

Briefing Summary Notes Cover Page

March 10, 2021

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
SEPTEMBER 9, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

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

OBSERVERS: CFPB – Deana Krumhansl
CFPB – Orlando Orellano
FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Lauren Whitaker
FRB – Carmen Holly
FRB – Matt McQueeney
NCUA – Gira Bose

The Briefing was called to order at 11:00 a.m. by Chairman T. Segerson. The following items were discussed: (1) The Appraisal Foundation (TAF) Grant and (2) Update on TAF Issues

TAF Grant

M. Abbott summarized the draft Notice of Funding Availability (NOFA) Summary stating that it would cover approximately 60% of the costs of the Appraiser Qualifications Board (AQB) and the Appraisal Standards Board (ASB). The NOFA would cover the period of October 1, 2020 – September 2023 and total \$3M. He noted that TAF has expressed concerns regarding the ASC's monitoring and oversight process. J. Park commented that a study should be conducted regarding TAF's revenue model and the Uniform Standards of Professional Appraisal Practice (USPAP) update cycle. If USPAP were updated less frequently, operational costs could decrease. M. Abbott said that the ASC will contract with an auditor to review grant funds for the three previous grant cycles. This audit would also include reviewing TAF's match to fund those programs. The scope of the audit will be defined at the entrance conference with TAF. J. Schroeder asked if the U.S. Department of Justice (USDOJ) legal opinion is needed before the audit commences. M. Abbott did not feel that the USDOJ legal opinion was needed to set the scope of the audit. The sale of USPAP is unambiguous and related to the grant in terms of income. J. Park added that USPAP Standards 1-6 are available in the public domain. However, the public version is not user friendly. ASC staff feels that the public USPAP version could be modeled after the Generally Accepted Accounting Principles free version. TAF would also be eligible to apply for grant funds to develop State training. J. Jilovec asked if the ASC has conducted agreed upon procedures reviews of TAF in the past. He also asked how ASC staff decided on a three-year audit of grant funds. M. Abbott responded that three years was chosen because of recordkeeping limitations. J. Park added that agreed upon procedures reviews have occurred annually since 1994. J. Jilovec asked if those reviews were as detailed as the proposed audit would be. M. Abbott responded "no," this audit would be more detailed. M. Abbott added that the audit is structured to allow ASC staff to meet with the chosen auditor to determine the scope of audit. That scope would be given to TAF at the entrance conference. J. Rives asked if the auditor would be subject to FAR. M. Abbott responded "yes" and added that this would only be an audit of grant funds; not a financial statement audit of TAF. TAF has a financial audit completed by its auditor annually and ASC staff has access to those audits.

Update on TAF Issues

J. Park discussed concerns regarding TAF. He feels that TAF's staff operations should be reviewed. M. Abbott added that AQB and ASB Board members seem to rotate between Boards rather than new members being chosen. K. Coughlin asked who owns the rights to USPAP. J. Park responded that TAF has copyrighted USPAP. A. Ritter said that USPAP availability behind a paywall is an issue. J. Park stated numerous appraisers would not purchase USPAP if Standards 1-6 were freely and easily available. He noted TAF could also consider a subscription model for USPAP. States must update their regulations/statutes to incorporate the latest version of USPAP every two years. Some States do incorporate by reference, but many do not. B. Borland said that most changes to USPAP are not substantial and taking USPAP update courses every two years is not productive. K. Coughlin asked how often USPAP should be updated. J. Park responded that USPAP should be updated on an as-needed basis. Poor definitions have been a partial cause of frequent updates. J. Park said that TAF has been successful in creating self-sustaining revenue with USPAP sales and Update courses. J. Jilovec asked for another Briefing to continue this discussion. M. Abbott suggested changing the September 23rd Special

Meeting to a Briefing. J. Park agreed and said that D. Bunton sent an email to him suggesting a meeting between the ASC and TAF. T. Segerson agreed and asked ASC members to review the NOFA Summary and provide comments to ASC staff before the September 23rd Briefing with TAF. T. Segerson also asked that item 7 on the NOFA be clarified to provide more information.

J. Park said that he would also like to schedule separate Briefings to discuss Diversity in the Appraisal Profession and the Temporary Waiver Policies and Procedures. A Doodle poll will be sent to ASC members requesting availability. The Briefing on the Temporary Waiver Policy and Procedures should occur before the September 29th FFIEC Meeting.

The Briefing adjourned at 12:05.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
SEPTEMBER 11, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

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General Counsel – Alice Ritter
Grants Director – Mark Abbott
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: CFPB – Orlando Orellano
FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Lauren Whitaker
FRB – Carmen Holly
FRB – Matt McQueeney
HUD – Brian Barnes
NCUA – Gira Bose
NCUA – Ian Marena
OCC – Stacey Fluellen

The Briefing was called to order at 10:00 a.m. by Chairman T. Segerson. The following item was discussed: The Appraisal Foundation (TAF) Grant.

