, provide information, and perform research, as the Appraisal Subcommittee considers appropriate.

**Staff Comments:** Agree with recommendation.

**Staff Recommendation:** ASC staff could work with State appraiser regulatory agencies to address the risk of appraisers receiving disciplinary actions if they reconsider their appraisal conclusions. Appraiser independence concerns should be taken into consideration. ASC could consider having a round table or having a public hearing on this topic



**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

**2017-2019 TAF  
Grants Audit - Final  
Report**



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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** July 15, 2022

**RE:** Appraisal Foundation 2017-19 Grants Audit

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Staff is in receipt of the attached Final Audit Report of the three ASC grants made to the Appraisal Foundation (TAF) in the years 2017-2019. The audit concludes that the grants were used appropriately based on the audit procedures performed. The audit concluded that TAF generally accounted for and expended the grant funds appropriately; however, TAF did not have a system for tracking and reporting on program income generated from sales of USPAP in the three years ending September 30, 2019.

TAF's response disputes that the federal assistance they received was not in the form of federal assistance grants and therefore not subject to program income requirements.

Regardless of whether the assistance received were federal grants or not and regardless of whether program income was generated, the facts of the matter indicate that any attempt to reclassify the program income as federal grant money or claw back the program income would not be advisable for the following reasons:

1. Unless federal awarding agency regulations or the terms and conditions of the federal award specify otherwise, non-federal entities have no obligation to the federal government regarding program income earned after the end of the period of performance (2 CFR section 200.307(f)).
2. TAF was not notified of the implications of program income until the ASC Grants Handbook was adopted in late 2019.
3. The form used by both TAF and the ASC to request and approve grant reimbursements clearly indicated that no program income was generated.
4. There is no record that TAF or the ASC ever realized the implications of the revenue generated by the federal grants.

The next step in completing the audit is for the ASC Executive Director to issue the Management Decision which must be issued within 180 days of receiving the Final Audit Report, which was received July 7, 2022. It is my intention that the Management Decision will conclude that federal grant awards were made to TAF and program income was generated. However, no further action should or will be taken.

Attachment

# **Performance Audit Report**

## **Administration of Payments Received from the Appraisal Subcommittee by The Appraisal Foundation**

Prepared for

**The Appraisal Subcommittee (ASC)**

By

**McBride, Lock & Associates, LLC**

January 2022

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**McBRIDE, LOCK & ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
KANSAS CITY

**Performance Audit Report  
Administration of Payments Received from the Appraisal Subcommittee by  
The Appraisal Foundation**

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# **Performance Audit Report**

## **Administration of Payments Received from the Appraisal Subcommittee by The Appraisal Foundation**

### **EXECUTIVE SUMMARY**

McBride, Lock & Associates, LLC was engaged by the Appraisal Subcommittee (ASC) to conduct a performance audit of the administration of payments received under the Investigator Training Program (ITP) and Board Support Program which consists of the Appraiser Qualifications Board (AQB) and the Appraisal Standards Board (ASB) by The Appraisal Foundation (Foundation) for fiscal years 2017, 2018 and 2019. The engagement is to be conducted in four phases, as follow:

- Phase I is the audit planning and survey phase
- Phase II is the survey and internal control assessment phase
- Phase III is the substantive audit testing and development of findings phase
- Phase IV is the final reporting phase.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, except for the matters discussed below, we concluded that the Office generally accounted for and expended the Grant funds in accordance with the requirements mentioned above for the period from October 1, 2016 through September 30, 2019. The exception is that TAF did not have a system for tracking and reporting on program income received. As described in Finding 1 below, this exception leads to potential improper expenditures of amounts which should have been accounted for as program income, up to a maximum of the \$11,500,515 of revenue received from sales of the USPAP in the three years ended September 30, 2019.

We have included in this report as Appendix A, TAF's written response to the draft report. Such response has not been subjected to the audit procedures and, accordingly, we do not provide any form of assurance on the appropriateness of the response or the effectiveness of the corrective actions described therein.

### **BACKGROUND**

This section of the report summarizes the grant program subject to audit, the purpose and costs associated with the award, and prior audit findings.

#### **The Appraisal Subcommittee**

The ASC was created pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Title XI) as follows:

- Utilize funds received from fees paid by appraisers and appraisal management companies (AMCs) to be on the National Registries which Title XI requires the ASC to maintain (technically this is still congressionally appropriated funds) to support its activities under Title XI, and to make grants to the Foundation and 55 State regulatory Boards.
- As congressionally appropriated funds, grants through the ASC follow requirements of the Office of Management and Budget Circulars for Federal Awards, 2 CFR Part 200 or Contract Cost Principles, 48 CFR Part 31 (FAR).

## **The Awardee – The Appraisal Foundation**

The grants were awarded to the The Appraisal Foundation (Foundation). The Foundation is a not-for-profit corporation (501c3) formed in 1987 and tasked in Title XI with supporting the Appraisal Standards Board (ASB) and the Appraiser Qualifications Board (AQB). Pursuant to Title XI, the ASB promulgates the Uniform Standards of Professional Appraisal Practice (USPAP), and the AQB establishes minimum credentialing criteria (examination, education, experience) for appraisers. USPAP is then adopted by State Regulatory bodies that are charged with enforcing USPAP standards for covered appraisals in their state.

## **The Appraisal Foundation Grant Proposals**

The Foundation's grant proposals were prepared by the President of the Foundation.

The main objectives of the fiscal year 2017 ASC grants, as set forth in the 2017 grant proposal, were to use Board Support AQB funds for the consideration of possible alternatives to the current experience requirements for each of the three classifications and update the National Uniform Appraiser Licensing and Certification Examination. Board Support ASB funds were to be used to adopt the proposed changes to USPAP for the 2018-2019 edition of the USPAP. The Investigator Training funds were to be used to conduct three course offerings, one for each of the three levels and update those courses.

The main objectives of the fiscal year 2018 ASC grants, as set forth in the 2018 grant proposal, were to use Board Support AQB funds to continue the consideration of possible alternatives to the current experience requirements for each of the three classifications, establish a track whereby experienced state licensed appraisers in good standing may seek the certified residential credential without a degree, and continue updating the National Uniform Appraiser Licensing and Certification Examination. Board Support ASB funds were to be used to conduct a survey to determine what areas of USPAP need further clarification and what emerging issues currently are not addressed by the USPAP and should be included in the next edition of the USPAP. The Investigator Training funds were to be used to conduct three course offerings, one for each of the three levels, update those courses, and increase class size to 50 students.

The main objectives of the fiscal year 2019 ASC grants, as set forth in the 2019 grant proposal, were to use Board Support AQB funds to perform an examination of the Practical Applications of Real Estate Appraisal (PAREA) concept and continue updating the National Uniform Appraiser Licensing and Certification Examination. Board Support ASB funds were to be issue a series of exposure drafts for possible revisions to the next edition of USPAP. The Investigator Training funds were to be used to conduct three course offerings, one for each of the three levels.

## **AUDIT OBJECTIVES**

The objectives of our audit were to:

1. Identify all costs claimed on the ASC awards that are not allocable, allowable, reasonable, and in conformity with award terms;
2. Identify methods or courses of action to improve the efficiency and effectiveness of the program's goal(s).

The Foundation is required to follow the requirements of the grant documents and cost principles set forth in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200).

## **SCOPE AND METHODOLOGY**

We audited the Grant funds received and disbursed by TAF from October 1, 2016 through September 30, 2019 as shown in the following table:

Description	2017		2018		2019	
	Investigator Training	Board Support	Investigator Training	Board Support	Investigator Training	Board Support
Funds Received from ASC	\$ 309,085	\$ 350,000	\$ 310,000	\$ 350,000	\$ 278,000	\$ 350,000
Match	-	-	-	-	-	-
Earned Interest	-	-	-	-	-	-
Total Funds	\$ 309,085	\$ 350,000	\$ 310,000	\$ 350,000	\$ 278,000	\$ 350,000
Less Disbursements	(271,016)	(350,000)	(213,036)	(332,675)	(243,746)	(324,786)
Fund Balance	\$ 38,069	\$ -	\$ 96,964	\$ 17,325	\$ 34,254	\$ 25,214
Reprogrammed	\$ -	\$ -	\$ -	\$ 25,634	\$ 2,104	\$ 24,509

## **AUDIT RESULTS**

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, except for the matters discussed below, we concluded that TAF accounted for and expended the HAVA funds in accordance with the requirements mentioned above for the period from October 1, 2016 through September 30, 2019. The exception to applicable compliance requirements is described below.

## Finding No. 1 – Recording and Tracking of Program Income

### Condition:

For the years ended September 30, 2019, 2018, and 2017, TAF has not been recording and accounting for program income earned on Grant funds appropriately by reducing the allowable costs by the amount of program income earned.

TAF received grant funds for two separate grant programs. The first, was a board support grant which supports the activities of the Appraisal Standards Board (ASB) and the Appraiser Qualifications Board (AQB). These boards work to create and approve standards for qualifications and procedures of property appraisers. These standards are then published in the USPAP which is sold to appraisers and appraiser management companies. The second grant is to support the Investigator Training Program (ITP). Funds provided by the ASC for each of these are as follows:

<u>FISCAL YEAR</u>	<u>Board Support</u>	<u>Investigator Training Program</u>	<u>Total</u>
2017	\$ 329,408.00	\$ 291,607.00	\$ 621,015.00
2018	307,041.00	238,670.00	545,711.00
2019	342,572.00	243,746.00	586,318.00
	<u>\$ 979,021.00</u>	<u>\$ 774,023.00</u>	<u>\$ 1,753,044.00</u>

TAF did not provide accounting records or support detailing the full expenditures required to create the USPAP.

According to financial audits performed for the fiscal years ended September 30, 2017, 2018, and 2019 evidenced TAF received \$3,232,624, \$4,351,300 and \$3,916,591 from the sale of the USPAP respectively.

During our audit, we performed a comparison of the invoices for expenditures of grant funds against the general ledger produced by TAF of grant funds. TAF provided support of expenditures equal to the grant funds provided by TAF. Therefore, no reduction of allowable expenditures occurred to account for program income earned.

The audit could not determine the allocation of revenue which should have been accounted for as program income. Any amount determined to be program income would be considered a questioned cost.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR 200.80 states that, “Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. (See §200.77 Period of performance.) Program income includes but is not limited to income from ... the sale of commodities or items fabricated under a Federal award...” Additionally, 2 CFR.200.307(e) “Use of Program Income” sets requirements for accounting for program income when the Federal awarding agency either specifies or does not specify how program income. The ASC, as the Federal awarding agency, did not specify the accounting required for program

income. Therefore, 2.CFR.200.307(e)(1) applies, which states, “Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non Federal entity contributions rather than to increase the funds committed to the project.”

**Cause**

TAF does not believe that they had any obligation to account for program income as they do not believe they were subject to the Uniform Guidance until a grants handbook was created and put into effect in fiscal year 2020.

**Effect:**

Program income has not been recorded and tracked; therefore, any program income earned by TAF on funds from the ASC has been improperly used and would be due back to ASC. The full effect of this condition cannot be determined from the information provided to the audit as previously discussed since the full cost of creating the USPAP and the amounts provided from other funding sources are not known. Additionally, it is not clear from the documentation provided whether any amounts of the funds which are determined to be program income have been expended, or for what purpose they were expended. This information would be necessary to calculate an allocation of income to program income to determine what amount would be considered an improper expenditure. Total income for the three years ended September 30, 2019 which may be considered program income was \$11,500,515, which is the maximum effect of this finding.

**Recommendation:**

We recommend that the ASC address and resolve the following recommendation that TAF:

- a) Determine the total funds expended in creating the USPAP for fiscal year 2017, 2018, and 2019, and
- b) Create an allocation method and determine the amount of funds which is program income for each fiscal year 2017, 2018, and 2019, and
- c) Work with ASC to determine the appropriate resolution of funds which would be questioned costs for not properly accounting for program income, and

Implement procedures to ensure that all program income is properly accounted for and utilized in future Federal grants.

**TAF Response:**

See Appendix A for TAF response.



## **Auditor's Conclusion:**

The response given by TAF is a disagreement with the principle of the finding; therefore, no corrective action is stated. Although the response was not subject to the same audit procedures, the following information should be considered in reading their response.

### Definition of Funds Paid to TAF

The first issue to be determined is the definition of the support the ASC provided to the TAF. The two primary options for this definition are that TAF is either a subrecipient or a contractor.

The definition of a subrecipient is given in § 200.331 as “A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient...Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity: (1) Determines who is eligible to receive what Federal assistance; (2) Has its performance measured in relation to whether objectives of a Federal program were met; (3) Has responsibility for programmatic decision making; (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and (5) In accordance with its agreement, uses Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.”

The definition of a contractor is also given in § 200.331 as “A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor...Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor: (1) Provides the goods and services within normal business operations; (2) Provides similar goods or services to many different purchasers; (3) Normally operates in a competitive environment; (4) Provides goods or services that are ancillary to the operation of the Federal program; and (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

The facts involved with the funds provided from ASC to TAF are that each year, beginning in 1997, ASC has provided funds to TAF to support activities of the TAF including supporting the Appraisal Standards Board (ASB) and supporting the Appraiser Qualifications Board (AQB). This arrangement actually began in 1990 with oversight from HUD in response to the enactment of Title XI. According to an ASC Appraisal Foundation Grant Policy revised in June 2014, ASC will evaluate whether the requests for funding are for “grant-eligible activities.” For ASB, this means the costs should relate to the development, interpretation, amendment or advancement of the USPAP associated with federally related transactions, or special projects related thereto. For AQB, this means the costs should relate to the development, interpretation, amendment or advancement of the AQB Criteria, or special projects related thereto.

The last complete governing document for these funds appears to be the “AF99 Grant Contract” awarded in calendar year 1999 in an amount of \$800,000. Since then, it appears the primary document involved with these funds is the annual proposals TAF sends to ASC. In our audit period of 2017, 2018, and 2019 awards, the proposals each start with a cover letter in which the first sentence is, “Enclosed is The Appraisal Foundation ... Federal Grant Proposal for your review and consideration.” Both parties have agreed that these solicitations are non-competitive awards and they are for a purpose to carry out a program for a public purpose governed by statute. Additionally, the services provided with support from ASC do not appear to be provided to “many different purchasers.”

TAF does seem likely that they would qualify as a subrecipient of funds; thus, it seems the definition of program income may apply.

### Definition of Program Income

Program income is defined in 2 CFR 200.80 as, “Program income means gross income earned by the non-Federal entity that is directly generated by a supported accounting activity or earned as a result of the Federal award during the period of performance...Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.”

In accordance with 2 CFR 200.307, which states, “(b) Cost of generating program income. If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.” This same section states, “(e) Use of program income. If the Federal awarding agency does not specify in its regulation or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply...(1) Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.”

TAF did not account for program income; and therefore, could not have deducted the program income from otherwise allowable costs. Additionally, TAF did provide support of 100% of the expenditures budgeted in each of the 2017, 2018 and 2019 agreements, further supporting that the amounts were not reduced by any potential program income. Therefore, any amount determined to be program income would be a questioned cost which needs to be returned to ASC or which needs approval to use towards future costs of this program.

### Other Items of Consideration

Other factors that will affect the amount of program include the underlying source of funds used by TAF to produce and modify the USPAP for sales. Our audit scope was only for 2017, 2018 and 2019. Thus, no determination of the source of the funds already in the TAF accounts as of October 1, 2016 was made. If some portion of those funds is program income which was not properly either returned to ASC or used to reduce the allowable expenditures in prior years, then the percentage of Federal funds used in creating or modifying the USPAP for sale would increase; therefore, the amount determined to be program income could also increase. If the original creation of the USPAP which is used to produce revenue for TAF was 100% from Federal support, then no allocation would be necessary as all income related to the sale of the USPAP would be program income.

There is significant evidence suggesting the form of the funds received was, in fact, a grant to which Federal Cost Principles would apply. Therefore, there is a likelihood that program income exists which

should be properly accounted for and appropriate action should be taken to resolve the resulting questioned costs. The amount of questioned costs cannot be determined at this time as there is insufficient evidence available to determine an amount of program income earned. We believe that amount should be determined prior to making a determination of how to resolve the questioned costs, if any.

We provided a draft of our report to the appropriate individuals of TAF. We considered any comments received prior to finalizing this report.

The TAF's complete response to the draft report is included as Appendix A and the ASC's complete response to the draft report as Appendix B.

McBride, Lock & Associates, LLC performed the related audit procedures between January 11, 2021 and January 10, 2022.

*McBride Lock & Associates, LLC*

McBride, Lock & Associates, LLC  
January 10, 2022

## **APPENDIX A**

### **The Appraisal Foundation Response to the Audit Report**



# The Appraisal FOUNDATION

Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications

June 17, 2022

Mark Stair, CPA  
McBride, Lock & Associates, LLC  
4151 N. Mulberry Drive, Suite 275  
Kansas City, Missouri 64116  
Via email to: [mstair@mcbridelock.com](mailto:mstair@mcbridelock.com)

## **Subject: Response to Draft Audit Report**

Mr. Stair:

Thank you for the opportunity to comment upon the draft audit report pertaining to The Appraisal Foundation's ("TAF") performance of certain Appraisal Subcommittee ("ASC") agreements during the October 1, 2016 through September 30, 2019 period.<sup>1</sup>

We also appreciate that McBride, Lock & Associates ("McBride Lock") (i) last fall provided us a preliminary opportunity to respond on the draft program income-related finding and (ii) included our response within the draft report upon which we are now commenting. Our view on the underlying program income issue remains as stated in that initial reply:

- The agreements were not federal financial assistance agreements;
- The agreements did not incorporate Office of Management and Budget ("OMB") Circular A-110 or 2 C.F.R. Part 200 in any way (and ASC did not even adopt 2 C.F.R. Part 200 (the "Uniform Guidance") as governing its financial assistance awards until 2019 for FY 2020 awards);
- Even if the agreements had been financial assistance awards incorporating OMB Circular A-110, the Circular (as well as the portion of the Uniform Guidance superseding the Circular for ASC in 2020) expressly excludes revenue earned from license fees from the scope of program income for which a grantee is accountable to a federal awarding agency.

Although it appears that McBride Lock intends to do so, we ask that, to avoid any possible confusion, you consider our prior submission of December 9, 2021, including its rationale and supporting documentation, as hereby fully incorporated into this comment letter.

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<sup>1</sup> GSA Order No. ASC-2017-10; GSA Order No. ASC-2018-01; GSA Order ASC-2019-03.

Finally, while we appreciate that the draft report reflects that McBride Lock considered our response that these agreements were not financial assistance awards, the draft report does not appear to address two other key points raised in our initial response. Specifically, the report: (i) continues to reference 2 C.F.R. Part 200 as the applicable set of governing regulatory requirements for ASC financial assistance in 2017, 2018, and 2019; and (ii) does not address the fact that the vast majority of any perceived program income at issue would derive from the value of the intellectual property inherent in the Appraisal Standards (*i.e.*, the value of the license in the copyrighted work, not the physical pages or electrons embodying the document in its hard copy and digital forms, respectively) and would therefore have been free of any program income obligation in any case.

We appreciate McBride Lock's and ASC's solicitation of our input on these matters throughout this process, and the professionalism of all involved. While we believe it important to express our disagreement on these critical points, we also want to reiterate that we greatly value our positive working relationship with ASC and the important work we do together.

Consistent with the above, our detailed comments on the draft report are as set forth below.

### Comments

#### **1. Prior Comments Incorporated Fully.**

As stated above, we hereby incorporate in full our December 9, 2021 letter response on the draft program income finding and its supporting attachments. We continue to assert all the points made in that response. As that submission appears as **Appendix A** to the draft report on which we now comment, we have not resubmitted a copy with this response. We do ask that it be retained in full in the final report.

#### **2. Nature of the Agreements and Associated Obligations.**

As acknowledged in the draft report, ASC entered into the pertinent agreements directly with TAF in all cases. Accordingly, the agreements are not, and cannot be "subrecipient agreements" or "contractor" agreements as contemplated by 2 C.F.R. § 200.331(a) and (b). That portion of the Uniform Guidance applies only to agreements entered into by direct recipients of federal financial assistance with entities "below" the recipient level.

To the extent that a purpose-based analysis might be applied to ASC's awards to TAF, we believe the pertinent standards are those set forth in the Federal Grant and Cooperative Agreement Act ("FGCAA"), 31 U.S.C. § 6301 *et seq*, enacted in part to "help eliminate unnecessary administrative requirements on recipients of Government awards" by correctly and consistently characterizing the relationship between the executive agency and the recipient of federal funds.

FGCAA instructs that (i) an executive agency is to use a procurement contract when “the principal purpose of the instrument is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government . . .,” and (ii) the agency should use a financial assistance agreement when “the principal purpose of the relationship is to transfer a thing of value to the . . . recipient to carry out a public purpose of support or stimulation . . . instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States. . .” 31 U.S.C. §§ 6303, 6304.

Under these broad FCGAA standards, and given the nature of the performance obligations under the agreements at issue, ASC *could* have structured its relationship with TAF as either a contract or financial assistance relationship. In fact, we believe that is a significant reason there now appears to be confusion about the nature of the agreement. Given that ASC could have employed a contract instrument or a financial assistance instrument, the question we face as we look back to obligations in prior performance periods, is what ASC *did in fact* do.

To this end, our best evidence is the 2017, 2018, and 2019 agreements themselves.<sup>2</sup> As discussed in our December 9, 2021 submission:

- ASC’s own Grants Handbook recognizes that ASC may enter into agreements with TAF that are non-competitive contracts or grants;
- ASC elected to use a GSA Form 300 to enter into the agreements, which is a form used by the federal government exclusively for contracts;
- Neither TAF’s proposals nor the resulting agreements for 2017, 2018, and 2019 reference OMB Circular A-100 or the Uniform Guidance;
- ASC maintained no assistance listing in the Catalogue of Federal Domestic Assistance for the pertinent agreements, thereby providing no notice to ASC or the general public that it was federal financial assistance;
- ASC’s approach for FY 2020 changed drastically, reflecting financial assistance relationships, and TAF declined them.

The above facts notwithstanding, the draft report relies on two observations in reaching a conclusion that these agreements were likely financial assistance agreements: (i) the agreements were non-competitively awarded, and (ii) the parties colloquially referred to them at times as “grants.” We disagree that those two observations can be viewed as somehow overcoming the facts outlined above.

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<sup>2</sup> Kiewit Infrastructure West Co. v. United States, 972 F.3d 1322, 1330 (Fed. Cir. 2020) (Reiterating that “contract language matters” and declining to rewrite an agreement between the government and a private party to add obligations that do not appear in the contract document.)

First, federal contracts are regularly awarded non-competitively. This is particularly the case when the performing party possesses the rights to intellectual property necessary for performance,<sup>3</sup> as is the case for TAF. Therefore, we see no reason that a non-competitive award process would tend to indicate a financial assistance award over a contract in this instance.

Second, the term “grant” is routinely used in the private sector as referencing funding that has very few conditions attached. Absent notice from ASC—in particular through clear agreement terms—there is no reason that TAF should now be assumed to somehow have read in and accepted detailed and burdensome federal financial assistance regulatory terms when entering into these agreements.

Consistent with the fact that the terms “grant” and “contract” may be used colloquially in ways different from the technical distinctions applicable within the federal contracting and financial assistance systems, the portion of the Uniform Guidance asserted by McBride and Lock as relevant to this analysis specifically acknowledges that the distinction is to be based not on the terminology the parties employ, but on the substance of the agreements:

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.<sup>4</sup>

Finally, we respectfully disagree with McBride and Lock’s statement at page 6 of the report that “[t]he last complete governing document for these funds appears to be the “AF99 Grant Contract” awarded in calendar year 1999 in an amount of \$800,000.” This statement is inaccurate. In 2017, 2018, and 2019, complete governing documents are available. They simply differ from the 1999 documents. The fact that the documents used in 1999 contained certain terms does not suggest that those terms should be read into agreements separately established nearly two decades later. In fact, the difference between the 1999 and later agreements support a conclusion that if ASC desired to enter into financial assistance agreements in 2017, 2018, and 2019, it knew how to, and chose not to.

### **3. Draft Recommendations.**

Though we disagree with the draft conclusions for the reasons stated above, we agree that to the extent any calculation of program income is deemed required notwithstanding our disagreement, a follow-on step would be for ASC and TAF to work

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<sup>3</sup> See 41 U.S.C. § 3304(a)(1) and 48 C.F.R. Part 48 (Federal Acquisition Regulation) at § 6.302-1(b)(2).

<sup>4</sup> 2 C.F.R. § 200.331.



together to carefully calculate the amount of any such program income and determine whether it was used consistent with federal regulations. Engaging in this historical accounting would presently be premature and create significant administrative burden.

We believe the final report should include the following additional steps to be undertaken by ASC:

- ASC, with the support of ASC's legal counsel, should render a final agency decision on whether it asserts that the 2017, 2018, and 2019 agreements were financial assistance agreements. Any determination regarding program income obligations must necessarily flow from that conclusion. As stated at length above, we do not believe this conclusion is supported, especially as retroactively applied to completed agreements.
- ASC must consider the facts that (i) the vast majority of any program income that might be at issue was generated through the value of licenses in copyrighted material represented by sales of the Appraisal Standards and (ii) such program income is not subject to any obligation to a federal awarding agency.<sup>5</sup>

#### **4. Prospective Agreement Management.**

Though not directly a comment on the draft audit report, we believe it important to recognize that ASC's approach to announcing, soliciting proposals for, and administering financial assistance agreements is currently much more clear to TAF as a partner organization. We appreciate the recent establishment of an assistance listing for ASC financial assistance awards and the 2019 issuance of the Grants Handbook.

As noted above, we greatly appreciate the overall positive relationship we have had with ASC for many years and do not wish for our disagreement on these important issues to overshadow that positive relationship. We also recognize that, with the advent of the Uniform Guidance, many federal agencies have been working to clarify their award management processes and the nature of their agreements with their private sector partners.

We welcome this continued dialogue and cooperation prospectively. Our concern, as stated in detail above, is with respect to efforts to read extremely onerous new terms into agreements from prior periods.

#### **Conclusion**

We look forward to any next steps in this process and will continue to work professionally with McBride and Lock as well as ASC.

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<sup>5</sup> TAF Letter of Dec. 9, 2022 at page 4; OMB Circular A-110, ¶ 24(h); 2 C.F.R. § 200.307(g). The final audit should also address this point, but need not, so long as the practical facts and regulatory limitations are recognized in the recommendations to ASC.

Mark Stair  
McBride, Lock & Associates, LLC  
June 17, 2022  
Page 6

Our primary point of contact for this review remains Edna Nkemngu, CPA, Vice President of Finance and Administration. As Ms. Nkemngu is presently on extended leave, we ask that you also include Kelly Davids, Senior Vice President, in any communications. Ms. Nkemngu may be reached at [edna@appraisalfoundation.org](mailto:edna@appraisalfoundation.org) or (202) 624-3068 and Ms. Davids may be reached at [kelly@appraisalfoundation.org](mailto:kelly@appraisalfoundation.org) or (202) 624-3070.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Bunton", with a stylized flourish at the end.

David S. Bunton  
President

cc: Kelly Davids, Senior Vice President, TAF  
Edna Nkemngu, CPA, Vice President, Finance and Administration, TAF  
Scott S. Sheffler, Partner, Feldesman Tucker Leifer Fidell LLP

## **APPENDIX A-1**

### **The Appraisal Foundation Response to the Audit Finding**

December 9, 2021

Mark Stair  
McBride, Lock & Associates, LLC  
4151 N. Mulberry Drive, Suite 275  
Kansas City, Missouri 64116

**Subject: Response to Draft Finding No. 1 – Recording and Tracking Program Income**

Mr. Stair:

Thank you for the opportunity to respond to the draft finding you shared on October 26, 2021, pertaining to The Appraisal Foundation’s (“TAF”) performance of certain Appraisal Subcommittee (“ASC”) agreements during the period October 1, 2016, through September 30, 2019.<sup>1</sup>

As you and ASC are aware, we disagree with the draft finding. In particular, we are concerned that there is confusion about the fundamental nature of the underlying agreements and therefore of the specific legal requirements associated with them. The draft finding asserts that relevant agreements were federal financial assistance awards subject to the requirements of 2 C.F.R. Part 200, in particular requirements related to the accounting of program income. The agreements executed between ASC and TAF were instead contracts executed through the General Services Administration (“GSA”), as reflected clearly on the face of the documents. As GSA contracts, the agreements were not subject to 2 C.F.R. Part 200 requirements related to program income.

