

Open Session Cover Page

September 14, 2022



Appraisal Subcommittee

Federal Financial Institutions Examination Council

[Time frames added; for internal use only]

Agenda

Date: September 14, 2022
Time: 10:00 a.m. ET
Location: Virtual Meeting. Please click the link below to register:
<https://www.zoomgov.com/meeting/register/vJItdu-qpjksE2m7ZCs7WMYaxkfHJ47xFNI>

Open Session

Reports

- | | | |
|----------------------|----------------|---------------|
| • Chair | Chair Martinez | 10:00 - 10:05 |
| • Executive Director | J. Park | 10:05 - 10:10 |
| • Grants Report | C. Brooks | 10:10 - 10:15 |
| • Financial Report | G. Hull | 10:15 – 10:20 |

Action and Discussion Items

- | | | |
|--|-----------------|---------------|
| • Approval of Minutes | Chair Martinez | 10:20 – 10:25 |
| ○ June 8, 2022 Quarterly Meeting Minutes | | |
| • Temporary Waiver Final Rule | A. Ritter | 10:25 - 10:35 |
| • FY23 ASC Budget Proposal | J. Park/G. Hull | 10:35 – 11:00 |

FY22 3rd Quarter Financial Status

September 14, 2022

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

Memorandum

To: Appraisal Subcommittee

From: Girard Hull, Financial Manager

RE: ASC FY22 3rd Quarter Financial Status

Date: September 14, 2022

FY22 Revenue as of June 30:

- \$2.5M in Appraiser Registry fees
 - \$2.5M budgeted through June 30
 - \$3.2M (after PAYGO) projected for FY22
- \$6.8M in AMC Registry fees
 - \$4.3M budgeted through June 30
 - \$8.5M projected for FY22
- \$9.3M in total revenue:
 - \$6.9M budgeted through June 30
 - \$11.7M projected for FY22

FY22 Expenses as of June 30:

- \$6.3M in ASC expenses
 - \$6.9M budgeted through June 30
 - \$6.1M projected for FY22

FY22 Net Income & Reserves as of June 30:

- \$2.9M in ASC net income
 - \$-42k budgeted through June 30¹
 - \$5.7M projected for FY22
- \$4.2M Operating Reserve
- \$12.6M Available for future commitments

Attachment

¹ Please see attachment: comparison of net income (actual vs budgeted).

Appraisal Subcommittee
Budget vs. Actuals: FY22 Budget - FY22 P&L

October 2021 - June 2022

	Actual	Budget	over Budget
Income			
40000 Appraiser Registry Fees	2,458,130.44	2,555,624.97	-97,494.53
40005 AMC Registry Fees	6,849,425.00	4,314,791.25	2,534,633.75
Total Income	\$ 9,307,555.44	\$ 6,870,416.22	\$ 2,437,139.22
Expenses			
61700 Computer and Internet Expenses	\$ 116,060.90	\$ 128,017.53	-\$ 11,956.63
62400 Depreciation Expense	\$ 9,162.00	\$ 9,161.28	\$ 0.72
62501 Legal Research Service	\$ -	9,217.53	-9,217.53
62600 Equipment Rental	2,808.00	3,240.00	-432.00
64700 Miscellaneous Expense (General)	\$ 7,644.00	\$ 18,360.00	-\$ 10,716.00
64900 Office Supplies	4,871.58	16,310.25	-11,438.67
66000 Payroll Expenses			
66001 Salaries	1,401,403.47	1,676,076.75	-274,673.28
66002 Personnel Benefits	501,077.30	586,628.28	-85,550.98
66004 Cash Awards	36,121.00	31,968.72	4,152.28
Total 66000 Payroll Expenses	\$ 1,938,601.77	\$ 2,294,673.75	-\$ 356,071.98
66100 Training	778.98	9,749.97	-8,970.99
66300 Consulting Services			
66320 OPM Survey (Annual)	5,000.00	3,750.03	1,249.97
66326 Strategic Communications/Social Media consulting	100,527.31	187,499.97	-86,972.66
Total 66300 Consulting Services	\$ 105,527.31	\$ 191,250.00	-\$ 85,722.69
66350 Annual Audit of ASC	35,900.00	26,925.03	8,974.97
66351 ERP-Enterprise Resource Planning System	41,500.00	45,000.00	-3,500.00
66356 Grants Technical Assistance Contract	54,834.75	56,999.97	-2,165.22
66361 Indirect Cost Rate Negotiation	\$ -	3,750.03	-3,750.03
66362 Independent Auditor Contract	\$ -	37,500.03	-37,500.03
66400 GSA Services	99,480.35	120,056.22	-20,575.87
66600 Printing and Reproduction			
66601 Printing & Repro - Fed Register	3,400.00	23,625.00	-20,225.00
66602 Printing & Repro - Other	\$ -	749.97	-749.97
66603 Printing & Repro - Publications	11,828.24	11,006.28	821.96
Total 66600 Printing and Reproduction	\$ 15,228.24	\$ 35,381.25	-\$ 20,153.01
66800 FDMS	7,505.92	7,976.25	-470.33
67100 Rent Expense	4,503.91	6,877.53	-2,373.62
68100 Telephone Expense	21,638.38	21,600.00	38.38
68400 Travel Expense	33,744.04	153,787.50	-120,043.46
68405 Staff Local Travel	\$ -	626.22	-626.22
68550 Unique Identifier Project	14,452.38	15,750.00	-1,297.62
68554 Project Services - Customer Relations Software	\$ -	15,000.03	-15,000.03
68555 Project Services - ASC Database Enhancements (National Registry of AMCs)	\$ -	10,500.03	-10,500.03
68557 Project Services - ASC Website Rebuild	140,978.95	56,250.00	84,728.95
68595 Project Services - AMC Emergency Change	19,470.47	\$ -	19,470.47
68596 Project Services - CLEAR Data Mining	79,299.87	\$ -	79,299.87
68597 Project Services - CompRev3 Scope Def.	19,232.49	18,375.03	857.46
68700 Grants - Expense			0.00
68705 Appraisal Foundation Grant	749,999.97	749,999.97	0.00
68711 State Grants Expense	2,475,000.00	2,475,000.00	0.00
68715 TTA Cooperative Agreement	375,003.00	375,000.03	2.97
Total 68700 Grants - Expense	\$ 3,600,002.97	\$ 3,600,000.00	\$ 2.97
Total Expenses	\$ 6,373,227.26	\$ 6,912,335.43	-\$ 539,108.17
Net Income	\$ 2,934,328.18	\$ (41,919.21)	\$ 2,976,247.39

June 8, 2022 ASC
Quarterly Meeting Minutes
September 14, 2022

**APPRAISAL SUBCOMMITTEE
QUARTERLY MEETING MINUTES
JUNE 8, 2022**

LOCATION: Zoom Conference

ATTENDEES

ASC MEMBERS: CFPB – Zixta Martinez (Chair)
FDIC – Luke Brown/Tom Lyons
FHFA – Julie Giesbrecht
FRB – Keshia King
HUD – Bobbi Borland (Vice Chair)
NCUA – Tim Segerson
OCC – James Rives

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

OBSERVERS: See attached list.

The Meeting was called to order at 10:00 a.m. by Chair Z. Martinez.

REPORTS

• **Chair**

Z. Martinez thanked observers for attending. She provided opening remarks. She announced that the FRB has new primary and alternate members, Suzanne Williams and Keshia King, respectively; FDIC has named a new primary member and alternate member, Luke Brown and Tom Lyons, respectively. She welcomed the new members and thanked former FRB

member Keith Coughlin and former FDIC member John Jilovec and alternate member Rae-Ann Miller for their service.

- **Executive Director**

J. Park welcomed Z. Martinez to her first ASC Meeting as Chair. He updated the ASC on recent staff activity as noted below.

- The process to hire a new Grants Director is underway. Currently ASC Policy Manager Claire Brooks is managing the grants program along with assistance from temporary staff.
- The Action Plan from the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) was published in March. Agencies are working to implement recommendations in the Action Plan. More information will be forthcoming.
- The *2021 ASC Annual Report* was published and delivered to Congress. It is available on the ASC website.
- The updated ASC website will be completed later this summer. Updates to the Appraisal Complaint National Hotline section will include information and links for filing complaints related to alleged appraisal bias.

- **Grants Program**

C. Brooks provided an update of the grants program since the March 9th ASC Quarterly Meeting.

- The ASC has awarded 15 State support grants, totaling approximately \$2M, since 2020. Seven States were recently awarded second-year funding; four States are in the approval process for second-year funding; one State is in the process of applying for second-year funds and three States are in the first year of their grant. These grants support activities such as: information technology and software upgrades; digitizing paper records; staff training; and hiring complaint investigators and additional program staff. Mississippi and South Dakota are using grant funds for a Practicum Course to train aspiring appraisers. These programs are targeting participants from minority populations and areas with appraiser shortages within those States.
- The Grants Office is reviewing and approving semi-annual and year-end federal financial and progress reports for State support grants and the Cooperative Agreement with the Council on Licensure, Enforcement and Regulation (CLEAR). These reviews should be completed by the end of June.
- **Financial Manager**

G. Hull provided a mid-year financial update.

- As of March 31st, the ASC has recognized revenue in the amount of \$5.7M, representing 62% of the total Fiscal Year (FY) 2022 budgeted revenue of \$9.1M. Appraiser registry fees account for \$1.8M, or 32% of mid-year revenue, and AMC registry fees account for \$3.9M, or 68% of mid-year revenue. FY22 mid-year

revenue shows a 28% increase over FY21 revenue of \$4.4M for the same period. If the trend continues, the ASC could recognize revenue between \$10.5-\$11M.

- Expenses as of March 31st are running below projections and totaled \$4.1M, or 46% of the annual budget of \$8.9M.
- **Notation Vote**

L. Schuster reported that the approval to print and distribute the *2021 ASC Annual Report* passed by a 7-0 vote on May 5, 2022.

ACTION ITEMS

- **March 9, 2022 Quarterly Meeting Minutes**

T. Segerson made a motion to approve the March 9th quarterly meeting minutes as presented.

J. Rives seconded and all members present voted to approve.

- **Appraiser Census/Survey**

David Byerman, Project Manager from CLEAR, was present to provide an update on Cooperative Agreement activities.

- Under Training and Technical Assistance, the Policy Statement and Regulations (PStAR) course in May was attended by 62 State attendees. There has been high turnover in State staff recently, so this was a great opportunity for new staff to hear from Subject Matter Experts on their experience with the ASC Policy Statements. A segment on Diversity,

Equity and Inclusion (DEI) was part of the course. Three more courses are slated for this summer: a three-day course on investigation of complaints against appraisers and/or appraisal management companies, a one-day course for newly appointed State board members and a one-day DEI course focusing on implicit bias.

- The Census/Survey includes three projects. The first project is to create a census using data from the ASC's Appraiser Registry to create a universe of active appraisers. Once this is set up, it will be linked to other private and federal data sources. This will allow CLEAR to utilize statistical sampling techniques from that universe to draw scientifically defensible conclusions on the demographics, experiences, and barriers to entry experienced by active appraisers. CLEAR has engaged with a research and management organization with expertise on developing testable research questions, aggregating data from multiple sources, and assembling a plan to collect and integrate data. The outcome of this project is to improve appraiser supply and diversity. A Request for Information (RFI) was published at the end of May to identify what data is needed to move forward and identify partners in the private and public sector. Responses to the RFI are due June 24th. The second project will identify how to move forward. A Needs Assessment that included a series of focus groups of "thought leaders" among the State appraiser regulatory community has been completed. The survey component will employ a variety of strategies including one-on-one interviews, additional focus groups or online polls directed towards appraisers, State staff, appraisal management companies, and lenders. The third project is developing data visualization techniques to compile the data and

develop new ways to analyze the information and create new strategies for data-based decision making. L. Brown said that training for State staff is helpful and asked who is developing the course materials and instructing the courses. D. Byerman responded that CLEAR and the Association of Appraiser Regulatory Officials (AARO) are collaborating on course material development. AARO leadership led the PStAR course and CLEAR/AARO developed talking points. CLEAR provided an instructor, a former AARO Director, who worked in DEI, to teach that portion of the course. L. Brown noted that DEI training was a focus of the PAVE Action Plan and not a typical training provided to regulators in the past. D. Byerman said that, while DEI is a recent priority for the appraiser field, it is not a new topic for the appraiser regulatory community. J. Schroeder asked what the course delivery mechanism will be for the future courses and when those courses would be available. D. Byerman responded that the courses would be held online. There would be a combination of asynchronous and synchronous learning to include online meetings. PStAR was held in person because it was in conjunction with the AARO Spring Conference in San Antonio and States could be reimbursed for travel to PStAR as part of the Cooperative Agreement. J. Park added that CLEAR hopes to partner with fair housing staff within the ASC member agencies to develop workshops to include discussions on how States can best handle complaints on DEI issues. T. Segerson and Z. Martinez asked if there is an anticipated due date for the census/survey. D. Byerman responded the due date is flexible. He added that the due date for the RFI could be extended based on the quality and quantity of responses received. He added that two Q&A sessions are scheduled for June 10th and June 21st for interested parties to ask

questions. J. Schroeder asked if training is being developed for individual appraisers. D. Byerman responded that training is focused on State appraiser regulatory staff. (L. Brown and D. Byerman left the meeting.)