TAF Grant

T. Segerson said this is a continuation of the Briefing held on September 9th. M. Abbott described the issues and activities to be covered under this Notice of Funding Availability (NOFA). J. Park noted that TAF made an alternate grant proposal in FY20 only requesting funding for the AQB. The ASC voted to decline to entertain the alternate grant proposal and

directed staff to re-issue the Notice of Grant Award associated with the previously issued award. TAF declined the FY20 grant for Board support. J. Park noted that the NOFA is a departure from the past grant process. Previously, TAF would meet with the ASC in a Briefing and lay out their agenda for the coming year and determine ASC funding limits. With the adoption of the Grants Handbook in December 2019, the ASC's new grants policy is detailed in the Grants Handbook. M. Abbott added that the ASC sets the parameters on how the money will be spent and TAF sets the agenda on spending those funds. This grant would be a three-year grant rather than a one-year grant. K. Coughlin asked if TAF could request funding for one year only. M. Abbott responded that the budget authority is for three years but every year TAF would have to submit an application on how funds would be spent for that year. The total grant would be \$3M for three years but is not limited to \$1M per year. Board members discussed further the various sections of the NOFA and the draft language. After discussion, T. Segerson suggested that wording in the NOFA be revised and M. Abbott said ASC staff will do so. T. Segerson asked if the ASC could do a study on diversity as it pertains to the appraisal profession. J. Park responded that TAF currently has a committee that is looking at diversity within the appraisal profession and TAF organization. The ASC could offer financial assistance to support that committee's work. T. Segerson and J. Schroeder were open to having a Briefing with TAF on September 23rd. J. Park said he would contact TAF and ask if they are available on September 23rd at 4:00 p.m. ET.

The Briefing adjourned at 11:00 a.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
SEPTEMBER 23, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Grants Director – Mark Abbott
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

TAF STAFF: Dave Bunton
Kelly Davids
Lisa Desmarais
Edna Nkemngu

TAF BOARD OF TRUSTEES

MEMBERS: Leila Dunbar
Jeremy Gray
Lisa Hobart
Ronny Johnson
Emerson Sutton

OBSERVERS: CFPB – Orlando Orellano
CFPB – Deana Krumhansl
FDIC – Richard Foley
FDIC – Lauren Whitaker
FHFA – Ming-Yuen Meyer-Fong
FRB – Trevor Feigleson
FRB – Carmen Holly
FRB – Devyn Jeffereis
FRB – Matt McQueeney

NCUA – Gira Bose
NCUA – Ian Marena
OCC – Will Binkley
OCC – Stacey Fluellen
OCC – Kevin Lawton
OCC – Joanne Phillips

The Briefing was called to order at 1:00 p.m. by Chairman T. Segerson. The following item was discussed: The Appraisal Foundation (TAF) FY21 Grant

TAF FY21 GRANT

T. Segerson noted the TAF FY21 grant would follow the process as described in the Grants Handbook approved by the ASC in December 2019. J. Park thanked D. Bunton, his staff and Board of Trustees members for attending this Briefing. M. Abbott summarized the new grant process. The turnaround time to make grant awards under the new process is expected to be 8-10-weeks after the grant application deadline. The grant award will cover items listed in the NOFA Summary. A three-year grant cycle will allow TAF to plan projects and prepare its annual budget. L. Dunbar thanked the ASC for scheduling this Briefing to discuss potential grant projects.

D. Bunton discussed grant funds for an occupational study, which is conducted every five years, to determine what questions should be added to the National Uniform Appraiser Exam. TAF anticipates \$50K for exam maintenance and \$50K for the occupational study.

K. Davids discussed the experience modules for the Practical Applications of Real Estate Appraisal (PAREA). T. Segerson asked if appraisers would be mentors for trainees that use PAREA. K. Davids responded that mentors will need to meet similar qualifications as supervisory appraisers. Supervisory appraisers are limited to three trainees, but mentors will be allowed to have more than three. An appraisal trade group could provide numerous mentors and partner with a technology provider to develop the training modules. T. Segerson asked if mentors would need to be credentialed in the same State of persons they are mentoring. K. Davids responded that a decision has not been made on that aspect. B. Borland questioned who would oversee the mentors. K. Davids answered that an oversight process has not been determined. J. Rives asked if TAF had a specific request amount for PAREA and K. Davids responded “no.” J. Rives asked if there would be enough mentors. D. Bunton felt that there would not be a shortage of mentors since they would be paid. J. Schroeder asked if TAF has chosen a provider. D. Bunton responded “no.” B. Borland questioned the cost for those who might want to use PAREA. K. Davids responded that a specific amount is not known at this time. The cost should be reasonable and attainable, but it will not be free. She added that since TAF will not be developing the PAREA modules, there may be additional costs from providers to use their learning management software. If providers offer incentives to mentors, that cost could increase the cost to the trainee.