Beyond our concern that the finding suggests the terms of these agreements are being changed after-the-fact, we believe it important to note that, even had 2 C.F.R. Part 200 applied to these agreements, there would be no substantial program income.

Finally, in addition to being baseless under the terms of the agreements, an attempted retrospective review of relevant sub-activity cost-inputs would be very burdensome.

Each of our concerns is addressed below.

**Objections and Analysis**

**1. The Agreements at Issue Were Not “Federal Financial Assistance” Awards Subject to 2 C.F.R. Part 200.**

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<sup>1</sup> GSA Order No. ASC-2017-10; GSA Order No. ASC-2018-01; GSA Order ASC-2019-03.

ASC has the statutory authority to issue “federal financial assistance” awards to support TAF.<sup>2</sup> It also has the inherent authority to contract for goods and services.<sup>3</sup> Accordingly, ASC had the ability to elect to use a contract to acquire services from TAF or to make and award of federal financial assistance to TAF.<sup>4</sup> As stated in ASC’s recently promulgated Grants Handbook:

The ASC makes non-competitive awards to TAF to support the work of ASB and AQB. The awards may be in the form of a grant, cooperative agreement, contract or combination of these forms of assistance, depending upon the project or activity being supported.<sup>5</sup>

The agreements executed between ASC and TAF for the relevant periods clearly show that ASC elected to acquire services from TAF through a contract, rather than by providing “financial assistance” to TAF.

First and foremost, the agreements were executed using GSA Form 300, entitled “Order for Supplies and Services.” As explained in Section 513.203-70 of the GSA Manual (“GSAM”), this form is to be used by GSA to acquire supplies or services and the resulting agreement must state all applicable terms and conditions:<sup>6</sup>

GSA Form 300, Order for Supplies and Services, is a multipurpose form that may be used for purchases of supplies or services, orders under existing contracts or agreements, and orders from required sources of supplies and services. Terms and conditions applicable to the order, which are not included in the underlying contract, shall be incorporated in the order.

The agreements for each year under review are attached at **Enclosure 1**. TAF’s proposals are attached at **Enclosure 2**. As you can see neither the proposals nor the agreements<sup>7</sup> ever reference 2 C.F.R. Part 200 or predecessor Office of Management and Budget (“OMB”) Circulars.

Additionally, were these agreements intended to be administered as “federal financial assistance,” the underlying funds/program would have required a “Catalog of Federal Domestic

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<sup>2</sup> 12 U.S.C. § 3338(b).

<sup>3</sup> See Government Accountability Office (“GAO”), Principles of Federal Appropriation Law (the “Red Book”), GAO-06-382SP at 10-17.

<sup>4</sup> See *id.*; See also Federal Grant and Cooperative Agreement Act, 31 U.S.C. § 6301 *et seq* and 2 C.F.R. § 200.201.

<sup>5</sup> ASC Grants Handbook, § 2.4.

<sup>6</sup> GSA Manual (Nov. 5, 2021), available at: <https://www.acquisition.gov/browse/index/gsam>. As explained at in the Manual’s Introduction, “[The Manual] consolidates the General Services Administration (GSA) agency *acquisition* rules and guidance.” Consistently, a search of Assistance Listing in SAM.gov by awarding agency does not indicate any federal financial assistance programs administered by GSA.

<sup>7</sup> Please note that, notwithstanding reference to an “SOW” on the face of each GSA Form 300 Agreement, no SOW was ever attached. It has always been our understanding that the proposals served as the SOWs.

Assistance (CFDA)” number (more recently termed an “Assistance Listing” number).<sup>8</sup> As we understand, a CFDA/Assistance Listing number for these activities, shown as Assistance Listing 38.009, was not established until 2020.

Consistent with the Assistance Listing’s 2020 creation, the System for Award Management (“SAM”) synopsis for Assistance Listing 38.009 shows that no “financial assistance” was awarded in this program in 2019. Were SAM to provide 2017 and 2018 data, we presume the information would be the same. Conversely, the SAM synopsis shows estimated financial assistance under Assistance Listing 38.009 for FY 2020 of \$785,406<sup>9</sup> and FY 2021 of \$1 million.

Finally, ASC’s 2020 Annual Report states that (i) ASC first adopted, or at least implemented, 2 C.F.R. Part 200 and a newly created Grants Handbook in December 2019<sup>10</sup> and (ii) “[a]ll grants *made in FY 2020 and beyond* are subject to the operating procedures and policies in the Grants Handbook as well as OMB’s guidance found in the super circular.”<sup>11</sup>

By contrast to the GSA contracts governing FY 2017, 2018, and 2019, the documents used by ASC in 2020 reflect an intent to award “financial assistance” under the terms of 2 C.F.R. Part 200. As acknowledged in the ASC Annual Report,<sup>12</sup> for FY 2020, ASC issued a clear notice of funding availability (“NOFA”) and proposed notice of grant award (“NGA”)—which would have established a financial assistance relationship—and TAF declined the agreement and associated funding. A copy of the NOFA is attached as **Enclosure 3**, and a copy of the proposed NGA is attached as **Enclosure 4**.

In sum, the fact that the agreements between ASC and TAF for FY 2017, 2018, and 2019 were not federal financial assistance awards subject to 2 C.F.R. Part 200 is evidenced by: (i) the plain terms of the agreements themselves, (ii) ASC’s public statements regarding prospective implementation of 2 C.F.R. Part 200 beginning in FY 2020, and (iii) ASC’s public reporting that prior years’ payments were not financial assistance awards.

## **2. Even If the Agreements at Issue Were Subject to 2 C.F.R. Part 200, There Would be No Substantial Program Income.**

As stated in ASC’s Grants Handbook and ASC’s 2020 Annual Report, ASC first adopted the Uniform Guidance, 2 C.F.R. Part 200, in December 2019 for application to awards in fiscal year 2020 and beyond. Specifically, the Section 1.5 of the Grants Handbook states:

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<sup>8</sup> 2 C.F.R. § 200.202 (“The Federal awarding agency must design a program and create an Assistance Listing before announcing the Notice of Funding Opportunity.”).

<sup>9</sup> Note that this amount is exactly the amount that ASC’s 2020 Annual Report states was awarded to, and declined by, TAF for FY 2020. See ASC Annual Report at 13, available at: <https://www.asc.gov/Documents/AnnualReports/2020%20ASC%20Annual%20Report.pdf>.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* (emphasis added).

<sup>12</sup> ASC Annual Report at 13.

Since 1997, the ASC has required grant recipients to follow appropriate OMB guidance including: OMB Circular A-21 for colleges and universities, OMB Circular A-87 for State and local governments and Circular A-122 for other nonprofit organizations. Beginning in FY 2020 the ASC will adopt what OMB refers to as the ‘super circular’ which consolidates existing federal regulations, including discussion of awards processes, procurement rules, indirect costs, internal controls, time and effort documentation, and single audit procedures in 2 CFR Part 200.

Prior to the Uniform Guidance, OMB Circular A-110 set forth administrative requirements, such as those creating the concept of program income, for federal financial assistance awards to non-profit corporations.

Relevant to the proposed finding, royalties and license fees on intellectual property are not subject to any program income obligations to the federal awarding agency. Specifically, the program income section of the A-110 states, in relevant part:

(h) Unless Federal awarding agency regulations or the terms and condition of the award provide otherwise, recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.<sup>13</sup>

As we believe is apparent from the nature of publication, which is distributed both via downloadable PDF and in hard copy, the sale price of the USPAP represents almost entirely the value of the intellectual property represented by the text.

In short, even were the pertinent agreements to have been financial assistance awards – which they were not – the sale of the USPAP would not have generated program income with respect to which TAF would have any obligation to ASC.

### **3. The Draft Finding’s Suggested Next Steps are Not Only Unwarranted but Extremely Burdensome and Speculative.**

The draft finding suggests that the next step in addressing this perceived program income issue would be to conduct an extensive review of the revenues generated from sales of the USPAP and the cost inputs relevant to its periodic update, over the three-year period covered by the audit.

We believe it important to note that such an effort would be burdensome and speculative.

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<sup>13</sup> OMB Circular A-110, ¶ .24(h) (emphasis added). See also 2 C.F.R. § 200.307(g) (providing similar language with respect to revenues generated from copyrightable works).

The funding provided, and services rendered, under the pertinent agreements included not just work in developing the USPAP but also other approved efforts. While TAF accumulated costs in cost centers appropriate to overall agreement activities, attempting to look back at costs supporting both USPAP and non-USPAP activities within TAF's Appraisal Standards Board ("ASB") cost center will be extremely difficult and time consuming.

In addition to being a practical impediment to a detailed "look back," we note that challenges such as this are the reason that contracting parties, even governmental ones, have no legal authority to add major substantive obligations to the terms of agreements after performance has been completed.

### Conclusion

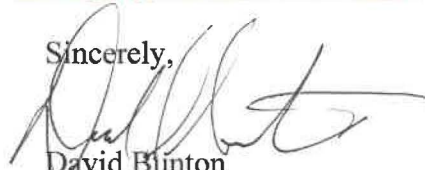
For the reasons stated above, (i) the FY 2017, 2018, and 2019 agreements under review were not subject to 2 C.F.R. Part 200, and (ii) even had they been, TAF would have no significant program income obligations relating to USPAP sales. While we recognize that ASC intends to use financial assistance agreements to implement its support to TAF in future years, TAF has, to date, rejected such agreements.

While we disagree strongly with the proposed finding and its implications, we greatly value our relationship with ASC and welcome the opportunity provided to work through this issue. We are happy to discuss any of the above at your convenience.

Additionally, it is our understanding that, under Generally Accepted Government Auditing Standards ("GAGAS"),<sup>14</sup> we should be provided an opportunity to review and comment upon your final draft report. We would like to do so and look forward to that opportunity.

Our primary point of contact for this review is Edna Nkemngu, CPA, Vice President of Finance and Administration. She may be reached at [edna@appraisalfoundation.org](mailto:edna@appraisalfoundation.org) or (202) 624-3068.

Sincerely,



David Blinton

President

cc: Edna Nkemngu, CPA, Vice President, Finance and Administration, TAF  
Scott S. Sheffler, Partner, Feldesman Tucker Leifer Fidell LLP

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<sup>14</sup> Government Accountability Office, GAO-21-368G (Generally Accepted Government Auditing Standards, 2018), §§ 9.50-9.51.



Enclosure 1

<b>ORDER FOR SUPPLIES AND SERVICES</b>	REQUISITION/REFERENCE NUMBER	PAGE	OF	PAGES
		1		1

1. DATE OF ORDER 10/1/2016	2. ORDER NUMBER ASC-2017-10	3. CONTRACT NUMBER	4. PDN NUMBER ASC00069
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<b>FOR GOVERNMENT USE ONLY</b>	<b>5. ACCOUNTING AND APPROPRIATION DATA</b>						
	FUND 821X	FUNCTION CODE	B/A CODE	CC-A	C/E CODE R22	FY	REGION
	CC-B	PROJ./PROS NO.	O/C CODE 41	ORG. CODE TVF91100	W/ITEM	PRT./CRFT	

6. TO: CONTRACTOR (Name, address and zip code)

David Bunton  
Appraisal Foundation  
1155 15th Street NW, Suite 1111  
Washington, DC 20005  
(202) 347-7722

7. TYPE OF ORDER

A.  PURCHASE  
Please furnish the following on the terms and conditions specified on the order and the attached sheets, if any, including delivery as indicated.

B.  DELIVERY (For Supplies)  
This delivery order is issued subject to the terms and conditions of the above numbered contract.

8A. Data Universal Numbering System (DUNS) Number  
786731604

8B. Taxpayer Identification Number (TIN)  
23-2493621

C.  TASK ORDER (For Services)  
This task order is issued subject to the terms and conditions of the above numbered contract.

9A. BUSINESS CLASSIFICATION

a. SMALL       b. OTHER THAN SMALL       c. SMALL DISADVANTAGED

d. WOMAN-OWNED       e. HUBZone       f. EMERGING SMALL

g. VETERAN       h. SERVICE DISABLED VETERAN

D. MODIFICATION NUMBER      AUTHORITY FOR ISSUING

Except as provided herein, all terms and conditions of the original order, as heretofore mentioned, remain unchanged.

10. ISSUING OFFICE (Address, Zip Code, and Telephone Number)

Appraisal Subcommittee  
1401 H Street NW, Suite 760  
Washington, DC 20005

11. REMITTANCE ADDRESS (MANDATORY)

Appraisal Foundation  
1155 15th Street NW, Suite 1111  
Washington, DC 20005

9B. START DATE: 10/01/2016

9C. COMPLETION DATE: 09/30/2017

12. SHIP TO (Consignee Address, Zip Code and Telephone Number)

13. PLACE OF INSPECTION AND ACCEPTANCE  
See block 10

14. REQUISITION OFFICE (Name, Symbol and Telephone Number)  
See block 10

15. F.O.B. POINT

16. GOVERNMENT B/L NUMBER

17. DELIVERY F.O.B. POINT

18. PAYMENT/DISCOUNT TERMS

19. SCHEDULE					
ITEM NUMBER (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	2017 grant for the 12 months covering October 2016 thru September 2017 to fund Title XI related activities per the attached Statement of Work. The Appraisal Foundation will send in monthly reimbursement requests for the ASC's review and approval.	1	Yr	\$350,000.00	\$350,000.00

20. RECEIVING OFFICE (Name, Symbol and Telephone Number)

TOTAL FROM 300-A(s)

21. MAIL INVOICE TO: (Electronic Invoice Preferred)  
GENERAL SERVICES ADMINISTRATION

22. GROSS SHIP WEIGHT

GRAND TOTAL **\$350,000.00**

Girard Hull  
Appraisal Subcommittee  
1401 H Street NW Suite 760  
Washington DC 20005

23. SHIPPING POINT

24A. FOR INQUIRIES REGARDING PAYMENT CONTACT:  
Girard Hull

24B. TELEPHONE NUMBER  
202-595-7581

25A. NAME AND TITLE OF OFFEROR/CONTRACTOR

26A. UNITED STATES OF AMERICA (NAME OF CONTRACTING/ORDERING OFFICER)  
James R. Park

25B. SIGNATURE

25C. DATE SIGNED

26B. SIGNATURE  
Digitally signed by Jim Park  
DN: cn=Jim Park, o=ASC, ou, email=Jim@asc.gov, c=US  
Date: 2017.01.11 07:02:15 -0500

26C. DATE SIGNED

<b>ORDER FOR SUPPLIES AND SERVICES</b>		REQUISITION/REFERENCE NUMBER	PAGE OF PAGES 1 OF 1
1. DATE OF ORDER 10/1/2017	2. ORDER NUMBER ASC-2018-01	3. CONTRACT NUMBER	4. PDN NUMBER ASCG0096

<b>FOR GOVERNMENT USE ONLY</b>	<b>5. ACCOUNTING AND APPROPRIATION DATA</b>						
	FUND 821X	FUNCTION CODE	B/A CODE	CC-A	C/E CODE R22	FY 2018	REGION
	CC-B	PROJ./PROS NO.	O/C CODE 41	ORG. CODE TVF91100	W/ITEM	PRT./CRFT	

<b>6. TO: CONTRACTOR (Name, address and zip code)</b>  David Bunton Appraisal Foundation 1155 15th Street NW, Suite 1111 Washington, DC 20005 (202) 347-7722	<b>7. TYPE OF ORDER</b> A. <input checked="" type="checkbox"/> <b>PURCHASE</b> Please furnish the following on the terms and conditions specified on the order and the attached sheets, if any, including delivery as indicated. B. <input type="checkbox"/> <b>DELIVERY (For Supplies)</b> This delivery order is issued subject to the terms and conditions of the above numbered contract. C. <input type="checkbox"/> <b>TASK ORDER (For Services)</b> This task order is issued subject to the terms and conditions of the above numbered contract.
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8A. Data Universal Numbering System (DUNS) Number 786731604	8B. Taxpayer Identification Number (TIN) 23-2493621
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<b>9A. BUSINESS CLASSIFICATION</b> <input type="checkbox"/> a. SMALL <input checked="" type="checkbox"/> b. OTHER THAN SMALL <input type="checkbox"/> c. SMALL DISADVANTAGED <input type="checkbox"/> d. WOMAN-OWNED <input type="checkbox"/> e. HUBZone <input type="checkbox"/> f. EMERGING SMALL <input type="checkbox"/> g. VETERAN <input type="checkbox"/> h. SERVICE DISABLED VETERAN		<b>D. MODIFICATION NUMBER</b> <b>AUTHORITY FOR ISSUING</b>  Except as provided herein, all terms and conditions of the original order, as heretofore mentioned, remain unchanged.
<b>9B. START DATE:</b> 10/01/2017 <b>9C. COMPLETION DATE:</b> 09/30/2018		

<b>10. ISSUING OFFICE (Address, Zip Code, and Telephone Number)</b>  Appraisal Subcommittee 1401 H Street NW, Suite 760 Washington, DC 20005	<b>11. REMITTANCE ADDRESS (MANDATORY)</b>  Appraisal Foundation 1155 15th Street NW, Suite 1111 Washington, DC 20005	<b>12. SHIP TO (Consignee Address, Zip Code and Telephone Number)</b>
--	--	---

<b>13. PLACE OF INSPECTION AND ACCEPTANCE</b> See block 10	<b>14. REQUISITION OFFICE (Name, Symbol and Telephone Number)</b> See block 10
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15. F.O.B. POINT	16. GOVERNMENT B/L NUMBER	17. DELIVERY F.O.B. POINT	18. PAYMENT/DISCOUNT TERMS
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19. SCHEDULE					
ITEM NUMBER (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	2018 grant for the 12 months covering October 2017 thru September 2018 to fund Title XI related activities per the attached Statement of Work. The Appraisal Foundation will send in monthly reimbursement requests for the ASC's review and approval.	1	Yr	\$350,000.00	\$350,000.00

<b>20. RECEIVING OFFICE (Name, Symbol and Telephone Number)</b>	TOTAL FROM 300-A(s) <span style="font-size: 2em;">▷</span>
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<b>21. MAIL INVOICE TO: (Electronic Invoice Preferred)</b> GENERAL SERVICES ADMINISTRATION  Girard Hull Appraisal Subcommittee 1401 H Street NW Suite 760 Washington DC 20005	<b>22. GROSS SHIP WEIGHT</b>  <b>23. SHIPPING POINT</b>	GRAND TOTAL <span style="font-size: 2em;">▷</span> <span style="float: right;">\$350,000.00</span>
---	---	--

<b>24A. FOR INQUIRIES REGARDING PAYMENT CONTACT:</b> Girard Hull	<b>24B. TELEPHONE NUMBER</b> 202-595-7581
---	--

<b>25A. NAME AND TITLE OF OFFEROR/CONTRACTOR</b>	<b>26A. UNITED STATES OF AMERICA (NAME OF CONTRACTING/ORDERING OFFICER)</b> James R. Park
--	--

<b>25B. SIGNATURE</b> 	<b>25C. DATE SIGNED</b> 9/29/17	<b>25B. SIGNATURE</b>	<b>26C. DATE SIGNED</b>
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<b>ORDER FOR SUPPLIES AND SERVICES</b>	REQUISITION/REFERENCE NUMBER	PAGE OF PAGES 1 1
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1. DATE OF ORDER 2/14/2019	2. ORDER NUMBER ASC-2019-03	3. CONTRACT NUMBER	4. PDN NUMBER ASCG00158
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<b>FOR GOVERNMENT USE ONLY</b>	<b>5. ACCOUNTING AND APPROPRIATION DATA</b>						
	FUND 821X	FUNCTION CODE	B/A CODE	CC-A	C/E CODE R22	FY	REGION
	CC-B	PROJ./PROS NO.	O/C CODE 41	ORG. CODE TVF91100	W/ITEM	PRT./CRFT	

6. TO: CONTRACTOR (Name, address and zip code)  David Bunton Appraisal Foundation 1155 15th Street NW, Suite 1111 Washington, DC 20005 (202) 347-7722	<b>7. TYPE OF ORDER</b>
	A. <input checked="" type="checkbox"/> <b>PURCHASE</b> Please furnish the following on the terms and conditions specified on the order and the attached sheets, if any, including delivery as indicated.
	B. <input type="checkbox"/> <b>DELIVERY (For Supplies)</b> This delivery order is issued subject to the terms and conditions of the above numbered contract.

8A. Data Universal Numbering System (DUNS) Number 786731604	8B. Taxpayer Identification Number (TIN) 23-2493621	C. <input type="checkbox"/> <b>TASK ORDER (For Services)</b> This task order is issued subject to the terms and conditions of the above numbered contract.
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9A. BUSINESS CLASSIFICATION <input type="checkbox"/> a. SMALL <input checked="" type="checkbox"/> b. OTHER THAN SMALL <input type="checkbox"/> c. SMALL DISADVANTAGED <input type="checkbox"/> d. WOMAN-OWNED <input type="checkbox"/> e. HUBZone <input type="checkbox"/> f. EMERGING SMALL <input type="checkbox"/> g. VETERAN <input type="checkbox"/> h. SERVICE DISABLED VETERAN	D. MODIFICATION NUMBER      AUTHORITY FOR ISSUING  Except as provided herein, all terms and conditions of the original order, as heretofore mentioned, remain unchanged.
--	--

10. ISSUING OFFICE (Address, Zip Code, and Telephone Number)  Appraisal Subcommittee 1325 G Street NW STE 500 Washington, DC 20005	11. REMITTANCE ADDRESS (MANDATORY)  Appraisal Foundation 1155 15th Street NW, Suite 1111 Washington, DC 20005	12. SHIP TO (Consignee Address, Zip Code and Telephone Number)
--	---	--

13. PLACE OF INSPECTION AND ACCEPTANCE See block 10	14. REQUISITION OFFICE (Name, Symbol and Telephone Number) See block 10
--	--

15. F.O.B. POINT	16. GOVERNMENT B/L NUMBER	17. DELIVERY F.O.B. POINT	18. PAYMENT/DISCOUNT TERMS
------------------	---------------------------	---------------------------	----------------------------

19. SCHEDULE					
ITEM NUMBER (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	2019 grant for the 12 months covering October 2018 thru September 2019 to fund Title XI related activities per the attached Statement of Work. The Appraisal Foundation will send in monthly reimbursement requests for the ASC's review and approval.	1	Yr	\$350,000.00	\$350,000.00

20. RECEIVING OFFICE (Name, Symbol and Telephone Number)	TOTAL FROM 300-A(s)
--	---------------------

21. MAIL INVOICE TO: (Electronic Invoice Preferred) GENERAL SERVICES ADMINISTRATION  Girard Hull Appraisal Subcommittee 1325 G Street NW Suite 500 Washington DC 20005	22. GROSS SHIP WEIGHT	GRAND TOTAL
	23. SHIPPING POINT	<b>\$350,000.00</b>

24A. FOR INQUIRIES REGARDING PAYMENT CONTACT: Girard Hull	24B. TELEPHONE NUMBER 202-595-7581
--	---------------------------------------

25A. NAME AND TITLE OF OFFEROR/CONTRACTOR	26A. UNITED STATES OF AMERICA (NAME OF CONTRACTING/ORDERING OFFICER) James R. Park
---	---

25B. SIGNATURE	25C. DATE SIGNED	26B. SIGNATURE <b>James R. Park</b>	26C. DATE SIGNED 02/20/2019
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Digitally signed by James R. Park  
Date: 2019.02.20 16:20:00 -05'00'

Enclosure 2

Proposal  
2016-2017



1155 15th Street, NW, Suite 1111

Washington, DC 20005

T 202.347.7722

F 202.347.7727

August 18, 2016

Mr. James Park  
Executive Director  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
1401 H Street, N.W.  
Suite 760  
Washington, DC 20005

Dear Jim:

Enclosed is The Appraisal Foundation 2016-2017 Federal Grant Proposal for your review and consideration. We are requesting support in the amount of \$1,074,912 for the period October 1, 2016 through September 30, 2017. Of this total, \$309,085 is for state investigator training and \$765,827 is for Title XI related expenses of the Appraisal Standards Board and Appraiser Qualifications Board.

Some of the key points of our request include:

***State Investigator Training:*** We propose conducting three courses offerings during the grant period, one for each of the three levels. In addition, we are requesting funds to update the courses as they have not been significantly revised in several years and to develop a new course if needed.

***Appraiser Qualifications Board:*** The Board is currently considering possible alternatives to the current experience requirements for each of the three classifications which range from 2,000 hours over 12 months for the state licensed category to 3,000 hours over 30 months for the state certified general category. The board is looking at such alternatives as allowing experience in related professions, being able to take a comprehensive test in lieu of experience hours and taking more case study courses in lieu of experience hours. They want to ensure that the experience requirement does not become a barrier to entering the profession. There is a significant amount of stakeholder interest in this endeavor.

In addition, the Board will be updating the National Uniform Appraiser Licensing and Certification Examination.

Mr. James Park  
August 18, 2016  
Page Two

**Appraisal Standards Board:** This grant period will be when the Board adopts proposed changes to USPAP for the 2018-2019 edition of USPAP. A description of their current focus is included in the attached Statement of Work.

We appreciate the support provided by the Appraisal Subcommittee over the years and look forward to our meeting next month to address any questions you may have. In the meantime, please do not hesitate to call Cathy Johnson, Vice President of Finance and Administration or me, should you have any questions about our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Bunton". The signature is fluid and cursive, with a long horizontal stroke at the end.

David S. Bunton  
President

Attachments





# THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

## **2016-2017 Grant Proposal**

Appraisal Subcommittee  
1401 H. Street, NW, Suite 760  
Washington, DC 20005

August 17, 2016

**THE APPRAISAL FOUNDATION  
2016-2017 GRANT PROPOSAL  
TO  
THE APPRAISAL SUBCOMMITTEE**

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STATEMENT OF WORK – PROJECTS TO IMPROVE REGULATORY SYSTEM .....	#14
KEY PERSONNEL.....	#16
SUMMARY OF PROJECT COSTS.....	#20
APPRAISER QUALIFICATIONS BOARD PROJECT BUDGET .....	#21
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**THE APPRAISAL FOUNDATION  
FEDERAL GRANT PROPOSAL  
OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017**

**STATEMENT OF WORK**

**INTRODUCTION**

The Appraisal Foundation is pleased to have been the recipient of Federal grants which have assisted in funding many of the programs of the Appraisal Standards Board and the Appraiser Qualifications Board over the past twenty-five years.

During this time of rapid development and change in the appraisal profession and in appraisal regulation, The Appraisal Foundation has matured into an objective, representative organization that interacts with all sectors of the market impacted by valuation.

The Appraisal Foundation appreciates the opportunity to submit this 2016 grant proposal to the Appraisal Subcommittee.

## THE APPRAISER QUALIFICATIONS BOARD

### BACKGROUND:

Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state certification.

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. States having a Licensed Residential category must, at a minimum, meet the AQB qualification criteria. The same is true of states with a Trainee category. In addition, any guidance issued by the AQB relating to Supervisory Appraisers must be adhered to by the states.

The AQB is currently engaged in the implementation and monitoring of the following grant-funded endeavors:

- I. *The Real Property Appraiser Qualification Criteria*
- II. *The National Uniform Licensing and Certification Examinations*

The AQB also performs ancillary duties related to real property and produces personal property appraiser qualifications. Although they are not currently funded by the grant, they are being provided for informational purposes.

- I. *The Course Approval Program*
- II. *The University Degree Review Program*
- III. *The Program to Improve USPAP Education*

---

### 2017-18 BUSINESS PLAN FOR THE APPRAISER QUALIFICATIONS BOARD

### MAJOR ISSUES FOR THE BOARD

- I. *The Real Property Appraiser Qualification Criteria (Criteria)*

As reported in prior business plan documents, in December 2011, the Board adopted revisions to the *Criteria* with an effective date of January 1, 2015. In addition, the Board also adopted background check requirements that become effective on January 1, 2017.

Since these revisions to the *Criteria* were adopted, the Board has made efforts to assist appraisers, users of appraisal services, education providers, state appraiser regulatory agencies, and others in properly understanding these changes. The Board will continue using printed publications, video presentations, webinars, and other means to assist in the implementation process.