- **Budget Amendment**

J. Park said that ASC staff is requesting to hire an additional Attorney Advisor in addition to the position approved at the March 9th ASC Meeting. If approved, this Attorney Advisor would work on items related to the Appraisal Foundation, State oversight and ASC Board management. Funding is available in the FY22 budget due to unspent travel funds. T. Segerson asked if an applicant to the previous announcement would be hired for this position or would it be posted. J. Park responded that he was pleased with the quality of applicants to the previous posting, but the additional position would need to be posted. ASC staff would move expeditiously to fill the position. T. Lyons asked how the job duties would differ from the duties of the current Attorney Advisor and the position approved in March. J. Park responded that the intention was to hire the Attorney Advisor to potentially replace A. Ritter, who is retiring at the end of the year. The second position may be at a lower grade level and may be focused on rulemaking. T. Lyons asked if approval was being requested at this Meeting. J. Park responded “yes,” due to the increase in the current workload of the legal staff, he would like approval today so that staff can start the paperwork. Z. Martinez said that given the lengthy hiring process and the impact to the ASC budget, she is comfortable with approving this request as presented. T. Segerson asked what the makeup of the legal staff would be after A. Ritter retires. J. Park responded that currently there is a General

Counsel and Attorney Advisor. If this request is approved, there would be one General Counsel and three Attorney Advisors until A. Ritter retires. J. Schroeder noted that A. Bohorfoush has other responsibilities that take up her time. J. Park said that A. Bohorfoush works closely with the Policy Managers in reviewing materials for State Compliance Reviews/State Off-Site Assessments. She also is the lead on Annual Report preparation along with work in the contracting area. This additional position would give the ASC more depth and continuity if current legal staff had to take leave for any time period. He stressed that help is needed with Rulemaking. J. Rives said that OCC is supportive of hiring an additional Attorney Advisor. T. Segerson made a motion to approve the hiring of an additional Attorney Advisor as requested by ASC staff. J. Rives seconded; all members present voted to approve except T. Lyons who abstained.

The Open Session adjourned at 10:55 a.m. The next quarterly ASC Meeting is scheduled for September 14, 2022.

Attachment: Observer list

Meeting:	Appraisal Subcommittee Meeting	Meeting Date:	June 8, 2022
Time:	10:00 AM ET	Location:	Zoom Meeting

OBSERVERS	
Affiliation	Name
American Society of Appraisers	Justin Kane
Appraisal Foundation	David Bunton
Appraisal Foundation Board of Trustees	Randall Kopfer
Appraisal Institute	Bill Garber
Appraisal Institute	Brian Rodgers
Arkansas Appraiser Licensing & Certification Board	Diana Piechocki
California Bureau of Real Estate Appraisers	Tinna Morlattt
Conference of State Bank Supervisors	Daniel Berkland
Consumer Financial Protection Bureau	Kara Allen
Consumer Financial Protection Bureau	Deana Krumhansl
Consumer Financial Protection Bureau	Orlando Orellano
Consumer Financial Protection Bureau	John Schroeder
District of Columbia Government	Andrew Sullivan
Federal Deposit Insurance Corporation	Richard Foley
Federal Deposit Insurance Corporation	Patrick Mancoske
Federal Financial Institutions Examination Council	Kaelin Browne
Federal Financial Institutions Examination Council	Judith Dupre
Federal Financial Institutions Examination Council	Rosanna Piccirilli

Federal Housing Finance Agency	Sara Todd
Federal Reserve Board	Carmen Holly
Federal Reserve Board	David Imhoff
Federal Reserve Board	Devyn Jeffereis
Federal Reserve Board	Matt McQueeney
Federal Reserve Board	Derald Seid
Federal Reserve Board	Matt Suntag
Independent Community Bankers of America	Ron Haynie
National Credit Union Administration	Rachel Ackmann
National Credit Union Administration	Gira Bose
Office of the Comptroller of the Currency	Stacey Fluellen
Office of the Comptroller of the Currency	Kevin Lawton
Real Estate Valuation Advocacy Association	Mark Schiffman
Texas Real Estate Commission	Kathleen Santos

ASC Final Rule on
Temporary Waiver
September 14, 2022

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

12 CFR Part 1102

[Docket No. AS22-06]

Appraisal Subcommittee; Appraiser Regulation; Temporary Waiver Requests

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

ACTION: Final rule.

SUMMARY: The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) is adopting a final rule to amend rules of practice and procedure governing temporary waiver proceedings which were promulgated in 1992 pursuant to § 1119(b) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended (Title XI).

DATES: Effective date. This final rule will become effective on **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

FOR FURTHER INFORMATION CONTACT:

Lori Schuster, Management and Program Analyst, lori@asc.gov, or Alice M. Ritter, General Counsel, alice@asc.gov, ASC, 1325 G Street NW, Suite 500, Washington, DC 20005.

SUPPLEMENTARY INFORMATION:

I. Background

The purpose of Title XI¹ is “to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in

¹ Title XI established the ASC. The ASC Board consists of seven members. Five members are designated by the heads of the FFIEC federal member agencies (Board of Governors of the Federal Reserve System [Board], Bureau of Consumer Financial Protection [Bureau], Federal Deposit Insurance Corporation [FDIC], Office of the Comptroller of the Currency [OCC], and National Credit Union Administration [NCUA]). The other two members are designated by the heads of the Department of Housing and Urban Development (HUD) and the Federal Housing Finance Agency (FHFA).

connection with federally related transactions [FRTs] are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”²

As directed by Title XI, the Federal financial institutions regulatory agencies’ appraisal regulations require appraisals for FRTs to meet minimum appraisal standards as evidenced by the *Uniform Standards of Professional Appraisal Practice* (USPAP) promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation.³ Title XI also requires that certified and licensed appraisers meet the minimum qualification criteria as set forth in *The Real Property Appraiser Qualification Criteria* (AQB Criteria) issued by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation.⁴ The State appraiser regulatory agencies enforce these federal minimum requirements for credentialed appraisers in their respective States and are subject to federal oversight by the ASC.⁵

Section 1119(b) of Title XI authorizes the ASC to waive, on a temporary basis, subject to approval of the FFIEC:

any requirement relating to certification or licensing of a person to perform appraisals under [Title XI] if the [ASC] or a [State appraiser regulatory agency] makes a written determination that there is a scarcity of certified or licensed appraisers to perform appraisals in connection with [FRTs] in a State, or in any geographical political subdivision of a State, leading to significant delays in the performance of such appraisals. A waiver terminates when the

² Title XI § 1101. *See also*, 12 U.S.C. § 3331.

³ Title XI § 1110, 12 U.S.C. § 3339, implemented by the Office of the Comptroller of the Currency: 12 CFR 34.44; Federal Reserve Board: 12 CFR 225.64; Federal Deposit Insurance Corporation: 12 CFR 323.4; and National Credit Union Administration: 12 CFR 722.4.

⁴ Title XI § 1116(a) and (c). *See also*, 12 U.S.C. § 3345 (a) and (c).

⁵ Title XI § 1118. *See also*, 12 U.S.C. § 3347. “State appraiser regulatory agencies” are referred to in the final rule as “State Appraisal Agencies.”

[ASC] determines that such significant delays have been eliminated.⁶

Congress intended that the ASC exercise this waiver authority “cautiously.”⁷

The ASC published rules of practice and procedure governing temporary waiver proceedings in 1992.⁸ The ASC has ordered temporary waiver relief on two occasions. The first was for the Commonwealth of the Northern Mariana Islands in February 1993 (preceded by an interim order for relief issued in December 1992). The second was in August 2019 for the State of North Dakota (which was extended in part for one additional year in 2020).

Application of the rules of practice and procedure in the present day have led the ASC to recognize advantages to revising the rules to provide greater clarity, define certain terms and amend timeframes in the procedural process to be more conducive to deliberation by the ASC, and in the event of approval, deliberation by the FFIEC. The ASC is also adopting interpretations of several terms used in § 1119(b) of Title XI. These interpretations are included in the “definitions” section of the final rule.

Though neither procedural rules nor published agency interpretations of their statutory authority require notice and comment under the Administrative Procedure Act (APA),⁹ the ASC voluntarily submitted the proposed rule and interpretations for public comment in order to seek feedback from interested parties. On January 13, 2022, the ASC published a proposed rule to amend the rules of practice and procedure governing temporary waiver proceedings with a 60-day public comment period.¹⁰

II. The Final Rule

⁶ Title XI § 1119(b). *See also*, 12 U.S.C. § 3348(b).

⁷ House Comm. on Banking, Finance and Urban Affairs, Report Together with Additional Supplemental, Minority, Individual, and Dissenting Views, Financial Institutions Reform, Recovery, and Enforcement Act of 1989, H.R. Rep. No. 101-54 Part 1, 101st Cong., 1st Sess., at 482-83.

⁸ 12 CFR part 1102, subpart A.

⁹ 5 U.S.C. § 553(b).

¹⁰ 87 *Federal Register* 2079.

The final rule amends rules of practice and procedure governing temporary waiver proceedings which were promulgated in 1992 pursuant to § 1119(b) of Title XI.¹¹ For the reasons discussed in section III of this SUPPLEMENTARY INFORMATION, the final rule adopts and amends the rules of practice and procedure substantially as proposed, with the following modifications:

- (1) definition of “Petition” to include State financial institutions regulatory agencies as potential petitioners; and
- (2) clarification that either a mandatory or discretionary waiver termination requires publication in the *Federal Register*, and that a discretionary waiver termination requires such publication with a 30-day comment period.

III. The Final Rule and Public Comments on the Proposed Rule

The following is a section-by-section review and discussion of the public comments received by the ASC concerning the proposal. The ASC requested comment on all aspects of the proposed amendments to the rules of practice and procedure governing temporary waiver proceedings. The ASC received four comment letters in response to the published proposal. These comment letters were received from appraiser trade associations, a state department of financial institutions, a national advocacy association for the credit union system and a national association of state bank supervisors.

A. Section 1102.1: Authority, purpose, and scope

Section 1102.1 finalizes proposed § 1102.1 without change and clarifies the distinction between: (1) a request from a State appraiser regulatory agency, referred to in the proposed rule as a “Request for Temporary Waiver”; and (2) information received from other persons or

¹¹ The flow chart included in the preamble of the proposed rule also applies to the final rule and can be accessed here: [\[insert new link minus “draft” in title\]](#). This is for reference purposes only and is not part of this final rule.

entities (which could include a State appraiser regulatory agency), referred to in the proposed rule as a “Petition.” The procedures set forth in the final rule for ASC’s consideration of a temporary waiver varies depending on whether the ASC has received a Request for Temporary Waiver or a Petition requesting that the ASC initiate a temporary waiver proceeding.

One commenter asserted that Title XI’s temporary waiver provision was meant to support implementation of State program requirements enacted by Congress rather than to provide regulatory relief, which has caused confusion in the marketplace. The commenter did indicate general support for the proposed actions regarding the temporary waiver process but expressed concern over negative consequences and continued confusion. Although the ASC acknowledges this comment, there is no provision in Title XI that sunsets the temporary waiver provision.