L. Dunbar discussed funding for other initiatives. TAF would like to explore issues including appraiser shortages, diversity and veterans’ programs. TAF is also considering ways to reduce

costs to enter the appraiser profession. In January 2020, TAF set up a Committee for Diversity and Inclusion that is discussing internal and external activities. TAF also added a Veterans Resource page to its website. TAF has met with the Appraisal Institute's Diversity and Inclusion Committee to discuss future projects. There has also been support from the National Society of Real Estate Appraisers which supports African American real estate appraisers. TAF would also like to study demographics in the appraisal profession.

D. Bunton noted that he has had discussions with ASC staff to distribute a survey or census to appraisers to determine a baseline for appraiser demographics. B. Borland asked if TAF ensures diversity in its hiring process. D. Bunton responded that of the twelve TAF staff, five are minorities or women. B. Borland asked TAF's opinion on whether Title XI allows the ASC to monitor TAF's organizational structure. D. Bunton responded that he thought the monitor and review wording in Title XI was added because TAF was a new organization when Title XI was signed into law. He feels that TAF's organization is stable now and that ASC monitoring should be like the ASC's State Oversight role. B. Borland asked if USPAP should be free and easily downloadable. D. Bunton answered that Standards 1-3 were originally published in the *Federal Register*. TAF asked the ASC to include mass appraisal at that time but the ASC declined. USPAP availability can be discussed further. K. Coughlin asked what other revenue sources TAF has other than USPAP sales. D. Bunton responded that while USPAP revenue is 85% of TAF's revenue, income is also received from USPAP courses and Industry Advisory Council sponsorship. D. Bunton added that TAF is looking into other options to disseminate USPAP and improve course delivery. The USPAP update cycle could be changed but the marketplace continues to evolve. D. Bunton added that the Real Estate Appraiser Qualification Criteria are available at no cost and are updated as needed. USPAP is revised every two years and appraiser credentials are not affected by USPAP changes. B. Borland asked how course fees and USPAP costs are determined. D. Bunton responded that the cost (\$75) for USPAP has not changed in 11 years. TAF also does market research to see what other organizations charge for similar products. B. Borland noted that costs to maintain an appraiser license have increased but wages have stagnated. L. Desmarais said that appraisers have asked that course content include relevant case studies. D. Bunton added that TAF will include case studies on bias and discrimination in courses coming out in 2021. J. Rives suggested that most federal agencies have minority and women inclusion offices that TAF could contact for assistance. D. Bunton said that these projects are in the formative phase right now. T. Segerson added he could ask a staff person from NCUA's Diversity office to contact TAF. J. Jilovec asked TAF if there were items that were not addressed in NOFA that TAF wish had been addressed. E. Nkemngu responded that TAF did not accept the FY20 grant and asked if the ASC would consider funding projects for the Appraiser Qualifications Board, but not the Appraisal Standards Board. T. Segerson responded that the ASC would need to discuss that issue separately. He asked ASC members to submit any additional questions for TAF to ASC staff. The Briefing adjourned at 2:00 p.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
SEPTEMBER 23, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
NCUA – Tim Segerson
OCC – James Rives

ASC STAFF: Executive Director – Jim Park
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FRB – Matt McQueeney
NCUA – Gira Bose
OCC – Will Binkley
OCC – Stacey Fluellen
OCC – Joanne Phillips

The Briefing was called to order at 4:00 p.m. by Vice-Chair J. Schroeder. The following items were discussed: (1) Temporary Waiver Policies and Procedures; and (2) Questions for the Appraisal Foundation.

Temporary Waiver Policies and Procedures

A. Ritter received comments from member agencies to the draft temporary waiver policies and procedures. There was discussion on the current procedures set forth in the existing rule. The ASC has 45 calendar days from the date of publication of a Notice of Received Request in the *Federal Register* to either grant or deny a waiver in whole, or in part, and upon specified terms and conditions, including provisions for waiver termination. As noted in the draft policies, the procedure prior to publication depends on whether the party seeking a waiver is submitted by: (1) a State Appraiser Regulatory Agency (State); or (2) Federal financial institution regulatory agencies, their federally regulated institutions, and other persons or institutions with a demonstrable interest in appraiser regulation. There are varying interpretations from ASC member agencies whether FFIEC approval is included in that 45-day period if the ASC approves a temporary waiver. There was general discussion on whether to proceed with a formal rulemaking, interpretive rulemaking or guidance document. J. Jilovec noted that 15 days after the 30-day comment period is a short turnaround for ASC staff to review comments and provide a recommendation to the ASC. R. Witt suggested that all temporary waiver requests come through the State. A. Ritter commented that a formal rulemaking would be necessary to change the 45-day timeline. J. Rives agreed that the 45-day timeframe is too short. (T. Segerson joined the Briefing). T. Segerson asked ASC staff to forward the Temporary Waiver Policy framework developed by NCUA to the ASC members. T. Segerson said that scarcity and delay are not defined in the current rule. Standards should be set to allow the process to work more effectively. J. Schroeder said that if the ASC contemplates a formal rulemaking process, the FAQs should be clarified as well. He suggested that ASC members discuss this with their internal legal staff. J. Jilovec asked if this item will be on the agenda for the September 29th FFIEC Meeting. J. Park responded that he and T. Segerson will update the FFIEC at that Meeting. J. Schroeder requested that A. Ritter send out an email to the ASC members with a due date for a decision on whether to do a formal rulemaking.