In response to concerns the Board heard about difficulty in earning the experience necessary to obtain a real property appraiser credential, in 2015 the Board commenced an examination of an "alternative track." To that end, the Board:

- Published a Concept Paper July 2015
- Held a public hearing in Washington, DC in October 2015
- Published a Discussion Draft in February 2016
- Held a public meeting in Phoenix, Arizona in April 2016 (in conjunction with the spring conference of the Association of Appraiser Regulatory Officials)
- Published the First Exposure Draft of Proposed Changes to the *Criteria* in May 2016
- Held a public meeting in Las Vegas, Nevada in June 2016
- Adopted changes to the Supervisory Appraiser jurisdictional requirements that became effective on July 1, 2016
- Scheduled an online Public Briefing in August 2016

The feedback the Board has received from these outreach efforts has been significant: over 700 separate written comments have been received; over 1,000 individuals responded to surveys conducted by appraiser trade associations and coalitions; and hundreds of people have attended the Board's public meetings.

The Board intends to publish a Second Exposure of Proposed Changes to the *Criteria* in late summer/early fall.

## II. The Personal Property Appraiser Qualification Criteria

The *Personal Property Appraiser Qualification Criteria* is a voluntary set of criteria, except for personal property appraisers who are members of sponsoring organizations of The Appraisal Foundation.

As reported in prior business plan documents, in March 2015, the Board adopted changes to the *Personal Property Criteria* that become effective on January 1, 2018.

## III. National Uniform Licensing and Certification Examinations

In order for an individual to become a credentialed real property appraiser, Title XI of FIRREA requires that they must pass an examination that has been developed or approved by the AQB.

As reported in prior business plans, the *National Uniform Licensing and Certification Examinations* were implemented on January 1<sup>st</sup>, 2008, in conjunction with the updated (2008) *Criteria*. As expected, pass rates began very low initially (overall 44% for first-time test takers) but have gradually increased over time, as more candidates have completed the 2008 educational requirements that the exams were based on.

In 2014, the number of first-time test takers was 2,630, a 73% increase over the number from 2013. This was due, in large part, to applicants wishing to obtain a credential prior to the increased qualification requirements which became effective on January 1, 2015. In 2015, the number of first-time test takers was 973, again reflecting a significant decline due to the “rush” of individuals trying to become credentialed prior to 2015.

The overall pass rate for first-time test takers in 2015 was 63%, as compared to 64% for first-time test takers in 2014.

As with prior years, the Board will again oversee drafting of additional exam questions by its ongoing groups of Subject Matter Experts (SMEs). New forms of each exam for each classification will be put into use as of January 1, 2017 (the process will be repeated for 2018).

#### IV. Program to Improve USPAP Education

To improve the quality and uniformity of USPAP education, the AQB requires the following:

- All applicants for a credential are required to successfully complete the 15-hour *National USPAP Course* (or its equivalent), taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.
- All currently licensed and certified appraisers are required to complete the 7-hour *National USPAP Update Course* (or its equivalent) every two years. This course must also be taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.

As in prior years, the AQB continues to monitor and improve this program. The focus of the Board for the 2018-19 edition of USPAP will include the following:

- Coordinate with its sister Board, the ASB, regarding the learning objectives and design for the 7-hour *National USPAP Update Course*.
- Continue to monitor and improve procedures that ensure AQB Certified USPAP Instructors are meeting contractual commitments. Understanding and complying with these commitments represents a significant portion of the complaints received about Instructors.
- Updating the classroom and online edition of the USPAP courses to incorporate the revisions for the 2018-19 edition of USPAP, as well as

updating the Instructor Certification Course (ICC) and Instructor Recertification Course (IRC). Continue to review and approve equivalent USPAP courses.

- Continue activities as *The Program to Improve USPAP Education's* controlling authority. This includes making policy decisions and serving as the appellate body for any disputes that arise regarding instructor applications, instructor conduct, examination issues, and other administrative issues.

#### V. Course Approval Program

The AQB will continue to administer the Course Approval Program in 2017-18. This program reviews and approves USPAP equivalent courses as well as appraisal courses and seminars for both qualifying and continuing education. Currently, approximately 292 qualifying and continuing education courses are approved through CAP, which includes 13 USPAP courses. In addition, there are currently five USPAP courses that are for personal property or business valuation.

#### VI. University Degree Review Program

The AQB will continue to evaluate graduate and undergraduate degree programs in real estate to determine the applicability of the courses towards the Required Core Curriculum contained in the *Real Property Appraiser Qualification Criteria*.

To date, the Board has evaluated and approved a total of eight undergraduate college and university programs. Five graduate programs have been reviewed and approved.

- **Undergraduate Degrees**
  - Colorado State University
  - Indiana University
  - Lehigh University
  - Texas A&M University
  - University of Denver
  - University of Northern Iowa
  - University of Wisconsin - Madison
  - Virginia Commonwealth University
- **Graduate Degrees**
  - Texas A&M University
  - University of Denver
  - University of Florida
  - University of Wisconsin - Madison
  - Virginia Commonwealth University

## 2016/2017 MEETING SCHEDULE

Although the Board is scheduled for the three public meetings shown below, if additional meetings with input from the public are deemed necessary, the Board may consider alternative formats, such as webinars.

- November 17-18, 2016, St. Louis, MO 63101
- April 6-7, 2017, Tampa, FL (in conjunction with the Spring AARO Conference)
- September 14-15, 2017 Minneapolis, MN

Please note that due to the grant year of October 1 through September 30, our 2015-2016 grant covered one AQB Meeting and the 2016-2017 grant covers three meetings.

## 2016/2017 AQB DELIVERABLES

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraiser Qualifications Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- AQB Q & A's
- Executive Summaries of all meetings of the Board
- Exposure drafts of proposed Interpretations
- Exposure drafts and any adopted changes to the *Real Property Appraiser Qualification Criteria*.
- All documents associated with the development and administration of the state examinations.



## THE APPRAISAL STANDARDS BOARD

### BACKGROUND:

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 mandated that, with regard to federally related transactions, "real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of The Appraisal Foundation."

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. Federal financial institutions regulatory agencies rulemaking relating to appraisal standards must now include that "such appraisals shall be subject to appropriate review for compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP)."

The Appraisal Standards Board (ASB) adopted USPAP at its first meeting in January 1989. These Standards are periodically reviewed and updated to reflect the evolving needs of the marketplace and the regulatory community.

In addition to the Standards, the ASB also issues Statements on Standards, which have the same weight as a Standard. Non-binding guidance is offered by the ASB in the form of Advisory Opinions and Frequently Asked Questions.

### RESPONSIBILITIES:

The Appraisal Standards Board (ASB) is charged with two main functions:

1. Write, edit, publish, and interpret the *Uniform Standards of Professional Appraisal Practice* (USPAP); and
2. Provide educational materials for practitioners, users of appraisal services, regulators and the public on USPAP.

## Outline of Board Agenda

### I. USPAP ISSUES TO BE ADDRESSED

At least one topic, communication/reporting, has been identified in prior business plans, and continues to be an issue the ASB is addressing for the 2018-19 edition of USPAP. To determine additional areas of USPAP that may need revision, on January 15, 2016, the Board issued a Discussion Draft seeking input from appraisers, educators, regulators, and various users of appraisal services.

Based on feedback received from the Discussion Draft, the ASB began to review and prioritize the issues, in order to determine what additional areas of USPAP should be considered for revision in the 2018-19 edition.

### *Exposure Drafts and Publication Schedule*

The current USPAP edition is valid through December 31, 2017. The next edition of USPAP will be effective from January 1, 2018 through December 31, 2019.

The Board met in Tampa, Florida on January 18-19, 2016, where it deliberated over feedback received from the Discussion Draft. The Board decided to move forward with potential revisions to USPAP in the following areas:

- Communication of Assignment Results (the Board formed a working group to review this topic), including potential revisions to the:
  - Definition of *report*
  - Conduct section of the ETHICS RULE
  - RECORD KEEPING RULE
- Definition of *assignment*
- *Assumptions and Extraordinary Assumptions*
- Possible splitting of STANDARD 3, *Appraisal Review, Development and Reporting*, into two separate standards: STANDARD 3, *Appraisal Review, Development*; and STANDARD 4, *Appraisal Review, Reporting*
- Revisions to STANDARD 6, *Mass Appraisal, Development and Reporting* (the Board also formed a working group to review this topic), including the possibility of splitting STANDARD 6, *Mass Appraisal, Development and Reporting*, into two separate standards: STANDARD 5, *Mass Appraisal, Development*; and STANDARD 6, *Mass Appraisal, Reporting*
- Standards Rules 7-2(c), 7-5, and 8-2(v)
- Review of Advisory Opinions 1, 18, 20, 21 and 31, and possible creation of new Advisory Opinion 37, *Computer Assisted Valuation Tools*

On April 13, 2016, the Board subsequently issued its First Exposure Draft of Proposed Revisions for the 2018-19 edition of USPAP. The Board accepted written comments through June 10, 2016, as well as verbal comments at its public meeting on June 17, 2016, in Indianapolis, Indiana.

After deliberating over the feedback received, the Board elected to issue the Second Exposure Draft of proposed revisions on August 16, 2016. The Board will accept written comments through October 14, 2016, and verbal comments at its public meeting on October 21, 2016, in Washington, DC.

Following the October meeting, the Board will deliberate over the comments received, and likely issue a Third Exposure Draft of proposed revisions in late 2016. The goal will again be for the Board to receive written comments prior to its public meeting in early February 2017, where it intends to ultimately adopt any revisions for the 2018-19 edition of USPAP.

## **II. USPAP DOCUMENT**

In addition to incorporating any adopted revisions in the applicable portions of USPAP, the Board will also need to update the Advisory Opinions and *Frequently Asked Questions*.

### *USPAP Frequently Asked Questions*

- Collect and prepare any published USPAP Q&As for the *Frequently Asked Questions* section of the 2018-19 USPAP publication
- Remove FAQs from the 2016-17 edition that are no longer applicable
- Revise or update other FAQs as appropriate

### USPAP Promulgation

- Write USPAP Q&As for publication on an as-needed basis
- Issue other communications regarding the 2018-19 edition of USPAP
- On a daily basis provide answers to USPAP questions addressed to the Board/staff via telephone, email, fax, or regular mail

## **III. USPAP EDUCATION**

In addition to making revisions to the USPAP document, the Board also must make revisions to the USPAP content in a number of courses.

### Program to Improve USPAP Education

- Continue to work with the AQB to revise the 7- and 15-Hour National USPAP Courses (both classroom and online), as well as The Appraisal Foundation's USPAP Courses for Business Valuation, Personal Property, and Mass Appraisal
- Continue to work with the AQB to update the USPAP Instructor Certification Course, and the USPAP Instructor Recertification Course
- Ensure instructors are available for the AQB Instructor Certification Course, tentatively scheduled for spring 2018

- Ensure reviewers are available for 7- and 15-Hour National USPAP Course equivalency review
- Provide an ASB representative to participate in the Instructor Disciplinary Review Panel
- Identify and address other areas where there is a demand for USPAP related education

#### Outreach

- Report to and meet with the standing committees of TAFAC and IAC on matters related to USPAP
- Provide speakers and programs for special events, as requested, for state appraiser regulatory agencies, professional appraiser organizations, educational providers, etc.
- Provide direct and immediate feedback to all individuals who contact the Board with questions and/or comments.

#### ***Additional Responsibilities***

- *Investigator Training Course*
  - Review TAF/AARO investigator training courses for USPAP accuracy, prior to completion
- *AQB National Examinations*
  - Continue to assist AQB in evaluating USPAP questions for the examination test question bank
- *Complimentary and Supporting Work with the Appraisal Practices Board (APB)*
  - As required retain open dialog with the APB to ensure that issues that may come to the attention of either Board, are appropriately shared and addressed to meet public and professional expectations
- *International Valuation Standards Committee (IVSC)*
  - Interact with the IVSC on USPAP/IVS comparisons to identify commonalities and differences for each to consider

#### **IV. 2016/2017 MEETING SCHEDULE**

- October 20-21, 2016, Washington, DC (in conjunction with AARO)
- January 26-27 or February 2-3, 2017, Dallas, TX
- June 15-16 or June 22-23, 2017, Denver, CO

**V. 2016/2017 DELIVERABLES**

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraisal Standards Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- Executive Summaries of all meetings of the Board
- Position papers and white papers emanating from any "Work Group" process
- Exposure drafts of proposed Standards Revisions and Statements
- Advisory Opinions approved
- Standards Revisions adopted
- USPAP Q&As
- All Documents sent to The Appraisal Foundation Advisory Council and the Industry Advisory Council

**FOUNDATION PROJECTS TO IMPROVE**  
**THE REAL PROPERTY APPRAISER REGULATORY SYSTEM**

The Appraisal Foundation continues to have a good working relationship with state appraiser regulators and the Association of Appraiser Regulatory Officials (AARO). The Foundation continues to participate in the programs of the AARO Spring and Fall Conferences.

**State Investigator Training**

Since 2009, we have conducted 24 State Investigator Training Course offerings attended by more than 819 attendees (state investigators, attorneys, administrative/support staff, and board members). 433 attendees have taken Level I, 299 have taken Level II, and 87 have taken the newly added Level III course. 54 of the 55 jurisdictions that regulate appraisers have participated in at least one Level I course, 49 have participated in at least one Level II course, and 34 have participated in at least one Level III course. (Appendix II)

In the fall of 2014 we did the initial offering of the Level III class. We had 39 students from 22 jurisdictions attend and their evaluations of the course were consistent with the very high ones that we have traditionally received from Levels I and II.

In 2015, due to increased demand for Level III, we increased the class size from 40 to 50. All 50 spots were filled by attendees from 29 states and jurisdictions.

In 2016, all three levels were held in the center of the country - St. Louis, Missouri. This central location with easy access to the airport and downtown, received great feedback from the attendees. The great meeting space and hotel amenities made the training much more productive. Two new instructors were chosen from a pool of applicants to attend the 2016 training, and serve as potential backup instructors for future offerings.

The Steering Committee had a call and discussed the future of the Investigator Training. Since the program is such a success, they decided to keep the framework of the training but update the materials and improve on the cohesion between all three levels for the 2018 course offerings. All of the Investigator Training instructors and backup instructors will meet to form a plan of action for 2018 changes to the Investigator Training program.

This project is a great example of how The Appraisal Foundation, AARO and the Appraisal Subcommittee can cooperatively produce a successful program. Much of what we do at the Foundation takes many years to make an impact. With this program,

we have professionally trained a corps of hundreds of people in just a few short years. This has made a significant impact on promoting consistency in enforcement.

Attached please find two documents:

- A listing of all of the state investigator training sessions conducted over the past eight years. (Appendix I)
- An historical state-by-state breakdown of attendees. (Appendix II)

While not part of this grant request, the following is being provided for informational purposes:

### **Remedial/Corrective Education**

Initially referred to as "remedial" education, a survey of state appraiser regulators indicated that the preferred term is "corrective" education. We have four courses that have been developed:

- Scope of Work: Appraisals and Inspections
- Appraiser Self-Protection: Documentation and Record Keeping
- Report Certifications: What Am I Signing and Why?
- Residential Report Writing vs Form Filling

These four-hour online courses will be available for purchase later this month via the Foundation website and are not eligible for continuing education credit.

These courses were originally designed to assist state appraiser regulators with education-related disciplinary actions. We have recently learned that providers of appraisal services that maintain panels or lists of appraisers, such as lenders and appraisal management companies, are interested in requiring their appraisers to attend these classes when warranted in order to remain in good standing with them.

### **Consistent Enforcement Task Force**

In 2009, The Appraisal Foundation established a Consistent Enforcement Task Force. The charge of this Task Force was to consider the need for developing a set of voluntary disciplinary guidelines for use by State Appraiser Regulatory Agencies when enforcing the *Uniform Standards of Professional Appraisal Practice* (USPAP).

A *Voluntary Disciplinary Action Matrix* was developed in August 2010 for use by state appraiser regulatory agencies. A copy of the document is available on our website and is currently being updated to reflect the 2016 edition of USPAP.

## **Foundation YouTube Channel**

The Appraisal Foundation has produced a number of informational videos for state regulators and consumers. All of our videos are currently included on our YouTube Channel and include topics such as USPAP Updates, an Overview of the State Regulatory System, Green Buildings and New Homebuyer Q&As. The Foundation plans to continue to add video clips to its YouTube channel in 2016 and 2017.

## **KEY PERSONNEL:**

### **David Layne, Chair, Board of Trustees:**

David Layne has forty plus years' experience in all phases of right of way acquisition. Since 1992, he has owned Layne Consulting Services, a company engaged in real property appraisal review, appraisal and business education, and right of way acquisition. He is a former Director of New York State Department of Transportation's Property Management Bureau. He is expert in the implementation of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Dave has a BA in American History (Hobart College), an MA in Business and Policy Studies (SUNY), a CAS (post master's degree) in Adult Education (Syracuse University), and a Certification in Teaching English as a Foreign Language (University of Miami).

Dave holds the ASA designation with the American Society of Appraisers, the IAO designation with the Institute of Assessing Officers, and the SR/WA designation with the IRWA. He is a Certified General Real Estate Appraiser in New York State, a Master Instructor with the International Right of Way Association, and an Appraisal Qualification Board (AQB) Certified USPAP Instructor.

### **David S. Bunton, President:**

Mr. Bunton has served as the senior staff member of The Appraisal Foundation since May of 1990. As President, he is the chief executive officer of the Foundation. Prior to joining The Appraisal Foundation, he served as the Vice President of Government Affairs and Communications for the Federal Asset Disposition Association. He also previously served as a legislative assistant in the United States Senate for eight years and was a Congressional Chief of Staff in the United States House of Representatives for four years.

Mr. Bunton holds a BA degree in Government and Politics from the University of Maryland.



**Maggie Hambleton, Chair, Appraisal Standards Board:**

Maggie is president of Hambleton, Inc., a real property appraisal firm in Columbus, OH. She has been in practice for over 40 years, specializing in the valuation of residential properties, with an emphasis on litigation support. She holds the SRA designation from the Appraisal Institute. Her clients include banks, attorneys, city, county, state and federal agencies, and individuals.

She is a past member of the Ohio Real Estate Appraisal Board from November 2001 through June 2009, serving as its chair in 2006, 2008 and 2009. In addition to her daily appraisal practice, she is an AQB Certified USPAP Instructor, and has been active in teaching appraisal courses on a national level. She has been involved in education for appraisers for over 30 years, writing courses and assisting in the development of curriculum for the certification programs for appraisers. She has served as a developer for both the 7-Hour and 15-Hour USPAP courses since 2006. Mrs. Hambleton currently serves as chair of the Appraisal Standards Board (ASB) of The Appraisal Foundation, and is in her sixth year as a member of the ASB.

**Joseph C. Traynor, Chair, Appraiser Qualifications Board:**

Joseph C. Traynor is a certified general appraiser in Indianapolis, Indiana and is the owner and president of Traynor & Associates, Inc. Traynor & Associates is a real estate valuation firm engaged in commercial and eminent domain valuation.

Traynor has served as the 1996 President as the Metropolitan Indianapolis Board of Realtors (MIBOR) and as the 2001 President of the Indiana Association of Realtors. Joe served as the 2003 Appraisal Chair for the National Association of Realtors (NAR) and was the Region 7 (Illinois, Indiana and Wisconsin) vice president in 2004. He was appointed by the NAR to the Appraisal Foundation's Board of Trustees in 2005 and served until December 2012. Joe served as the 2011 Chairman of the Appraisal Foundation's Board of Trustees.

Former Indiana Governor Mitch Daniels appointed Traynor to the Indiana Appraiser Certification and Licensure Board in 2006. He served as chairman of the board in 2008 and 2009 and served as a board member until 2014. He was appointed to the Appraiser Qualifications Board (AQB) for a three year term in 2014.

**Kelly Davids, Vice President, Operations**

Kelly Davids assists in managing the day-to-day operations of the Foundation, leading special projects and focusing on strategic initiatives. Prior to joining the Foundation, Davids was Superintendent of the Ohio Division of Real Estate &

Professional Licensing, the chief regulator for Ohio's appraisers. Her experience includes working in senior-level positions for two Ohio Governors and serving multiple terms in elected office. Davids holds a Master's degree in Public Policy and Management from The Ohio State University.

**John S. Brennan, Director of Appraisal Issues**

Prior to his current position, John spent 8 years as the Chief of Licensing and Enforcement for the California Office of Real Estate Appraisers (OREA). In that role, John administered the California real estate appraiser licensing program, issuing licenses to applicants that met both federal and state requirements. John was also responsible for the enforcement program; educating and/or disciplining licensees who violated law, regulations or USPAP.

John has been in the appraisal profession for over 30 years. Prior to joining OREA in February 1995, he appraised both residential and non-residential real estate, covering a wide variety of property types. He also previously managed an appraisal department for a major national financial institution. John is a Certified General appraiser and an AQB Certified USPAP Instructor.

A native Californian, John relocated from southern California to the Sacramento area in 1991. He holds a bachelor's degree in business administration from California State University, Long Beach, and an associate degree in business administration from El Camino Community College in Torrance.

**Cathy Johnson, VP Finance and Administration:**

Ms. Johnson was the Controller for The Appraisal Foundation from 1991 - 1995. After serving as the Vice President of Finance for the American Gear Manufacturer's Association, she rejoined the staff in May of 2001. Ms. Johnson brings to the Foundation over thirty-five years of experience in both the profit and not-for-profit arenas. She holds a Certified Public Accountant certificate from the Commonwealth of Virginia, has a BS degree from George Mason University and an MBA from Marymount University in Arlington, Virginia.

**Edna Nkemngu, Associate Director of Finance and Administration:**

Ms. Nkemngu has been part of The Appraisal Foundation since 2006 when she started as the Foundation's Staff Accountant. She has worked closely with Ms. Johnson the last ten years preparing monthly financial statements and performing other accounting and general administrative functions. She holds a BS in Accounting from the University of Buea in Cameroon, an MSc. in Accounting and Information Technology from the University of Maryland University College and is a Certified Public Accountant licensed by the Commonwealth of Virginia. It is anticipated that Ms. Nkemngu will replace Ms. Johnson when she retires in 2017.

**CONCLUSION:**

The Appraisal Foundation sincerely appreciates the financial support we have received from the Appraisal Subcommittee. Grant funds supporting the work of the Boards provide invaluable assistance and contribute greatly to the Foundation's ability to effectively serve the public. We are confident that the work of the Foundation supported by the 2017 grant will be well received and will provide important assistance to appraisers, regulators, users of appraisal services and consumers.

## Grant Application Budget Worksheet Summary

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2016 - September 30, 2017			
Budget Category	AQB	ASB	INVESTIGATOR TRAINING	Total Budget Estimate
Personnel (Direct Labor)	\$60,784	\$99,793	\$17,126	\$177,703
AV Rental (Included in Travel/Meeting)	\$0	\$0	\$0	\$0
Travel & Meeting	\$106,000	\$81,000	\$217,280	\$404,280
Consultants	\$81,350	\$60,000	\$44,000	\$185,350
Contracts and Sub-Grants	\$50,530	\$0	\$0	\$50,530
Other Direct Costs	\$30,000	\$10,150	\$10,818	\$50,968
Indirect Costs **	\$70,491	\$115,729	\$19,861	\$206,080
<b>Total:</b>	<b>\$399,155</b>	<b>\$366,672</b>	<b>\$309,085</b>	<b>\$1,074,912</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Appraiser Qualifications Board**

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
President			
Director of Research and Technical Issues			
Qualifications Administrator			\$0
<b>Total Direct Labor Cost</b>			<b>\$60,784</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Travel /Meeting costs			
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
November 2016 Board Meeting - 6 members + 3 Staff	9	\$600.00	\$5,400
April 2017 Board Meeting - 6 Members + 3 Staff	9	\$600.00	\$5,400
September 2017 Board Meeting - 6 Members + 3 Staff	9	\$600.00	\$5,400
Chair Travel to two 3-Day BOT Meetings	2	\$600.00	\$1,200
Chair Travel to one 2-Day Executive Committee Meeting	1	\$600.00	\$600
Chair Travel to one 1-day TAFAC Meetings	1	\$600.00	\$600
Chair Travel to one 1-day IAC Meetings	1	\$600.00	\$600
Board Member travel to four 1-day Speaking Engagements	4	\$600.00	\$2,400
Board Member travel for University Degree Program Reviews two for 5 Trips	10	\$600.00	\$6,000
Board Member travel for three Exam Site Visits	3	\$600.00	\$1,800
Certified General Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$600.00	\$4,200
Certified Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$600.00	\$4,200
Licensed Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$600.00	\$4,200
			\$0
<b>Subtotal - Transportation - Airfare</b>			<b>\$42,000</b>
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
November 2016 Board Meeting - 6 Members + 3 Staff	27	\$260.00	\$7,020
April 2017 Board Meeting - 6 Members + 3 Staff	27	\$260.00	\$7,020
September 2017 Board Meeting - 6 Members + 3 Staff	27	\$260.00	\$7,020
Chair Travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Chair Travel to one 2-Day Executive Committee Meeting	2	\$260.00	\$520
Chair Travel to one 1-day TAFAC Meetings	1	\$260.00	\$260
Chair Travel to one 1-day IAC Meetings	1	\$260.00	\$260
Board Member travel to four 1-day Speaking Engagements	4	\$260.00	\$1,040
Board Member travel for University Degree Program Reviews two for 5 Trips	10	\$260.00	\$2,600
Board Member travel for three Exam Site Visits	3	\$260.00	\$780
Certified General Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$260.00	\$1,820
Certified Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$260.00	\$1,820
Licensed Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	7	\$260.00	\$1,820
<b>Subtotal - Per Diem or Subsistence</b>			<b>\$33,540</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

### Category: Appraiser Qualifications Board

#### 3c. Meeting Costs - Hotel Charges

	Quantity	Unit Cost	Estimated Cost
November 2016 Board Meeting - 6 Members + 3 Staff	1	\$3,750.00	\$3,750
April 2017 Board Meeting - 6 Members + 3 Staff	1	\$3,750.00	\$3,750
September 2017 Board Meeting - 6 Members + 3 Staff	1	\$3,750.00	\$3,750
Certified General Subject Matter Expert Meeting - 7 Subject Matter Experts	1	\$3,737.00	\$3,737
Certified Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	1	\$3,737.00	\$3,737
Licensed Residential Subject Matter Expert Meeting - 7 Subject Matter Experts	1	\$3,736.00	\$3,736
Audio/Visual Rental for 6 Meetings	6	\$1,333.33	\$8,000
Subtotal - Meeting Costs			\$30,460
<b>Total Travel Cost</b>			<b>\$106,000</b>

#### 4. Consultants

	Days	Rate per Day	Estimated Cost
Board Chair	130	\$75.00	\$9,750
Board Members - Criteria	400	\$75.00	\$30,000
Board Members - Degree Review Program	200	\$75.00	\$15,000
Board Members - Exam Meetings	180	\$75.00	\$13,500
Subject Matter Experts for Exam Development	53	\$200.00	\$10,600
Subject Matter Experts for Exam Development - 500 Questions @ \$5.00 each			\$2,500
			\$0
<b>Total Consultants Cost</b>			<b>\$81,350</b>

#### 5. Contracts and Sub-Grantees (List individually)

	Quantity	Unit Cost	Estimated Cost
Exam Psychometric Consultant			\$50,530
			\$0
<b>Total Subcontracts Cost</b>			<b>\$50,530</b>

#### 6. Other Direct Costs

	Quantity	Unit Cost	Estimated Cost
Office Supplies - SME Manuals	1	1000	\$1,000
Postage and Delivery - Meetings, Speaking Events and SME Manuals	1	1000	\$1,000
Printing - Criteria Booklets	1	10000	\$10,000
Legal	60	300	\$18,000
			\$0
<b>Total Other Direct Costs</b>			<b>\$30,000</b>
<b>Subtotal of Direct Costs</b>			<b>\$328,664</b>

#### 7. Indirect Costs

	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	Fringe	29.40%	\$60,784.32	\$17,871
Calculated on Labor Costs	Overhead	66.90%	\$78,654.91	\$52,620
<b>Total Indirect Costs</b>				<b>\$70,491</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$399,155</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Appraiser Qualifications Board**

Summary of AQB Estimated Costs	Estimated Cost
Personnel (Direct Labor)	\$60,784
AV Rental for Meetings	\$0
Travel	\$106,000
Consultants	\$81,350
Contracts and Sub-Grants	\$50,530
Other Direct Costs	\$30,000
Indirect Costs	\$70,491
<b>Total:</b>	<b>\$399,155</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Appraisal Standards Board**