Another commenter stated that the process is cumbersome, bureaucratic and did not offer any real assistance, and added that the proposed revisions to the rule are seemingly designed to ensure the process is burdensome to the point applications are not received or will be deemed incomplete. While the current rule and this final rule seek to obtain appropriate information to inform the ASC in potentially exercising this waiver authority which Congress intended that the ASC exercise cautiously,¹² the final rule clarifies the information to be submitted and the procedures to be followed to the extent the ASC can exercise such authority in a procedural rulemaking.

B. Section 1102.2: Definitions

Section 1102.2 finalizes proposed § 1102.2 with modification to the definition of “Petition” as discussed below. The following is a discussion of those definitions on which the ASC

¹² *Supra* note 7.

received public comment. Definitions on which the ASC did not receive comment are not discussed below.

One commenter noted that the proposed definition of “Petition” identified Federal financial institution regulators but failed to include State financial institution regulators. The ASC agrees, and therefore proposed § 1102.2 (c) is adopted with modification to the definition of “Petition” to include State financial institutions regulatory agencies as a potential petitioner.

Several commenters asked for reconsideration of the proposed definitions of “scarcity” and “delay” to be measured or objectively determined as recommended in the report released in December 2021 by the Government Accountability Office (GAO).¹³ The ASC appreciates the commenters’ request for more precise definitions of these terms. The ASC has considered these comments and determined that “scarcity” and “delay” are best understood in the context of the individual State or geographical political subdivision of a State waiver applicant. Further, more precise definitions would limit the ASC’s flexibility in making waiver determinations. However, the ASC has included new or revised definitions and interpretations of terms in the final rule in order to provide more clarity on the processing of a Request or Petition.

Another commenter asserted that having geographic location as a factor to consider in determining if a delay is out of the ordinary and opens the door to government-sanctioned discrimination. The acknowledgement of geographic location is built into the statute in section 1119(b) of Title XI, which references a finding of scarcity of certified or licensed appraisers to perform appraisals in connection with [FRTs] in a State, or in any geographical political subdivision of a State, leading to significant delays in the performance of such appraisals. The language in the current rule and this final rule reflects that language and recognizes varying

¹³ <https://www.gao.gov/products/gao-22-104472>.

circumstances in political subdivisions within a State. The ASC agrees it should not be applied to deprive anyone of equal access to credit.

C. Section 1102.3: Request for Temporary Waiver

Section 1102.3 finalizes proposed § 1102.3 without change. Section 1102.3(a) states that the State Appraisal Agency for the State in which temporary waiver relief is sought may file a Request for Temporary Waiver. Section 1102.3(b) states that a Request for Temporary Waiver will not be deemed to have been received by the ASC unless it fully and accurately sets out:

- (1) a written determination by the State Appraisal Agency that there is a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs within either a portion of, or the entire State;
- (2) the requirement(s) of State law from which relief is being sought;
- (3) the nature of the scarcity of certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable);
- (4) the extent of the delays anticipated or experienced in the performance of appraisals by certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable);
- (5) how complaints concerning appraisals by persons who are not certified or licensed would be processed in the event a temporary waiver is granted; and
- (6) meaningful suggestions and recommendations for remedying the situation.

The amendments to this subsection provide clarity on information that should be included in a Request for Temporary Waiver. The amendments also modify the requirement for a State Appraisal Agency to provide “a specific plan for expeditiously alleviating the scarcity and

service delays” to “meaningful suggestions and recommendations for remedying the situation” recognizing that the situation creating scarcity and delay may be completely outside the control of the State Appraisal Agency.

The amendments include the phrase “supporting documentation, statistical or otherwise verifiable.” A Request for Temporary Waiver should include clear and specific data to support a claim that there is a scarcity of appraisers leading to significant delays in the performance of appraisals for FRTs, or a specified class of FRTs, for either a portion of, or the entire State. The data supporting such a claim may vary from location to location and situation to situation.

Information about the following could assist the ASC in reviewing a Request for Temporary Waiver:

- (1) Geography – location(s) of the scarcity leading to significant delay.
- (2) Transactions – types of FRTs impacted (*i.e.*, property and transaction type(s) and transaction amount(s)).
- (3) Time – length of time for waiver requested.

Section 1102.3(b) includes that a Request for Temporary Waiver address how complaints concerning appraisals by persons who are not certified or licensed would be processed in the event a temporary waiver is granted. Section 1102.3(c) clarifies that a Request for Temporary Waiver will be deemed received for purposes of publication in the *Federal Register* for notice and comment if the ASC determines that the information submitted meets the requirements of § 1102.3(b). Section 1102.3(d) sets forth what the process is in the event a Request for Temporary Waiver is not deemed to be received; written notice from the ASC would be required with an explanation for such a determination.

One commenter expressed concern over the requirement for a Request for Temporary Waiver to include “the extent of the delays anticipated or experienced in the performance of appraisals,”

stating that granting a request based solely on anticipated delays is troubling. The commenter suggested requiring clear, convincing and specific evidence. While the ASC acknowledges the basis for this concern, this is language carried over from the current rule, and was helpful information for the ASC in considering more recent temporary waiver requests. The ASC would not consider “anticipated delay” alone, but rather would take this into account with all other information received.

The commenter addressed the need for applicants to understand the limited scope of temporary waivers to FRTs, that a temporary waiver does not remove the requirement for an appraisal for FRTs, and that many mortgage transactions are guided by underwriting requirements of an entity not covered under the FRT definition. The ASC agrees with the commenter’s observations. The commenter also expressed concern that all available options should be exhausted prior to temporary waivers being considered, such as temporary practice permits and reciprocal licensing, and that States should be required to do so. While the ASC agrees that such options may be useful to minimize appraiser shortages, imposing such a requirement would be outside of the scope of this rulemaking, which is to amend existing rules of practice and procedure for temporary waivers.

The commenter also asserted that the ASC should afford great deference to the State appraiser regulatory agency in the processing of a Request for Temporary Waiver, and that the ASC should have clear and convincing evidence if it proceeds contrary to the State's position. The final rule has deference built into the process for a State’s Request for Temporary Waiver. If all information is properly submitted, it is promptly published in the *Federal Register*. Even in the case of a Petition requesting the ASC exercise its discretionary authority to initiate a temporary waiver proceeding, the final rule incorporates the option for ASC referral and

consultation with the State, while at the same time, maintaining the statutory responsibility for the ASC to make the determination, which would require FFIEC approval in the case of a temporary waiver being granted.

One commenter asked for reconsideration of the new requirement to address how complaints concerning appraisals by persons who are not credentialed would be processed stating that it is unnecessary since State regulators would continue to review and process complaints. Another commenter questioned this requirement stating that it is unnecessary since transactions would be governed by FFIEC agencies chartering or licensing the lender. While State appraiser regulatory agencies are charged with effective supervision of credentialed appraisers, some States may not have the authority to process complaints about unlicensed or uncredentialed individuals. The ASC found this to be a void when a temporary waiver was granted, and therefore review and processing of complaints should be addressed proactively in considering a Request for Temporary Waiver. If a State regulator would indeed continue to review and process such complaints, it would merely need to state that in the Request for Temporary Waiver. If the State lacks authority to do so, other options could be explored in a proactive manner.

A commenter stated that the ASC's request for documentation, statistical or otherwise verifiable, is a request for something that does not exist due to lack of a centralized reporting or gathering mechanism for such data. The final rule includes the phrase "supporting documentation, statistical or otherwise verifiable." This is to provide clarification, without being overly prescriptive, as to what a Request or Petition for temporary waiver should include to support the existence of a scarcity and delay, and what the ASC will consider in determining receipt of a Request or Petition. This leaves options open for a requester or petitioner to provide clear and specific data to support a claim that there is a scarcity of appraisers leading to

significant delays in the performance of covered appraisals, while recognizing the data supporting such a claim may vary from location to location and situation to situation.

D. Section 1102.4: Petition requesting the ASC initiate a temporary waiver proceeding

Section 1102.4 finalizes proposed § 1102.4 with modification to § 1102.4 (a) to include State financial institutions regulatory agencies as a potential petitioner, consistent with the modification to the definition of “Petition” in § 1102.2 (c).

Section 1102.4 clarifies that a Petition is a request for the ASC to exercise its discretionary authority to initiate a temporary waiver proceeding. Section 1102.4(a), as modified, states that a Petition may be filed by the Federal or State financial institutions regulatory agencies, their respective regulated financial institutions, or other persons or institutions with a demonstrable interest in appraiser regulation, including a State Appraisal Agency.

Section 1102.4(b) states that a Petition should include:

- (1) information (statistical or otherwise verifiable) to support the existence of a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs for either a portion of, or the entire State; and
- (2) the extent of the delays anticipated or experienced in the performance of appraisals by certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable).

A Petition may also include meaningful suggestions and recommendations for remedying the situation. The amendments to this subsection provide clarity on information that should be included in a Petition while easing the expectation that a Petition contain the specificity of a Request for Temporary Waiver from a State Appraisal Agency.

The amendments include the phrase “supporting documentation, statistical or otherwise verifiable.” A Petition should include data to support a claim that there is a scarcity of appraisers leading to significant delays in the performance of appraisals for FRTs, or a specified class of FRTs, for either a portion of, or the entire State. Section 1102.4(c) clarifies the requirement for a petitioner to provide a copy of their Petition to the State Appraisal Agency, unless the Party filing the Petition is the State Appraisal Agency.

Section 1102.4(d) provides that a Petition may be processed for further action if the ASC determines that the information submitted meets the requirements of § 1102.4(b) and that further action should be taken to determine whether a scarcity of appraisers exists and that the scarcity is leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs within either a portion of, or the entire State. Section 1102.4(e) sets forth what is required in the event a Petition does not meet the requirements of § 1102.4(b) and thereby is either denied or referred back to the petitioner. In either case, written notice from the ASC would be required with an explanation for such a determination.

Section 1102.4(f) states that if a Petition is processed for further action, the ASC may initially refer a Petition to the State Appraisal Agency where temporary waiver relief is sought for evaluation and further study, or the ASC may take further action without referring a Petition to the State Appraisal Agency. If the ASC refers a Petition to the State Appraisal Agency, § 1102.4(g) states that in the event the State Appraisal Agency opts to conduct evaluation and further study on a Petition, the State Appraisal Agency may issue a written determination that there is a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a class of FRTs within either a portion of, or the entire State. Assuming the State Appraisal Agency has addressed the items that would be included in a

Request for Temporary Waiver as set forth in § 1102.3(b), the Petition would now be subject to the procedures and requirements for a Request for Temporary Waiver.

The State Appraisal Agency could alternatively recommend that the ASC take no further action on the Petition, or simply decline to conduct evaluation and further study on a Petition. In either case, the ASC may exercise its discretion in determining whether to issue an Order initiating a temporary waiver proceeding.

One commenter stated that the proposed option to refer a Petition to the State appraiser regulatory agency may cause delay and that there is no statutory requirement for such a referral. Another commenter asserted that the option to refer a Petition to the State appraiser regulatory agency results in a delegation to the State appraiser regulatory agency and will create inconsistencies between States. The final rule incorporates the option for referral with the State while at the same time maintaining the statutory responsibility for the ASC to make a determination. It is important to note that the decision-making authority is with the ASC with approval from the FFIEC in the case of a temporary waiver being granted. However, given State regulators may be the most knowledgeable concerning any scarcity or delay within their borders, the ASC believes it appropriate to include the option to refer or consult with State regulators in the event of a Petition being filed.

Another commenter stated that the rule as proposed creates two classes of applicants, and that governmental agencies such as State bank regulators need the ability to directly apply for a waiver without being referred to State appraiser regulatory agencies. Section 1102.3(a) states that the State appraiser regulatory agency for the State in which temporary waiver relief is sought may file a Request for Temporary Waiver as distinguished from a Petition from other persons or entities as proposed in § 1102.4. Alternatively, a State appraiser regulatory agency may submit a

Petition as set forth in proposed § 1102.4. The ASC believes this is consistent with the intent of the current rule¹⁴ and agrees with the rationale set forth in the preamble of the current rule. The State appraiser regulatory agencies have always been given a more direct path to seek temporary waiver relief. Referral of a Petition from other persons or entities is an option the ASC may exercise but is not required as the commenter seems to suggest.

