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Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director

DATE: August 14, 2019

RE: August 28, 2019 ASC Meeting Package

For the August 28th ASC Meeting, the following items are included in your meeting package. A Briefing will be held following the Meeting. Any briefing materials will be uploaded to the ASC website on August 21st. If you have any questions, please contact Lori Schuster at lori@asc.gov.

OPEN SESSION

- Agenda for ASC Open Session Meeting
- Reports
 - Chairman's Report (oral report)
 - Executive Director's Report (report attached)
 - Delegated State Compliance Review Report (oral report)
 - Financial Manager's Report (oral report)
 - Notation Vote (oral report)
- May 8th ASC Open Session Meeting Minutes
- July 9th ASC Open Session Special Meeting Minutes

(If you would like a Word version of the Minutes for editing, please let us know. Your edits can be submitted to Lori Schuster (Lori@asc.gov) by close of business, August 26th. A revised draft incorporating any edits received will be provided for the August 28th Meeting.)

- FY20 ASC Budget

GRANT REIMBURSEMENTS

- January-May 2019 Appraisal Foundation grant reimbursement requests reviewed and approved by ASC staff

FYI - INFORMATIONAL ITEMS

- Revised ASC Member list showing changes made to CFPB's membership
- Appraiser Credential Report as of July 26, 2019
- State Program Status Report as of August 9, 2019
- Approved minutes of the February 13th ASC Open Session Meeting and April 15th Special Meeting
- Compliance Review Reports: Delaware, District of Columbia, Florida, Kentucky, Mississippi, Nebraska, South Carolina
- Follow-up Compliance Review Reports: Massachusetts
- AMC Compliance Review Reports: Delaware, Nebraska, South Carolina
- Appraisal Foundation Statement from D. Bunton regarding NCUA's threshold increase for commercial transactions
- Press Release from the Appraisal Standards Board announcing its intention to examine the concept of creating standards for evaluations
- A copy of proposed H.R. 3619 entitled "Appraisal Reform Act of 2019"

BRIEFING SUMMARY NOTES

- Summary Notes from the May 8, April 29, July 2, July 25 and August 7 Briefings

BRIEFING

- August 28, 2019 Briefing Agenda

Open Session Cover Page

August 28, 2019

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Agenda

Date: August 28, 2019
Time: 10:00 a.m.
Location: Partnership for Public Service
1100 New York Avenue NW
Suite 200 East, Room 2D
Washington, DC 20005
Metro Stop: Metro Center – 11th and G Street Exit

Open Session

Reports

- | | |
|--------------------------------------|---------------|
| • Chairman | A. Lindo |
| • Executive Director | J. Park |
| • Delegated State Compliance Reviews | A. Bohorfoush |
| • ASC Grants Program | M. Abbott |
| • Financial Report | G. Hull |
| • Notation Vote | L. Schuster |

Action and Discussion Items

- | | |
|----------------------------|-----------------|
| • Open Session Minutes | A. Lindo |
| ○ May 8, 2019 | |
| ○ July 9, 2019 | |
| • FY20 ASC Budget Proposal | J. Park/G. Hull |

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee
FROM: Jim Park, Executive Director
DATE: August 14, 2019
RE: Quarterly Executive Director Report

North Dakota Temporary Waiver

The Order reflecting the ASC's decision to issue a limited temporary waiver of appraiser credentialing requirements in North Dakota was noticed in the *Federal Register* and became effective August 7, 2019. I am contacting the North Dakota Appraisal Board and Department of Financial Institutions to initiate discussions among stakeholders. I'll provide periodic progress reports.

Temporary Waiver Policies and Procedures

At the request of several ASC members and at the direction of the Chair, staff is developing a set of policies and procedures to be considered for processing a temporary waiver request. We intend to have a draft out to the Board within the next few weeks.

Personnel Changes

Mark Abbott's detail to the ASC was extended through the end of the fiscal year.

We had a setback in our effort to fill the Regulatory Affairs Specialist position which will require a new round of interviews. I'll continue providing updates on our progress.

ASC Grant Office

Now that we have taken the initial steps toward establishing a more robust grant program, we will be working on a Grants Handbook and intend to have that ready for ASC review and approval at the November 13, 2019 Meeting.