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
President			
Director of Research and Technical Issues			
Standards Administrator			
<b>Total Direct Labor Cost</b>			<b>\$99,793</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Travel/Meeting Costs			
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
October 2016 Board Meeting - 8 Members + 3 Staff	11	\$600.00	\$6,600
January/February 2017 Board Meeting - 8 Members + 3 Staff	11	\$600.00	\$6,600
June 2017 Board Meeting - 8 Members + 3 Staff	11	\$600.00	\$6,600
Chair Travel to two 3-Day BOT Meetings	2	\$600.00	\$1,200
Chair Travel to one 2-Day Executive Committee Meetings	1	\$600.00	\$600
Chair Travel to three 1-day TAFAC Meetings	3	\$600.00	\$1,800
Chair Travel to one 1-day IAC Meetings (1 included in ASB Travel)	0	\$600.00	\$0
Board Member travel to four 1-day Speaking Engagements	4	\$600.00	\$2,400
Subtotal - Transportation - Airfare			\$25,800
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
October 2016 Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
January/February 2017 Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
June 2017 Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
Chair Travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Chair Travel to one 2-Day Executive Committee Meetings	2	\$260.00	\$520
Chair Travel to three 1-day TAFAC Meetings	3	\$260.00	\$780
Chair Travel to one 1-day IAC Meetings (1 included in ASB Travel)	0	\$260.00	\$0
Board Member travel to four 1-day Speaking Engagements	4	\$260.00	\$1,040
Subtotal - Per Diem or Subsistence			\$29,640
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
October 2016 Board Meeting - 8 Members + 3 Staff	1	\$6,920.00	\$6,920
January/February 2017 Board Meeting - 8 Members + 3 Staff	1	\$6,920.00	\$6,920
June 2017 Board Meeting - 8 Members + 3 Staff	1	\$6,920.00	\$6,920
Audio/Visual Rental for 3 meetings	3	\$1,600.00	\$4,800
Subtotal - Meeting Costs			\$25,560
<b>Total Travel Cost</b>			<b>\$81,000</b>



## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Appraisal Standards Board**

4. Consultants	Days	Rate per Hour/Review	Estimated Cost	
Board Chair	150	\$75.00	\$11,250	
Board Members	650	\$75.00	\$48,750	
<b>Total Consultants Cost</b>			<b>\$60,000</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Office Supplies	1	\$100	\$100	
Postage and Delivery	1	550	\$550	
Printing	1	500	\$500	
Legal	30	300	\$9,000	
			\$0	
<b>Total Other Direct Costs</b>			<b>\$10,150</b>	
<b>Subtotal of Direct Costs</b>			<b>\$250,943</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$99,793.09	\$29,339
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$129,132.26	\$86,389
<b>Total Indirect Costs</b>				<b>\$115,729</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$366,672</b>

Summary of ASB Estimated Costs	Estimated Cost
Personnel (Direct Labor)	\$99,793
AV Rental for Meetings	\$0
Travel	\$81,000
Consultants	\$60,000
Contracts and Sub-Grants	\$0
Other Direct Costs	\$10,150
Indirect Costs	\$115,729
<b>Total:</b>	<b>\$366,672</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Investigator Training**

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
Steering Committee/Oversight (President)			
Steering Committee/Oversight (VP Operations)			
Standards Administrator			
Director of Publications			
Meeting Planning			
<b>Total Direct Labor Cost</b>			<b>\$17,126</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Travel/Meeting expense			\$0
			\$0
			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
Investigator Training Session	53	\$600.00	\$31,800
Investigator Training Session	53	\$600.00	\$31,800
Investigator Training Session	53	\$600.00	\$31,800
(50 students, 2 instructors and 1 staff person)			\$0
			\$0
			\$0
Subtotal - Transportation - Airfare			\$95,400
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
Investigator Training Session (2.5 days)	132.5	\$260.00	\$34,450
Investigator Training Session (2.5 days)	132.5	\$260.00	\$34,450
Investigator Training Session (2.5 days)	132.5	\$260.00	\$34,450
(50 students, 2 instructors and 1 staff person)			\$0
			\$0
Subtotal - Per Diem or Subsistence			\$103,350
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
Investigator Training Session	1	\$4,576.00	\$4,576
Investigator Training Session	1	\$4,577.00	\$4,577
Investigator Training Session	1	\$4,577.00	\$4,577
Audio/Visual Rental for 3 Sessions	3	\$1,600.00	\$4,800
Potential additional meetings, meals, extra students, etc.			\$0
Subtotal - Meeting Costs			\$18,530
<b>Total Travel Cost</b>			<b>\$217,280</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2016 - September 30, 2017

**Category: Investigator Training**

4. Consultants	Days	Rate per Day	Estimated Cost	
Facilitators for 3 Classes	6	\$3,000.00	\$18,000	
Developer to update existing classes			\$6,000	
Potential New Course Development			\$20,000	
			\$0	
			\$0	
<b>Total Consultants Cost</b>			<b>\$44,000</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Printing of Training Materials	120	75	\$9,000	
Mailing of Training Materials	120	15	\$1,818	
			\$0	
			\$0	
			\$0	
<b>Total Other Direct Costs</b>			<b>\$10,818</b>	
<b>Subtotal of Direct Costs</b>			<b>\$289,224</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	Fringe	29.40%	\$17,126.04	\$5,035
Calculated on Labor Costs	Overhead	66.90%	\$22,161.10	\$14,826
<b>Total Indirect Costs</b>				<b>\$19,861</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$309,085</b>

Summary of Investigator Training Estimated Costs	Estimated Cost
Personnel (Direct Labor)	\$17,126
AV Rental for Meetings	\$0
Travel	\$217,280
Consultants	\$44,000
Contracts and Sub-Grants	\$0
Other Direct Costs	\$10,818
Indirect Costs	\$19,861
<b>Total:</b>	<b>\$309,085</b>

### 2016 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	May 23-25, 2016	St. Louis, MO	49 attendees 22 states	Tom Lewis, Larry Disney
Level 2	Aug 1-3, 2016	St. Louis, MO	34 attendees 24 states	Dennis Badger, Don Rodgers
Level 3	Sept 19-21, 2016	St. Louis, MO	TBD	Tom Lewis, Larry Disney

### 2015 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	March 9-11, 2015	San Antonio, TX	42 attendees 26 states	Tom Lewis, Larry Disney
Level 2	April 20-22, 2015	Salt Lake City, UT	37 attendees 22 states	Dennis Badger, Don Rodgers
Level 3	September 28-30, 2015	Raleigh, NC	50 attendees 29 states	Tom Lewis, Maggie Hambleton

### 2014 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	May 19-21, 2014	Baltimore, MD	36 attendees, 21 states	Larry Disney, Tom Lewis
Level 2	June 9-11, 2014	Dallas, TX	23 attendees, 17 states	Dennis Badger, Don Rodgers
Level 3	Sept 8-10, 2014	San Diego, CA	39 attendees 22 states	Tom Lewis, Maggie Hambleton

### 2013 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	June 27-29, 2013	Denver, CO	46 attendees 30 states	Tom Lewis, Don Rodgers
Level 2	August 15-17, 2013	Chicago, IL	35 attendees 26 states	Dennis Badger, Larry Disney

### 2012 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	June 28-30th	Scottsdale, AZ	37	Dennis Badger, Nikole Avers

			24 different states & territories	
Level 2	Aug 16-18th	Tampa, FL	33 19 different states & territories	Tom Lewis, Larry Disney
Level 3	Offered in 2012	Video taping	34 - 7/11/12	Dennis Badger, Tom Lewis

### 2011 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	Sept. 29-Oct. 1	Chicago, IL	40 23 different states & territories	Dennis Badger, Tom Lewis
Level 2	Oct. 6-8 <sup>th</sup>	Scottsdale, AZ	23 16 different states & territories	Dennis Badger, Tom Lewis
Level 3	Taped in 2011	Video taping		Dennis Badger, Tom Lewis

### 2010 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	August 5-7 <sup>th</sup>	Chicago, IL	40 attendees 28 states	Dennis Badger, Tom Lewis
Level 2	September 9-11 <sup>th</sup>	Washington, DC	33 attendees 15 states	Dennis Badger, Tom Lewis
Level 2	October 28-30 <sup>th</sup>	Dallas, TX	40 attendees 21 states	Dennis Badger, Tom Lewis
Level 2	November 11-13 <sup>th</sup>	Scottsdale, AZ	40 attendees 24 states	Dennis Badger, Tom Lewis

### 2009 Investigator Training Courses

Course	Date	Location	Number of attendees and states	Instructors
Level 1	March 19-21 <sup>st</sup>	Scottsdale, AZ	37 attendees 10 states	Dennis Badger; Tom Lewis
Level 1	June 4-6 <sup>th</sup>	Dallas, TX	40 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	August 6-8 <sup>th</sup>	Washington, DC	39 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	November 12-14 <sup>th</sup>	Chicago, IL	40 attendees 13 states	Dennis Badger, Tom Lewis

	Level 1	Level 2	Level 3
Alabama	8	5	
Alaska	2	2	
Arizona	23	15	2
Arkansas	4	3	2
California	19	18	4
Colorado	12	11	4
Connecticut	3	2	2
Delaware	10	5	
District of Columbia (DC)	4	1	
Florida	16	16	4
Guam	6		
Georgia	7	4	3
Hawaii	5	4	
Idaho	13		
Illinois	14	9	2
Indiana	11	8	1
Iowa	5	4	2
Kansas	9	7	3
Kentucky	14	10	3
Louisiana	10	9	3
Maine			
Maryland	5	4	4
Massachusetts	7	4	1
Michigan	12	3	1
Minnesota	10	9	2
Mississippi	8	5	2
Missouri	2	4	2
Montana	11	3	1
Nebraska	10	6	
Nevada	1	1	
New Hampshire	16	11	7
New Jersey	4	5	1
New Mexico	6	2	
New York	7	8	3
North Carolina	4	4	3
North Dakota	6	5	4
Ohio	15	10	2
Oklahoma	5	3	1
Oregon	7	6	2

Pennsylvania	6	1	
Puerto Rico	2	2	
Rhode Island	1		
Saipan	1		
South Carolina	5	3	2
South Dakota	7	7	4
Tennessee	11	8	3
Texas	15	14	4
U.S. Virgin Islands	4	3	
Utah	5	4	
Vermont	7	5	
Virginia	11	8	
Washington	11	12	2
West Virginia	6	2	1
Wisconsin	7	1	
Wyoming	3	3	
<b>TOTAL</b>	<b>433</b>	<b>299</b>	<b>87</b>
Unique States or Territories	<b>54</b>	<b>49</b>	<b>34</b>

Proposal  
2017-2018





July 31, 2017

Mr. James Park  
Executive Director  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
1401 H Street, N.W.  
Suite 760  
Washington, DC 20005

Dear Jim:

Enclosed is The Appraisal Foundation 2017-2018 Federal Grant Proposal for your review and consideration. We are requesting support in the amount of \$1,124,410 for the period October 1, 2017 through September 30, 2018. Of this total, \$310,000 is for state investigator training and \$814,410 is for Title XI related expenses of the Appraisal Standards Board and Appraiser Qualifications Board.

Some of the key points of our request include:

***State Investigator Training:*** We propose conducting three course offerings during the grant period, one for each of the three levels. In addition, we are requesting funds to update the courses and increase the class size to 50 students at each level.

***Appraiser Qualifications Board:*** The Board is currently considering possible alternatives to the current experience requirements for each of the three classifications which range from 2,000 hours over 12 months for the state licensed category to 3,000 hours over 30 months for the state certified general category. The board is looking at such alternatives as being able to take a comprehensive test in lieu of experience hours and taking more case study courses (on-line, simulated properties) in lieu of experience hours. They want to ensure that the experience requirement does not become a barrier to entering the profession. There is a significant amount of stakeholder interest in this endeavor.

Mr. James Park  
July 31, 2017  
Page Two

In addition, they are pursuing the establishment of a track whereby experienced state licensed appraisers in good standing may seek the certified residential credential without possessing a bachelor's degree.

The Board also will be updating the National Uniform Appraiser Licensing and Certification Examination.

*Appraisal Standards Board:* During this grant period the ASB will conduct a comprehensive survey of stakeholders to determine a) what areas of USPAP need further clarification, and b) what emerging issues currently not addressed by USPAP should be included in the next edition of USPAP.

We appreciate the support provided by the Appraisal Subcommittee over the years and look forward to our meeting next month to address any questions you may have. In the meantime, please do not hesitate to call Edna Nkemngu, Director of Finance and Administration or me, should you have any questions about our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Bunton", with a long horizontal flourish extending to the right.

David S. Bunton  
President

Attachments



# THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

## **2017-2018 Grant Proposal**

Appraisal Subcommittee  
1401 H. Street, NW, Suite 760  
Washington, DC 20005

July 31, 2017

**THE APPRAISAL FOUNDATION  
2017-2018 GRANT PROPOSAL**

**TO**

**THE APPRAISAL SUBCOMMITTEE**

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**THE APPRAISAL FOUNDATION  
FEDERAL GRANT PROPOSAL  
OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018**

**STATEMENT OF WORK**

**INTRODUCTION**

The Appraisal Foundation is pleased to have been the recipient of Federal grants which have assisted in funding many of the programs of the Appraisal Standards Board and the Appraiser Qualifications Board over the past twenty-six years.

During this time of rapid development and change in the appraisal profession and in appraisal regulation, The Appraisal Foundation has matured into an objective, representative organization that interacts with all sectors of the market impacted by valuation.

The Appraisal Foundation appreciates the opportunity to submit this 2017-2018 grant proposal to the Appraisal Subcommittee.

## STATEMENT OF WORK - APPRAISER QUALIFICATIONS BOARD

### BACKGROUND

Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state certification.

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. States having a Licensed Residential category must, at a minimum, meet the AQB qualification criteria. The same is true of states with a Trainee category. In addition, any guidance issued by the AQB relating to Supervisory Appraisers must be adhered to by the states.

The AQB is currently engaged in the implementation and monitoring of the following grant-funded endeavors:

- I. *The Real Property Appraiser Qualification Criteria*
- II. *The National Uniform Licensing and Certification Examinations*

The AQB also performs ancillary duties related to real property and produces personal property appraiser qualifications. Although they are not currently funded by the grant, they are being provided for informational purposes.

- I. *The Course Approval Program*
- II. *The University Degree Review Program*
- III. *The Program to Improve USPAP Education*

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## 2017-18 BUSINESS PLAN FOR THE APPRAISER QUALIFICATIONS BOARD

### Executive Summary:

Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state license or certification.

The AQB also performs a number of ancillary duties related to real property and personal property appraiser qualifications. The AQB is currently engaged in the implementation and monitoring of the following endeavors:

- I. *The Real Property Appraiser Qualification Criteria*
- II. *The Personal Property Appraiser Qualification Criteria*
- III. *The National Uniform Licensing and Certification Examinations*
- IV. *The Program to Improve USPAP Education*
- V. *The Course Approval Program*
- VI. *The University Degree Review Program*

Following is the AQB business plan for the period commencing January 1, 2017, and ending December 31, 2018.

### **Major Issues for the Board**

#### I. *The Real Property Appraiser Qualification Criteria (Criteria)*

As reported in prior business plan documents, in December 2011, the Board adopted revisions to the *Criteria* with an effective date of January 1, 2015. In addition, the Board also adopted background check requirements that became effective on January 1, 2017.

Since these revisions to the *Criteria* were adopted, the Board has made efforts to assist appraisers, users of appraisal services, education providers, state appraiser regulatory agencies, and others in properly understanding these changes. The Board will continue using printed publications, video presentations, webinars, and other means to assist in the implementation process.

In response to concerns the Board heard about difficulty in earning the experience necessary to obtain a real property appraiser credential, in 2015 the Board commenced an examination of an "alternative track." To that end, the Board:

- Published a Concept Paper July 2015
- Held a public hearing in Washington, DC in October 2015
- Published a Discussion Draft in February 2016
- Held a public meeting in Phoenix, Arizona in April 2016 (in conjunction with the spring conference of the Association of Appraiser Regulatory Officials)
- Published the First Exposure Draft of Proposed Changes to the *Criteria* in May 2016
- Held a public meeting in Las Vegas, Nevada in June 2016

- Adopted changes to the Supervisory Appraiser jurisdictional requirements that became effective on July 1, 2016
- Conducted an online Public Briefing in August 2016
- Published a Second Exposure Draft in September 2016
- Held a public meeting in St. Louis, Missouri in November 2016
- Published a Third Exposure Draft in March 2017
- Held a public meeting in Tampa, Florida in April 2017 (in conjunction with the spring conference of the Association of Appraiser Regulatory Officials)

The feedback the Board has received from these outreach efforts has been significant: approximately 1,000 separate written comments have been received; over 1,000 responses to surveys conducted by appraiser trade associations and coalitions; and hundreds of people have attended the Board's public meetings.

While the level of the feedback has been dramatic, there has been anything but consensus on the issues being considered by the Board. As a result, the Board intends to take two additional steps prior to the publication of a Fourth Exposure Draft:

- Form a focus group to assist in a more narrowed examination of the issues. A face-to-face meeting will be held on September 6 in conjunction with the Board's meetings in Minneapolis, Minnesota; and
- Survey the states to determine any issues surrounding the implementation of any changes that may be adopted by the Board.

## II. The Personal Property Appraiser Qualification Criteria

The *Personal Property Appraiser Qualification Criteria* is a voluntary set of criteria, except for personal property appraisers who are members of sponsoring organizations of The Appraisal Foundation.

As reported in prior business plan documents, in March 2015, the Board adopted changes to the *Personal Property Criteria* that become effective on January 1, 2018.

## III. National Uniform Licensing and Certification Examinations

In order for an individual to become a credentialed real property appraiser, Title XI of FIRREA requires that they must pass an examination that has been developed or approved by the AQB.

As reported in prior business plans, the *National Uniform Licensing and Certification Examinations* were implemented on January 1<sup>st</sup>, 2008, in conjunction with the updated (2008) *Criteria*. As expected, pass rates began very low initially (overall 44% for first-



time test takers) but have gradually increased over time, as more candidates have completed the 2008 educational requirements that the exams were based on.

In 2014, the number of first-time test takers was 2,630, a 73% increase over the number from 2013. This was due, in large part, to applicants wishing to obtain a credential prior to the increased qualification requirements became effective on January 1, 2015. In 2015, the number of first-time test takers was 973, again reflecting a significant decline due to the “rush” of individuals trying to become credentialed prior to 2015. In 2016, the number was very similar to 2015, with 984 individuals taking an exam for the first time.

The overall pass rate for first-time test takers in 2016 was 67%, as compared to 63% in 2015 and 64% in 2014.

As with prior years, the Board will again oversee drafting of additional exam questions by its ongoing groups of Subject Matter Experts (SMEs). New forms of each exam for each classification will be put into use as of January 1, 2018.

#### IV. Program to Improve USPAP Education

To improve the quality and uniformity of USPAP education, the AQB requires the following:

- All applicants for a credential are required to successfully complete the 15-hour *National USPAP Course* (or its equivalent), taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.
- All currently licensed and certified appraisers are required to complete the 7-hour *National USPAP Update Course* (or its equivalent) every two years. This course must also be taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.

As in prior years, the AQB continues to monitor and improve this program. The focus of the Board for the 2018-19 edition of USPAP will include the following:

- Coordinate with its sister Board, the ASB, regarding the learning objectives and design for the 7-hour *National USPAP Update Course*.
- Continue to monitor and improve procedures that ensure AQB Certified USPAP Instructors are meeting contractual commitments. Understanding and complying with these commitments represents a significant portion of the complaints received about Instructors.

- Updating the classroom and online edition of the USPAP courses to incorporate the revisions for the 2018-19 edition of USPAP, as well as updating the Instructor Certification Course (ICC) and Instructor Recertification Course (IRC). Continue to review and approve equivalent USPAP courses.
- Continue activities as *The Program to Improve USPAP Education's* controlling authority. This includes making policy decisions and serving as the appellate body for any disputes that arise regarding instructor applications, instructor conduct, examination issues, and other administrative issues.

V. Course Approval Program

The AQB will continue to administer the Course Approval Program in 2017-18. This program reviews and approves USPAP equivalent courses as well as appraisal courses and seminars for both qualifying and continuing education. Currently, approximately 289 qualifying and continuing education courses are approved through CAP, which includes a total of 17 USPAP courses, including courses that are for personal property, business valuation and mass appraisal.

VI. University Degree Review Program

The AQB will continue to evaluate graduate and undergraduate degree programs in real estate to determine the applicability of the courses towards the Required Core Curriculum contained in the *Real Property Appraiser Qualification Criteria*.

To date, the Board has evaluated and approved a total of nine undergraduate college and university programs:

Colorado State University  
 Indiana University  
 Lehigh University  
 Texas A&M University  
 University of Denver  
 University of Nebraska-Omaha  
 University of Northern Iowa  
 University of Wisconsin - Madison  
 Virginia Commonwealth University

Five graduate programs have been reviewed and approved:

Texas A&M University  
 University of Denver  
 University of Florida

University of Wisconsin - Madison  
Virginia Commonwealth University

VII. 2017-18 Meeting Schedule

In addition to the meetings shown below, if additional meetings with input from the public are deemed necessary, the Board will schedule such meetings, including offering alternative formats, such as webinars.

September 6-8, 2017	Minneapolis, Minnesota (focus group meeting on September 6, public meeting on September 8)
January/February 2018	Washington, DC (work session only)
May 3-4, 2018	Seattle, Washington (public meeting on May 4; meeting also being held in conjunction with AARO)
June/July 2018	Washington, DC (National Online Briefing)
September 27-28, 2018	Raleigh, North Carolina (public meeting on September 28)

VIII. 2017/2018 AQB Deliverables

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraiser Qualifications Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- AQB Q & A's
- Executive Summaries of all meetings of the Board
- Exposure drafts of proposed Interpretations
- Exposure drafts and any adopted changes to the *Real Property Appraiser Qualification Criteria*.
- All documents associated with the development and administration of the state examinations.

## STATEMENT OF WORK - APPRAISAL STANDARDS BOARD

### BACKGROUND

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 mandated that, with regard to federally related transactions, "real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of The Appraisal Foundation."

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. Federal financial institutions regulatory agencies rulemaking relating to appraisal standards must now include that "such appraisals shall be subject to appropriate review for compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP)."

The Appraisal Standards Board (ASB) adopted USPAP at its first meeting in January 1989. These Standards are periodically reviewed and updated to reflect the evolving needs of the marketplace and the regulatory community.

In addition to the Standards, the ASB also issues Statements on Standards, which have the same weight as a Standard. Non-binding guidance is offered by the ASB in the form of Advisory Opinions and Frequently Asked Questions.

### RESPONSIBILITIES

The Appraisal Standards Board (ASB) is charged with two main functions:

1. Write, edit, publish, and interpret the *Uniform Standards of Professional Appraisal Practice* (USPAP); and
2. Provide educational materials for practitioners, users of appraisal services, regulators and the public on USPAP.

*It is the objective of The Appraisal Foundation to have the 2018-19 edition of USPAP available to the public in Fall 2017.*

### OUTLINE OF ASB AGENDA

#### I. USPAP ISSUES TO BE ADDRESSED

On February 3, 2017, the ASB adopted revisions for the 2018-19 edition of USPAP. Since that time, the Board has worked to incorporate those revisions into USPAP, the Advisory

Opinions and *Frequently Asked Questions*. It is the objective of The Appraisal Foundation to have the 2018-19 edition of USPAP available to the public in Fall 2017.

To assist in determining what changes, if any, are appropriate for the 2020 edition of USPAP, the Board intends to issue a comprehensive survey to stakeholders in early September 2017, containing a list of potential areas for revision, along with background and rationale to support consideration of the issues. The Board will use responses from this survey to help determine a course of action at its subsequent meeting in Washington, DC in October 2017.

Once a determination has been made as to the areas of USPAP where changes will be considered, the Board will conduct its traditional public exposure process for any proposed revisions. This process will commence in late 2017 and run through 2018, with the adoption of any changes being made in early 2019.

A significant issue that faces the Board (as well as The Appraisal Foundation) is the frequency of change in USPAP. Based on feedback from the Board's constituents, it is envisioned that USPAP will change from a two-year cycle to a four-year cycle in the future. Although the precise timing of this change remains undetermined, its occurrence is virtually certain.

## II. USPAP EDUCATION

In addition to making revisions for the 2018-19 USPAP document, the Board also continues to finalize updates to the USPAP content for various educational offerings. The Board will:

- Continue to work with the AQB to revise the 7- and 15-Hour National USPAP Courses (both classroom and online), as well as The Appraisal Foundation's USPAP Courses for Business Valuation, Personal Property, and Mass Appraisal
- Continue to work with the AQB to update the USPAP Instructor Certification Course, and the USPAP Instructor Recertification Course
- Ensure instructors are available for the AQB Instructor Certification Course, scheduled for spring 2018
- Ensure reviewers are available for 7- and 15-Hour National USPAP Course equivalency review
- Provide an ASB representative to participate in the Instructor Disciplinary Review Panel
- Identify and address other areas where there is a demand for USPAP related education

Outreach:

- Report to and meet with the standing committees of TAFAC and IAC on matters related to USPAP
- Provide speakers and programs for special events, as requested, for state appraiser regulatory agencies, professional appraiser organizations, educational providers, etc.
- Provide direct and immediate feedback to all individuals who contact the Board with questions and/or comments.

Additional Responsibilities:

The Board will also continue to perform ancillary services such as:

- *Investigator Training Course*
  - Review TAF/AARO investigator training courses for USPAP accuracy, prior to completion
- *AQB National Examinations*
  - Continue to assist AQB in evaluating USPAP questions for the examination test question bank
- *International Valuation Standards Committee (IVSC)*
  - Interact with the IVSC to update the Bridge Document due to changes in USPAP and the IVS.

III. USPAP PROMULGATION

- Write USPAP Q&As for publication on an as-needed basis
- Issue other communications regarding the 2018-19 edition of USPAP
- On a daily basis provide answers to USPAP questions addressed to the Board/staff via telephone, email, fax, or regular mail

IV. 2017-18 MEETING SCHEDULE

The Board is currently scheduled to hold the following meetings:

October 12-13, 2017	Washington, DC (in conjunction with IAC & AARO)
March/ April, 2018	San Diego, California
June/July 2018	Washington, DC (National Online Briefing)
October 18-19, 2018	Washington, DC (in conjunction with IAC & AARO)

In addition to the meetings identified above, the Board will conduct monthly conference call meetings in the months where it does not otherwise meet.

V. 2017/2018 DELIVERABLES

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraisal Standards Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- Executive Summaries of all meetings of the Board
- Position papers and white papers emanating from any "Work Group" process
- Exposure drafts of proposed Standards Revisions and Statements
- Advisory Opinions approved
- Standards Revisions adopted
- USPAP Q&As
- All Documents sent to The Appraisal Foundation Advisory Council and the Industry Advisory Council

## **STATEMENT OF WORK - PROJECTS TO IMPROVE REGULATORY SYSTEM**

The Appraisal Foundation continues to have a good working relationship with state appraiser regulators and the Association of Appraiser Regulatory Officials (AARO). The Foundation continues to participate in the programs of the AARO Spring and Fall Conferences.

### **STATE INVESTIGATOR TRAINING**

Since 2009, we have conducted 27 State Investigator Training Course offerings attended by more than 902 attendees (state investigators, attorneys, administrative/support staff, and board members). 481 attendees have taken Level I, 344 have taken Level II, and 122 have taken the Level III course that was added as an offering in 2014<sup>1</sup>. 54 of the 55 jurisdictions that regulate appraisers have participated in at least one Level I course, 51 have participated in at least one Level II course, and 34 have participated in at least one Level III course. (Appendix II)

In 2016, we tested holding all three levels in one location and chose a site in the center of the country - St. Louis, Missouri. This central location with easy access to the airport and downtown, received positive feedback from the attendees but there were concerns expressed about security. Also in 2016, at the request of AARO, we added two new instructors to serve as potential backup instructors for future offerings. They attended all three levels of training offered in 2016.

In 2017, all three levels are being held in Tampa, Florida. The hotel in Tampa meets all training site requirements including a safer location, hotel rooms at government per diem rates, great meeting spaces, affordable lunch options, close proximity to the airport and restaurants, and a very attentive hotel staff. The student evaluations reflect a high rating for the location, so we plan to return to Tampa for all three trainings in 2018.