The commenter added that the rule as proposed requires applicants to provide meaningful suggestions and recommendations for remedying the situation, and that the cause is often complex, and the applicant may not be in a position to understand the greater political, legal or socioeconomic forces causing the shortage. As clarification, and as proposed, the final rule states that a Petition “may” include meaningful suggestions and recommendations for remedying the situation. This is not new and was carried over from the current rule. The ASC has acknowledged this is not a problem for the applicant alone to resolve. Particularly in the North Dakota temporary waiver process, the complexity of the problem was recognized, which was the basis for the condition to the Order granting a temporary waiver: "During the one-year period, the Requester is expected to develop a plan through continued dialogue with North Dakota stakeholders, including the Appraiser Board, to identify potential solutions to address appraiser scarcity and appraisal delay."¹⁵

One commenter expressed concern about availability of appraisal services, especially in rural areas, and the difficulty in securing timely appraisals. While recognizing multiple reasons for scarcity in areas, the commenter expressed support for revision of minimum credentialing

¹⁴ “The rules provide persons other than the State appraisal regulatory agencies (‘State agencies’) with the opportunity to submit informational submissions to the ASC. They also may request that the ASC exercise its discretionary authority to provide temporary waiver relief. The ASC will consider such submissions and requests in determining whether it should initiate a temporary waiver proceeding.” See 57 *Federal Register* 10980 (April 1992).

¹⁵ 84 *Federal Register* 38630, 38633 (Aug. 7, 2019).

requirements as established by the Appraisal Foundation's Appraiser Qualifications Board (AQB) to ensure new entrants into the profession and increase diversity. While the ASC supports a review of minimum credentialing requirements as established by the AQB to ensure they do not impose a barrier to entry into the profession and promote diversity, revisions to minimal credentialing requirements is outside the scope of this procedural rulemaking.¹⁶

The commenter asked for reconsideration of what they understood to be a new requirement for a written determination by the State appraiser regulatory agency. That requirement is only in the case of a Request for Temporary Waiver and is not required in the case of a Petition. Moreover, the requirement is part of the statute and the current rule: § 1119(b) of Title XI authorizes the ASC to waive, on a temporary basis, subject to approval of the FFIEC "any requirement relating to certification or licensing of a person to perform appraisals under [Title XI] if the [ASC] or a [State appraiser regulatory agency] makes a written determination that there is a scarcity of certified or licensed appraisers to perform appraisals in connection with [FRTs] in a State. . . ." The final rule clarifies the application of this statutory requirement.

E. Section 1102.5: Order initiating a temporary waiver proceeding

Section 1102.5 finalizes proposed § 1102.5 without change. Section 1102.5 clarifies that an Order initiating a temporary waiver proceeding may be in response to a Petition or may be initiated by the ASC without a Petition having been submitted. In either event, such an Order would include consideration of certain items that would be addressed in a Request for Temporary Waiver. (*See e.g.*, § 1102.3(b)(2)-(6), *Contents and Receipt of a Request for Temporary*

¹⁶ See Agency Actions to Advance Valuation Equity; Building a well-trained, accessible, and diverse appraiser workforce 3.1: "Update appraiser qualification criteria related to appraiser education, experience, and examination requirements to lower barriers to entry in the appraiser profession." *Action Plan to Advance Property Appraisal and Valuation Equity; Closing the Racial Wealth Gap by Addressing Mis-valuations for Families and Communities of Color* at 5 (March 2022).

Waiver). If such an Order is issued, the ASC shall publish a *Federal Register* notice in accordance with § 1102.6(b).

F. Section 1102.6: Notice and comment

Section 1102.6 finalizes proposed § 1102.6 without change and does not vary in substance from § 1102.4 of the current rule, which provides for a 30-day notice and comment period on either a Request for Temporary Waiver or an Order initiating a temporary waiver proceeding.

G. Section 1102.7: ASC determination.

Section 1102.7 finalizes proposed § 1102.7 without change. Section 1102.7 expands the current 45-day deadline for the ASC to make a determination. Section 1102.7 also, for reasons set forth in the proposed rule, eliminates the interim Order from the rules of practice and procedure. With respect to recent requests for temporary waivers, or other information submissions requesting the ASC initiate a proceeding, the 45-day turnaround limited the time available to process and evaluate information submitted, including comments received during the notice and comment period. The timeframe for an ASC determination, on either a Request for Temporary Waiver or an Order initiating a temporary waiver proceeding, is expanded from 45 calendar days to 90 calendar days from the date of publication in the *Federal Register* to allow sufficient time for thorough processing and consideration. Section 1102.7 also clarifies that in the event the ASC issues an Order approving a temporary waiver, which is only effective upon FFIEC approval of the waiver, the FFIEC's consideration of the waiver is not subject to the ASC's 90-day timeframe for a determination.

One commenter asked for reconsideration of extending the ASC's timeframe for action on temporary waivers. The final rule provides clarity on what is expected to avoid delays in submitting proper information to the ASC. The ASC found the 45-day turnaround period, which

allows only 15 days for consideration of comments received during the notice and comment period, to be a constraint on proper deliberation.

Another commenter expressed concern over removing the 45-day requirement for the ASC to take action stating that the ASC may deem a Request or Petition incomplete which may result in further delay. Under either the current rule or this final rule, the timeframe for taking action would not commence in either event until a Petition or Request is deemed received. Incomplete information submitted by an applicant would be the cause of delay in either circumstance. The final rule provides more clarity, particularly regarding the type of information that is expected in a Petition or a Request. This degree of specificity is intended to avoid rejection or supplementation of a Request or Petition, which was the case in the North Dakota request, resulting in a delay of nearly one year.

H. Section 1102.8: Waiver extension

Section 1102.8 finalizes proposed § 1102.8 without change and does not vary in substance from § 1102.6 of the current rule.

I. Section 1102.9: Waiver termination

Section 1102.9 finalizes proposed § 1102.9 (2) with clarification that either a mandatory or discretionary waiver termination requires publication in the *Federal Register*, and that a discretionary waiver termination requires such publication with a 30-day comment period. Section 1102.9 distinguishes between mandatory waiver termination versus discretionary waiver termination. Section 1119(b) of Title XI states, “[t]he waiver terminates when the [ASC] determines that such significant delays have been eliminated.” Therefore, § 1102.9(a) requires termination in the event of such a finding by the ASC. Section 1102.9(b) retains the provision for a discretionary waiver termination in the event the ASC finds that the terms and conditions of

the waiver Order are not being satisfied. Section 1102.9(c) requires publication in the *Federal Register* of either a mandatory or discretionary waiver termination, and Section 1102.9 finalizes proposed § 1102.9 (2) with clarification that either a mandatory or discretionary waiver termination requires publication in the Federal Register, and that a discretionary waiver termination requires such publication with a 30-day comment period. In the absence of further ASC action to the contrary, a discretionary waiver termination automatically becomes final 21 calendar days after the close of the comment period. Consistent with statute, a mandatory waiver termination is final upon such a determination being made by the ASC.

IV. Regulatory Requirements

The ASC has concluded that the final rule constitutes a rule of agency organization, procedure, or practice, and is therefore exempt from the notice-and-comment rulemaking requirements of the APA.¹⁷ For the same reason, the amendments are not subject to the 30-day delayed effective date for substantive rules under the APA.¹⁸ Moreover, agency interpretations of terms used in their statutory authority are exempt from the notice and comment requirement. Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not require an initial or final regulatory flexibility analysis.¹⁹

Paperwork Reduction Act

There is no collection of information required by this final rule that would be subject to the Paperwork Reduction Act of 1995, 44 U.S.C. § 3501 *et seq.* The Paperwork Reduction Act of 1995²⁰ (PRA) states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection unless it displays a currently valid Office of Management

¹⁷ 5 U.S.C. § 553(b).

¹⁸ 5 U.S.C. § 553(d).

¹⁹ 5 U.S.C. §§ 603(a) and 604(a).

²⁰ 44 U.S.C. §§ 3501–3521.

and Budget (OMB) control number. The ASC has reviewed this final rule and determined that it does not contain any information collection requirements subject to the PRA. Accordingly, no submissions to OMB will be made with respect to this final rule.

Unfunded Mandates Reform Act of 1995 Determination

This final rule will not have a significant or unique effect on State, local, or tribal governments or the private sector. This final rule amends the current rule to provide definitions of terms and greater clarity on the proceedings for a temporary waiver. A statement containing the information required by the Unfunded Mandates Reform Act, 2 U.S.C. § 1531 *et seq.* is not required.

List of Subjects

12 CFR Part 1102

Administrative practice and procedure, Appraisers, Appraisal Management Company Registry Fees, Banks, Banking, Freedom of information, Mortgages, Reporting and recordkeeping requirements.

Authority and Issuance

For the reasons set forth in the preamble, the ASC amends 12 CFR 1102 subpart A as follows:

PART 1102—APPRAISER REGULATION

Authority: 12 U.S.C. § 3348(b).

Subpart A—Temporary Waiver Requests

Sec.

- 1102.1 Authority, purpose, and scope.
- 1102.2 Definitions.
- 1102.3 Request for Temporary Waiver.

- 1102.4 Petition requesting the ASC initiate a temporary waiver proceeding.
- 1102.5 Order initiating a temporary waiver proceeding.
- 1102.6 Notice and comment.
- 1102.7 ASC determination.
- 1102.8 Waiver extension.
- 1102.9 Waiver termination.

§ 1102.1 Authority, purpose and scope.

(a) *Authority.* This subpart is issued under § 1119(b) of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI; 12 U.S.C. § 3348(b)).

(b) *Purpose and scope.* This subpart prescribes rules of practice and procedure governing temporary waiver proceedings under § 1119(b) of Title XI (12 U.S.C. § 3348(b)). These procedures apply whenever a Request for Temporary Waiver is submitted to the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) for a temporary waiver of any requirement relating to State certification or licensing (credentialing requirements) of persons eligible to perform appraisals for federally related transactions (FRTs) under Title XI. These procedures also apply in the event the ASC receives a Petition requesting the ASC initiate a temporary waiver proceeding. This subpart also contains the ASC's interpretations of terms used in § 1119(b) of Title XI.

§ 1102.2 Definitions.

For purposes of this subpart:

- (a) *Federally related transaction (FRT)* means any real estate-related financial transaction which: (a) a Federal financial institutions regulatory agency engages in, contracts for, or regulates; and (b) requires the services of an appraiser under the interagency appraisal rules. [(Title XI § 1121(4), 12 U.S.C. § 3350), implemented by the Office of the

Comptroller of the Currency: 12 CFR 34.42(g) and 34.43(a); Federal Reserve Board: 12 CFR 225.62 and 225.63(a); Federal Deposit Insurance Corporation: 12 CFR 323.2(f) and 323.3(a); and National Credit Union Administration: 12 CFR 722.2(f) and 722.3(a)].

- (b) *Performance of appraisals* means the appraisal service requested of an appraiser is provided to the lender or appraisal management company (AMC).
- (c) *Petition* means information submitted to the ASC by the Federal or State financial institutions regulatory agencies, their respective regulated financial institutions or other persons or institutions with a demonstrable interest in appraiser regulation, including a State Appraisal Agency, asking the ASC to exercise its discretionary authority to initiate a temporary waiver proceeding, and that meets the requirements, as determined by the ASC, set forth in § 1102.4.
- (d) *Request for Temporary Waiver* means information submitted to the ASC by a State Appraisal Agency with a written determination requesting a temporary waiver that meets the requirements, as determined by the ASC, set forth in § 1102.3.
- (e) *Scarcity of certified or licensed appraisers* means the number of active certified or licensed appraisers within a State or a specified geographical political subdivision is insufficient to meet the demand for appraisal services and such appraisers are difficult to retain.
- (f) *Significant delays in the performance of appraisals* means delays that are substantially out of the ordinary when compared to performance of appraisals for similarly situated FRTs based on factors such as geographic location (*e.g.*, rural versus urban) and assignment type, and the delay is not the result of intervening circumstances outside the

appraiser's control or brought about by the appraiser's client (e.g., inability to access the subject property).