AMC Registration and Supervision

The AMC Rule established August 10, 2018, as the date after which an AMC may not provide AMC services for a federally related transaction unless they are registered by the State or are a Federally regulated AMC. States were allowed a 1-year extension if approved by the ASC and the FFIEC. Those extensions expired August 10, 2019. Currently, all States, except for the Territories, are registering AMCs. Six States have added AMCs to the Registry since my last report. We also had an inquiry from a community bank owned AMC that claims it is a Federally regulated AMC. We suggested they determine the appropriate federal regulator and contact them for assistance.

National Registry of Appraisers (Appraiser Registry)

Close to 50 States are now using, or in the process of implementing, the UID number. While only 8 States are currently using Simple Object Access Protocol (SOAP), those States comprise the largest States in terms of appraiser registry population. CA, FL, and NY are using SOAP.

Pending Legislation

H.R. 3619, the Appraisal Reform Act of 2019, is located in the FYI section of your meeting materials. This is a bipartisan bill that appears to have support in the House. It is also my understanding that a companion bipartisan bill is being drafted in the Senate.

Appraisal Foundation Monitoring and Review

Appraisal Standards Board (ASB)

The ASB recently announced their intention to explore the potential need to draft evaluation standards to include in USPAP. They intend to circulate a Concept Paper later this year for public comment.

The 2020-21 edition of USPAP and USPAP courses are under development and should be available this fall.

Appraiser Qualifications Board (AQB)

The AQB and Foundation staff continue to focus on the Practical Applications in Real Estate Appraisal (PAREA) project. The objective is to alleviate the shortage of qualified appraiser supervisors and improve the appraiser training experience. A Discussion Draft was issued in March which received limited feedback that was mixed. An exposure draft of proposed changes to the AQB Criteria is planned for later this year. The Foundation has not made available estimates on the ultimate cost of the project. The Foundation did inform me they will not be seeking grant funds for the project.

IT Systems Backup

The Network Backup project is nearing completion. The required hardware and software will be installed in mid-August followed by a Network upgrade and cloud storage sourcing in mid-September. This will complete backups of the entire network.

2019 ASC Roundtable

The third ASC Roundtable is scheduled for November 12, 2019, at the OCC. More details will be forthcoming. We have started the planning process with CLI, the meeting facilitators that assisted last year.

Other Meetings and Presentations

- June 20 – Vicki Metcalf and I met with Deborah Hagan, the new Secretary of Illinois Dept. Of Financial & Professional Regulation and Mario Treto, the new Director of Real Estate at the agency – Chicago, IL
- June 26 – National Association of Realtors Valuation Summit – Washington, DC
- July 13 – Collateral Risk Network meeting, Reston, VA
- July 26 - Appraisal Institute, National Conference – Denver, CO

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
MAY 8, 2019**

LOCATION: Federal Reserve Board – International Square location
1850 K Street NW, Washington, DC 20006

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Veronica Spicer
FDIC – Marianne Hatheway
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Richard Taft

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
Policy Manager – Claire Brooks
Policy Manager – Vicki Metcalf
Policy Manager – Jenny Tidwell

OBSERVERS: Appraisal Institute – Brian Rodgers
CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FHFA – Ming-Yuen Meyer-Fong
FRB – Carmen Holly
NCUA – Rachel Ackmann
OCC – Will Binkley
Self-Employed Appraiser – Rick Thomas

The Meeting was called to order at 10:00 a.m. by A. Lindo.

REPORTS

- **Chairman**

A. Lindo welcomed observers to the Meeting. He reported that the ASC is operating within its budget and has adequate reserve funds. A 30-day Notice for Comment is being finalized for publication in the *Federal Register* regarding the Temporary Waiver submission from the North Dakota Governor's Office, Department of Financial Institutions and North Dakota Bankers Association. R. Taft asked whether grant funds could be used for outreach to assist persons wishing to enter the appraisal profession. A. Ritter responded that the Dodd-Frank Act requires grant funding to States, but added the ASC Grants Director, to be introduced at today's Meeting, may provide further input. A. Lindo acknowledged J. Park's ten years of service to the ASC and presented a plaque of appreciation.