Questions to the Appraisal Foundation (TAF)

This item was not on the original Briefing agenda, but J. Park requested that pursuant to discussion in the Briefing held with TAF earlier today, that ASC members submit their questions for TAF to ASC staff by September 28th. He will also send an email to ASC members as a reminder. ASC staff will compile the questions and submit them to TAF. T. Segerson noted the Notice of Funding Availability Summary (NOFA Summary) includes funding for the Practical Application for Real Estate Appraisal (PAREA), and that TAF has questioned whether funding could be provided for the Appraiser Qualifications Board (AQB) but not the Appraisal Standards Board (ASB). There was general discussion regarding the statutory language in Title XI regarding grants to support both TAF Boards.

J. Schroeder asked if PAREA would be worthwhile at this point. J. Park responded that PAREA has been in development for approximately five years and much work is still needed. ASC staff is drafting comments to the recent Exposure Draft regarding PAREA and will share the letter with the ASC. M. Abbott noted that TAF does not have a clear idea how PAREA should be used or what the outcome should be. He suggested that if grant funding is requested, PAREA could

be separated into modules to see if they are well received before developing the full system; funding milestones could be required and funding withheld if milestones are not completed. There was general discussion on how unspent TAF grants funds would be used. M. Abbott said that the ASC should verify that grant funds to the ASB and AQB are used for Title XI-related projects. He added that \$3M does not need to be evenly divided into \$1M each year; it is the total amount for the 3-year grant. J. Park asked if the NOFA Summary needs to be voted on by the ASC. M. Abbott responded yes; the grant is effective on October 1st but a vote can occur after that date. J. Park suggested a Special Meeting on October 5th since the ASC is scheduled to have a Briefing on that date. M. Abbott added that the ASC members only need to vote on the NOFA Summary. J. Park said ASC staff would send out the revised NOFA Summary early next week. After discussion, the ASC members agreed a Special Session should be scheduled for Monday, October 5th at 1:30 p.m. for 30 minutes.

The Briefing on Lack of Diversity in Valuation and Related Industries will be scheduled for 1:00 p.m. on October 5th. J. Park is considering a Roundtable on this topic, possibly in 2021, and requested ASC member input. T. Segerson suggested that ASC members could put ASC staff in touch with the respective agencies' inclusion offices.

The Briefing adjourned at 5:00 p.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
OCTOBER 5, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

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OBSERVERS: CFPB: Deana Krumhansl
CFPB: Orlando Orellano
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FDIC – Suzy Gardner
FRB – Trevor Feigleson
FRB – Carmen Holly
FRB – David Imhoff
FRB – Devyn Jeffereis
FRB – Matt McQueeney
FRB – Matt Suntag
OCC – Will Binkley
OCC – Kevin Lawton

The Briefing was called to order at 1:00 p.m. by Chair T. Segerson. The following item was discussed: (1) Lack of Diversity in Valuation and Related Industries

Lack of Diversity in Valuation and Related Industries

J. Park asked if the ASC members felt the ASC has a role in this issue. If so, the ASC staff can start planning a Roundtable in 2021. Depending on the outcome, additional Roundtables could be held. He will contact the Center for Learning Innovation this week to see if they would be available to assist with planning. J. Schroeder felt that if there are concerns regarding a lack of diversity and bias in the appraisal process, the ASC should have a role in finding solutions. J. Park said the ASC has oversight over the States and how they handle various aspects of their program of which diversity and bias may be an issue. The ASC member agencies provide a unique opportunity to educate and develop solutions. J. Park suggested grant opportunities to study the issues and provide opportunities to minorities that wish to enter appraisal-related professions. The House Financial Services Committee drafted legislation that would set up a Task Force and Advisory Committee administered by the ASC to find solutions to the lack of diversity in appraisal-related fields. The proposed legislation would provide the ASC with grant funds which would go to Historically Black Colleges and Universities to assist minorities wishing to enter appraisal-related fields. M. Abbott said the ASC could use grants for this purpose and felt a Roundtable would be helpful. J. Rives said that OCC has discussed the diversity and bias issue as well. The ASC should take a leadership role with ASC member agencies and the Appraisal Foundation providing resources as well. He suggested that the ASC could put together a Roundtable planning committee with ASC staff setting up an action plan for that committee. B. Borland felt that a Roundtable is a good idea. She noted that more research should be done by ASC staff to validate the diversity and bias concerns. K. Coughlin was supportive of the ASC being more involved or proactive of the oversight and should leverage ASC member agency resources. T. Segerson said that while this is not a stated objective in Title XI, he supports a Roundtable. He will reach out to the Diversity and Inclusion Office at NCUA as well. He also agreed that a planning committee be convened, and a timeline developed. J. Rives volunteered to be on the planning committee. K. Coughlin was supportive of a Roundtable and additional grant funding to provide training to States and other parties regarding diversity and inclusion. J. Park said that ASC staff will develop a plan for ASC review.