(g) *State Appraisal Agency* means the State appraiser certifying and licensing agency.²¹

(h) *Temporary waiver* means a waiver of any or all credentialing requirements for persons eligible to perform appraisals for FRTs; if granted, a temporary waiver does not waive the requirement for a *Uniform Standards of Professional Appraisal Practice (USPAP)*-compliant appraisal.

§ 1102.3 Request for Temporary Waiver.

(a) *Who can file a Request for Temporary Waiver.* The State Appraisal Agency for the State in which the temporary waiver relief is sought may file a Request for Temporary Waiver.

(b) *Contents and Receipt of a Request for Temporary Waiver.* A Request for Temporary Waiver from a State Appraisal Agency will not be deemed received by the ASC unless it fully and accurately sets out:

- (1) a written determination by the State Appraisal Agency that there is a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs within either a portion of, or the entire State;
- (2) the requirement(s) of State law from which relief is being sought;
- (3) the nature of the scarcity of certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable);

²¹ Title XI § 1121(1). *See also*, 12 U.S.C. § 3350(1).

(4) the extent of the delays anticipated or experienced in the performance of appraisals by certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable);

(5) how complaints concerning appraisals by persons who are not certified or licensed would be processed in the event a temporary waiver is granted; and

(6) meaningful suggestions and recommendations for remedying the situation.

(c) *Receipt of a Request for Temporary Waiver.* A Request for Temporary Waiver shall be deemed received for purposes of publication in the *Federal Register* for notice and comment if the ASC determines that the information submitted meets the requirements of § 1102.3(b), *Contents and Receipt of a Request for Temporary Waiver*, to support that a scarcity of appraisers exists and that the scarcity is leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs within either a portion of, or the entire State.

(d) *Deny or Refer back.* In the event the Request for Temporary Waiver is not deemed received, it may be denied in its entirety or referred back to the State Appraisal Agency for further action. In either case, the ASC shall provide written notice to the State Appraisal Agency providing an explanation for the determination.

§ 1102.4 Petition requesting the ASC initiate a temporary waiver proceeding.

(a) *Who can file a Petition requesting the ASC initiate a temporary waiver proceeding.* The Federal or State financial institutions regulatory agencies, their respective regulated financial institutions, and other persons or institutions with a demonstrable interest in appraiser regulation, including a State Appraisal Agency, may petition the ASC to exercise its discretionary authority to initiate a temporary waiver proceeding.

(b) *Contents of a Petition.* A Petition should include:

(1) information (statistical or otherwise verifiable) to support the existence of a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs for either a portion of, or the entire State; and

(2) the extent of the delays anticipated or experienced in the performance of appraisals by certified or licensed appraisers (including supporting documentation, statistical or otherwise verifiable).

A Petition may also include meaningful suggestions and recommendations for remedying the situation.

(c) *Copy of Petition to State Appraisal Agency.* In the case of a Petition from a party other than a State Appraisal Agency, the party must promptly provide a copy of its Petition to the State Appraisal Agency.

(d) *ASC review of a Petition.* A Petition may be processed for further action if the ASC determines that the information submitted meets the requirements of § 1102.4(b), *Contents of a Petition*, and that further action should be taken to determine whether a scarcity of appraisers exists and that the scarcity is leading to significant delays in the performance of appraisals for FRTs or a specified class of FRTs within either a portion of, or the entire State.

(e) *Deny or Refer back.* In the event a Petition does not meet the requirements of § 1102.4(b), *Contents of a Petition*, it may be denied in its entirety or referred back to the petitioner for further action. In either event, the ASC shall provide written notice to the petitioner providing an explanation for the determination.

(f) *Further action on a Petition.* If the ASC determines that a Petition should be processed for further action, at its discretion the ASC may:

- (1) refer a Petition to the State Appraisal Agency where temporary waiver relief is sought for further evaluation and study, to include items that would be addressed in a Request for Temporary Waiver (*see* § 1102.3(b), *Contents and Receipt of a Request for Temporary Waiver*); or
- (2) take further action without referring the Petition to the State Appraisal Agency.

(g) *State Appraisal Agency Action.*

(1) In the event the State Appraisal Agency opts to conduct further evaluation and study on a Petition, the State Appraisal Agency may:

- a. issue a written determination that there is a scarcity of certified or licensed appraisers leading to significant delays in the performance of appraisals for FRTs or a class of FRTs within either a portion of, or the entire State (or request that the ASC issue such a written determination), in which case, the procedures and requirements of § 1102.3 and 1102.6(a) shall apply; or
- b. recommend that the ASC take no further action.

(2) In the event the State Appraisal Agency either recommends no further action or declines to conduct further evaluation and study on a Petition, the ASC may exercise its discretion in determining whether to issue an Order initiating a temporary waiver proceeding in accordance with § 1102.5(a) below.

§ 1102.5 Order initiating a temporary waiver proceeding.

The ASC may exercise discretion in determining whether to issue an Order initiating a temporary waiver proceeding in response to a Petition, or alternatively, the ASC may exercise discretion to initiate a temporary waiver proceeding on its own initiative without a Petition being submitted.

In either event, such an Order would include consideration of certain items that would be

addressed in a Request for Temporary Waiver. (See e.g., § 1102.3(b)(2)-(6), *Contents and Receipt of a Request for Temporary Waiver*). If such an Order is issued, the ASC shall publish a *Federal Register* notice in accordance with § 1102.6(b).

§ 1102.6 Notice and comment.

The ASC shall publish promptly in the *Federal Register* a notice respecting:

- (a) a received Request for Temporary Waiver (see §1102.3(c)); or
- (b) an ASC Order initiating a temporary waiver proceeding (see § 1102.5).

The notice of a received Request for Temporary Waiver or ASC Order initiating a temporary waiver proceeding shall contain a concise statement of the nature and basis for the action and shall give interested persons 30 calendar days from its publication in which to submit written data, views, and arguments.

§ 1102.7 ASC determination.

(a) *Order by the ASC.* Within 90 calendar days of the date of publication of the notice in the *Federal Register*, the ASC, by Order, shall either grant or deny a waiver, in whole or in part, and upon specified terms and conditions, including provisions for waiver termination. The Order shall be published in the *Federal Register*, which in the case of an Order approving a waiver, shall only be published after FFIEC approval of the waiver (see subsection (b) below). Such Order shall respond to comments received from interested members of the public and shall provide the reasons for the ASC's finding(s).

(b) *Approval by the FFIEC.* Any ASC Order approving a waiver shall be effective only upon FFIEC approval of the waiver. FFIEC consideration of a waiver is not subject to the ASC's 90-day timeframe for a determination.

§ 1102.8 Waiver extension.

The ASC may initiate an extension of temporary waiver relief and shall follow §§ 1102.6, 1102.7 and 1102.9 of this subpart. A State Appraisal Agency also may seek an extension of temporary waiver relief by forwarding an additional written Request for Temporary Waiver to the ASC. A request for an extension from a State Appraisal Agency shall be subject to all the requirements of this subpart.

§ 1102.9 Waiver termination.

(a) *Mandatory waiver termination.* The ASC shall terminate a temporary waiver Order when the ASC determines that significant delays in the performance of appraisals by certified or licensed appraisers no longer exist.

(b) *Discretionary waiver termination.* The ASC at any time may terminate a waiver Order on the finding that the terms and conditions of the waiver Order are not being satisfied.

(c) *Publication in the Federal Register.* The ASC shall publish either a mandatory or discretionary waiver termination in the *Federal Register*, and a discretionary waiver termination requires such publication with a 30-day comment period. In the absence of further ASC action to the contrary, a discretionary waiver termination automatically becomes final 21 calendar days after the close of the comment period. A mandatory waiver termination is final upon such a determination being made by the ASC.

* * * * *

By the Appraisal Subcommittee,

Zixta Martinez
Chairperson

Date

Billing Code 6700-01

FY23 ASC Budget
Proposal

September 14, 2022

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

Memorandum

To: Appraisal Subcommittee

From: Jim Park, Executive Director

RE: Fiscal Year 2023 (FY23) Budget Proposal

Date: September 14, 2022

FY22 Projected Year End Results

- Total Revenue (projected) – \$11,771,023
 - \$3,218,102 – Appraiser Registry Fees (after \$332,907 PAYGO deduction)
 - \$8,552,921 – AMC Registry Fees
- Expenses
 - Operating - \$4,082,057
 - Grants - \$2,000,000 (projected)
- Net Income \$5,688,966
- Projected end of FY22 Reserve – \$12,592,649
- Standing Operating Reserve – \$4,200,000
- FY23 Outyear grant commitments – \$4,800,000

FY23 Budget Proposal

- Total Revenue – \$11,612,848
 - \$3,316,513 – Appraiser Registry Fees (after \$343,088 PAYGO deduction)
 - \$8,296,336 – AMC Registry Fees
- FY23 Operating Expenses – \$6,406,542
- Appraisal Foundation Grant – \$1,000,000
- State Grants – \$3,300,000
- Training/Technical Assistance Cooperative Agreement – \$585,000
- Total Expenses – \$11,291,542
- Net Income (after FY23 proposed expenses) – \$321,307
- Projected end of FY23 Reserve – \$10,363,596
- Standing Operating Reserve – \$6,000,000
- FY23 Outyear grant commitments – \$4,800,000
- Information Technology future commitments - \$750,000

Revenue

Total revenue for FY23 is projected to be \$11,612,848 (\$3.3M Appraiser Registry and \$8.3M AMC Registry). Existing market conditions (decline in mortgage originations and home sales, interest rate

hikes, inflation, etc.) were considered for ASC Revenue projections. The Appraiser Registry fee amount is based on the \$40 annual Appraiser Registry fee multiplied by a projected 91,490 credentials which represents a 2% reduction of the average total credentials (93,355) in FY22. Included in the revenue projection is the PAYGO fee reduction of \$343,088, representing 9% of the estimated Appraiser Registry fee revenue.

Since September 2018, States have populated the Appraisal Management Company (AMC) Registry. FY23 revenue projections were developed by analyzing year-over-year invoicing data and calculating AMC panel utilization rates for States paying AMC Registry fees. AMC fees have a one-year lag period and are based on covered transaction performed in the previous year. As of July 2022, there were 48 States on the AMC Registry projected to generate roughly \$8.6M in revenue for FY22. For FY23, staff anticipates all 50 States will be populating the AMC Registry; however, due to market trends (fewer covered transactions) and optimization of AMC panels, we applied a 3% reduction against FY22 AMC revenue and project AMC revenue for FY23 at \$8.3M.

ASC Operating Expenditures

Personnel Compensation

In FY23, \$4,042,324 is budgeted for personnel, representing a 32% increase over the FY22 Budget. The FY23 Budget Proposal adds 5 additional full-time equivalents (FTEs), for a total of 25, with a cost-of-living increase of 4.6%¹ for the \$2,856,851 projected salary expenditures. Included are within-grade increases for six staff based on the dates of their projected increases. A more detailed staffing proposal is attached.

Personnel benefits (health insurance, thrift savings plan, civil service retirement and government life insurance) are budgeted at \$1M, a 32% increase over FY22. The FY23 personnel benefits amount is 36% of the total FY23 personnel services budget.

Remaining consistent with OMB guidance, \$40,250 is budgeted for FY23 Performance Awards (cash awards), 6% lesser than \$42,625 in FY22.

\$13,500 is budgeted for ASC staff training.

Travel

Since the onset of the pandemic in 2020, ASC Staff travel has declined significantly. As the pandemic concerns lessen, most ASC Staff will begin normal travel during the second quarter of FY23. ASC Staff is tentatively proposing 202 budgeted trips for FY23 totaling \$336,845. The budgeted trips will be for State Compliance Reviews, training, meetings and conference attendance.

Due to increased airfare, in FY23 we are proposing \$705 per trip representing a 22% increase over the FY22 budgeted airfare amount of \$575.

In FY23, we are proposing lodging rates at \$148 per night based on average lodging rates for proposed travel using the GSA City Pair Program (CPP) contractual rates. Using the latest available GSA continental United States (CONUS) rates, we estimate the average per-trip cost in FY23 to be \$1,640 as compared to \$1,220 for FY22. The increase in the average trip cost is partially attributable to two additional days per trip for compliance reviews and airfare cost increases.