The 2017 updates to the Level 2 and 3 courses included the addition of breakout sessions. Designed to satisfy the attendees' requests for more case studies, real life examples, and discussions, the breakout sessions give smaller groups more interactive time with each other in facilitated study. The breakout sessions incorporated into the Level 2 course held in July received high ratings from attendees and great feedback from instructors, and they will be continued in 2018.

Training of the two back-up instructors continued in 2017 as each was given an opportunity to facilitate a breakout session in Levels 2 and 3. The back-up instructor

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<sup>1</sup> The 2017 Level III course is scheduled for September 11-13, 2017. There are 45 students from 28 states registered to attend.



training is now complete, and 2018 will see the return of having two instructors teach each level.

In considering future updates to the Investigator Training courses, the Steering Committee reviewed the program's success, and decided to keep the training framework intact but to improve the cohesion between all three levels for the 2018 course offerings. Dennis Badger, an instructor and the original author of Investigator Training, has been contracted to make the courses 'flow' better, take out redundancies, keep breakout sessions, and update the materials to reference the new 2018-19 USPAP.

The Appraisal Foundation and AARO are committed to continuing joint efforts to train state regulators. On July 20, 2017, the organizations renewed and signed the Memorandum of Understanding for the *Collaboration for Appraiser Regulator Training (CART)* agreement covering the next three years.

This project is a great example of how The Appraisal Foundation, AARO and the Appraisal Subcommittee can cooperatively produce a successful program. Much of what we do at the Foundation takes many years to make an impact. With this program, we have professionally trained a corps of hundreds of people from across the country. This has made a significant impact on promoting consistency in enforcement.

Attached please find two documents:

- A listing of all of the investigator training sessions conducted over the past nine years. (Appendix I)
- An historical state-by-state breakdown of attendees. (Appendix II)

While not part of this grant request, the following is being provided for informational purposes:

### **Remedial/Corrective Education**

Initially referred to as "remedial" education, a survey of state appraiser regulators indicated that the preferred term is "corrective" education. We have four courses that have been developed:

- Scope of Work: Appraisals and Inspections
- Appraiser Self-Protection: Documentation and Record Keeping
- Report Certifications: What Am I Signing and Why?
- Residential Report Writing vs Form Filling

These four-hour online courses are available for purchase via the Foundation website and are not eligible for continuing education credit.

These courses were originally designed to assist state appraiser regulators with education-related disciplinary actions. We have recently learned that providers of appraisal services that maintain panels or lists of appraisers, such as lenders and appraisal management companies, are interested in requiring their appraisers to attend these classes when warranted in order to remain in good standing with them.

### **Consistent Enforcement Task Force**

In 2009, The Appraisal Foundation established a Consistent Enforcement Task Force. The charge of this Task Force was to consider the need for developing a set of voluntary disciplinary guidelines for use by State Appraiser Regulatory Agencies when enforcing the *Uniform Standards of Professional Appraisal Practice* (USPAP).

A *Voluntary Disciplinary Action Matrix* was developed in August 2010 for use by state appraiser regulatory agencies. A copy of the document is available on our website and is currently being updated to reflect the 2018 edition of USPAP.

### **Foundation YouTube Channel**

The Appraisal Foundation has produced a number of informational videos for state regulators and consumers. All of our videos are currently included on our YouTube Channel and include topics such as USPAP Updates, an Overview of the State Regulatory System, Green Buildings and New Homebuyer Q&As. The Foundation plans to continue to add video clips to its YouTube channel in 2017 and 2018.

## KEY PERSONNEL

### **Thomas V. Boyer, Chair, Board of Trustees:**

Thomas V. Boyer (Tom) is the owner and operator of TVB Management Company, a farm management, appraisal and consulting firm. In addition, he is owner of Boyer Land and Livestock, registered Rambouillets and Meat Goats.

Tom has also served as the Executive Director of Lifelong Learning Center in Evanston, Wyoming as well as the Business, Finance & Economics Adjunct Professor, Western Wyoming College.

Tom is active in many organizations including the American Society of Farm Manager & Rural Appraisers (ASFMRA), of which he is a past President. In addition, he holds the AFM, ARA and AAC designations from the ASFMRA.

Tom holds a Bachelor's Degree in Agricultural Economics and a Master's Degree in Agribusiness from Brigham Young University.

### **David S. Bunton, President:**

Mr. Bunton has served as the senior staff member of The Appraisal Foundation since May of 1990. As President, he is the chief executive officer of the Foundation. Prior to joining The Appraisal Foundation, he served as the Vice President of Government Affairs and Communications for the Federal Asset Disposition Association. He also previously served as a legislative assistant in the United States Senate for eight years and was a Congressional Chief of Staff in the United States House of Representatives for four years.

Mr. Bunton holds a BA degree in Government and Politics from the University of Maryland.

### **Maggie Hambleton, Chair, Appraisal Standards Board:**

Maggie is president of Hambleton, Inc., a real property appraisal firm in Columbus, OH. She has been in practice for over 40 years, specializing in the valuation of residential properties, with an emphasis on litigation support. She holds the SRA designation from the Appraisal Institute. Her clients include banks, attorneys, city, county, state and federal agencies, and individuals.

She is a past member of the Ohio Real Estate Appraisal Board from November 2001 through June 2009, serving as its chair in 2006, 2008 and 2009. In addition to her daily appraisal practice, she is an AQB Certified USPAP Instructor, and has been active in teaching appraisal courses on a national level. She has been involved in education for appraisers for over 30 years, writing courses and assisting in the development of curriculum for the certification programs for appraisers. She has served as a developer for both the 7-Hour and 15-Hour USPAP courses since 2006. Mrs. Hambleton currently

serves as chair of the Appraisal Standards Board (ASB) of The Appraisal Foundation, and is in her sixth year as a member of the ASB.

**Joseph C. Traynor, Chair, Appraiser Qualifications Board:**

Joseph C. Traynor is a certified general appraiser in Indianapolis, Indiana and is the owner and president of Traynor & Associates, Inc. Traynor & Associates is a real estate valuation firm engaged in commercial and eminent domain valuation.

Traynor has served as the 1996 President as the Metropolitan Indianapolis Board of Realtors (MIBOR) and as the 2001 President of the Indiana Association of Realtors. Joe served as the 2003 Appraisal Chair for the National Association of Realtors (NAR) and was the Region 7 (Illinois, Indiana and Wisconsin) vice president in 2004. He was appointed by the NAR to the Appraisal Foundation's Board of Trustees in 2005 and served until December 2012. Joe served as the 2011 Chairman of the Appraisal Foundation's Board of Trustees.

Former Indiana Governor Mitch Daniels appointed Traynor to the Indiana Appraiser Certification and Licensure Board in 2006. He served as chairman of the board in 2008 and 2009 and served as a board member until 2014. He was appointed to the Appraiser Qualifications Board (AQB) for a three-year term in 2014.

**Kelly Davids, Vice President**

Kelly Davids assists in managing the day-to-day operations of the Foundation, leading special projects and focusing on strategic initiatives. Prior to joining the Foundation, Davids was Superintendent of the Ohio Division of Real Estate & Professional Licensing, the chief regulator for Ohio's appraisers. Her experience includes working in senior-level positions for two Ohio Governors and serving multiple terms in elected office. Davids holds a Master's degree in Public Policy and Management from The Ohio State University.

**John S. Brenan, Director of Appraisal Issues**

Prior to his current position, John spent 8 years as the Chief of Licensing and Enforcement for the California Office of Real Estate Appraisers (OREA). In that role, John administered the California real estate appraiser licensing program, issuing licenses to applicants that met both federal and state requirements. John was also responsible for the enforcement program; educating and/or disciplining licensees who violated law, regulations or USPAP.

John has been in the appraisal profession for over 30 years. Prior to joining OREA in February 1995, he appraised both residential and non-residential real estate, covering a wide variety of property types. He also previously managed an appraisal department for a major national financial institution. John is a Certified General appraiser and an AQB Certified USPAP Instructor.

A native Californian, John relocated from southern California to the Sacramento area in 1991. He holds a bachelor's degree in business administration from California State University, Long Beach, and an associate degree in business administration from El Camino Community College in Torrance.

**Edna Nkemngu, Director of Finance and Administration:**

Ms. Nkemngu has been part of The Appraisal Foundation since 2006 when she started as the Foundation's Staff Accountant. Prior to joining the Foundation, she interned at Deloitte Touche Tohmatsu Limited in Cameroon, and later served as an accountant at a small business in Cameroon. She holds a Bachelor's Degree in Accounting from the University of Buea in Cameroon, a Master's Degree in Accounting and Information Technology from the University of Maryland University College, and is a Certified Public Accountant licensed by the Commonwealth of Virginia.

## CONCLUSION

The Appraisal Foundation sincerely appreciates the financial support we have received from the Appraisal Subcommittee. Grant funds supporting the work of the Boards provide invaluable assistance and contribute greatly to the Foundation's ability to effectively serve the public. We are confident that the work of the Foundation supported by the 2017-2018 grant will be well received and will provide important assistance to appraisers, regulators, users of appraisal services and consumers.

## Grant Application Budget Worksheet Summary

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2017 - September 30, 2018			
Budget Category	AQB	ASB	INVESTIGATOR TRAINING	Total Budget Estimate
Personnel (Direct Labor)	\$99,269	\$105,913	\$17,981	\$223,164
Travel	\$80,760	\$54,320	\$218,100	\$353,180
Consultants	\$84,250	\$75,000	\$38,000	\$197,250
Contracts and Sub-Grants	\$50,000	\$0	\$0	\$50,000
Other Direct Costs	\$20,150	\$6,800	\$15,066	\$42,016
Indirect Costs **	\$115,121	\$122,826	\$20,853	\$258,800
<b>Total:</b>	<b>\$449,550</b>	<b>\$364,860</b>	<b>\$310,000</b>	<b>\$1,124,410</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

### Category: Appraiser Qualifications Board

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
President			\$20,000
Director of Appraisal Issues			\$28,809
Qualifications Board Manager			\$50,460
<b>Total Direct Labor Cost</b>			<b>\$99,269</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Board Travel/Meeting Costs			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
February DC Work Session - 8 Members + 2 Staff	10	\$500.00	\$5,000
Spring Board Meeting - 8 Members + 3 Staff	11	\$500.00	\$5,500
June/July Webinar - 2 Members + 1 Staff	3	\$500.00	\$1,500
September Board Meeting - 8 Members + 3 Staff	11	\$500.00	\$5,500
Board Member travel to four 1-day Speaking Engagements	4	\$500.00	\$2,000
Board Member travel for University Degree Program Reviews two for 3 Trips	6	\$500.00	\$3,000
Board Member travel for three Exam Site Visits	6	\$500.00	\$3,000
Board Chair travel to two 3-Day BOT Meetings	2	\$500.00	\$1,000
Board Chair travel to 1 IAC Meeting	1	\$500.00	\$500
<b>Subtotal - Transportation - Airfare</b>			<b>\$27,000</b>
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
February DC Work Session - 8 Members + 2 Staff	30	\$260.00	\$7,800
Spring Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
June/July Webinar - 2 Members + 1 Staff	7	\$260.00	\$1,820
September Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
Board Member travel to four 1-day Speaking Engagements	4	\$260.00	\$1,040
Board Member travel for University Degree Program Reviews two for 3 Trips	6	\$260.00	\$1,560
Board Member travel for three Exam Site Visits	6	\$260.00	\$1,560
Board Chair travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Board Chair travel to 1 IAC Meeting	1	\$260.00	\$260
<b>Subtotal - Per Diem or Subsistence</b>			<b>\$32,760</b>
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
February DC Work Session - 8 Members + 2 Staff	1	\$4,000.00	\$4,000
Spring Board Meeting - 8 Members + 3 Staff	1	\$5,000.00	\$5,000
June/July Webinar - 2 Members + 1 Staff + Registration	1	\$3,000.00	\$3,000
September Board Meeting - 8 Members + 3 Staff	1	\$5,000.00	\$5,000
Audio/Visual	2	\$2,000.00	\$4,000
<b>Subtotal - Meeting Costs</b>			<b>\$21,000</b>
<b>Total Travel Cost</b>			<b>\$80,760</b>



## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

### Category: Appraiser Qualifications Board

4. Consultants	Days	Rate per Day	Estimated Cost	
Board Chair	200	\$75.00	\$15,000	
Board Members - Criteria	750	\$75.00	\$56,250	
Subject Matter Experts for Exam Development	52.5	\$200.00	\$10,500	
Subject Matter Experts for Exam Development - 500 Questions @ \$5.00 each			\$2,500	
			\$0	
<b>Total Consultants Cost</b>			<b>\$84,250</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
Exam Psychometric Consultant			\$50,000	
<b>Total Subcontracts Cost</b>			<b>\$50,000</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Legal	25	\$300.00	\$7,500	
Office Supplies			\$2,500	
Postage & Delivery			\$150	
Printing - Criteria Booklets			\$10,000	
<b>Total Other Direct Costs</b>			<b>\$20,150</b>	
<b>Subtotal of Direct Costs</b>			<b>\$334,429</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$99,269.00	\$29,185
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$128,454.09	\$85,936
<b>Total Indirect Costs</b>				<b>\$115,121</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$449,550</b>

Summary of AQB Estimated Costs	Estimated Cost
Personnel (Direct Labor)	\$99,269
Travel	\$80,760
Consultants	\$84,250
Contracts and Sub-Grants	\$50,000
Other Direct Costs	\$20,150
Indirect Costs	\$115,121
<b>Total:</b>	<b>\$449,550</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

### Category: Appraisal Standards Board

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
President			\$12,000
Director of Appraisal Issues			\$55,148
Standards Board Manager			\$38,766
<b>Total Direct Labor Cost</b>			<b>\$105,913</b>
			<b>Estimated Cost</b>
Included in Board Travel/Meeting Costs			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>			
	Trips	Fare	Estimated Cost
October 2017 Board Meeting - 8 Members + 3 Staff	11	\$500.00	\$5,500
March Board Meeting - 8 Members + 3 Staff	11	\$500.00	\$5,500
June/July Webinar - 2 Members + 1 Staff	3	\$500.00	\$1,500
Board Member travel to four 1-day Speaking Engagements	4	\$500.00	\$2,000
Board Chair travel to two 3-Day BOT Meetings	2	\$500.00	\$1,000
Board Chair travel to 1 TAFAC Meeting	1	\$500.00	\$500
Subtotal - Transportation - Airfare			\$16,000
<b>3b. Per Diem or Subsistence</b>			
	Days	Rate per Day	Estimated Cost
October 2017 Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
March Board Meeting - 8 Members + 3 Staff	33	\$260.00	\$8,580
June/July Webinar - 2 Members + 1 Staff	6	\$260.00	\$1,560
Board Member travel to four 1-day Speaking Engagements	4	\$260.00	\$1,040
Board Chair travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Board Chair travel to 1 TAFAC Meeting	1	\$260.00	\$260
Subtotal - Per Diem or Subsistence			\$21,320
<b>3c. Meeting Costs - Hotel Charges</b>			
	Quantity	Unit Cost	Estimated Cost
October 2017 Board Meeting - 8 Members + 3 Staff	1	\$5,000.00	\$5,000
March Board Meeting - 8 Members + 3 Staff	1	\$5,000.00	\$5,000
June/July Webinar - 2 Members + 1 Staff + Registration	1	\$3,000.00	\$3,000
Audio/Visual	2	\$2,000.00	\$4,000
Subtotal - Meeting Costs			\$17,000
<b>Total Travel Cost</b>			<b>\$54,320</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

**Category: Appraisal Standards Board**

4. Consultants	Days	Rate per Hour/Review	Estimated Cost	
Board Chair	250	\$75.00	\$18,750	
Board Members	750	\$75.00	\$56,250	
<b>Total Consultants Cost</b>			<b>\$75,000</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Legal	15	\$300	\$4,500	
Office Supplies			\$300	
Postage & Delivery			\$500	
Printing			\$1,500	
<b>Total Other Direct Costs</b>			<b>\$6,800</b>	
<b>Subtotal of Direct Costs</b>			<b>\$242,033</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$105,913.40	\$31,139
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$137,051.94	\$91,688
<b>Total Indirect Costs</b>				<b>\$122,826</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$364,860</b>

Summary of ASB Estimated Costs	Estimated Cost
<b>Personnel (Direct Labor)</b>	<b>\$105,913</b>
<b>Travel</b>	<b>\$54,320</b>
<b>Consultants</b>	<b>\$75,000</b>
<b>Contracts and Sub-Grants</b>	<b>\$0</b>
<b>Other Direct Costs</b>	<b>\$6,800</b>
<b>Indirect Costs</b>	<b>\$122,826</b>
<b>Total:</b>	<b>\$364,861</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

### Category: Investigator Training

1. Personnel (Direct Labor)	Estimated Hours	Rate per Hour	Estimated Cost
Steering Committee/Oversight (President)			\$4,667
Steering Committee/Oversight (VP Operations)			\$2,468
Standards Administrator			\$8,584
Director of Publications			\$1,469
Meeting Planning			\$795
<b>Total Direct Labor Cost</b>			<b>\$17,981</b>
			<b>Estimated Cost</b>
<b>2. AV Rental For Meetings</b>			
Included in hotel charges			\$0
			\$0
			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>			
	Trips	Fare	Estimated Cost
Investigator Training Session	53	\$500.00	\$26,500
Investigator Training Session	53	\$500.00	\$26,500
Investigator Training Session (50 students, 2 instructors and 1 staff person)	53	\$500.00	\$26,500
Subtotal - Transportation - Airfare			\$79,500
<b>3b. Per Diem or Subsistence</b>			
	Days	Rate per Day	Estimated Cost
Investigator Training Session (3 days)	161	\$200.00	\$32,200
Investigator Training Session (3 days)	161	\$200.00	\$32,200
Investigator Training Session (3 days) (50 students, 2 instructors and 1 staff person)	161	\$200.00	\$32,200
Subtotal - Per Diem or Subsistence			\$96,600
<b>3c. Meeting Costs - Hotel Charges</b>			
	Quantity	Unit Cost	Estimated Cost
Investigator Training Session	1	\$11,000.00	\$11,000
Investigator Training Session	1	\$11,000.00	\$11,000
Investigator Training Session	1	\$11,000.00	\$11,000
Audio/Visual Rental for 3 Sessions	3	\$3,000.00	\$9,000
Subtotal - Meeting Costs			\$42,000
<b>Total Travel Cost</b>			<b>\$218,100</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2017 - September 30, 2018

**Category: Investigator Training**

4. Consultants	Days	Rate per Day	Estimated Cost	
Facilitators for 3 Classes	6	\$3,000.00	\$18,000	
Developer and Reviewer to update existing classes			\$20,000	
<b>Total Consultants Cost</b>			<b>\$38,000</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Printing of Training Materials	170	75	\$12,750	
Mailing of Training Materials	170	14	\$2,316	
<b>Total Other Direct Costs</b>			<b>\$15,066</b>	
<b>Subtotal of Direct Costs</b>			<b>\$289,147</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$17,981.40	\$5,287
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$23,267.93	\$15,566
<b>Total Indirect Costs</b>				<b>\$20,853</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$310,000</b>

Summary of Investigator Training Estimated Costs	Estimated Cost
Personnel (Direct Labor)	\$17,981
Travel	\$218,100
Consultants	\$38,000
Contracts and Sub-Grants	\$0
Other Direct Costs	\$15,066
Indirect Costs	\$20,853
<b>Total:</b>	<b>\$310,000</b>

## Investigator Training – Info

### 2017 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	May 8-10, 2017	Tampa, FL	48 attendees 29 states	Tom Lewis, Larry Disney
Level 2	July 10-12, 2017	Tampa, FL	45 attendees 26 states	Dennis Badger, Don Rodgers, Deloris L. Kraft- Longoria
Level 3	Sept 11-13, 2017	Tampa, FL		Tom Lewis, Larry Disney, Craig Steinley

### 2016 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	May 23-25, 2016	St. Louis, MO	49 attendees 22 states	Tom Lewis, Larry Disney
Level 2	Aug 1-3, 2016	St. Louis, MO	34 attendees 24 states	Dennis Badger, Don Rodgers
Level 3	Sept 19-21, 2016	St. Louis, MO	37 attendees 22 states	Tom Lewis, Larry Disney

### 2015 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	March 9-11, 2015	San Antonio, TX	42 attendees 26 states	Tom Lewis, Larry Disney
Level 2	April 20-22, 2015	Salt Lake City, UT	37 attendees 22 states	Dennis Badger, Don Rodgers
Level 3	September 28- 30, 2015	Raleigh, NC	50 attendees 29 states	Tom Lewis, Maggie Hambleton

### 2014 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	May 19-21, 2014	Baltimore, MD	36 attendees 21 states	Larry Disney, Tom Lewis
Level 2	June 9-11, 2014	Dallas, TX	23 attendees 17 states	Dennis Badger, Don Rodgers
Level 3	Sept 8-10, 2014	San Diego, CA	39 attendees 22 states	Tom Lewis, Maggie Hambleton

### 2013 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	June 27-29	Denver, CO	46 attendees 30 states	Tom Lewis, Don Rodgers
Level 2	August 15-17	Chicago, IL	35 attendees 26 states	Dennis Badger, Larry Disney

### 2012 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	June 28-30th	Scottsdale, AZ	37 24 different states & territories	Dennis Badger, Nikole Avers
Level 2	Aug 16-18th	Tampa, FL	33 19 different states & territories	Tom Lewis, Larry Disney
Level 3	Offered in 2012	Video taping	34 - 7/11/12	Dennis Badger, Tom Lewis

### 2011 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	Sept. 29-Oct. 1	Chicago, IL	40 23 different states & territories	Dennis Badger, Tom Lewis
Level 2	Oct. 6-8 <sup>th</sup>	Scottsdale, AZ	23 16 different states & territories	Dennis Badger, Tom Lewis
Level 3	Taped in 2011	Video taping		Dennis Badger, Tom Lewis

### 2010 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	August 5-7 <sup>th</sup>	Chicago, IL	40 attendees 28 states	Dennis Badger, Tom Lewis
Level 2	September 9-11 <sup>th</sup>	Washington, DC	33 attendees 15 states	Dennis Badger, Tom Lewis
Level 2	October 28-30 <sup>th</sup>	Dallas, TX	40 attendees 21 states	Dennis Badger, Tom Lewis
Level 2	November 11-13 <sup>th</sup>	Scottsdale, AZ	40 attendees 24 states	Dennis Badger, Tom Lewis

### 2009 Investigator Training Courses

Course	Date	Location	Number of attendees	Instructors
Level 1	March 19-21 <sup>st</sup>	Scottsdale, AZ	37 attendees 10 states	Dennis Badger; Tom Lewis
Level 1	June 4-6 <sup>th</sup>	Dallas, TX	40 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	August 6-8 <sup>th</sup>	Washington, DC	39 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	November 12-14 <sup>th</sup>	Chicago, IL	40 attendees 13 states	Dennis Badger, Tom Lewis



Appendix II

Cumulative Statistics Through Level 1 in 2017			
	Level 1	Level 2	Level 3
Alabama	10	5	2
Alaska	4	2	
Arizona	25	15	2
Arkansas	6	3	2
California	19	18	9
Colorado	12	11	6
Connecticut	3	2	2
Delaware	11	5	
District of Columbia (DC)	4	1	
Florida	19	16	8
Guam	6	1	
Georgia	8	4	3
Hawaii	6	4	
Idaho	13		
Illinois	16	9	4
Indiana	12	8	1
Iowa	7	4	3
Kansas	10	7	4
Kentucky	14	10	4
Louisiana	10	9	4
Maine			
Maryland	5	4	4
Massachusetts	7	4	1
Michigan	12	3	1
Minnesota	11	9	2
Mississippi	8	5	3
Missouri	2	4	3
Montana	12	3	1
Nebraska	11	6	1
Nevada	3	1	
New Hampshire	18	11	7
New Jersey	4	5	1
New Mexico	6	2	
New York	11	8	4
North Carolina	4	4	3
North Dakota	8	5	4
Ohio	17	10	4
Oklahoma	6	3	1

Oregon	8	6	2
Pennsylvania	8	1	
Puerto Rico	2	2	1
Rhode Island	1		
Saipan	1		
South Carolina	5	3	3
South Dakota	8	7	5
Tennessee	11	8	3
Texas	17	14	6
U.S. Virgin Islands	4	3	
Utah	5	4	
Vermont	8	5	
Virginia	13	8	
Washington	13	12	5
West Virginia	7	2	1
Wisconsin	7	1	1
Wyoming	3	3	1
<b>TOTAL</b>	<b>481</b>	<b>344</b>	<b>122</b>
Unique States or Territories	<b>54</b>	<b>51</b>	<b>39</b>





Proposal  
2018-2019



August 6, 2018

Mr. James Park  
Executive Director  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
1401 H Street, N.W.  
Suite 760  
Washington, DC 20005

Dear Jim:

Enclosed is The Appraisal Foundation 2018-2019 Federal Grant Proposal for your review and consideration. We are requesting support in the amount of \$1,010,000 for the period October 1, 2018 through September 30, 2019. Of this total, \$730,000 is for Title XI related expenses of the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB) and \$280,000 is for state investigator training.

Key points of our request include:

***Appraiser Qualifications Board:*** After receiving the largest amount of public input in its history, the AQB adopted revisions to the *Criteria* on February 1, 2018, which became effective on May 1, 2018. Updates include:

- Removal of the college-level education requirement for the Licensed Residential classification;
- Establishment of alternatives to the Bachelor's Degree requirement for the Certified Residential classification;
- Creation of an alternative track for competent and ethical Licensed Residential appraisers to move to the Certified Residential classification without satisfying the college-level education requirement; and

- Reduction in the experience hour requirements for the Licensed Residential, Certified Residential, and Certified General classifications.

This action has been well-received by all major stakeholders and the AQB is now working with the state appraiser regulators toward smooth implementation.

The AQB also opted to continue a more rigorous examination of the *Practical Applications of Real Estate Appraisal* (PAREA) concept. This project will be a major focus for 2018-19, and possibly beyond. If adopted, PAREA could allow individuals an alternative method to obtain much of the experience required (perhaps 75%) to obtain a credential, which has been a significant hurdle under the current supervisor/trainee mentorship model. Through the use of on-line simulated properties, trainees could be exposed to an almost unlimited number of valuation conditions.

In addition, the AQB will be updating the National Uniform Appraiser Licensing and Certification Examination.

***Appraisal Standards Board:*** The ASB conducted a comprehensive survey of stakeholders late last year to determine a) what areas of USPAP need further clarification, and b) what emerging issues currently not addressed by USPAP should be included in the next edition of USPAP. Taking that input into consideration, the ASB is currently in the process of issuing a series of exposure drafts for possible revisions to the next edition of USPAP. A major concept being exposed is changing the current two reporting formats to a single list of elements that must be addressed in an appraisal report. The change under consideration would also provide the appraiser with more latitude regarding intended users of the report.

***State Investigator Training:*** The current series of Investigator Training courses receives excellent ratings by attendees, with a combined average score of 4.6 out of 5 in post-program surveys. Likewise, the course instructors receive very high marks, averaging 4.81 on a 5-point scale. Due to this continued success, we propose conducting three course offerings during the 2018-19 grant cycle, one for each of the three levels. Since enrollment in recent years for the upper levels has been below the 50-student capacity, we are reducing the anticipated number of students for two of the three levels. This results in a \$30,000 reduction of the investigator training funding request from the \$310,000 awarded last year.

Mr. James Park  
August 6, 2018  
Page 3

We appreciate the support provided by the Appraisal Subcommittee over the years and look forward to our meeting later this month. In the meantime, please do not hesitate to contact Edna Nkemngu, Director of Finance and Administration or me, should you have any questions about our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Bunton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David S. Bunton  
President

Enclosure





# THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

## **2018-2019 Grant Proposal**

Appraisal Subcommittee  
1401 H. Street, NW, Suite 760  
Washington, DC 20005

August 6, 2018

**THE APPRAISAL FOUNDATION  
2018-2019 GRANT PROPOSAL  
TO  
THE APPRAISAL SUBCOMMITTEE**

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**THE APPRAISAL FOUNDATION  
FEDERAL GRANT PROPOSAL  
OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019**

**STATEMENT OF WORK**

**INTRODUCTION**

The Appraisal Foundation is pleased to have been the recipient of Federal grants which have assisted in funding many of the programs of the Appraisal Standards Board and the Appraiser Qualifications Board over the past twenty-seven years.