The Briefing adjourned at 1:27 p.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
NOVEMBER 4, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

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FDIC – Lauren Whitaker
FHFA – Ming-Yuen Meyer-Fong
FRB – David Imhoff
FRB – Devyn Jeffreis
FRB – Matt McQueeney
FRB – Matt Suntag
NCUA – Gira Bose
OCC – Will Binkley
OCC – Michael Carrier
OCC – Stacey Fluellen
OCC – Kevin Lawton
OCC – Joanne Phillips

The Briefing was called to order at 10:00 a.m. by Chair T. Segerson. The following items were discussed: (1) State Offsite Assessment; (2) Temporary Waivers; (3) GAO Review; (4) DOJ

Legal Review on TAF Monitoring and Review; (5) ASC Roundtable Planning; and (6) 2021 ASC Meeting Schedule.

State Offsite Assessment (SOA)

J. Park said that ASC staff will begin conducting off-site assessments of State Programs in lieu of on-site Compliance Reviews starting in January. The SOAs would continue indefinitely until it is safe to travel and State offices are open to the public. A. Bohorfoush said that the SOA would be a limited assessment of State compliance with Title XI. The SOA will allow Policy Managers to prioritize on-site Compliance Reviews. Receiving electronic files from States may be difficult depending on each State's ability to submit files in a readable electronic format. M. Brown added that Policy Managers also will review State statutes, regulations, administrative rules and Board meeting minutes. T. Segerson asked what files can be reviewed electronically versus on-site. D. Graves responded that many items can be reviewed electronically but added that being on-site allows Policy Managers to conduct face-to-face meetings with State staff. T. Segerson asked if grant funds could be provided to assist States with updating technology to allow files to be submitted for review electronically. J. Park responded that several States requested or plan to request grant funds to digitize files and update technology. A. Bohorfoush noted that one of the goals of the SOA is to identify States that would benefit from technology grants. J. Jilovec noted that FDIC has been conducting off-site bank examinations since March. J. Park asked if FDIC considers off-site bank examinations the same as an on-site examination. J. Jilovec responded "yes" because it is a statutory mandate. T. Segerson stated that NCUA is also conducting off-site examinations of credit unions and is prioritizing on-site reviews when it is safe to do so. A. Bohorfoush said that there are two options for SOA implementation: (1) the ASC can define this as an internal operational policy that does not need Board approval, or (2) the ASC can adopt the SOA in a Special Open Meeting in which States and others could learn about the SOA process. J. Schroeder asked A. Ritter if the SOA can be adopted as a matter of policy without ASC Board approval. A. Ritter responded "yes" adding that SOAs would be considered preliminary with no Finding awarded to the State. B. Borland noted that ASC staff was proactive in developing the SOA. R. Witt felt that the SOA did not need a Board vote. T. Segerson said he would like ASC staff to develop an outline and parameters, but a vote is not necessary. J. Rives and K. Coughlin agreed.

Temporary Waivers

A. Ritter requested ASC input to move forward with rulemaking to revise the Temporary Waiver rule. This would include increasing the current 45-day deadline to issue a Final Order. T. Segerson felt that revisions are necessary to allow ample time for both the ASC and FFIEC to make an informed decision. Other revisions to the rule may also be necessary. J. Schroeder said that appraiser delay and shortage need to be better defined, as well as clarity on documentation required for a temporary waiver submission. K. Coughlin, J. Jilovec and J. Rives agreed. J. Rives added that the FFIEC should be notified of the ASC's intention to revise the rule. B. Borland said that revisions to the current rule are necessary. J. Park reported that ASC staff has begun a dialogue with the FFIEC State Liaison Committee (SLC). A meeting between the States (through AARO) and the SLC will be scheduled. There was additional discussion on how to address a review process for appraisals conducted pursuant to a temporary waiver. J. Park

suggested that staff continue working with States and stakeholders to provide additional avenues to address shortages or delays before a temporary waiver request is submitted. M. Abbott said that a process to provide grant funds to address appraiser shortage and delay could be developed. J. Park added that the South Dakota Appraiser Program was awarded a grant to assist with bringing in new appraisers and finding supervisory appraisers. That model could potentially be suggested to other rural States. A. Ritter will work on a draft Notice of Propose Rulemaking and distribute it to the ASC members for review.