¹ Federal pay raise of 4.6% is based on the President's Budget Proposal. Source: <https://www.fedsmith.com/2022/03/28/2023-federal-pay-raise/>

FY22 travel is projected at \$65,000 representing 32% of the \$205,050 budgeted. Below is a summary of anticipated FY23 travel:

- State Compliance Reviews: 71
- Follow-up Reviews: 6
- Priority Contacts/EWS: 6
- Conferences: 1 All-Staff meeting and 2 AARO Conferences
- Appraisal Foundation Meetings (ASB, AQB, and BOT): 9
- Training/Information: 2
- Industry Meetings: 5
- Technical assistance training: 6
- Speaking Engagements: 8
- Additional Staff Travel – DC Travel: 25 trips for new staff training, ASC Roundtable, and other meetings

Rent, Communications and Utilities

\$71,336 is budgeted for FY23 total rent, communications and utilities. This represents a 25% increase from the FY22 budget of \$55,415 with savings resulting from meeting room rental expenses and cost increases for additional phones due to FTE increase.

\$7,831 in office space rent is proposed to cover expenses for monthly office space and staff meetings.

\$42,300 in telephone service charges are budgeted due to the increase in staff size. This represents a 47% increase over the FY22 amount of \$28,800.

\$16,240 is budgeted for WestLaw, the legal research tools service. The 32% increase over the FY22 amount is due to the increase in agency legal staff.

\$4,320 is again budgeted for the off-site storage unit containing ASC files and documents.

\$645 is budgeted for local staff travel (mileage, taxi, public transportation, parking) to cover travel costs associated with meetings and other local business travel.

Printing and Reproduction

\$41,920 is budgeted in FY23 for printing and reproduction expenses. This represents an 11% reduction of FY22 printing and reproduction costs at \$47,175. We are proposing \$25,000 for *Federal Register* printing expenses along with \$3,500 for printing in the *Code of Federal Regulations*.

\$13,420 is budgeted in FY23 for printing expenses including \$12,420 for printing and layout of the ASC Annual Report and \$1,000 for shipping services.

Contracted Services

\$164,952 is budgeted in FY23 for GSA/OPM services with \$114,952 for GSA (USDA) payroll, human resources support and financial systems services and \$50,000 for OPM support for hiring services. The FY22 budgeted amount for GSA/OPM services was \$160,075.

The ASC has made strides toward building a more robust staff focusing on succession planning, more redundancies and increased technical expertise. To continue assessment of operating efficiencies, organizational structure, and best practices \$42,000 is budgeted in FY23. This also includes assistance with development of the 2024-2029 ASC Strategic Plan. The first half of the organizational review will be completed in FY22.

\$38,500 is budgeted for the cost of the ASC annual audit, representing a 7% increase over the FY22 amount of \$35,900.

During the fourth quarter of FY22, the ASC is migrating to a new Enterprise Resource Planning (ERP) system to utilize a more robust accounting system. In FY23, we are budgeting \$12,000 for annual subscription service and support.

In addition to migrating to a new ERP, ASC Staff has recognized the need for accounting backup and support. By comparing contractor rates, for Budget and Financial management services, from accounting firms listed on the GSA Supply Schedule, we determined that these contractor services could be provided by a senior accountant and accounting manager. Using the average hourly accounting contractor rates provided from information on the GSA Supply Schedule, we estimate \$50,000 for the cost of these services in FY23.

In FY23, \$13,379 is budgeted for the Federal Docket Management System (FDMS) to support the maintenance and operation of the eRulemaking system. This is a government-wide shared service that allows partner agencies to publish online all of the information they must publish in the Federal Register pursuant to the Administrative Procedures Act, accept public comments electronically via Regulations.gov and ensure electronic docketing.

During FY22, the ASC's Grants Office reviewed the ASC's existing grants policies, established essential processes and made grants to 12 States. This operation continues to be supported by the Grants Technical Assistance Contract. For FY23, \$76,000 is again budgeted for grants support services.

\$200,000 is budgeted in FY23 for strategic communications services to promote the ASC objectives in accordance with the agency's Strategic Plan. Based on recommendations from a Board member we are proposing an increase from the \$150,000 included in the draft budget proposal to \$200,000. This service provides logistics support for Roundtable engagements, press releases and ASC messaging. In FY22, \$250,000 was budgeted for this service.

IT Services

IT Contracted Services are estimated at \$146,400:

- \$40,500 for enhanced website hosting & internet connectivity
- \$50,400 for ASC IT contractor help desk services
- \$25,200 for ASC website maintenance
- \$3,000 for web-based anti-virus/malware
- \$2,000 for back-up and recovery service
- \$17,500 as a contingency fund to cover IT contractor costs for unanticipated expenses

- \$5,100 for Domain Name Service (DNS)
- \$2,700 for firewall service

License Renewals are estimated at \$28,500:

- \$16,000 for renewal of Office 365 licenses (covers additional staff and associated help desk services)
- \$450 for GSA-provided dot.gov domain name registration
- \$3,000 for remote computer access provided by LogMeIn
- \$300 for Lynda online tutorial training
- \$5,750 for Adobe software
- \$3,000 for Zoom.Gov

Miscellaneous IT:

- \$15,000 for notebook computers for additional staff

FY23 IT Projects:

- \$21,000 to provide technical assistance to States with UID/SOAP
- \$750,000 for ASC Drupal Conversion Project Phase II – Business Analysis (BA) and design. Year One of Two (see attached)
- \$112,000 for ASC Hotline Development (BA and design)
- \$100,000 for data mining support services
- \$42,000 for State Compliance Review (Administrator Console and Workflow design)
- \$25,000 for cloud-based file sharing/document management service

Supplies

In FY23, \$31,170 is budgeted for computer peripherals (*e.g.*, printers, monitors, keyboards, docking stations, misc. laptop equipment, etc.), office furniture, cellphones and office supplies.

Miscellaneous Expenditures

For FY23, \$28,000 is budgeted to cover conference registrations (*e.g.*, AARO fall and spring, meeting registrations, etc.), Personal Identity Verification (PIV) service, subscriptions, bar dues, and postage.

Federal Grants

FY23 is the final year of a three-year ASC commitment to make almost \$14 million in grants available to the States, TAF and for Training and Technical Assistance for the States.

TAF Grant

The three-year grant cycle for TAF totaling \$3M (\$1M annually) to support TAF innovation and reform is designed to support AQB and ASB operations and provide resources for TAF to develop and implement improvements such as a new revenue model and increasing diversity in the profession. Funds also remain available for TAF to hire outside consultants to review the structure, efficiency, and effectiveness of the three TAF Boards.

State Grants

In FY22, the ASC awarded over \$1M for State Grants, with commitments to award \$10M over three years (FY21-FY23). For FY23, staff again proposes budgeting \$3,300,000 for the third year of this program.

Training and Technical Assistance

In FY20 the ASC Board authorized \$1,050,000 for Training and Technical Assistance to States for fiscal years 2021-2023. In FY21, the ASC awarded a base grant of \$350,000 (Year 1 one of the \$1,050,000) plus supplemental awards totaling \$400,000 to support a review of the industry Standards and Criteria and the initial phases of an industry census/survey for a total of \$750,000. For FY22, the ASC awarded \$150,000 to supplement the \$350,000 already committed to Training and Technical Assistance for a total of \$500,000.

For FY23, we are proposing an additional \$235,000 to support the implementation phase of the Census/Survey Project. \$100,000 of this funding will cover the costs of data acquisition for incorporation of additional data sources identified through the ongoing Request for Information (RFI); \$80,000 of this funding will cover project management costs associated with this phase of the project; \$50,000 is proposed for the design of survey instruments and statistical sampling techniques and \$5,000 is proposed for additional travel for presentations and conferences to report on data development initiatives.

Depreciation

In FY23, \$12,215 is projected as the depreciation expense for the servers purchased in FY21.

Sequestration

Based on the OMB Report to the Congress on the Balanced Budget and Emergency Deficit Control Act 2022, sequestration for FY23 is again 5.7% of available cash receipts. The application of this amount would establish \$681,488 of sequestered funds becoming available in FY24.

Attachments:

Proposed Organization Chart

FY23 Proposed Budget Spreadsheet

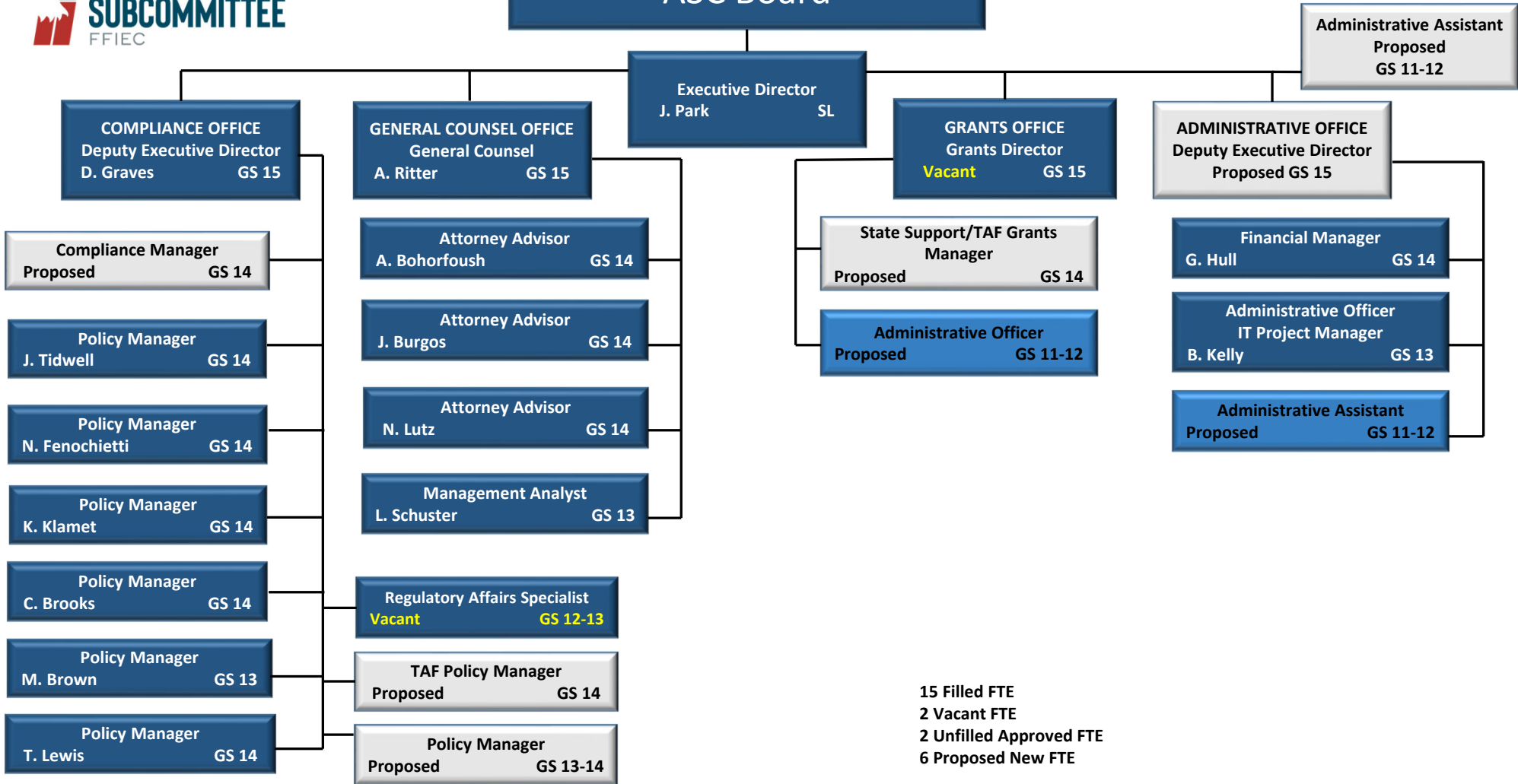
ASC Profit and Loss Statement through 6/30/2022