During this time of rapid development and change in the appraisal profession and in appraisal regulation, The Appraisal Foundation has matured into an objective, representative organization that interacts with all sectors of the market impacted by appraisal.

The Appraisal Foundation appreciates the opportunity to submit this 2018-2019 grant proposal to the Appraisal Subcommittee.

## **STATEMENT OF WORK - THE APPRAISER QUALIFICATIONS BOARD**

### **BACKGROUND:**

Under the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), the AQB establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state license or certification.

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. States having a Licensed Residential category must, at a minimum, meet the AQB qualification criteria. The same is true of states with a Trainee category. In addition, any guidance issued by the AQB relating to Supervisory Appraisers must be adhered to by the states.

The AQB is currently engaged in the implementation and monitoring of the following grant-funded endeavors:

- I. *The Real Property Appraiser Qualification Criteria*
- II. *The National Uniform Licensing and Certification Examinations*

The AQB also performs ancillary duties related to real property and produces personal property appraiser qualifications. Although they are not currently funded by the grant, they are being provided for informational purposes.

- I. *The Program to Improve USPAP Education*
- II. *The Course Approval Program*
- III. *The University Degree Review Program*
- IV. *The Personal Property Qualification Criteria*

Following is the AQB business plan for the 2018-19 time frame.

---

### **MAJOR ISSUES FOR THE BOARD**

#### **I. *Real Property Appraiser Qualification Criteria (Criteria)***

As reported previously, the AQB adopted the following revisions to the *Criteria* on February 1, 2018, which became effective on May 1, 2018:

- Removal of college-level education requirement for the Licensed Residential classification;
- Alternatives to the Bachelor's Degree requirement for the Certified Residential classification;

- Creation of an alternative track for competent and ethical Licensed Residential appraisers to move to the Certified Residential classification without satisfying the college-level education requirement; and
- Revisions to the experience requirements for the Licensed Residential, Certified Residential, and Certified General classifications.

The AQB also opted to continue a more vigorous examination of the *Practical Applications of Real Estate Appraisal* (PAREA) concept, which will be a major focus for 2018-19, and possibly beyond. If adopted, PAREA could allow individuals an alternative method to obtain much of the experience required (perhaps 75%) to obtain a credential, which has been a significant hurdle under the current supervisor/trainee mentorship model. Through the use of on-line simulated properties, trainees could be exposed to an almost unlimited number of valuation issues.

In addition to PAREA, the AQB will continue assisting appraisers, users of appraisal services, education providers, state appraiser regulatory agencies, and others with properly understanding the May 1, 2018 *Criteria* changes.

## II. *National Uniform Licensing and Certification Examinations*

As reported in prior business plans, the *National Uniform Licensing and Certification Examinations* were implemented on January 1, 2008, in conjunction with the updated (2008) *Criteria*.

As with prior years, the Board will again oversee drafting of additional exam questions by its ongoing groups of Subject Matter Experts (SMEs). The Board meets face-to-face with its SMEs and exam consultant every two years. The next face-to-face meeting will occur in 2019.

New forms of the exam for each classification are put into use on January 1 each year.

## III. *Program to Improve USPAP Education*

To improve the quality and uniformity of USPAP education, the AQB requires the following:

- All applicants for a credential are required to successfully complete the 15-hour *National USPAP Course* (or its equivalent), taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.
- All currently licensed and certified appraisers are required to complete the 7-hour *National USPAP Update Course* (or its equivalent) every two years. This course must also be taught by an AQB Certified USPAP Instructor who is also a state-certified appraiser in good standing.

As in prior years, the AQB continues to monitor and improve this program. The focus of the Board for 2018-19 will include the following:

- Continue to monitor and improve procedures that ensure AQB Certified USPAP Instructors are meeting contractual commitments. Understanding and complying with these commitments represents a significant portion of the complaints received about Instructors.
- Continue activities as *The Program to Improve USPAP Education's* controlling authority. This includes making policy decisions and serving as the appellate body for any disputes that arise regarding instructor applications, instructor conduct, examination issues, and other administrative issues.
- After adoption of any changes to USPAP by the Appraisal Standards Board (ASB) in early 2019, the AQB will work with the ASB to ensure the Instructor Recertification Course and Instructor Certification Course are updated by the required deadlines.

#### IV. Course Approval Program

The AQB will continue to administer the Course Approval Program in 2018-19. This program reviews and approves USPAP equivalent courses as well as appraisal courses and seminars for both qualifying and continuing education. As of July 31, 2018, there are over 300 qualifying and continuing education courses approved through CAP.

#### V. University Degree Review Program

The AQB will continue to evaluate graduate and undergraduate degree programs in real estate to determine the applicability of the courses towards the Required Core Curriculum contained in the *Real Property Appraiser Qualification Criteria*.

To date, the Board has evaluated and approved a total of nine undergraduate college and university programs. Six graduate programs have been reviewed and approved. Additional schools are currently being reviewed.

#### VI. The Personal Property Appraiser Qualification Criteria

The *Personal Property Appraiser Qualification Criteria* is a voluntary set of criteria, except for personal property appraisers who are members of sponsoring organizations of The Appraisal Foundation.

As reported in prior business plan documents, the *Personal Property Criteria* became effective on January 1, 2018. The Board will be responsive to any questions or issues that arise as a result.

VII. Veterans Outreach

On November 30, 2017, the Appraisal Subcommittee wrote the Foundation and encouraged us, and in particular the AQB, to explore opportunities to bring military service veterans into a career in real estate appraisal following their military service. The Board of Trustees fully endorsed this idea and appointed a Veterans Outreach Task Force, which includes a member of the AQB. We have met with numerous service organizations as well as the Department of Veterans Affairs.

**2018-19 MEETING SCHEDULE**

Beginning this year, all public meetings of the AQB are being live steamed. This has resulted in at least a tenfold increase in the number of individuals observing the meetings. In addition to the meetings shown below, if additional meetings are deemed necessary, the Board will schedule such meetings (including offering alternative formats, such as webinars) when necessary.

September 27-28, 2018	Raleigh, North Carolina
May 2-3, 2019	Denver, Colorado (held in conjunction with the Spring meeting of the Association of Appraiser Regulatory Officials)
Fall 2019	TBD

In addition to the meetings identified above, the Board will conduct monthly conference call meetings in the months where it does not otherwise meet.

**2018/2019 AQB DELIVERABLES**

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraiser Qualifications Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- AQB Q & A's
- Executive Summaries of all meetings of the Board
- Exposure drafts of proposed Interpretations

- Exposure drafts and any adopted changes to the *Real Property Appraiser*

*Qualification Criteria.*

-All documents associated with the development and administration of the state examinations.



## STATEMENT OF WORK - THE APPRAISAL STANDARDS BOARD

### BACKGROUND:

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 mandated that, with regard to federally related transactions, "real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of The Appraisal Foundation."

This authority was expanded by the enactment of the Dodd-Frank Financial Reform Act in July of 2010. Federal financial institutions regulatory agencies rulemaking relating to appraisal standards must now include that "such appraisals shall be subject to appropriate review for compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP)."

The Appraisal Standards Board (ASB) adopted USPAP at its first meeting in January 1989. These Standards are periodically reviewed and updated to reflect the evolving needs of the marketplace and the regulatory community.

In addition to the Standards, the ASB also issues non-binding guidance in the form of Advisory Opinions and Frequently Asked Questions.

### RESPONSIBILITIES:

The Appraisal Standards Board (ASB) is charged with two main functions:

1. Write, edit, publish, and interpret the *Uniform Standards of Professional Appraisal Practice* (USPAP); and
2. Provide educational materials for practitioners, users of appraisal services, regulators and the public on USPAP.

**2018-2019 BUSINESS PLAN  
FOR THE  
APPRAISAL STANDARDS BOARD**

**I. USPAP Issues to be Addressed**

On February 3, 2017, the ASB adopted revisions for the 2018-19 edition of USPAP. The Board incorporated those revisions into USPAP, the Advisory Opinions and *Frequently Asked Questions*, and the 2018-19 edition of USPAP was available to the public by the October 1, 2017 deadline.

To assist in determining what changes, if any, are appropriate for the 2020-21 edition of USPAP, the Board issued a survey to 500 key stakeholders in early September 2017, containing a list of potential areas for revision, along with background and rationale to support consideration of the issues.

Using responses from the survey, the Board published a Discussion Draft document on January 30, 2018, asking for feedback on potential revisions to the following areas of USPAP:

- Reporting Options
- Scope of Work Rule
- Comments in Standards Rules
- Definitions
- Review of Advisory Opinions
- Other edits to improve clarity and enforceability of USPAP

The Board accepted written comments on the Discussion Draft through April 6, as well as verbal comments at its public meeting on April 20.

After carefully examining the feedback received from the Discussion Draft, the ASB issued its First Exposure Draft of Proposed Changes for the 2020-21 edition of USPAP on May 22, accepting written comments through July 15. The ASB intends to publish the Second Exposure Draft in mid-August, with additional exposure drafts to follow as needed. This exposure and comment period will run through 2018, with the adoption of any changes occurring in early 2019. Changes for the 2020-21 edition of USPAP will be adopted in early 2019. USPAP and the related courses will be available to the public by October 1, 2019.

A significant issue that faces the Board (as well as The Appraisal Foundation) is the frequency of change in USPAP. Based on feedback from the Board's constituents, it is envisioned that USPAP will change from a two-year cycle to a four-year cycle in the

future. The precise timing of this change remains uncertain; however, planning and preparation are currently being evaluated.

## **II. USPAP Document**

In addition to incorporating any adopted revisions in the applicable portions of USPAP, the Board will also need to update the Advisory Opinions and *Frequently Asked Questions*.

### *USPAP Frequently Asked Questions*

- Collect and prepare any published USPAP Q&As for the *Frequently Asked Questions* section of the 2020-21 USPAP publication
- Remove FAQs from the 2018-19 edition that are no longer applicable
- Revise or update other FAQs as appropriate

### USPAP Promulgation

- Write USPAP Q&As for publication on an as-needed basis
- Issue other communications regarding the 2018-19 edition of USPAP
- On a daily basis provide answers to USPAP questions addressed to the Board/staff via telephone, email, fax, or regular mail

## **III. USPAP Education**

In addition to making revisions for the 2018-19 USPAP document, the Board also updated the USPAP content for various educational offerings. After adoption of any revisions for the 2020-21 edition of USPAP in early 2019, the Board will:

- Provide instructors for a Spring 2020 offering of the Instructor Certification Course.
- Ensure reviewers are available for 7- and 15-Hour National USPAP Course equivalency review.
- Provide an ASB representative to participate in the Instructor Disciplinary Review Panel.
- Identify and address other areas where there is a demand for USPAP related education, including webinars hosted by TAF.

## **IV. Outreach**

- Report to and meet with the standing committees of TAFAC and IAC on matters related to USPAP

- Provide speakers and programs for special events, as requested, for state appraiser regulatory agencies, professional appraiser organizations, educational providers, etc.
- Provide direct and immediate feedback to all individuals who contact the Board with questions and/or comments.

**V. Additional Responsibilities**

The Board will also continue to perform ancillary services such as:

- *Investigator Training Course*
  - Review TAF/ AARO investigator training courses for USPAP accuracy, prior to completion
- *AQB National Examinations*
  - Continue to assist AQB in evaluating USPAP questions for the examination test question bank
- *International Valuation Standards Committee (IVSC)*
  - The Board will continue to work with the IVSC to evaluate international valuation standards

**2018-19 MEETING SCHEDULE**

Beginning this year, all public meetings of the ASB are being live steamed. This has resulted in at least a tenfold increase in the number of individuals observing the meetings. The following meetings are currently scheduled for the Board:

October 18-19, 2018	Washington, DC (in conjunction with IAC and AARO)
Early 2019	TBD
October 17-18, 2019	Washington, DC (in conjunction with IAC and AARO)

In addition to the meetings identified above, the Board will conduct monthly conference call meetings in the months where it does not otherwise meet.

## **2018-19 DLIVERABLES**

The following deliverables will be made available to the Appraisal Subcommittee as the result of the Appraisal Standards Board's efforts:

- Meeting announcements and preliminary agendas
- Approved minutes of all meetings of the Board
- Executive Summaries of all meetings of the Board
- Position papers and white papers emanating from any "Work Group" process
- Exposure drafts of proposed Standards Revisions and Statements
- Advisory Opinions approved
- Standards Revisions adopted
- USPAP Q&As
- All Documents sent to The Appraisal Foundation Advisory Council and the Industry Advisory Council.

**FOUNDATION PROJECTS TO IMPROVE**  
**THE REAL PROPERTY APPRAISER REGULATORY SYSTEM**

The Appraisal Foundation continues to have a good working relationship with state appraiser regulators and the Association of Appraiser Regulatory Officials (AARO). The Foundation continues to participate in the programs of the AARO Spring and Fall Conferences.

**State Investigator Training**

The Appraisal Foundation (Foundation) and the Association for Appraiser Regulatory Officials (AARO) are committed to continuing joint efforts to train state regulators. On July 20, 2017, the organizations renewed and signed the Memorandum of Understanding for the *Collaboration for Appraiser Regulator Training (CART)* agreement covering the next three years.

Since 2009, under the guidance of a joint Foundation-AARO steering committee, we have conducted 29 State Investigator Training Course offerings attended by more than 1022 attendees (state investigators, attorneys, administrative/support staff, and board members). 524 attendees have taken Level I, 344 have taken Level II, and 154 have taken the Level III course that was added as an offering in 2014<sup>[1]</sup>. 54 of the 55 jurisdictions that regulate appraisers have participated in at least one Level I course, 51 have participated in at least one Level II course, and 39 have participated in at least one Level III course. (Appendix II)

Since 2017, all three levels have been held in Tampa, Florida. The hotel in Tampa meets all training site requirements including a safe location, hotel rooms at government per diem rates, great meeting spaces, affordable lunch options, close proximity to the airport and restaurants, and a very attentive hotel staff. The student evaluations reflect a high rating for the location and the hotel. The hotel was great to work with when disaster struck. The originally scheduled Level 3 training in Tampa on September 11-13, 2017 was rescheduled for December 3-5, 2017 due to Hurricane Irma. The 2019 site selection process will take seasonal weather activity into consideration.

Breakout sessions were added to the Level II and III courses in 2017. Designed to satisfy the attendees' requests for more case studies, real life examples, and discussions, the breakout sessions gave smaller groups more interactive time with each other in facilitated study. The breakouts remained a feature in 2018 and continue to receive high

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<sup>[1]</sup> The 2018 Level III course is scheduled for August 27-29, 2018. There are 22 students from 14 states registered to attend.

ratings from attendees and instructors in post-course surveys. From the comments received:

- *Networking with other regulatory officials was excellent.*
- *Open dialogue with participants was very helpful. I liked learning how investigators in other jurisdictions perform investigations.*
- *Really like the charts matrix, USPAP book, hands on and practical items that I can take back with me to be used in my investigations. Also enjoy the decision from other state investigators/representatives*

In 2018, the courses continue to be led by a team of two instructors. The instructor team meets prior to the beginning of each course to prepare and determine which sections each will lead as well as the logistics for the breakout sessions. Instructors continue to receive very high scores in post-course student surveys. The average instructor score is 4.81 on a 5-point scale.

As the program matures, we will continue to review data and survey information and accordingly make adjustments. An area of adjustment needed in the upcoming grant cycle is in the amount of funding requested. After a surge in attendees over the last couple of years, program attendance is beginning to level off. In 2018, the Level II and Level III attendee numbers have declined, and therefore we are budgeting for 40 instead of 50 attendees for those levels in 2019. As state reimbursement for attendee travel is the primary driver of the cost for investigator training, the 2019 grant request is significantly less.

With the end of the first decade of the Investigator Training program upon us, the Foundation with the encouragement of the Appraisal Subcommittee, is seeking the insight of a professional trained in instructional design. An instructional designer reviews course delivery mechanisms, information sequences, and overall course design through the lens of optimizing student learning. In that regard, David Layne, an experienced and trained instructional designer, will attend the Level III course in August of 2018. He will then provide his observations and suggestions to the Steering Committee. The 2019 grant proposal includes funding should his recommendation be that updates to the courses would make the training more robust and effective.

The success of the Investigator Training program is manifested through the collaborative efforts of the Foundation, AARO and the Appraisal Subcommittee. With this program, a corps of hundreds of people from across the country have been professionally trained and armed with the knowledge needed to increase consistency in enforcement.

Attached please find two documents:

- A listing of all of the investigator training sessions conducted over the past ten years. (Appendix I)
- An historical state-by-state breakdown of attendees. (Appendix II)

While not part of this grant request, the following is being provided for informational purposes:

### **Corrective Education**

Initially referred to as “remedial” education, a survey of state appraiser regulators indicated that the preferred term is “corrective” education. We have four courses that have been developed:

- Scope of Work: Appraisals and Inspections
- Appraiser Self-Protection: Documentation and Record Keeping
- Report Certifications: What Am I Signing and Why?
- Residential Report Writing vs Form Filling

These four-hour online courses are available for purchase via the Foundation website and are not eligible for continuing education credit. To date, about 20 state appraiser regulatory agencies have used this disciplinary option.

We are currently surveying state appraiser regulators to identify topics for additional courses.

### **Consistent Enforcement Task Force**

In 2009, The Appraisal Foundation established a Consistent Enforcement Task Force. The charge of this Task Force was to consider the need for developing a set of voluntary disciplinary guidelines for use by State Appraiser Regulatory Agencies when enforcing the *Uniform Standards of Professional Appraisal Practice* (USPAP).

A *Voluntary Disciplinary Action Matrix* was developed in August 2010 for use by state appraiser regulatory agencies. A copy of the document is available on our website and has been updated to reflect the 2018 edition of USPAP.

### **Foundation YouTube Channel**

The Appraisal Foundation has produced a series of video training sessions, some designed specifically for state appraiser regulators and others for all appraisers. We



have videos entitled “2018-2019 USPAP Update for State Appraiser Regulators” and “A Mock Administrative Law Hearing” which were both recorded at AARO Conferences.

Other videos include:

- Understanding the Real Property Appraiser Regulatory System
- The AQB Real Property Appraiser Qualification Criteria Changes Effective 2015
- The Responsibilities of the Appraisal Practices Board
- An Introduction to Green Buildings and Their Valuation.

## **KEY PERSONNEL:**

### **Adam Johnston, Chair, Board of Trustees:**

Adam Johnston is the Chief Appraiser and Director of Investigations, Appraisals & Ops Shared Services of Genworth Financial in Raleigh, North Carolina.

As Chief Appraiser of the U.S. Mortgage Insurance operations of Genworth Financial, Adam leads a team of licensed appraisers in providing quality assurance and subject matter expertise to all functions of U.S. Mortgage Insurance Operations. In addition, he leads functional teams that provide fraud/compliance investigation, project management, process improvement, and policies & procedures documentation services across Genworth's U.S. Mortgage Insurance organization. Prior to Genworth, Adam's roles include serving as a Chief Appraiser of a national settlement services company, owning a small appraisal firm, and working for a regional bank as a staff appraiser.

Adam is a frequent speaker at mortgage events, he also teaches courses for loan officers and underwriters.

Adam holds the SRA designation and the AI-RRS Review designation with the Appraisal Institute.

### **David S. Bunton, President:**

Mr. Bunton has served as the senior staff member of The Appraisal Foundation since May of 1990. As President, he is the chief executive officer of the Foundation. Prior to joining The Appraisal Foundation, he served as the Vice President of Government Affairs and Communications for the Federal Asset Disposition Association. He also previously served as a legislative assistant in the United States Senate for eight years and was a Congressional Chief of Staff in the United States House of Representatives for four years.

Mr. Bunton holds a BA degree in Government and Politics from the University of Maryland.

### **Maggie Hambleton, Chair, Appraisal Standards Board:**

Maggie is president of Hambleton, Inc., a real property appraisal firm in Columbus, OH. She has been in practice for over 40 years, specializing in the valuation of residential properties, with an emphasis on litigation support. She holds the SRA designation from the Appraisal Institute. Her clients include banks, attorneys, city, county, state and federal agencies, and individuals.

She is a past member of the Ohio Real Estate Appraisal Board from November 2001 through June 2009, serving as its chair in 2006, 2008 and 2009. In addition to her daily appraisal practice, she is an AQB Certified USPAP Instructor, and has been active in

teaching appraisal courses on a national level. She has been involved in education for appraisers for over 30 years, writing courses and assisting in the development of curriculum for the certification programs for appraisers. She has served as a developer for both the 7-Hour and 15-Hour USPAP courses since 2006. Mrs. Hambleton currently serves as chair of the Appraisal Standards Board (ASB) of The Appraisal Foundation, and is in her sixth year as a member of the ASB.

**Mark A. Lewis, Chair, Appraiser Qualifications Board:**

Mark A. Lewis, ARA, RPRA has been engaged in real estate appraisals and consultation since 1984. Mark began his appraisal career as a contract appraiser for Dickerson-Seely & Associates, Inc., a full service appraisal firm in Lufkin, Texas. Today he and Scott Seely own and manage the firm, now known as Lewis & Seely Appraisals, Inc.

Mark joined the American Society of Farm Managers and Rural Appraisers (ASFMRA) in 1996 and earned his ARA designation in 1999 and his RPRA designation in 2014. He has served ASFMRA as President of the Texas Chapter, Chair of the Appraisal Education/Accreditation Committee, and District V Experience Review Chairman. In 2007, he was awarded the H. E. "Bulk" Stalcup Excellence in Education Award by ASFMRA. He is presently Vice-Chair of the Appraiser Qualifications Board (AQB) of The Appraisal Foundation. On a local level, he has also served as President of the Lufkin Multiple Listing Service and Chair of the Grievance Committee for the Lufkin Association of Realtors.

Mark has been lead instructor for many of ASFMRA's core courses and was actively involved in the writing and design of the current Cost, Sales Comparison, and Income Approach courses. He has also taught and authored many seminars on various subjects through the years and is an AQB Certified USPAP Instructor.

**John S. Brenan, Director of Appraisal Issues**

Prior to his current position, John spent 8 years as the Chief of Licensing and Enforcement for the California Office of Real Estate Appraisers (OREA). In that role, John administered the California real estate appraiser licensing program, issuing licenses to applicants that met both federal and state requirements. John was also responsible for the enforcement program; educating and/or disciplining licensees who violated law, regulations or USPAP.

John has been in the appraisal profession for over 30 years. Prior to joining OREA in February 1995, he appraised both residential and non-residential real estate, covering a wide variety of property types. He also previously managed an appraisal department for a major national financial institution. John is a Certified General appraiser and an AQB Certified USPAP Instructor.

A native Californian, John relocated from southern California to the Sacramento area in 1991. He holds a bachelor's degree in business administration from California State University, Long Beach, and an associate degree in business administration from El Camino Community College in Torrance.

**Kelly Davids, Vice President**

Kelly Davids assists in managing the day-to-day operations of the Foundation, leading special projects and focusing on strategic initiatives. Prior to joining the Foundation, Davids was Superintendent of the Ohio Division of Real Estate & Professional Licensing, the chief regulator for Ohio's appraisers. Her experience includes working in senior-level positions for two Ohio Governors and serving multiple terms in elected office. Davids holds a Master's degree in Public Policy and Management from The Ohio State University.

**Edna Nkemngu, Director of Finance and Administration:**

Ms. Nkemngu has been part of The Appraisal Foundation since 2006 when she started as the Foundation's Staff Accountant. Prior to serving at The Foundation, Ms. Nkemngu worked as an accountant for a sole proprietorship. She holds a BS in Accounting from the University of Buea in Cameroon, an MSc. in Accounting and Information Technology from the University of Maryland University College and is a Certified Public Accountant licensed by the Commonwealth of Virginia.

**CONCLUSION:**

The Appraisal Foundation sincerely appreciates the financial support we have received from the Appraisal Subcommittee. Grant funds supporting the work of the Boards provide invaluable assistance and contribute greatly to the Foundation's ability to effectively serve the public. We are confident that the work of the Foundation supported by the 2018-19 grant will be well received and will provide important assistance to appraisers, regulators, users of appraisal services and consumers.