General Accountability Office (GAO) Review

J. Park said that an entrance conference with GAO is scheduled for November 9th; ASC members are invited to attend. GAO has questions pertaining to temporary waivers, but they may have additional questions as the review process unfolds. J. Jilovec asked if the entrance conference would be confined to the temporary waiver process and J. Park responded “yes.” J. Park will provide the dial-in number to the ASC.

U.S. Department of Justice (DOJ) Legal Review on the Appraisal Foundation (TAF) Monitoring and Review

J. Park said that DOJ notified ASC staff that they are continuing work on this issue. T. Segerson asked if DOJ knows when a formal opinion would be provided to the ASC. J. Park responded “no,” but will follow up with DOJ. He will also follow up with TAF to see if a response to the ASC’s questions arising from the September 23rd Briefing will be forthcoming. J. Park said that TAF published USPAP Standards 1-4 on its website in a downloadable, searchable format.

ASC Roundtable Planning

J. Park said that ASC staff recently had a conference call with the St. Louis Federal Reserve Bank’s Center for Learning Innovation (CLI). CLI assisted with two previous ASC Roundtables. He would like to move forward on the concept of hosting 2-3 Roundtables on Diversity and Inclusion in the Appraisal Field. Mortgage lending could also be considered as a topic. He requested that ASC members provide him with contact information of staff at their agencies by November 16th that could be on the planning committee. J. Rives responded that OCC staff may be able to assist and will reach out to the OCC’s Community Affairs and Minority Affairs Sections once Roundtable topics are chosen. R. Witt suggested that an outline would help the ASC members to better know which agency staff could be of assistance.

2021 ASC Meeting Schedule

J. Park asked ASC members if they wished to keep the same quarterly Meeting schedule for 2021. He suggested that the Annual Report to Congress could be completed ahead of the June 14th deadline as no Compliance Reviews have been conducted since March 2020. T. Segerson suggested sending a reminder to ASC members with a due date for the 2020 Annual Report and J. Park said he would do so. J. Park said that Briefings can be scheduled to follow ASC Meetings. T. Segerson suggested that ASC Meetings be scheduled approximately two weeks ahead of FFIEC Meetings; J. Jilovec and K. Coughlin agreed. J. Park responded that he would contact the FFIEC to request their 2021 Meeting schedule. J. Rives asked if the ASC provides a

package to the FFIEC in advance of its Meetings. J. Park responded that a package is sent to the FFIEC two weeks before the scheduled Meeting. The package includes an update on the ASC Operating Plan and summary of ASC activities. J. Rives suggested scheduling Briefings in advance of ASC Meetings; K. Coughlin agreed. J. Park responded said he would do so. He added that before the pandemic, Briefings were scheduled to follow in-person Meetings due to security issues. In the current virtual format, Briefings can be scheduled separately. J. Schroeder and T. Segerson asked if Briefings need to be held the same day as the Meeting. J. Park responded “no,” it had to do with the ease of blocking off two hours of time rather than trying to find alternative availability of ASC members. T. Segerson said it was easier for him to have availability for a one-hour block of time rather than two hours and requested that Meetings and Briefings be held on different days for a one-hour block of time for each. After discussion, it was decided that ASC Meetings and Briefings be scheduled separately for one-hour blocks of time with ASC Meetings scheduled two or three weeks in advance of FFIEC Meetings. Briefings should be held in advance of ASC Meetings. T. Segerson requested timelines for the ASC Annual Report and Fiscal Year budget. J. Park said that Open Meetings and Briefings will be held virtually in 2021 unless there is a change in the pandemic status. ASC members agreed.

OTHER ITEMS

J. Jilovec requested an update on the State grant review. M. Abbott responded that ASC staff successfully executed eight State grant awards. The next State grant proposal deadline is December 31, 2020. J. Rives asked what the total was for the eight grants; M. Abbott responded it was just over \$250K. J. Rives asked what would become of the FY20 grant funds that TAF declined. M. Abbott responded that those funds (approximately \$300K) will be transferred to State grants. J. Jilovec asked if the ASC staff can provide a status report to the ASC on grant execution. M. Abbott responded that grant information updates will be provided on the ASC website. He added that the grant for Technical Assistance and Training will be awarded before the end of 2020. Grantees for all grants will be required to provide a semi-annual and annual update to the ASC. J. Jilovec asked if a summary will be provided of how grant funds were expended. M. Abbott responded that will be a part of the semi-annual and annual updates from grantees.

M. Abbott said that eleven proposals have been received to the Request for Proposals to conduct the TAF audit. The GSA Contracting Office is assisting ASC staff with reviewing the proposals and an award should be made by the end of 2020.

J. Rives asked for an update on the strategic communications. J. Park responded that ASC staff is researching providers on the GSA Schedule and is currently setting up meetings with prospective companies.