- **Executive Director**

J. Park updated the ASC on recent staff activities.

- C. Walker has taken a new position at HUD. B. Borland, currently the alternate member, is the acting HUD representative.
- M. Abbott was introduced to the ASC as the part-time Grants Director. M. Abbott said he would like to conduct outreach with States to see what they would like grants to cover and if those requests are grant eligible. He will also review the ASC's current practices regarding the Foundation and Investigator Training Program grants. R. Taft asked how many hours M. Abbott works for the ASC. M. Abbott responded that he devotes

approximately 8-20 hours a week to the ASC. J. Park noted that M. Abbott's current detail runs through May 31st and can be extended.

- J. Park reported on the Association of Appraiser Regulatory Officials (AARO) Spring Conference that was held last week in Denver, CO. The Temporary Waiver submission from North Dakota was of interest to many attendees. The Appraiser Qualifications Board (AQB) held a public meeting preceding the AARO Conference. A demonstration of the *Practical Applications of Real Estate Appraisal* was presented.
- The end of the Statutory Implementation Period is August 10, 2019. After that date, if an appraisal management company (AMC) is not registered with a participating State, the AMC will be restricted from providing services for federally related transactions in that State. While the ASC has begun Compliance Reviews of State AMC Programs that did not receive a one-year extension, after that date, all State AMC Programs will be reviewed in conjunction with the Appraiser Program Compliance Reviews. After June 4, 2020, participating States will be reviewed for compliance with the ASC rule on implementation of AMC registry fees. A. Ritter noted that she and D. Graves presented an overview of the AMC Program Compliance Review process at the AARO Conference. J. Park said that the District of Columbia is undecided on setting up an AMC program. Six States are currently adding AMCs to the AMC Registry and the ASC has received approximately \$250,000 in fees.
- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Appraiser Program Compliance Reviews completed pursuant to delegated authority since the ASC's February 13th Meeting. Four State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. New Jersey, Tennessee, Utah and West Virginia were awarded a Finding of "Good" and all will remain on a two-year Review Cycle. One State Appraiser Program Compliance Review was completed and approved by the Chairman under delegated authority. The U.S. Virgin Islands received a finding of "Needs Improvement" and will remain on a two-year Review Cycle. They are subject to specific requirements and monitoring to correct the concerns.

There were two State AMC Program Compliance Reviews finalized and approved by the Executive Director under delegated authority. Tennessee and Utah were awarded a Finding of "Good" and will remain on a two-year Review Cycle.

- **Financial Manager**

G. Hull reported that the FY18 audit has been finalized. The ASC received a clean opinion with no findings, material weaknesses, compliance issues, or internal control deficiencies. The FY18 budget was expended at 99% with total FY18 expenditures at approximately \$3.6M. FY18 revenue for the ASC totaled \$3.6M representing 95% of the projected FY18 revenue amount of \$3.8M. The FY18 Appraisal Foundation \$350,000 grant award was expended at 95% or \$333,000. The Investigator Training Program (ITP) \$310,00 grant award was expended at \$213,000 or 69%.

G. Hull also reported on the FY19 mid-year budget status as of March 31st. Expenditures totaled \$1.7M versus the \$1.9M budgeted with most expenses under or near targeted mid-year levels. The ASC has received \$1.9M in revenue versus budgeted revenue of \$1.7M. The revenue is slightly higher due to Appraiser Registry credentials remaining level in addition to AMC Registry revenue.

He reported that three grant reimbursements totaling \$83,000 have been received and processed. They covered the period of October through December 2018 for costs of the ongoing work of the AQB and the Appraisal Standards Board (ASB) as well as an ASB Meeting held in October. Thus far, \$83,000 of the \$350,000 Foundation grant has been expended. Regarding the ITP grant, \$5,000 of the \$278,000 grant has been expended for personnel expenses supporting the ITP. R. Taft noted that the FY19 financial statement shows 50% of the grants have been expended. G. Hull responded that funds are accrued monthly and is not the actual amount reimbursed. A. Lindo asked if the grants will be fully used in FY19. J. Park responded that the Level One ITP course was held in April and the Foundation has not submitted a reimbursement for it yet. The Level Two and Three courses will be held over the summer. He also noted that attendance was down in 2018 so expenses were lower. R. Taft asked if unspent grant amounts from the ITP can be reallocated to the Foundation grant. J. Park responded “yes.” M. Abbott added that practices can be put in place for more robust training programs. Whether the funds go to the Foundation or not will be determined. The ASC could move to, for example, a three-year grant program and unexpended funds could be rolled over to the 2nd year and would be reduced commensurately

in the third year. M. Hatheway noted that, with additional revenue, there is more flexibility in how the funds can be used. M. Abbott suggested challenge grants and that the ASC could work with community colleges to set up training for those interested in entering the appraisal profession.