2018-2023 Reserve and Revenue Graph

Addendum for IT Projects: ASC Drupal Conversion Project Phase II



ASC Board



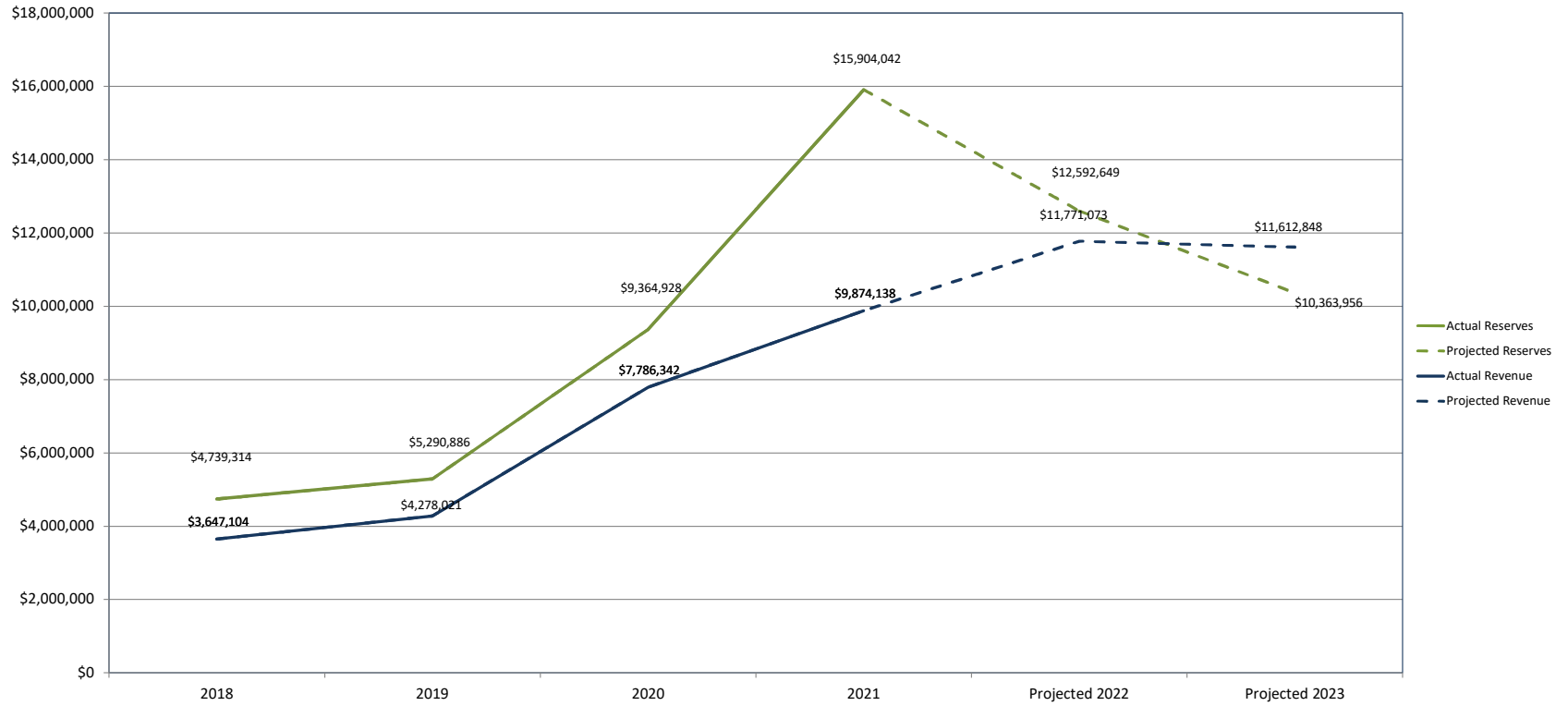
15 Filled FTE
 2 Vacant FTE
 2 Unfilled Approved FTE
 6 Proposed New FTE

**FY23 Proposed
Budget**

FY23 Proposed Operating Budget	Proposed Budget	Approved Budget	FY22	\$ Diff FY22 Budg	% Diff. FY22	\$ Diff FY23 Prop. Budg.	% Diff FY23 Prop. Budg.	\$ Diff FY23 Budg vs. FY22 Proj.	% Diff FY23 Budg vs. FY22 Proj.
	FY23	FY22	Projected	vs. FY22 Proj	Budg. Vs. Proj.	vs. FY22 Budg.	vs. FY22 Budg.	vs. FY22 Proj.	vs. FY22 Proj.
Estimated Revenues:									
Appraiser Registry Fees	\$ 3,659,600	\$ 3,760,000	\$ 3,551,009	\$ (208,991)	-5.6%	\$ (100,400)	-2.67%	\$ 108,591	3.1%
Less: 25% Pay-Go Requirement	\$ 343,088	\$ 352,500	\$ 332,907	\$ (19,593)	-5.6%	\$ (9,413)	-2.67%	\$ (10,180)	-3.1%
AMC Registry Fees	\$ 8,296,336	\$ 5,753,055	\$ 8,552,921	\$ 2,799,866	48.7%	\$ 2,543,281	0.00%	\$ (256,586)	-3.0%
Total Revenues	\$ 11,612,848	\$ 9,160,555	\$ 11,771,023	\$ 2,610,468	28.50%	\$ 2,452,293	26.77%	\$ (158,175)	-1.3%
Expenses:									
Personnel Compensation:									
Salaries	\$ 2,932,591	\$ 2,234,769	\$ 2,000,000	\$ (234,769)	-10.5%	\$ 697,822	31.2%	\$ 932,591	46.6%
Personnel Benefits	\$ 1,055,733	\$ 782,171	\$ 700,000	\$ (82,171)	-10.5%	\$ 273,562	35.0%	\$ 355,733	50.8%
Cash Awards	\$ 40,250	\$ 42,625	\$ 36,121	\$ (6,504)	-15.3%	\$ (2,375)	-5.6%	\$ 4,129	11.4%
Training	\$ 13,750	\$ 13,000	\$ 6,500	\$ (6,500)	-50.0%	\$ 750	5.8%	\$ 7,250	111.5%
Total Compensation:	\$ 4,042,324	\$ 3,072,565	\$ 2,742,621	\$ (329,944)	-10.7%	\$ 969,759	31.6%	\$ 1,299,703	47.4%
Travel:									
Compliance Review	\$ 95,141	\$ 4,880	\$ -	\$ (4,880)	-100.0%	\$ 90,261	1849.6%	\$ 95,141	-
State Offsite Assessments (SOAs)	\$ -	\$ 46,360	\$ -	\$ (46,360)	-100.0%	\$ (46,360)	-100.0%	\$ -	-
Supervising/Compliance	\$ 21,325	\$ 12,200	\$ -	\$ (12,200)	-100.0%	\$ 9,125	74.8%	\$ 21,325	-
Follow-up Review	\$ 9,842	\$ 1,220	\$ -	\$ (1,220)	-100.0%	\$ 8,622	706.7%	\$ 9,842	-
Training/information - New Attorneys	\$ 3,281	\$ -	\$ -	\$ -	0%	\$ 3,281	0.0%	\$ 3,281	-
Priority Contact/EWS	\$ 9,842	\$ 9,760	\$ -	\$ (9,760)	-100.0%	\$ 82	0.8%	\$ 9,842	-
Meetings									
AARO Conferences (Spring)	\$ 26,246	\$ 18,300	\$ 13,996	\$ (4,304)	-23.5%	\$ 7,946	43.4%	\$ 12,250	87.5%
Policy Managers & All Staff Meetings (w/AARO Fall)	\$ 24,606	\$ 8,540	\$ 2,679	\$ (5,861)	-68.6%	\$ 16,066	188.1%	\$ 21,927	818.5%
All Staff Meeting	\$ 32,807	\$ 18,300	\$ 5,000	\$ (13,300)	-72.7%	\$ 14,507	79.3%	\$ 27,807	556.1%
Other Trips									
Industry Meetings	\$ 8,202	\$ 6,100	\$ 13,818	\$ 7,718	126.5%	\$ 2,102	34.5%	\$ (5,616)	-40.6%
Appraisal Foundation Meetings (ASB, AQB, BOT)	\$ 14,763	\$ 7,320	\$ 8,552	\$ 1,232	16.8%	\$ 7,443	101.7%	\$ 6,211	72.6%
State Regulatory Training	\$ -	\$ 6,100	\$ 4,000	\$ (2,100)	-34.4%	\$ (6,100)	-100.0%	\$ (4,000)	-100.0%
CLEAR Training	\$ 9,842	\$ -	\$ -	\$ -	0%	\$ 9,842	0.0%	\$ 9,842	-
Speaking engagements	\$ 13,123	\$ 8,540	\$ 5,000	\$ (3,540)	-41.5%	\$ 4,583	53.7%	\$ 8,123	162.5%
Staff Travel to DC	\$ 63,974	\$ 53,680	\$ 8,616	\$ (45,064)	-83.9%	\$ 10,294	19.2%	\$ 55,358	642.5%
Grants Monitoring & Technical Assistance	\$ -	\$ -	\$ 3,000	\$ 3,000	-	\$ -	0.0%	\$ (3,000)	-100.0%
Car Rental & Local Travel	\$ 3,850	\$ 3,750	\$ 339	\$ (3,411)	-91.0%	\$ 100	2.7%	\$ 3,511	1035.7%
Total Travel:	\$ 336,845	\$ 205,050	\$ 65,000	\$ (140,050)	-68.3%	\$ 131,795	64.3%	\$ 271,845	418.2%
Rent, Comm., & Utilities:									
Rent	\$ 7,831	\$ 9,170	\$ 9,170	\$ -	0.0%	\$ (1,339)	-14.6%	\$ (1,339)	-14.6%
Telephone Service (incl. office & cell phones)	\$ 42,300	\$ 28,800	\$ 29,356	\$ 556	1.9%	\$ 13,500	46.9%	\$ 12,944	44.1%
WestLaw	\$ 16,240	\$ 12,290	\$ 12,290	\$ -	0.0%	\$ 3,950	32.1%	\$ 3,950	32.1%
Storage Space Facility	\$ 4,320	\$ 4,320	\$ 4,320	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Staff Local travel	\$ 645	\$ 835	\$ 610	\$ (225)	-27.0%	\$ (191)	-22.8%	\$ 35	5.7%
Total Rent, Comm, Utilities:	\$ 71,336	\$ 55,415	\$ 55,746	\$ 331	0.6%	\$ 15,920	28.7%	\$ 15,590	28.0%
Printing and Reproduction:									
Federal Register/CFR	\$ 28,500	\$ 31,500	\$ 22,000	\$ (9,500)	-30.2%	\$ (3,000)	-9.5%	\$ 6,500	29.5%
Copying	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)	-100.0%	\$ -	0.0%	\$ 1,000	0.0%
Printing	\$ 12,420	\$ 14,675	\$ 11,828	\$ (2,847)	-19.4%	\$ (2,256)	-15.4%	\$ 591	5.0%
Total Printing & Copying:	\$ 41,920	\$ 47,175	\$ 33,828	\$ (13,347)	-28.3%	\$ (5,256)	-11.1%	\$ 8,091	23.9%
Contracted Services:									
GSA/OPM	\$ 164,952	\$ 160,075	\$ 160,075	\$ (0)	0.0%	\$ 4,877	3.0%	\$ 4,877	3.0%
OPM Annual Employee Survey	\$ 6,000	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ 1,000	20.0%	\$ 1,000	20.0%
Organizational Review	\$ 42,000	\$ -	\$ 58,100	\$ 58,100	0.0%	\$ 42,000	0.0%	\$ (16,100)	-27.7%
Annual audit of ASC	\$ 38,500	\$ 35,900	\$ 35,900	\$ -	0.0%	\$ 2,600	7.2%	\$ 2,600	7.2%
ERP (Enterprise Resource Planning/Actgt system)	\$ 12,000	\$ 60,000	\$ 70,401	\$ 10,401	0.0%	\$ (48,000)	-80.0%	\$ (58,401)	0.0%
Accounting Support	\$ 50,000	\$ -	\$ -	\$ -	0.0%	\$ 50,000	0.0%	\$ 50,000	0.0%
FDMS	\$ 13,379	\$ 10,635	\$ 10,635	\$ -	0.0%	\$ 2,744	25.8%	\$ 2,744	25.8%
Indirect Cost Rate Negotiation	\$ -	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ (5,000)	-100.0%	\$ (5,000)	-100.0%
Independent Auditor Contract/IAA	\$ -	\$ 50,000	\$ 21,470	\$ (28,530)	-57.1%	\$ (50,000)	-100.0%	\$ (21,470)	-100.0%
Grants - Technical Assistance Contract	\$ 76,000	\$ 76,000	\$ 76,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Strategic Communications	\$ 200,000	\$ 250,000	\$ 169,635	\$ (80,365)	-32.1%	\$ (50,000)	-20.0%	\$ 30,365	17.9%
Total Contracted Services:	\$ 602,831	\$ 652,610	\$ 612,216	\$ (40,394)	-6.2%	\$ (49,779)	-7.6%	\$ (9,385)	-1.5%
IT Services:									
IT Contracted Services:	\$ 146,400	\$ 133,040	\$ 133,830	\$ 790	0.6%	\$ 13,360	10.0%	\$ 12,570	9.4%
License Renewals	\$ 28,500	\$ 17,650	\$ 14,048	\$ (3,602)	-20.4%	\$ 10,850	61.5%	\$ 14,452	102.9%
Miscellaneous IT: Notebook computers	\$ 15,000	\$ -	\$ -	\$ -	0.0%	\$ 15,000	0.0%	\$ 15,000	-
Network Security Review	\$ -	\$ 20,000	\$ 2,543	\$ (17,457)	-87.3%	\$ (20,000)	-100.0%	\$ (2,543)	-100.0%
Total Ongoing Annual Services:	\$ 189,900	\$ 170,690	\$ 150,422	\$ (20,268)	-11.9%	\$ 19,210	11.3%	\$ 39,478	26.2%
IT Projects:									
Unique Identifier Number/ SOAP State Consultation	\$ 21,000	\$ 21,000	\$ 21,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
ASC Drupal Conversion Project Phase II	\$ 750,000	\$ -	\$ -	\$ -	0.0%	\$ 750,000	0.0%	\$ 750,000	-
ASC Database Enhancements (AMC Registry)	\$ -	\$ 14,000	\$ 14,000	\$ -	0.0%	\$ (14,000)	-100.0%	\$ (14,000)	-100.0%
ASC Website/Hotline Development	\$ 112,000	\$ 75,000	\$ 169,411	\$ 94,411	125.9%	\$ 37,000	49.3%	\$ (57,411)	-33.9%
AMC Emergency Change	\$ -	\$ -	\$ 19,470	\$ 19,470	0.0%	\$ -	0.0%	\$ (19,470)	-100.0%
CLEAR Data Support	\$ 100,000	\$ -	\$ 89,546	\$ 89,546	0.0%	\$ 100,000	0.0%	\$ 10,454	11.7%
State Compliance Review (Phase III)	\$ 42,000	\$ 24,500	\$ 30,354	\$ 5,854	23.9%	\$ 17,500	71.4%	\$ 11,646	38.4%
Document Management Resource	\$ 25,000	\$ -	\$ -	\$ -	0.0%	\$ 25,000	0.0%	\$ 25,000	-
Customer Relations Software	\$ -	\$ 20,000	\$ 20,000	\$ -	0.0%	\$ (20,000)	-100.0%	\$ (20,000)	0.0%
Total IT Projects:	\$ 1,050,000	\$ 154,500	\$ 363,781	\$ 209,281	135.5%	\$ 895,500	579.6%	\$ 686,219	188.6%
Total IT Services and Projects:	\$ 1,239,900	\$ 325,190	\$ 514,203	\$ 189,013	58.1%	\$ 914,710	281.3%	\$ 725,697	141.1%
Supplies and Materials:	\$ 31,170	\$ 21,747	\$ 21,747	\$ -	0.0%	\$ 9,423	43.3%	\$ 9,423	43.3%
Miscellaneous:	\$ 28,000	\$ 24,480	\$ 24,480	\$ -	0.0%	\$ 3,520	14.4%	\$ 3,520	14.4%
Total Operating Budget	\$ 6,394,327	\$ 4,404,233	\$ 4,069,842	\$ (334,391)	-7.6%	\$ 1,990,094	45.2%	\$ 2,324,485	57.1%
Federal Grants:									
AF Grant	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)	-100%	\$ -	0.0%	\$ 1,000,000	-
State Grants	\$ 3,300,000	\$ 3,300,000	\$ 1,500,000	\$ (1,800,000)	-55%	\$ -	0.0%	\$ 1,800,000	120.0%
Training/Technical Assistance Cooperative Agreements	\$ 585,000	\$ 500,000	\$ 500,000	\$ -	0.0%	\$ 85,000	17.0%	\$ 85,000	17.0%
Total Federal Grants	\$ 4,885,000	\$ 4,800,000	\$ 2,000,000	\$ (2,800,000)	-58%	\$ 85,000	1.8%	\$ 2,885,000	144.3%
Depreciation	\$ 12,215	\$ 12,215	\$ 12,215	\$ -	0%	\$ -	0.0%	\$ -	0.0%
2023 Total Expenses	\$ 11,291,542	\$ 9,216,448	\$ 6,082,057	\$ (3,134,391)	-34%	\$ 2,075,094	22.5%	\$ 5,209,485	85.7%
Net Income	\$ 321,307	\$ (55,893)	\$ 5,688,966	\$ 5,744,859	-10278%	\$ 377,199	-674.9%	\$ (5,367,660)	-94.4%
Reserve Balance									
9/30/2021	\$ 15,903,683		\$ 15,903,683						
FY22 Proj Net Income	\$ 5,688,966		\$ 5,688,966						
FY23 Budg Net Income	\$ 321,307								
Sub-total	\$ 21,913,956		\$ 21,592,649						
Operating Reserve	(6,000,000.00)		(4,200,000.00)						
Grant commitment	(4,800,000.00)		(4,800,000.00)						
Intranet/Extranet Upgrade commitment	(750,000.00)								
Total	\$ 10,363,956		\$ 12,592,649						