The Briefing adjourned at 11:35 a.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
DECEMBER 16, 2020**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Brian Barnes
NCUA – Tim Segerson
OCC – James Rives

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Grants Director – Mark Abbott
Attorney-Advisor – Ada Bohorfoush
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: CFPB – Paul Hannah
CFPB – Orlando Orellano
FDIC – Richard Foley
FDIC – Beverlea Gardner
FDIC – Mark Mellon
FDIC – Lauren Whitaker
FHFA – Ming-Yuen Meyer-Fong
FRB – Trevor Feigleson
FRB – Carmen Holly
FRB – David Imhoff
FRB – Devyn Jeffreis
FRB – Matt McQueeney
FRB – Derald Seid
NCUA – Rachel Ackmann
NCUA – Gira Bose
NCUA – Ian Marena
OCC – Will Binkley
OCC – Stacey Fluellen
OCC – Kevin Lawton
OCC – Joanne Phillips

The Briefing was called to order at 12:00 p.m. by Chair T. Segerson. The following item was discussed: Appraisal Foundation (TAF) December 7, 2020 letter.

TAF Letter

The ASC received a December 7th letter from Marc Weinberg, TAF's Regulatory Attorney, setting forth TAF's concerns with the ASC's monitoring and review of TAF and requesting the ASC rescind the TAF Monitor and Review Policy. T. Segerson noted that the FFIEC was notified of the December 7th letter to the ASC. J. Park said that he forwarded a copy of the letter to the U.S. Department of Justice (DOJ). DOJ is continuing work on its opinion regarding ASC oversight of TAF. J. Park said that ASC staff began providing written feedback in 2015 to TAF regarding the Appraiser Qualifications Board (AQB), Appraisal Standards Board (ASB) and Board of Trustees (BOT) Meetings. TAF requested that the ASC discontinue feedback in 2016 because they did not want a written record of ASC observations. ASC staff restarted this practice in May 2020 after adoption by the ASC of the Monitor and Review Policy. K. Coughlin added that TAF had concerns with the ASC's approach to the Fiscal Year 2020 (FY20) TAF grant as it differed from the approach used previously. M. Abbott responded that TAF felt that the ASC was making specific recommendations to obtain grant funds. A. Ritter added that TAF also asked if FY20 grant funds could be allotted to the AQB only. The ASC rejected that option. The ASB oversees USPAP updates and the revenue from USPAP sales and courses is a large part of TAF's revenue stream. J. Schroeder clarified that TAF was not required to accept the ASC's suggestions but could still accept the funding. M. Abbott added that, while that is the case, TAF would still need to submit a plan on how funds would be spent. J. Schroeder asked what the past grant process has been. M. Abbott responded that TAF previously submitted a grant proposal and the ASC would review it, provide comments as necessary, and approve the grant in an open meeting. The process changed with the ASC's approval of the Grants Handbook in December 2019. K. Coughlin asked what the next steps should be. T. Segerson responded that the TAF BOT has requested a meeting with the ASC but he would like to have a definitive response from DOJ before scheduling that meeting. The goal of the meeting would be to find common ground to get back to a positive working relationship. He added the ASC should work towards partnering with TAF and the FFIEC may need to be briefed. He plans to apprise Chairman Hood of the situation. J. Schroeder also provided a summary to the CFPB principal. ASC staff is drafting an acknowledgement letter to TAF noting that the ASC is reviewing the letter and will respond in due time. M. Abbott noted that the ASC has selected an auditor to conduct the financial audit covering the grants for the previous three fiscal years. This audit will begin in January. T. Segerson requested a summary of previous Agreed Upon Procedures Reviews versus what will be done in this financial audit. J. Jilovec requested a summary laying out the sequence of events that could be presented to agency principals if necessary. T. Segerson said that ASC staff will provide a summary to ASC members that will also include information regarding the upcoming TAF audit. J. Park reached out to DOJ regarding when the opinion should be received but DOJ was noncommittal on a due date. J. Jilovec asked if there has been any change to oversight while DOJ is reviewing ASC monitoring authority of TAF. J. Park responded "no" but added that TAF has taken steps to limit ASC staff access to their meetings including Executive Sessions which the ASC staff previously attended. K. Coughlin asked about the statutory relationship between the FFIEC and ASC. T. Segerson responded that the ASC is a Subcommittee of the FFIEC. The FFIEC approves the ASC Chairmanship and five of seven ASC member agencies are also members of the FFIEC. Operationally, there is not much

interaction but in terms of reputation and public's view, there is some exposure for FFIEC members and their agencies. T. Segerson requested that ASC staff set up a Briefing in early January to follow up on this discussion.

The Briefing adjourned at 1:05 p.m.