- **Notation Vote**

L. Schuster reported that the notation vote to approve the November 5, 2018 ASC Roundtable Summary for distribution and publication in the 2018 ASC Annual Report passed by 7-0 votes, respectively.

ACTION ITEMS

- **February 13, 2019 Open Session Minutes**

R. Taft made a motion to approve the February 13th open session meeting minutes as presented. T. Segerson seconded and all members present voted to approve.

- **April 15, 2019 Special Session Minutes**

R. Taft made a motion to approve the April 15th special session meeting minutes as presented. T. Segerson seconded and all members present voted to approve.

- **2018 ASC Annual Report**

A. Bohorfoush said that approval is requested so that the Report can be finalized and printed before the June 15th deadline. V. Spicer requested to incorporate edits from CFPB and asked the vote be tabled so that the CFPB can review the changes. She suggested a notation vote to be sent on Thursday with a deadline for votes to be submitted of Monday, May 13th. A. Lindo added that he is working on the Chairman's message.

The Open Session adjourned at 10:30 a.m. The next ASC Meeting will be held on August 28, 2019.

**APPRAISAL SUBCOMMITTEE
OPEN SESSION SPECIAL MEETING MINUTES
JULY 9, 2019**

LOCATION: Partnership for Public Service
1100 New York Avenue NW, Suite 200 East, Washington, DC 20005

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Philip Neary
FDIC – Marianne Hatheway
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Policy Manager – Claire Brooks
Policy Manager – Vicki Ledbetter-Metcalf
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: See Attachment

The Special Meeting was called to order at 10:10 a.m. by A. Lindo.

ACTION ITEM

- **State of North Dakota Temporary Waiver Request**

A. Lindo welcomed observers to the Meeting. The ASC is considering a Temporary Waiver Request (Request) from the North Dakota Governor’s Office, the North Dakota Department of Financial Institutions and the North Dakota Bankers Association (collectively, the

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Requester). [Procedural status: On August 1, 2018, a letter requesting a temporary waiver was submitted to the ASC by the Requester. On September 7, 2018, ASC staff replied to the Requester by letter, in which ASC staff described the information required to file a completed waiver request pursuant to 12 CFR §§ 1102.2 and 1102.3. The Requester submitted additional information in a letter dated April 10, 2019, in response to the ASC's September 7, 2018 letter. On April 15, 2019, the ASC convened a Special Meeting and determined to publish a notice for comment on the request for temporary waiver in the *Federal Register*. The notice for comment was published on May 30th with comments due on July 1st. Regulations.GOV shows 109 comments received in total with 105 viewable comments due to duplicates and 2 withdrawals.]

J. Park provided some background on temporary waiver requests and requirements. He said the Requester seeks a waiver of appraiser credentialing requirements for federally related transactions (FRTs) under \$500,000 for 1-to-4 family residential real estate transactions and under \$1,000,000 for agricultural and commercial real estate transactions throughout the State of North Dakota for a period of not less than five years. He noted that most comments in response to the *Federal Register* notice were from North Dakota appraisers who were against approval of the Request. There were four responses from lending institutions in North Dakota that were in support of the Request.

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A. Lindo invited the Requesters to speak. L. Kruse of the North Dakota Department of Financial Institutions (DFI) stated DFI's mission and the reasons for the Request. She emphasized that a scarcity of appraisers in the State was leading to a delay in turnaround times on appraisal reports which was affecting the closing of loans. She said population is not the only indicator of scarcity and that in North Dakota there is scarcity by reason of geography. She said the high cost of appraisals is paid by the customer which causes harm. DFI does not feel the waiver would cause safety and soundness issues. She commented on the Interagency Advisory on the Availability of Appraisers issued in May of 2017 and stated that in a meeting with Federal agency representatives, she was told that waivers could be used to address scarcity. She said the request was submitted and provided evidence in good faith to provide relief to consumers.