## Grant Application Budget Worksheet Summary

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2018 - September 30, 2019			
Budget Category	AQB	ASB	INVESTIGATOR TRAINING	Total Budget Estimate
Personnel (Direct Labor)	\$68,280	\$115,414	\$25,252	\$208,946
Travel	\$76,020	\$61,380	\$177,540	\$314,940
Consultants	\$76,850	\$45,900	\$28,000	\$150,750
Contracts and Sub-Grants	\$50,000	\$0	\$0	\$50,000
Other Direct Costs	\$17,666	\$5,462	\$19,924	\$43,052
Indirect Costs **	\$79,184	\$133,844	\$29,284	\$242,312
<b>Total:</b>	<b>\$368,000</b>	<b>\$362,000</b>	<b>\$280,000</b>	<b>\$1,010,000</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005		October 1, 2018 - September 30, 2019	
<b>Category: Appraiser Qualifications Board</b>			
<b>1. Personnel (Direct Labor)</b>	<b>Estimated Hours</b>	<b>Rate per Hour</b>	<b>Estimated Cost</b>
President			
Director of Appraisal Issues			
Qualifications Board Manager			
<b>Total Direct Labor Cost</b>			<b>\$68,280</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Board Travel/Meeting Costs			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
May 2019 Board Meeting - 8 Members + 5 Staff	13	\$500.00	\$6,500
Certified General Subject Matter Expert Meeting	7	\$500.00	\$3,500
Certified Residential Subject Matter Expert Meeting	7	\$500.00	\$3,500
Licensed Residential Subject Matter Expert Meeting	7	\$500.00	\$3,500
Chair Travel to two 3-Day BOT Meetings	2	\$500.00	\$1,000
Chair Travel to 2 IAC Meetings	2	\$500.00	\$1,000
Chair Travel to 2 TAFAC Meetings and 1 joint IAC/TAFAC meeting	3	\$500.00	\$1,500
Board Member travel to six 1-day Speaking Engagements	6	\$500.00	\$3,000
Board Member travel for University Degree Program Reviews two for 3 Trips	6	\$500.00	\$3,000
Board Member travel for three Exam Site Visits	3	\$500.00	\$1,500
Subtotal - Transportation - Airfare			\$28,000
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
May 2019 Board Meeting - 8 Members + 5 Staff	39	\$260.00	\$10,140
Certified General Subject Matter Expert Meeting	7	\$260.00	\$1,820
Certified Residential Subject Matter Expert Meeting	7	\$260.00	\$1,820
Licensed Residential Subject Matter Expert Meeting	7	\$260.00	\$1,820
Chair Travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Chair Travel to 2 IAC Meetings	2	\$260.00	\$520
Chair Travel to 2 TAFAC Meetings and 1 joint IAC/TAFAC meeting	3	\$260.00	\$780
Board Member travel to six 1-day Speaking Engagements	6	\$260.00	\$1,560
Board Member travel for University Degree Program Reviews two for 3 Trips	6	\$260.00	\$1,560
Board Member travel for three Exam Site Visits	3	\$260.00	\$780
Subtotal - Per Diem or Subsistence			\$20,020
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
May Board Meeting - 8 Members + 5 Staff	1	\$9,000.00	\$9,000
Certified General Subject Matter Expert Meeting	1	\$3,000.00	\$3,000
Certified Residential Subject Matter Expert Meeting	1	\$3,000.00	\$3,000
Licensed Residential Subject Matter Expert Meeting	1	\$3,000.00	\$3,000
Audio/Visual Rental for 4 Meetings	4	\$2,500.00	\$10,000
Subtotal - Meeting Costs			\$28,000
<b>Total Travel Cost</b>			<b>\$76,020</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2018 - September 30, 2019			
<b>Category: Appraiser Qualifications Board</b>				
<b>4. Consultants</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>	
Board Chair	100	\$75.00	\$7,500	
Board Members - Criteria	600	\$75.00	\$45,000	
Board Members - Degree Review Program	100	\$75.00	\$7,500	
Board Members - Exam Meetings	58	\$75.00	\$4,350	
Subject Matter Experts for Exam Development			\$10,000	
Subject Matter Experts for Exam Development - 500 Questions @ \$5.00 each			\$2,500	
			\$0	
<b>Total Consultants Cost</b>			<b>\$76,850</b>	
<b>5. Contracts and Sub-Grantees (List individually)</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>	
Exam Psychometric Consultant			\$50,000	
<b>Total Subcontracts Cost</b>			<b>\$50,000</b>	
<b>6. Other Direct Costs</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>	
Office Supplies			\$4,000	
Postage & Delivery			\$166	
Printing - Criteria Booklets			\$10,000	
Legal			\$3,000	
Dues, Subscriptions, Registrations			\$500	
<b>Total Other Direct Costs</b>			<b>\$17,666</b>	
<b>Subtotal of Direct Costs</b>			<b>\$288,816</b>	
<b>7. Indirect Costs</b>	<b>Type</b>	<b>Rate</b>	<b>Base</b>	<b>Estimated Cost</b>
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$68,280.35	\$20,074
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$88,354.77	\$59,109
<b>Total Indirect Costs</b>				<b>\$79,184</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$368,000</b>

<b>Summary of AQB Estimated Costs</b>	<b>Estimated Cost</b>
<b>Personnel (Direct Labor)</b>	<b>\$68,280</b>
<b>Travel</b>	<b>\$76,020</b>
<b>Consultants</b>	<b>\$76,850</b>
<b>Contracts and Sub-Grants</b>	<b>\$50,000</b>
<b>Other Direct Costs</b>	<b>\$17,666</b>
<b>Indirect Costs</b>	<b>\$79,184</b>
<b>Total:</b>	<b>\$368,000</b>



## Grant Application Detailed Budget Worksheet

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2018 - September 30, 2019		
<b>Category: Appraisal Standards Board</b>			
<b>1. Personnel (Direct Labor)</b>	<b>Estimated Hours</b>	<b>Rate per Hour</b>	<b>Estimated Cost</b>
President			
Director of Appraisal Issues			
Standards Board Manager			
<b>Total Direct Labor Cost</b>			<b>\$115,414</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in Board Travel/Meeting Costs			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
October 2018 Board Meeting - 8 Members + 5 Staff	13	\$500.00	\$6,500
1st Qtr 2019 Board Meeting - 8 Members + 5 Staff	13	\$500.00	\$6,500
Chair Travel to two 3-Day BOT Meetings	2	\$500.00	\$1,000
Chair Travel to 1 IAC Meeting (2 included in ASB travel)	1	\$500.00	\$500
Chair Travel to 2 TAFAC Meetings and 1 joint IAC/TAFAC meeting	3	\$500.00	\$1,500
Board Member travel to six 1-day Speaking Engagements	6	\$500.00	\$3,000
Subtotal - Transportation - Airfare			\$19,000
<b>3b. Per Diem or Subsistence</b>	<b>Days</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
October 2018 Board Meeting - 8 Members + 5 Staff	39	\$260.00	\$10,140
1st Qtr 2019 Board Meeting - 8 Members + 5 Staff	39	\$260.00	\$10,140
Chair Travel to two 3-Day BOT Meetings	6	\$260.00	\$1,560
Chair Travel to 1 IAC Meeting (2 included in ASB travel)	1	\$260.00	\$260
Chair Travel to 2 TAFAC Meetings and 1 joint IAC/TAFAC meeting	3	\$260.00	\$780
Board Member travel to six 1-day Speaking Engagements	6	\$260.00	\$1,560
Subtotal - Per Diem or Subsistence			\$22,880
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
October 2018 Board Meeting - 8 Members + 5 Staff	1	\$6,000.00	\$6,000
1st Qtr 2019 Board Meeting - 8 Members + 5 Staff	1	\$6,000.00	\$6,000
Audio/Visual	2	\$3,750.00	\$7,500
Subtotal - Meeting Costs			\$19,500
<b>Total Travel Cost</b>			<b>\$61,380</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2018 - September 30, 2019

**Category: Appraisal Standards Board**

4. Consultants	Days	Rate per Hour/Review	Estimated Cost	
Board Chair	112	\$75.00	\$8,400	
Board Members	500	\$75.00	\$37,500	
<b>Total Consultants Cost</b>			<b>\$45,900</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Legal			\$2,000	
Postage & Delivery			\$1,000	
Printing			\$1,500	
Office Supplies			\$462	
Dues, Subscriptions, Registrations			\$500	
<b>Total Other Direct Costs</b>			<b>\$5,462</b>	
<b>Subtotal of Direct Costs</b>			<b>\$228,156</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$115,414.10	\$33,932
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$149,345.85	\$99,912
<b>Total Indirect Costs</b>				<b>\$133,844</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$362,000</b>

Summary of ASB Estimated Costs	Estimated Cost
<b>Personnel (Direct Labor)</b>	<b>\$115,414</b>
<b>Travel</b>	<b>\$61,380</b>
<b>Consultants</b>	<b>\$45,900</b>
<b>Contracts and Sub-Grants</b>	<b>\$0</b>
<b>Other Direct Costs</b>	<b>\$5,462</b>
<b>Indirect Costs</b>	<b>\$133,844</b>
<b>Total:</b>	<b>\$362,000</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation 1155 15th Street, N.W. Suite 1111 Washington, DC 20005	October 1, 2018 - September 30, 2019		
<b>Category: Investigator Training</b>			
<b>1. Personnel (Direct Labor)</b>	<b>Estimated Hours</b>	<b>Rate per Hour</b>	<b>Estimated Cost</b>
President			
Steering Committee/Oversight (VP)			
Steering Committee/Oversight (Director of Appraisal Issues)			
Director of Publications			
Standards Board Program Manager			
<b>Total Direct Labor Cost</b>			<b>\$25,252</b>
<b>2. AV Rental For Meetings</b>			<b>Estimated Cost</b>
Included in hotel charges			\$0
			\$0
			\$0
<b>Total AV Rental for Meetings</b>			<b>\$0</b>
<b>3. Travel</b>			
<b>3a. Transportation - Airfare</b>	<b>Trips</b>	<b>Fare</b>	<b>Estimated Cost</b>
Investigator Training Session	53	\$600.00	\$31,800
Investigator Training Session	43	\$600.00	\$25,800
Investigator Training Session (50 students level I, 40 students Levels II and III, 2 instructors and 1 staff person)	43	\$600.00	\$25,800
<b>Subtotal - Transportation - Airfare</b>			<b>\$83,400</b>
<b>3b. Per Diem or Subsistence</b>	<b>Quantity</b>	<b>Rate per Day</b>	<b>Estimated Cost</b>
Investigator Training Session (3 days)	53	\$260.00	\$13,780
Investigator Training Session (3 days)	43	\$260.00	\$11,180
Investigator Training Session (3 days) (50 students level I, 40 students Levels II and III, 2 instructors and 1 staff person)	43	\$260.00	\$11,180
<b>Subtotal - Per Diem or Subsistence</b>			<b>\$36,140</b>
<b>3c. Meeting Costs - Hotel Charges</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Estimated Cost</b>
Investigator Training Session	1	\$16,000.00	\$16,000
Investigator Training Session	1	\$13,500.00	\$13,500
Investigator Training Session	1	\$13,500.00	\$13,500
Audio/Visual Rental for 3 Sessions	3	\$5,000.00	\$15,000
<b>Subtotal - Meeting Costs</b>			<b>\$58,000</b>
<b>Total Travel Cost</b>			<b>\$177,540</b>

## Grant Application Detailed Budget Worksheet

The Appraisal Foundation  
1155 15th Street, N.W. Suite 1111  
Washington, DC 20005

October 1, 2018 - September 30, 2019

**Category: Investigator Training**

4. Consultants	Days	Rate per Day	Estimated Cost	
Facilitators for 3 Classes	6	\$3,000.00	\$18,000	
Instructional design and update to existing courses			\$10,000	
<b>Total Consultants Cost</b>			<b>\$28,000</b>	
5. Contracts and Sub-Grantees (List individually)	Quantity	Unit Cost	Estimated Cost	
<b>Total Subcontracts Cost</b>			<b>\$0</b>	
6. Other Direct Costs	Quantity	Unit Cost	Estimated Cost	
Printing of Training Materials	140	120	\$16,800	
Mailing of Training Materials	140		\$3,124	
<b>Total Other Direct Costs</b>			<b>\$19,924</b>	
<b>Subtotal of Direct Costs</b>			<b>\$250,716</b>	
7. Indirect Costs	Type	Rate	Base	Estimated Cost
Calculated on Labor Costs	<b>Fringe</b>	29.40%	\$25,252.02	\$7,424
Calculated on Labor Costs	<b>Overhead</b>	66.90%	\$32,676.11	\$21,860
<b>Total Indirect Costs</b>				<b>\$29,284</b>
<b>Total Estimated Costs (Subtotal Direct + Total Indirect)</b>				<b>\$280,000</b>

Summary of Investigator Training Estimated Costs	Estimated Cost
<b>Personnel (Direct Labor)</b>	<b>\$25,252</b>
<b>Travel</b>	<b>\$177,540</b>
<b>Consultants</b>	<b>\$28,000</b>
<b>Contracts and Sub-Grants</b>	<b>\$0</b>
<b>Other Direct Costs</b>	<b>\$19,924</b>
<b>Indirect Costs</b>	<b>\$29,284</b>
<b>Total:</b>	<b>\$280,000</b>

**2018 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	June 4-6, 2018	Tampa, FL	43 attendees 26 states	Tom Lewis, Larry Disney
Level 2	July 9-11, 2018	Tampa, FL	26 attendees 20 states	Don Rodgers, Larry Disney
Level 3	August 27-29, 2019	Tampa, FL	__ attendees __ states	Tom Lewis, Larry Disney

**2017 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	May 8-10, 2017	Tampa, FL	48 attendees 29 states	Tom Lewis, Larry Disney
Level 2	July 10-12, 2017	Tampa, FL	45 attendees 26 states	Dennis Badger, Don Rodgers, Deloris L. Kraft- Longoria
Level 3	December 4-6, 2017	Tampa, FL	32 Attendees 23 states	Tom Lewis, Larry Disney, Craig Steinley

**2016 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	May 23-25, 2016	St. Louis, MO	49 attendees 22 states	Tom Lewis, Larry Disney
Level 2	Aug 1-3, 2016	St. Louis, MO	34 attendees 24 states	Dennis Badger, Don Rodgers
Level 3	Sept 19-21, 2016	St. Louis, MO	37 attendees 22 states	Tom Lewis, Larry Disney

**2015 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	March 9-11, 2015	San Antonio, TX	42 attendees 26 states	Tom Lewis, Larry Disney

Appendix I

Level 2	April 20-22, 2015	Salt Lake City, UT	37 attendees 22 states	Dennis Badger, Don Rodgers
Level 3	September 28-30, 2015	Raleigh, NC	50 attendees 29 states	Tom Lewis, Maggie Hambleton

**2014 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	May 19-21, 2014	Baltimore, MD	36 attendees 21 states	Larry Disney, Tom Lewis
Level 2	June 9-11, 2014	Dallas, TX	23 attendees 17 states	Dennis Badger, Don Rodgers
Level 3	Sept 8-10, 2014	San Diego, CA	39 attendees 22 states	Tom Lewis, Maggie Hambleton

**2013 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	June 27-29	Denver, CO	46 attendees 30 states	Tom Lewis, Don Rodgers
Level 2	August 15-17	Chicago, IL	35 attendees 26 states	Dennis Badger, Larry Disney

**2012 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	June 28-30th	Scottsdale, AZ	37 24 different states & territories	Dennis Badger, Nikole Avers
Level 2	Aug 16-18th	Tampa, FL	33 19 different states & territories	Tom Lewis, Larry Disney
Level 3	Offered in 2012	Video taping	34 - 7/11/12	Dennis Badger, Tom Lewis

**2011 Investigator Training Courses**

Appendix I

Course	Date	Location	Attendees & States	Instructors
Level 1	Sept. 29-Oct. 1	Chicago, IL	40 23 different states & territories	Dennis Badger, Tom Lewis
Level 2	Oct. 6-8 <sup>th</sup>	Scottsdale, AZ	23 16 different states & territories	Dennis Badger, Tom Lewis
Level 3	Taped in 2011	Video taping		Dennis Badger, Tom Lewis

**2010 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	August 5-7 <sup>th</sup>	Chicago, IL	40 attendees 28 states	Dennis Badger, Tom Lewis
Level 2	September 9-11 <sup>th</sup>	Washington, DC	33 attendees 15 states	Dennis Badger, Tom Lewis
Level 2	October 28-30 <sup>th</sup>	Dallas, TX	40 attendees 21 states	Dennis Badger, Tom Lewis
Level 2	November 11-13 <sup>th</sup>	Scottsdale, AZ	40 attendees 24 states	Dennis Badger, Tom Lewis

**2009 Investigator Training Courses**

Course	Date	Location	Attendees & States	Instructors
Level 1	March 19-21 <sup>st</sup>	Scottsdale, AZ	37 attendees 10 states	Dennis Badger; Tom Lewis
Level 1	June 4-6 <sup>th</sup>	Dallas, TX	40 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	August 6-8 <sup>th</sup>	Washington, DC	39 attendees 13 states	Dennis Badger, Tom Lewis
Level 1	November 12-14 <sup>th</sup>	Chicago, IL	40 attendees 13 states	Dennis Badger, Tom Lewis

Appendix II

	Level 1	Level 2	Level 3
Alabama	10	5	4
Alaska	6	2	
Arizona	27	15	4
Arkansas	6	3	2
California	21	18	9
Colorado	13	11	6
Connecticut	3	2	2
Delaware	13	5	1
District of Columbia (DC)	5	1	
Florida	25	16	11
Guam	6	1	
Georgia	8	4	3
Hawaii	7	4	
Idaho	13		
Illinois	18	9	6
Indiana	15	8	1
Iowa	9	4	5
Kansas	11	7	4
Kentucky	14	10	4
Louisiana	10	9	4
Maine			
Maryland	5	4	4
Massachusetts	7	4	1
Michigan	12	3	1
Minnesota	13	9	2
Mississippi	8	5	3
Missouri	2	4	3
Montana	14	3	1
Nebraska	11	6	2
Nevada	3	1	
New Hampshire	19	11	8
New Jersey	4	5	3
New Mexico	8	2	1
New York	11	8	6
North Carolina	4	4	3
North Dakota	9	5	5
Ohio	18	10	6



Oklahoma	6	3	1
Oregon	8	6	4
Pennsylvania	9	1	1
Puerto Rico	2	2	1
Rhode Island	1		
Mariana Islands	1		
South Carolina	5	3	3
South Dakota	8	7	6
Tennessee	11	8	3
Texas	18	14	6
U.S. Virgin Islands	4	3	
Utah	6	4	1
Vermont	9	5	
Virginia	14	8	4
Washington	14	12	5
West Virginia	9	2	2
Wisconsin	7	1	1
Wyoming	4	3	1
<b>TOTAL</b>	<b>524</b>	<b>344</b>	<b>154</b>
Unique States or Territories	<b>54</b>	<b>51</b>	<b>39</b>

Enclosure 3

# NOTICE OF FUNDING AVAILABILITY (NOFA)

**Federal Agency Name:** The Appraisal Subcommittee (ASC)

**Funding Opportunity Title:** Board Support and Innovation Grant

**Announcement Type:** Federal, Non-Competitive Grant

**Eligible Entities:** The Appraisal Foundation (TAF)

**Application Deadline:** December 19, 2020

**CFDA Number:** TBD

**Award Period:** October 1, 2020 – September 30, 2023 (3 Year Award)

**Available Funds:** \$3,000,000 over three years; \$1,000,000 in Year 1

**Number of Awards:** 1

**Authorization:** Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), Title XI § 1109 (b)(4), 12 U.S.C. 3338 (Title XI)

## BACKGROUND

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, and 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 regulatory framework as it relates to federally related transactions as defined in Title XI.

Title XI also requires the ASC to monitor and review the practices, procedures, activities and organizational structure of TAF and authorizes the ASC to grant funds as it deems appropriate to TAF to support grant-eligible activities of the Appraiser Qualifications and Appraisal Standards Boards (AQB and ASB).

## PURPOSE

The purpose of this NOFA is to make funds available to TAF to support both the operations of the AQB and ASB, including projects and activities that promote innovation and expand positive impact of the AQB, ASB and TAF's other grant-eligible activities.

### I. PROPOSED ACTIVITIES

The ASC invites a proposal from TAF for federal grant support for the following activities:

A. Support for AQB and ASB Activities. TAF can request up to 60% of the funds needed to support the two boards for grant-eligible activities in FY 2021. The proposal should reflect COVID-19-

related logistical considerations and plan for both in-person or virtual meetings or a combination of the two for the next fiscal year. Note: The TAF proposal must include support for both the AQB and the ASB in addition to any of the below grant-eligible activities.

B. Uniform Standards of Professional Appraisal Practice (USPAP) STANDARDS 1 - 6 Project. TAF can request funds to make STANDARDS 1 - 6 available to the public at no cost, in a searchable, downloadable and Section 508 compliant format. The Financial Accounting Standards Board's (FASB) treatment of generally accepted accounting principles (GAAP) could serve as a model. Suggested Timeframe: 18 months.

C. USPAP Publishing and Revenue Model. TAF can request funds to commission an outside study that includes a review of the current publishing cycle for USPAP and its connection to TAF's revenue needs. The study could present alternative revenue models and provide estimates for technology and staffing costs to develop alternative, cost effective and sustainable models to at least partially support TAF operations. If TAF concludes a change in publishing and revenue model is warranted, the study could be the basis for additional TAF grant requests to the ASC. Suggested Timeframe: 12 months

D. AQB/ASB/Board of Trustees (BOT) Operational Assessment. TAF can request funds to use outside experts to assess structure, operations and programmatic impact. The assessment could focus on issues that include staff support, diversity, independence, board member term lengths, and recruitment and selection strategies for board members and staff. Suggested timeframe: 12 months

E. Practical Application in Real Estate Appraisals (PAREA) Project Review. TAF can request funds to use outside experts to review and make recommendations on alternative or expanded strategies for the implementation of PAREA or alternative paths to gaining needed practical appraisal experience. Recommendations could be the basis for additional Foundation grant requests to support implementation of PAREA. Suggested time frame: 18 months

F. Research and Analytics. TAF can request funds to develop and conduct a comprehensive survey to provide better industry data to the appraisal profession and other stakeholders. The roadmap could be the basis for additional grant requests for personnel and contract research projects that advance the field. Suggested Timeframe: 36 Months

G. Other Initiatives. TAF can propose additional areas for grant support. Examples could include studying:

- appraiser shortages
- diversity in the profession
- veterans' outreach
- National Exam updates

## II. FEDERAL AWARD INFORMATION

**A. Available Funds and Estimated Award Amounts:** The ASC has made available a total of \$3,000,000 for grant-eligible activities conducted by TAF over a three-year grant period with \$1,000,000 available for the first year. Budgets for years two and three will be determined in subsequent renewal applications.

**B. Project Period:** This grant will be for three years with funding provided on an annual basis. The project period will be October 1, 2020 through September 30, 2023.

**C. Type of Award:** Under this NOFA the applicant will receive a non-competitive, federal cost-reimbursement grant that will specify the amount awarded based on a budget submitted to and negotiated and approved by the ASC. The grantee will be authorized to spend funds as costs are incurred based on the approved budget during a specified budget period.

### III. ELIGIBILITY INFORMATION

**Eligible Applicants:** The only eligible applicant for this NOFA is TAF. The ASC does, however, encourage partnerships that together bring the range of complementary background, activities, experience, knowledge and systems to support the work of TAF and the AQB and ASB. TAF may identify partners in their applications or outline a detailed process for identifying and selecting partners in the application.

### IV. APPLICATION, SUBMISSION AND RELATED INFORMATION

This notice should be read together with the Code of Federal Regulations at 2 CFR 200 to understand the priorities for this funding and the requirements for administering federal grant funds. The regulations in 2 CFR 200 can be found at: [www.ecfr.gov/cgi-bin/ECFR?page=browse](http://www.ecfr.gov/cgi-bin/ECFR?page=browse). They describe grantee requirements for financial management of the federal funds, provide areas and examples of generally allowable costs under the grant and outline the requirements for grantee audits of expenditures.

**A. Address to Request Application Package:** This NOFA contains all the information applicants need to apply for funds. If you cannot access the required forms from the links provided or need accessible materials provided in an alternate format, you can do so by emailing [grants@ASC.gov](mailto:grants@ASC.gov).

**B. List of Required Application Elements:** Applicant will submit the elements listed below to the ASC. Some are standard federal grant forms that can be found at: <https://www.asc.gov/Grants.aspx>

- Application for Federal Assistance, Standard Form 424: This is a cover page for the Application Narrative
- Application Narrative: There is no form for the narrative – See content requirements below in Section D 2 and attach the narrative to the SF424, Application for Federal Assistance.
- Budget Form, SF 424A \*(use separate budget forms for the AQB and ASB planned activities).
- Budget Narrative: See instructions below in Section D 4.
- Certifications and Assurances: Applicants must comply with these certifications and assurances within their organizations as a condition of the grant. By signing the SF424, the applicant is agreeing to comply with the certifications and assurances.

## C. Required Registrations

1. **DUNS and EIN:** All applications must include a DUNS number (soon to be called a UEI) and an Employer Identification Number. The DUNS number does not replace an Employer Identification Number. Applicants can obtain a DUNS number at no cost by calling the DUNS number request line at (866) 705-5711 or by applying online at [www.dnb.com](http://www.dnb.com).
2. **SAM:** After obtaining a DUNS number, applicants must register with the System for Award Management (SAM) and maintain an active SAM registration until the application process is complete. You can find extensive information about and instructions for using SAM at:

<https://www.sam.gov/SAM/pages/public/loginFAQ.jsf>

TAF must also maintain an active SAM registration throughout the life of the award. SAM registration must be renewed annually. The ASC recommends that applicants finalize new registration or renew an existing one at least three weeks before the application deadline for new or continuation grants. The ASC also provides guidance on registering in SAM that is available on the ASC website at: <https://www.asc.gov/Grants.aspx>

## D. Content and Form of Application Submission

1. **Format of the Application Narrative:** Applicants will submit a narrative that covers the information described in D 2, Instructions for the Application Narrative. The narrative can be no longer than 24 pages and must be written in a font equal to or larger than 12-point Times New Roman with double spaced lines.
2. **Instructions for Application Narrative:** Your program narrative should contain the sections listed below. The proposal narrative should include separate sections for the ASB, the AQB and the projects that support TAF and its efforts to advance the appraisal regulatory industry as outlined in Section I of this NOFA. In addition, the narrative should describe TAF's organizational capacity to manage and conduct the planned activities, including background and experience of staff that will be involved in the activities.
  - a. **Business Plans:** A plan describing the issues prioritized for each Board's review and planned action during the upcoming fiscal year.

Provide the rationale for the priorities and the means by which those priorities will be addressed.

In separate sections of your narrative, describe plans and activities for any optional grant-eligible projects outlined in Section I of this NOFA.

Describe the staff positions you will need to plan and conduct activities and your approach to hiring required staff and or contractors. Although you are proposing Year one activities, describe how your plans will continue in Years two and three of the grant.

- b. Program Objectives:** Within each business plan, include specific program objectives and criteria for measuring the success of those objectives. Be clear about how you will meet the objectives and evaluate your progress and the effectiveness of each Board's work or the work associated with any special initiatives proposed in this application.
  - c. USPAP Overview:** Within each business plan, provide an overview of the most recent changes to USPAP promulgated by the ASB, and the Real Property Appraiser Qualification Criteria (Criteria) established by the AQB, describing what effect those changes have had on appraisers, users of appraisal services or regulators.
- 3. Instructions for the Budget:** The ASC recommends you prepare your budget narrative first as a spreadsheet, then complete the budget form, SF424A, with the totals for each of the Object Class Categories. The on-line fillable form includes instructions for completing the form. ASC applicants will complete only the following sections and columns:

- Section A, Column e and f
- Section B, Column 1
- Section C, Columns b, c and d as needed
- Section E, Columns b, c and d
- Section F, Boxes 22 and 23 as needed

TAF should include projected income from the sale of USPAP or other sources of income that are the result of sale of material developed with federal grant funds. Describe the income in Section C on lines 8 through 11 and enter the anticipated amounts in the relevant columns. A separate budget form can be used for each Board.

- 4. Instructions for the Budget Narrative:** The budget narrative is a spreadsheet that ties your budget to the proposed activities and provides explanations of costs associated with the project. The budget categories listed below are the Object Class Categories on the SF424A that represent categories of expenditures under the grant. Enter these budget categories on a spreadsheet following these instructions and include the spreadsheet with your application. Refer to Subpart E, 2 CFR 200.400 - 200.475 for some general categories of allowable costs.
- a. Personnel:** For each position you plan to fund with ASC funds, include the position title, the total salary for each person, the percentage of time the person will spend working on activities under the grant and the total amount being requested.

Example: Project Manager at 50% time based on annual salary of \$70,000.\$35,000

- b. Fringe Benefits:** This can be a percentage of salaries or other methods

- c. **Travel:** Specify the reason for travel, its cost including, in general, an estimate of transportation, lodging and per diem. Note travel can be budgeted for up to 100% of planned travel in 2021 though it is likely COVID-19 will still prevent in-person meetings. Unused travel funds can be rolled to the next year's budget or reprogrammed upon request of the grantee and at ASC's discretion.

Example: Conduct training sessions, each trip average of \$1,200 to 20 locations = \$24,000

- d. **Equipment:** Equipment is defined as anything with a unit value over \$5,000. Please be aware that you will need to maintain an inventory of all equipment following requirements described in 2 CFC 200.439.
- e. **Supplies:** Do not list every supply separately. You should list purchases such as laptops and printers separately. However, general office supplies can be listed as one-line item.
- f. **Contractual:** Describe and list each contract separately. Contracts can be for materials or services. If for services, list the daily rate for each contractor and the anticipated days needed.
- g. **Other:** This category is for anything that does not fit the other six major categories.
- h. **Total Direct Charges.**
- i. **Indirect Charges:** TAF may use its Negotiated Indirect Cost Rate. Note that provisional rates must be made final and rates must be renewed annually.

5. **Instructions for the Certifications and Assurances:** Read the certification and assurances and be prepared to implement them. By signing the SF424, Application for Federal Assistance, the applicant is agreeing to comply with them.

- E. **Address to Request Additional Information.** If you have questions while you are preparing your proposal, you may email the ASC's Grants Director, Mark Abbott at *Mark@ASC.gov*.

The ASC will hold technical assistance calls as requested by TAF to support development of its application.

- F. **Submission Dates and Times:** Applications are due by 8:00 pm EDT on December 19, 2020.

- G. **Intergovernmental Review:** Not applicable for this grant competition.

**H. Funding Requirements and Restrictions:**

- If an application is approved for a grant, TAF may not begin incurring costs until the ASC issues the Notice of Grant Award (NGA). The ASC will, however, allow the project period for the grant to begin on October 1, 2020 and allow TAF to seek reimbursement for eligible costs from that date forward.



- ASC grants on for non-construction purposes. Grantees may not buy or improve property under the grant.
- Applicable Federal Regulations: All grantees must follow federal requirements for grants contained in 2 CFR 200 and agree to specific certifications and assurances found at <https://www.asc.gov/Grants.aspx>. All staff must understand and follow those requirements. Those regulations also reference other federal requirements that apply to the grants. The NGA will reference these regulations, including requirements for a drug-free workplace and prohibitions on lobbying.

## V. APPLICATION REVIEW AND SELECTION INFORMATION

The ASC will review TAF's application based on the criteria listed below to ensure activities are within the scope of the NOFA and confirm the budget includes only costs that are reasonable, allocable and allowable under the grant.

**A. Review Criteria and Process:** ASC staff will review the application and evaluate it based on these criteria. Because this is not a competitive application, ASC staff will not score the application, but will provide feedback during the negotiation and clarification phase of the grant award process, which is prior to the grant being awarded.

- 1. Organization Capacity:** The extent to which the narrative demonstrates TAF's capacity to oversee, monitor and support the AQB and ASB in addition to any other proposed activity. Capacity includes ability to provide facilities, equipment, and other resources to ensure both financial and programmatic quality and compliance and accountability with rules and regulations.
- 2. Proposed Plans:** The quality of the business plans to address identified priorities and related objectives, including plans for staffing. The narrative should include plans to evaluate the effectiveness of the program and ensure high-quality products and services.
- 3. Budget and Cost Effectiveness:** The extent to which the budget narrative aligns with the program design and demonstrates an understanding of what is needed to meet the project objectives.