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
JANUARY 15, 2021**

LOCATION: Via Zoom

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FHFA – Robert Witt
FRB – Keith Coughlin
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Jim Rives

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

OBSERVERS: CFPB – Deana Krumhansl
CFPB – Orlando Orellano
FDIC – Richard Foley
FDIC – Mark Mellon
FDIC – Lauren Whitaker
FHFA – Ming-Yuen Meyer-Fong
FRB – David Imhoff
FRB – Devyn Jeffreis
FRB – Matt McQueeney
FRB – Matt Suntag
NCUA – Rachel Ackmann
NCUA – Gira Bose
NCUA – Ian Marena
OCC – Joanne Phillips

The Briefing was called to order at 2:00 p.m. by Chair T. Segerson. The following items were discussed: (1) U.S. Department of Justice opinion and analysis; (2) TAF Audit; (3) Revised ASC Logo; (4) 2020 ASC Annual Report; and (5) Strategic Communications partner.

U.S. Department of Justice (DOJ) opinion and analysis

J. Park reported that he contacted DOJ this morning and they hope to have an opinion to the ASC by the end of January. There was discussion on pursuing other options, such as the Legal Advisory Group or the U.S. Government Accountability Office. Staff will reach out to the attorney who represented DOJ and assisted the ASC on copyright issues for assistance and advice to move this forward.

Appraisal Foundation (TAF) Audit

M. Abbott provided a draft engagement letter to ASC members for review. The chosen audit firm, McBride, Lock and Associates LLC, has experience auditing non-profits and grant-related projects. J. Rives asked if TAF has provided information to the auditors. M. Abbott responded that the audit would not start until the engagement letter is signed. J. Jilovec and J. Rives asked when the ASC last conducted a financial audit of TAF grants. M. Abbott responded that the ASC has never conducted a financial audit of grant funds awarded to TAF; only Agreed Upon Procedures Reviews have been completed. There are issues that could become public as a result of this audit that may negatively reflect on the ASC and will need to be addressed in the Management Letter. T. Segerson asked if formal notification has been sent to TAF regarding the audit and J. Park responded “no.” M. Abbott said that the auditors would set the schedule that will allow TAF ample time to compile the information. M. Abbott noted this is a standard financial audit and he is confident that TAF has accurate records. T. Segerson reiterated that TAF should be given ample notice of this audit and the process should be transparent. M. Abbott responded that ASC staff can send an informal email to TAF notifying them that ASC staff has selected an auditor and further information will be forthcoming. The auditor will introduce themselves to TAF and arrange the entrance conference. T. Segerson asked that the notification be consistent with the grants policy and federal grantmaking procedures. M. Abbott reiterated that TAF would be given advance notice and ample time to compile records. R. Witt asked if the audit findings would be made public. M. Abbott responded “yes,” both the draft and final audit reports as well as audit findings and TAF’s response to those findings. The ASC will upload these documents to the website, and it will be referenced in the ASC Annual Report next year. B. Borland asked if this audit process would be the same for all grantees that accept grant funds. M. Abbott responded “yes” and added that the ASC staff would schedule audits based on risk assessments. Those grantees would also be notified that an audit will be scheduled, and all grant-related records must be made available to auditors. The Board discussed the December 7th letter from TAF’s Regulatory Attorney. K. Coughlin noted that, absent the DOJ opinion, there is no point in responding to TAF’s December 7th letter other than acknowledging receipt of the letter. J. Park said he responded via email to M. Weinberg acknowledging receipt of letter. J. Schroeder clarified that a meeting was to be scheduled with TAF leadership in mid-December when it was thought that the DOJ opinion would be available. T. Segerson added that TAF has agreed to schedule a meeting with the ASC leadership in February.

Revised ASC Logo

J. Park reported that ASC staff will redesign the ASC logo as part of the planned website redesign. The ASC does not have to go through a regulatory approval process as is required by other agencies. He shared the current logo and proposed options. The current website logo was created in 2010. The proposed logo will reference the FFIEC as does the current logo. (K. Coughlin left). B. Borland, R. Witt and J. Schroeder thought the proposed design was acceptable. R. Witt preferred a rectangular to circular logo. J. Rives asked if logo redesign was included in the FY21 ASC budget. J. Park responded that it is included in the website redesign which was in the budget. J. Rives questioned why the logo needed to be redesigned. J. Park responded that it would complement the new website design. D. Graves added that the only printing cost for the new logo would be for business cards. The new logo would replace the current logo on the ASC letterhead template and the logo is not included on envelopes.

2020 ASC Annual Report

A. Bohorfoush updated ASC members on the Annual Report preparation. She anticipates sending a draft report to ASC members for review by January 25th. It is hoped that the Report would be ready for approval at the ASC's March 10th Meeting. J. Park noted that the Hotline page on the website will be updated as part of the website redesign. The Hotline only provides a system for users to determine who their complaint should be referred to based on responses to a series of questions; it does not refer the complaints. N. Fenochietti noted that some complaint referrals could be directed at multiple agencies.

Strategic Communications partner

J. Park reported that ASC staff has met with three vendors thus far. Two vendors are smaller firms and could start work with the ASC immediately. ASC staff hopes to decide soon and have an agreement with one of the companies in the next couple of weeks.

The Briefing adjourned at 3:20 p.m.