Appraisal Subcommittee	
Profit and Loss	
October 2021 - June 2022	
Income	
40000 Appraiser Registry Fees	2,458,130.44
40005 AMC Registry Fees	6,849,425.00
Total Income	\$ 9,307,555.44
Expenses	
61700 Computer and Internet Expenses	
61735 License & SSL Renewals	14,608.54
61745 IT Contracted Svcs	26,318.64
61705 IT Security Upgrades	1,799.40
61710 Maint. of Web site & Regis. (FFP)	8,400.00
61715 Hosting Web site	18,741.88
61740 Help Desk Services (FFP)	35,249.04
61741 Network Security Review	2,543.40
68580 Appraiser Nat Reg (FFP)	8,400.00
Total 61745 IT Contracted Svcs	\$ 101,452.36
Total 61700 Computer and Internet Expenses	\$ 116,060.90
62400 Depreciation Expense	
62420 Depr-Server	9,162.00
Total 62400 Depreciation Expense	\$ 9,162.00
62600 Equipment Rental	
64700 Miscellaneous Expense (General)	1,251.80
66700 Professional Fees	642.20
68450 State Reg. conference	5,750.00
Total 64700 Miscellaneous Expense (General)	\$ 7,644.00
64900 Office Supplies	4,871.58
66000 Payroll Expenses	
66001 Salaries	1,401,403.47
66002 Personnel Benefits	501,077.30
66004 Cash Awards	36,121.00
Total 66000 Payroll Expenses	\$ 1,938,601.77
66100 Training	778.98
66300 Consulting Services	
66320 OPM Survey (Annual)	5,000.00
66326 Strategic Communications/Social Media consulting	100,527.31
Total 66300 Consulting Services	\$ 105,527.31
66350 Annual Audit of ASC	35,900.00
66351 ERP-Enterprise Resource Planning System	41,500.00
66356 Grants Technical Assistance Contract	54,834.75
66400 GSA Services	99,480.35
66600 Printing and Reproduction	
66601 Printing & Repro - Fed Register	3,400.00
66603 Printing & Repro - Publications	11,828.24
Total 66600 Printing and Reproduction	\$ 15,228.24
66800 FDMS	7,505.92
67100 Rent Expense	4,503.91
68100 Telephone Expense	21,638.38
68400 Travel Expense	33,744.04
68550 Unique Identifier Project	14,452.38
68557 Project Services - ASC Website Rebuild	140,978.95
68595 Project Services - AMC Emergency Change	19,470.47
68596 Project Services - CLEAR Data Mining	79,299.87
68597 Project Services - CompRev3 Scope Def.	19,232.49
68700 Grants - Expense	
68705 Appraisal Foundation Grant	749,999.97
68711 State Grants Expense	2,475,000.00
68715 TTA Cooperative Agreement	375,003.00
Total 68700 Grants - Expense	\$ 3,600,002.97
Total Expenses	\$ 6,373,227.26
Net Income	\$ 2,934,328.18

Appraisal Subcommittee Reserves & Revenue (2018 - 2023) (includes grants)



ASC Drupal Conversion Project Phase II

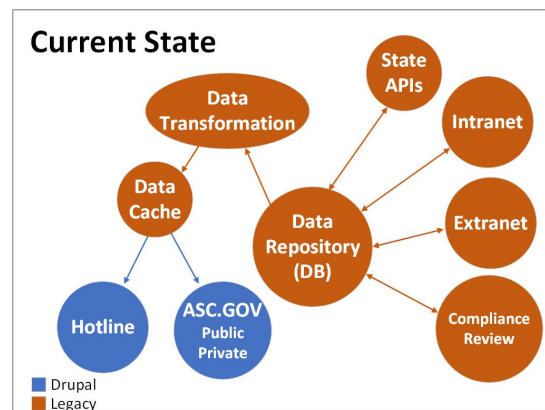
August 10, 2022

Project Abstract

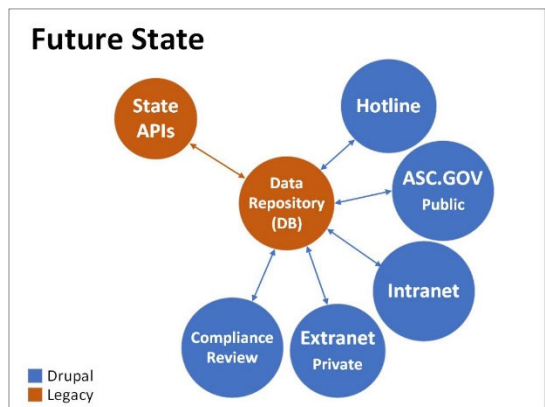
The ASC seeks to modernize the existing software of the Intranet and Extranet websites to Drupal, the new ASC.gov content management system standard, established via Phase I completion. Actualizing Phase 2 of our website modernization plan lowers maintenance and development cost, increases functionality, and allows for future expansion of operations using off-the-shelf software. Proposed timeframe to completion is 18-24 months after authorization.

Project Background

The ASC is preparing to launch a rebuilt/redesigned ASC.gov and National Appraiser Complaint Hotline websites which represent Phase I to modernize and expand the ASC technical infrastructure. This project allows the ASC to provide a more modern and accessible website for all users. A primary focus of this project is to update our content management system (CMS) from a custom-built application, developed in 2008, to a modern open-source software architecture.



The current custom-built websites are relatively closed systems with limited capability to integrate with other business tools. For example, these systems can create reports and export that data to a common format. However, this report building, and export/import process is a manual and time-consuming process with multiple opportunities for errors to occur causing the process to fail. The outdated system does not incorporate current technology which can directly share the National Registries' data with other business applications.



Additionally, the current structure of the ASC.gov website based in Drupal and the Intranet/Extranet applications working within the legacy CMS forces the ASC to maintain two separate operational environments. While both will be stable for operations, maintaining differing

backend software packages introduces complexities and additional cost, which is contrary to best practices and long-term IT development.

Project Benefits

Converting the Intranet/Extranet websites to the same Drupal platform as the ASC.gov and Hotline websites will provide several tangible benefits to ASC. Of those, two functional benefits represent a major improvement to our current state of operations. The Drupal content interface is much simpler and infinitely more flexible. As a result, the processes for staff to manipulate text, photos, and files within the website will be easier and less time-consuming to manage. Lower cost of maintenance is also listed as a benefit. The billable work hours for programming to the Agency will be lower as less development time will be required. The most important aspect of this project, if approved, is that it will place the Agency in a position to handle any future technological requirements.

Timeframe and Investment

Projected total investment for this activity is estimated to be 1.5 million dollars (\$750,000 in FY23 and additional \$750,000 in FY24).