**B. Clarification and Negotiation Process:** After the review process, the ASC will work with applicants to clarify any issues and negotiate and approve a final budget and the scope of the activities.

## VI. AWARD ADMINISTRATION INFORMATION

The ASC will make the award following the review and any clarification or negotiation process.

The NGA is the official grant document that contains the amount of the award, the project and budget periods during which the funds can be spent, any special conditions on the award, the reporting requirements and the grant administration requirements, including specific terms and conditions and certifications. The approved application and budget are part of the NGA.

The NGA must be signed by an authorized official at TAF, acknowledging that as the grantee, it will comply with all Terms and Conditions in the NGA and the Certifications and Assurances that come with the award.

The ASC will provide instructions for TAF to set up accounts in the Payment Management System (PMS), operated by the Program Support Center (PSC) in the Department of Health and Human Services. PMS is a secure online system TAF will use to access grant funds and submit financial and progress reports. When the ASC awards a grant, the funds will be placed in a grantee account in PMS, which the grantee will then use to draw down grant funds as they expend them.

TAF will establish an account in the system and enter their bank account and routing data so the ASC can make grant funds available in PMS. As TAF expends funds under the grant, they will request drawdowns from their PMS account that will be deposited in their bank accounts, usually within 24 hours.

Grantees will also submit the Federal Financial Report (FFR) and performance reports in the system which will be due every six months, 30 days after the end of reporting periods that will end on September 30 and March 31 of each grant year.

**Administrative and National Policy Requirements:** The award under this notice is subject to the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award in 2 CFR Part 200. In addition, TAF must adhere to requirements in the Terms and Conditions that will accompany the NGA, including Trafficking in Persons, Drug-free Workplace Whistleblower protection and Federal Financial Accountability and Transparency Act (FFATA) reporting.

## **VII. ADDITIONAL CONSIDERATIONS**

**Grantee Partnerships:** TAF is encouraged to name cooperating partners in its application but named partners aren't required for the application. In lieu of this, TAF can propose a process for finding a quality partner for a specific project or initiative supported by the grant.

## **VIII. AGENCY CONTACT and TECHNICAL ASSISTANCE FOR QUESTIONS ABOUT THE PROCESS**

You may email Mark Abbott at [Mark@ASC.gov](mailto:Mark@ASC.gov) with any questions related to this NOFA or development of your application.

Enclosure 4

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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

January 17, 2020

Mr. David Bunton, President  
The Appraisal Foundation  
1155 15<sup>th</sup> Street NW, Suite 1111  
Washington, DC 20005

RE: 2020 Investigator Training Grant Award and ASB/AQB Grant Award

Dear Mr. Bunton:

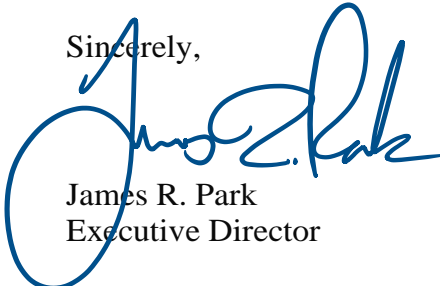
The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) has awarded an Investigator Training Program grant to The Appraisal Foundation (TAF) in the amount of \$314,058 and a grant to support the Appraisal Standards and Appraiser Qualifications Boards in the amount of \$471,348.

Attached please find the Notices of Grant Awards (NGAs) and needed Certifications. An authorized official at your organization must sign and return one copy of the agreement to the address listed in the award document. The agreement establishes the period of performance for your awards and references the standard grant terms and conditions and any special award conditions that are applicable.

Until TAF has established a SAM account (see attachment) and the ASC has set up its account with the Payment Management System at the U.S. Department of Health and Human Services, TAF can request reimbursement or advances of grants funds by sending a request that includes the amount requested and grant number by email to Girard Hull at [Girard@asc.gov](mailto:Girard@asc.gov).

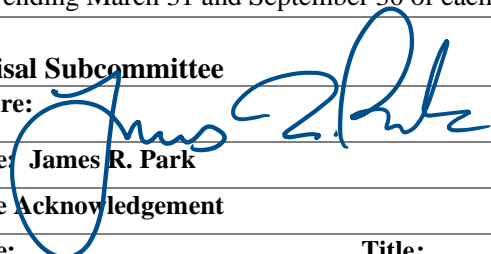
If you have any questions about any of these matters, please contact our Grants Director Mark Abbott at [Mark@asc.gov](mailto:Mark@asc.gov). The entire team at ASC and I are looking forward to working with you and the great team at TAF on these important projects.

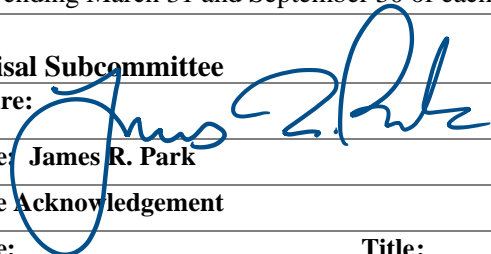
Sincerely,

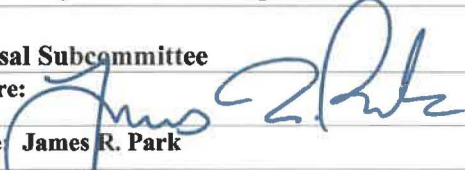
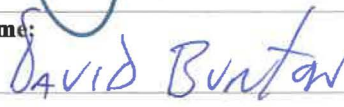
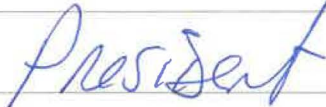


James R. Park  
Executive Director

Attachments: Notice of Grant Award  
Assurances  
SAM Instructions

<b>Notice of Grant Award</b>		<b>Appraisal Subcommittee</b>	
<b>Grantee: The Appraisal Foundation</b>		<b>1325 G Street NW, Suite 500</b>	
		<b>Washington, DC 20005</b>	
<b>Address:</b>			
The Appraisal Foundation 1155 15 <sup>th</sup> Street NW, Suite 1111 Washington, DC 20005			
<b>Obligation Information</b>			
Agreement Number: ASC-QS-N-DC-2020-001		Project Period: 10/1/2019 – 9/30/2022	
CFDA Number: Pending		Budget Period: 10/1/2019 – 9/30/2020	
Grant Program Name: AQB/ASB Support Grant			
<b>Funds Description</b>			
This grant award provides federal assistance for the Appraisal Standards Board (ASB) and the Appraiser Qualifications Board (AQB).			
<b>Funding Information</b>			
<b>Description</b>	<b>Carryover Amount</b>	<b>Current Award</b>	<b>Total Funding</b>
<b>Federal Funds</b>	\$0.00	\$471,348	\$471,348
<b>Matching Funds</b>	\$0.00	\$641,096	\$641,096
<b>Purpose</b>			
As authorized under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the purpose of this award is to support the work of the ASB and the AQB.			
<b>Special Award Conditions</b>			
<ol style="list-style-type: none"> <li>In accordance with Appendix IV to 2 CFR Part 200, the Grantee will work with ASC/HHS to establish a predetermined indirect cost rate for the project period. The indirect cost rate proposal must be submitted as soon as feasible after award but no later than 3 months after the effective date of the award. The rate will be a <b>FIXED RATE WITH CARRY-FORWARD</b>: Any differences between the estimated rate established for this award and the actual indirect costs incurred during the period covered by the budget period of the award will be carried forward as an adjustment to the rate computation for the subsequent period.</li> <li>This grant award will expire on the day following the 30<sup>th</sup> calendar day after the issuance date if the NGA has not been countersigned by the grantee and returned to the ASC.</li> </ol>			
<b>Grant Administration</b>			
Award recipients and sub-recipients must adhere to all applicable federal requirements, including Office of Management and Budget (OMB) guidance: Title 2 Code of Federal Regulations, Subtitle A, Chapter II, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (2 C.F.R. § 200). Other requirements are 2 CFR § Part 175, Award Term for Trafficking in Persons (see attached grant provision). Attached for certification is Drug-free Workplace Requirements of 2 C.F.R. § 182. Awardees are notified of the applicability of 41 USC § 4712 providing protection for whistleblowers.			
<b>Reporting Requirements</b>			
Per 2 C.F.R. § 200, program and expenditure (Federal Financial Report, SF 425) reports are due semi-annually for reporting periods ending March 31 and September 30 of each year. Reports are due 30 days after the end of the reporting period.			
<b>Appraisal Subcommittee</b>		<b>Funding Source</b>	
Signature: 		362X5026 000 821X TVF91100 41 R22	
Name: <b>James R. Park</b>		Title: <b>Executive Director</b>	
		Award Issuance Date: 1/17/2020	
<b>Grantee Acknowledgement</b>		By signing this NGA and accepting funds under this grant, the grantee agrees to comply with all terms and conditions in this NGA and the attached Certifications and Assurances.	
Name:	Title:		

<b>Notice of Grant Award</b>		<b>Appraisal Subcommittee</b>	
<b>Grantee: The Appraisal Foundation</b>		<b>1325 G Street NW, Suite 500</b>	
		<b>Washington, DC 20005</b>	
<b>Address:</b>			
The Appraisal Foundation 1155 15 <sup>th</sup> Street NW, Suite 1111 Washington, DC 20005			
<b>Obligation Information</b>			
Agreement Number: ASC-IT-N-DC-2020-001		Project Period: 10/1/2019 – 9/30/2020	
CFDA Number: Pending		Budget Period: 10/1/2019 – 9/30/2020	
Grant Program Name: State Investigator Training Program			
<b>Funds Description</b>			
This grant award provides federal assistance for the Investigator Training Program for the benefit of State appraiser certifying and licensing agencies.			
<b>Funding Information</b>			
<b>Description</b>	<b>Carryover Amount</b>	<b>Current Award</b>	<b>Total Funding</b>
<b>Federal Funds</b>	\$0.00	\$314,058.00	\$314,058.00
<b>Matching Funds</b>	\$0.00	\$0.00	\$0.00
<b>Purpose</b>			
As authorized under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the purpose of this award is to carry out activities in support of the Investigator Training Program for the benefit of State appraiser certifying and licensing agencies.			
<b>Special Award Conditions</b>			
<ol style="list-style-type: none"> <li>1. In accordance with Appendix IV to 2 CFR Part 200, the Grantee will work with ASC/HHS to establish a Predetermined indirect cost rate for the award period. The indirect cost rate proposal must be submitted as soon as feasible after award but no later than 3 months after the effective date of the award. This award will be amended to reflect the final determined indirect cost rate.</li> <li>2. This grant award will expire on the day following the 30<sup>th</sup> calendar day after the issuance date if the NGA has not been countersigned by the grantee and returned to the ASC.</li> </ol>			
<b>Grant Administration</b>			
Award recipients and sub-recipients must adhere to all applicable federal requirements, including Office of Management and Budget (OMB) guidance: Title 2 Code of Federal Regulations, Subtitle A, Chapter II, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (2 C.F.R. § 200). Other requirements are 2 CFR § Part 175, Award Term for Trafficking in Persons (see attached Grant Provision). Attached for certification is Drug-free Workplace Requirements of 2 C.F.R. § 182. Awardees are notified of the applicability of 41 USC § 4712 providing protection for whistleblowers.			
<b>Reporting Requirements</b>			
Per 2 C.F.R. § 200, program and expenditure (Federal Financial Report, SF 425) reports are due semi-annually for reporting periods ending March 31 and September 30 of each year. Reports are due 30 days after the end of the reporting period.			
<b>Appraisal Subcommittee</b>		<b>Funding Source</b>	
Signature: 		362X5026 000 821X TVF91100 41 R22	
Name: James R. Park		Title: Executive Director	
Award Issuance Date: 1/17/2020			
<b>Grantee Acknowledgement</b>			
Name: _____		Title: _____	
		By signing this NGA and accepting funds under this grant, the grantee agrees to comply with all terms and conditions in this NGA and the attached Certifications and Assurances.	

<b>Notice of Grant Award</b>		<b>Appraisal Subcommittee</b>	
<b>Grantee: The Appraisal Foundation</b>		<b>1325 G Street NW, Suite 500</b>	
		<b>Washington, DC 20005</b>	
<b>Address:</b>			
The Appraisal Foundation 1155 15 <sup>th</sup> Street NW, Suite 1111 Washington, DC 20005			
<b>Obligation Information</b>			
Agreement Number: ASC-IT-N-DC-2020-001		Project Period: 10/1/2019 – 9/30/2020	
CFDA Number: Pending		Budget Period: 10/1/2019 – 9/30/2020	
Grant Program Name: State Investigator Training Program			
<b>Funds Description</b>			
This grant award provides federal assistance for the Investigator Training Program for the benefit of State appraiser certifying and licensing agencies.			
<b>Funding Information</b>			
<b>Description</b>	<b>Carryover Amount</b>	<b>Current Award</b>	<b>Total Funding</b>
<b>Federal Funds</b>	\$0.00	\$314,058.00	\$314,058.00
<b>Matching Funds</b>	\$0.00	\$0.00	\$0.00
<b>Purpose</b>			
As authorized under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the purpose of this award is to carry out activities in support of the Investigator Training Program for the benefit of State appraiser certifying and licensing agencies.			
<b>Special Award Conditions</b>			
<ol style="list-style-type: none"> <li>1. In accordance with Appendix IV to 2 CFR Part 200, the Grantee will work with ASC/HHS to establish a Predetermined indirect cost rate for the award period. The indirect cost rate proposal must be submitted as soon as feasible after award but no later than 3 months after the effective date of the award. This award will be amended to reflect the final determined indirect cost rate.</li> <li>2. This grant award will expire on the day following the 30<sup>th</sup> calendar day after the issuance date if the NGA has not been countersigned by the grantee and returned to the ASC.</li> </ol>			
<b>Grant Administration</b>			
Award recipients and sub-recipients must adhere to all applicable federal requirements, including Office of Management and Budget (OMB) guidance: Title 2 Code of Federal Regulations, Subtitle A, Chapter II, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (2 C.F.R. § 200). Other requirements are 2 CFR § Part 175, Award Term for Trafficking in Persons (see attached Grant Provision). Attached for certification is Drug-free Workplace Requirements of 2 C.F.R. § 182. Awardees are notified of the applicability of 41 USC § 4712 providing protection for whistleblowers.			
<b>Reporting Requirements</b>			
Per 2 C.F.R. § 200, program and expenditure (Federal Financial Report, SF 425) reports are due semi-annually for reporting periods ending March 31 and September 30 of each year. Reports are due 30 days after the end of the reporting period.			
<b>Appraisal Subcommittee</b>		<b>Funding Source</b>	
<b>Signature:</b> 		362X5026 000 821X TVF91100 41 R22	
<b>Name:</b> James R. Park		<b>Title:</b> Executive Director	
		<b>Award Issuance Date:</b> 1/17/2020	
<b>Grantee Acknowledgement</b>		By signing this NGA and accepting funds under this grant, the grantee agrees to comply with all terms and conditions in this NGA and the attached Certifications and Assurances.	
<b>Name:</b>  <b>Title:</b> 			



# The Appraisal FOUNDATION

Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications

August 3, 2020

James R. Park, Executive Director  
The Appraisal Subcommittee  
1325 G Street N.W.  
Suite 500  
Washington, D.C. 20005  
[jim@asc.gov](mailto:jim@asc.gov)

RE: Grant Decision

Dear Jim,

The Appraisal Foundation has always sought to keep our expenses low as we serve appraisers across the United States. As a result of the coronavirus pandemic, several of the events we hold across the country each year were cancelled, providing unexpected savings to The Appraisal Foundation. As a result of these savings, and other spending reductions, the Board of Trustees has decided to respectfully decline the Appraisal Subcommittee's grant this year. We appreciate the work the Appraisal Subcommittee does to assist the valuation profession and the support they have offered The Appraisal Foundation over the years. We hope the grant money made available to support the work of our organization might be used to help state appraisal programs that are facing added challenges amid the pandemic.

We look forward to continuing to work with the Appraisal Subcommittee on projects that help advance the profession.

Sincerely,

David S. Bunton  
President



## Appraisal Subcommittee Special Grant Provision

### **Trafficking in Persons**

#### I. Trafficking in persons.

##### a. *Provisions applicable to a recipient that is a private entity.*

1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
  - i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
  - ii. Procure a commercial sex act during the period of time that the award is in effect; or
  - iii. Use forced labor in the performance of the award or subawards under the award.
2. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity —
  - i. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
  - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—
    - A. Associated with performance under this award; or
    - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” as implemented by our agency in our Grants Handbook.

##### b. *Provision applicable to a recipient other than a private entity.* We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity—

1. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or

2. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either—

- i. Associated with performance under this award; or
- ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” as implemented by our agency in our Grants Handbook.

c. *Provisions applicable to any recipient.*

- 1. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.
- 2. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
  - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
  - ii. Is in addition to all other remedies for noncompliance that are available to us under this award.
- 3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

d. *Definitions.* For purposes of this award term:

- 1. “Employee” means either:
  - i. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
  - ii. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
- 2. “Forced labor” means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
- 3. “Private entity”:

- i. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
  - ii. Includes:
    - A. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
    - B. A for-profit organization.
4. “Severe forms of trafficking in persons,” “commercial sex act,” and “coercion” have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

## **CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

The grantee certifies that it will provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing a drug-free awareness program to inform employees about—
  - (1) The dangers of drug abuse in the workplace;
  - (2) The grantee's policy of maintaining a drug-free workplace;
  - (3) Any available drug counseling, rehabilitation and employee assistance programs, and
  - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
  - (1) Abide by the terms of the statement; and
  - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after each conviction;
- (e) Notifying the agency within ten days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction;
- (f) Taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted—
  - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

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Typed Name and Title of Certification Official

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Signature

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Date

**Appraisal Subcommittee  
Understanding and Using SAM  
Federal System for Award Management**

The System for Award Management (SAM) is the on-line system the federal government uses to manage all business with the federal government, including grants and cooperative agreements. States, non-profit organizations and foundations that seek grants or cooperative agreements from the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC) must be registered in SAM before they can receive funds from ASC.

The ASC will use the system to authorize funding, publish information about ASC grant opportunities and check organizational information. Grantees maintain data in the system about their organization and their banking information.

This is a general guide to the functions of SAM and the process for registering in the system. There is no cost to use SAM and any organization or agency registering in the system can provide access to multiple people in the agency or organization.

You can find extensive information about and instructions for using SAM at:  
<https://www.sam.gov/SAM/pages/public/loginFAQ.jsf>

The point of contact at ASC for all SAM related questions is Peg Rosenberry. She can be reached at [peg@ASC.gov](mailto:peg@ASC.gov). Please contact her with any questions after you have reviewed the below information and consulted the detailed FAQs provided on the SAM website.

**PLEASE NOTE:** *The registration process, including securing authorizations from SAM and other government systems before a SAM account is activated, can take up to four weeks. Be sure to apply in plenty of time to complete the registration process before applying for federal funds.*

## **A. Grantee Functions in SAM**

Registration in SAM makes agencies eligible for contracts or grants and federal assistance awards. An agency account in SAM contains banking and account information and identifies staff within the organization who will be maintaining the organization/agency's data in the system and providing any certifications required under the ASC grant.

An organization or agency in SAM is called an "entity." Individuals within the entity that need access to SAM will have roles in the system. The person who initially registers your agency and sets up the entity account will be the "Entity Administrator." You can learn more about the role of the Entity Administrator on the SAM website in Section 3.1.4 of the on-line User Guide as the web address in C below. That person will control who has access to the system and for what purposes. It could be the person who manages or has access to your banking and accounting

processes or someone else who would then give the role of managing banking and accounting processes to a designated person. Identify the person who will be the Entity Administrator before you begin the registration process. That person must first establish an Individual User Account in SAM. See Section D below for instructions on setting up an individual user account.

### **C. Getting Started**

Extensive instructions for registering your organization as an Entity in SAM and setting up roles for staff in the system can be found at:

[https://www.sam.gov/SAM/SAM\\_Guide/SAM\\_Non\\_Federal\\_User\\_Guide/SAM\\_Non\\_Fed\\_User\\_Guide.html](https://www.sam.gov/SAM/SAM_Guide/SAM_Non_Federal_User_Guide/SAM_Non_Fed_User_Guide.html)

To register in SAM for an Entity Account you will need the Entity Administrator to have a SAM account and, at a minimum, the following information:

1. Your Data Universal Numbering System (DUNS) designation. If you do not already have one, you can request a DUNS Number for free from Dun & Bradstreet at: <http://www.dnb.com>. Make sure you use your legal business address when you register.
2. Your legal business name/legal name of your state agency
3. Your Taxpayer Identification Number (TIN) and the taxpayer name associated with your TIN.
4. Your bank's routing number, your bank account number, and your bank account type, i.e. checking to set up Electronic Funds Transfer (EFT).

### **D. Steps for Setting up an Individual Account**

As noted above, individuals need an individual account before registering or getting access to an entity account. Getting an individual account in SAM is fairly straightforward and requires only this minimal information:

- First and Last Name
- Email Address
- Country (from drop down menu)
- Phone Number
- User Name
- Password

To set up an individual account:

1. Type [www.sam.gov](http://www.sam.gov) into your internet browser.
2. Select Log in to complete the authentication process and create an account.
3. The system will guide you through a series of steps that include security questions.
4. Once you click on submit, you will receive an email confirmation from SAM.

### **E. Steps for Setting up an Organization/Entity Account**

Once you, as the Entity Administrator, have set up an individual account, log into your account. On the MY SAM page, select Entity Registration and then select Register New Entity from the sub-menu. You will then follow a series of prompts:

1. Select Start Registration when you have the basic information listed above and are ready to begin the registration process. The Entity Management Registration Overview page details each section that you may come across during the registration process. If you are only registering to apply for federal grants, you will not complete all the sections.
2. Answer the question about your type of entity.
3. The system will then ask why you are registering in SAM. If you are only interested in ASC grants, you will select “I only want to apply for federal assistance opportunities like grants, loans, and other financial assistance programs.”
4. You will then be walked through a series of steps to provide:
  - Core Data: The information listed above such as the entity’s DUNs number and banking information
  - Points of Contact
  - Representations and Certifications

You can start the registration process, save your input, and come back to it at a later date to finish the process. The SAM user guides are very extensive and include screen shots of the various steps if you need them during the registration. The SAM Non-federal User Guide is especially detailed, and the help desk is also available if you need it.

## **APPENDIX B**

### **Response of the Appraisal Subcommittee to the Draft Report**



## **Appendix B**

### **Response of the Appraisal Subcommittee to the Draft Report**

The ASC has indicated they will take the recommendations made in the audit report, and information provided in response to the audit report by TAF under advisement and will issue a management decision thereon at the appropriate time in the future.



**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

**PAVE Action  
Implementation -  
ASC Actions**

## ASC PAVE TF Action Implementation

**Action 1.6: Develop a legislative proposal that modernizes the governance structure of the appraisal industry to improve transparency and public participation in the establishment of appraisal standards and appraiser qualification criteria and to advance diversity in the profession.**

**Milestones:**

- ASC staff has provided and will continue to provide technical assistance and serve as a resource as requested by DPC.

**Action 2.1: Strengthen coordination between supervisory and enforcement agencies to identify discrimination in appraisals and other valuation processes.**

**Milestones:**

- ASC will work with State Appraiser Regulatory Programs

**Action 3.1: Update appraiser qualification criteria related to appraiser education, experience and examination requirements to lower barriers to entry in the appraiser profession.**

**Milestones:**

- ASC staff is available to participate in drafting a joint letter to TAF's AQB and release a joint statement, requesting consideration of the following changes to appraiser qualification criteria:
  - Reduce or eliminate AQB experience requirements.
  - Provide additional justification for the college degree requirement for the Certified Residential Appraiser and Certified General Appraiser classifications or eliminate it entirely.
  - Develop a comprehensive exam as an alternative path to credentialing.

**Action 3.2: Increase engagement with States' appraisal regulatory agencies to help improve barriers to entry and advance diversity in the appraiser workforce.**

**Milestones:**

- ASC will evaluate the independent study of appraisal standards/appraiser qualifications and use it to improve the appraisal regulatory system to promote fairness, equity, objectivity, and diversity in appraisals and the training and credentialing of appraisers.
- ASC staff will engage with each State Appraiser Regulatory Program in an annual session focused on advancing equity in their respective Program. Topics may include reviewing State appraiser qualifications to identify and eliminate burdensome requirements; creating employment opportunities within State Boards and personnel for people of color, women, veterans, persons with disabilities, and other underrepresented

populations; and developing innovative alternatives to the trainee/supervisory appraiser model.

- The ASC will commit \$3.2 million in grants for fiscal years 2022 and 2023 to support innovative approaches at the State level to advance more equitable State appraiser certification and licensing systems. This may include alternatives to the trainee/supervisor model, improving the trainee/supervisor process by introducing incentives or alternate ways for appraisers to become supervisors, new training that improves the effectiveness of supervisors, and education modules that shorten the timeline for becoming a licensed or certified appraiser.
- ASC will seek Board and budget approval to launch a technical assistance initiative to help States understand the flexibilities they possess and work with them to establish alternative pathways.
  - This could include reminding States there is flexibility with AQB experience requirements and that States have the authority to recognize college degrees and workforce training programs as fully satisfying the educational requirements in their State.
  - ASC staff will engage, and will encourage State agencies to engage Tribes, Tribal Colleges, Veterans groups, Historically Black Colleges and Universities (HBCUs), Minority-Serving Institutions (MSIs), and community colleges on developing the next generation of appraisers.
- The Task Force will seek to expand the use of paid trainee models, such as the DOI example mentioned above, to help remove barriers to entry and advance equity in the appraiser workforce. As another example of paid trainee models, DOL and the ASC will seek to develop Registered Apprenticeship programs as an alternative pathway to an appraiser credential. They will also seek to establish a Registered Apprenticeship for federally employed appraisers, like those employed by DOI, to allow agencies to provide paid on-the-job training while the apprentices attend courses.

**Action 4.1: Update and clarify government resources for consumers who believe they may have experienced appraisal bias.**

**Milestone:**

- ASC will develop a strategy to expand the hotline to provide a referral for potential victims of appraisal discrimination to include HUD's Office of Fair Housing and Equal Opportunity (FHEO) and CFPB for individual complainants; the Civil Rights Division of DOJ for pattern or practice complaints; and appropriate State agencies. ASC will share hotline data with these agencies, as appropriate, and will update the hotline website to include information pertaining to fair housing and lending laws and how they pertain to appraisals and appraisers.

**Action: 5.1 Develop data-sharing arrangements among all relevant government agencies and pursue joint strategies to make appraisal-related data more widely available, foster federal research, and better enable enforcement related to appraisal bias.**

**Milestones:**

- The ASC is engaging (signed MOU) with FHFA to obtain appraisal data that will allow ASC to determine the number of active appraisers servicing mortgage lenders and where they are located.
- FHFA is creating a shared database the ASC and other agencies will be able to access.
- ASC will share National Registry data in furtherance the Task Force goals.
- Long term goal is for all PAVE agencies to share data that is relevant to the Task Force goals.

**Action: 5.2: Launch a standing interagency effort to identify and fill gaps in the current state of research and help inform future policy and enforcement priorities.**

**Milestones:**

- The PAVE Task Force will launch the PAVE Research Working Group, a standing interagency effort to identify and fill gaps in the current state of research and help inform future policy, enforcement, and compliance priorities. The Working Group, comprised of OCC, HUD, FRB, FDIC, CFPB, DOJ, FHFA, ASC, NCUA, VA, and USDA, will engage with stakeholders both within and outside government to develop a research agenda that could supplement work already being undertaken by the agencies, including assessing possible bias in AVMs, considering limitations in the ability to detect bias in rural areas, evaluating possible bias in the valuation of manufactured homes, and assessing how bias affects neighborhood-level valuations versus how bias affects valuations per borrower demographic characteristics. The Working Group will compile research questions that are not fully answerable with the data currently available. If some gaps can be filled through changes to the data collected on each appraisal, to address discrimination these agencies will provide a list of data elements for FHFA to consider incorporating into its URAR and UAD redesign efforts.

**Action: 5.3 Define metrics that can help to identify and measure patterns of mis-valuation in the property valuation process.**

**Milestones:**

- The ASC will work with other PAVE agencies to provide technical assistance as they develop ways to identify, track and measure patterns of mis-valuation.
- The ASC will work with State Appraiser Regulatory Agencies to track property mis-valuation patterns.