M. Foss spoke next representing the North Dakota Bankers Association (NDBA). She was the General Counsel for the NDBA when the Request was submitted in August 2018. She said that NDBA reached out to the North Dakota Real Estate Appraiser Qualifications and Ethics Board (Appraiser Board) to express concerns about an appraiser shortage in the State, and that NDBA also participated in various committees to address the scarcity issue which has caused lenders delays in assigning and receiving appraisal reports. She said the shortage does cause delay and lost loans because reports cannot be completed. She noted that since the request was submitted, the North Dakota Attorney General released an opinion on June 26th stating that permits are required to perform appraisals in North Dakota, but that existing

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exceptions in the law provide the foundation needed to implement any waiver that the ASC would grant. She does not feel that safety and soundness of the financial system would be affected as lenders located in North Dakota have shown their ability to evaluate for safety and soundness of a loan. She added that if approved, the waiver would be more available to agricultural and commercial loans.

C. Kost, Appraiser Member of the Real Estate Appraiser Qualifications and Ethics Board(Appraiser Board), spoke on behalf of the Board. He asked the ASC to deny the Request as the Appraiser Board feels that scarcity was not adequately addressed by the Requesters. Approval of the Request would also supersede the Appraiser Board's authority. He referred to comments in response to the *Federal Register* notice by the Association of Appraiser Regulatory Officials (AARO) and the Appraiser Board and other comments from in-State appraisers who have been turned away from lender appraiser panels. He said the AARO comment requested great deference be granted to the Appraiser Board as being in the best position to evaluate any scarcity. He noted that lenders have not attended any recent Appraiser Board Meetings and refuted the claim that either NDBA or DFI met with State appraisers to address the perceived shortage. He added that appraisers are eager to work with lenders but need to be given that opportunity. He stated that in 3 years, there has been no attempt to resolve differences. He commented that it is a well-supported conclusion that the number of appraisers in North Dakota is on par with other rural States and that timeliness in providing appraisals is improving. He said that lenders supporting a waiver are not interested

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in adding more appraisers to panel. He questioned how using uncredentialed appraisers would protect consumers; would appraisers with revoked credentials be allowed to appraise; how enforcement against an uncredentialed appraiser would be handled since the Appraiser Board would have no jurisdiction; what consequences would exist for lenders who participate in fraudulent appraisals; would users of appraisal services be made aware of an uncredentialed appraiser's background and would the use outweigh the risk. He suggested there are alternatives to granting a waiver stating that Licensed or apprentice appraisers are under-utilized, that SB2155 (now Title XI § 1127. *Exemption From Appraisals of Real Estate Located in Rural Areas* [12 U.S.C. 3356]) covers 90% of ND FRTs. He added that increased data availability would shorten the appraiser's turnaround time, citing the example of assessor records not being available online in the State. He also noted there are limitations to MLS and extreme weather slows everything down in the State. He noted a comment in response to the *Federal Register* notice that there is a lack of communication between lenders and appraisers.

R. Taft asked L. Kruse why geography and not population was the basis used to determine scarcity. L. Kruse responded that appraisers in North Dakota may cover multiple counties because of the rural geography of the State. The Requester also reviewed commercial and residential growth in North Dakota over the past few years. While the North Dakota economy did experience a slowdown in 2014, there was still growth. R. Taft asked how a temporary waiver would provide relief. L. Kruse responded that the scarcity issue has been

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ongoing, and the appraiser profession can be difficult to enter. She commented that while there has been some relief in the form of loosened Appraiser Qualifications Board Criteria, and the passage of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), it will take time for those changes to be realized. R. Witt asked what the State has done to provide relief to procure timely appraisals to address delays. He added that if lenders are not utilizing Licensed appraisers on their panels that would not determine a scarcity. L. Kruse responded that transactions valued at or higher than \$1,000,000 must be appraised by Certified appraisers; lenders selling in the secondary market also want to utilize only Certified appraisers. R. Witt said that appraisers may serve multiple counties, not just the county they reside in. L. Kruse responded that North Dakota lenders are using all available appraisers, even out-of-State appraisers, but local appraisers are more knowledgeable of the area. She added that the cost of a report can increase if an out-of-State appraiser has to be used; weather, geography and long distances are also reasons for delay. She added that approximately 40% of appraisers in North Dakota limit their work to metropolitan areas of the State. M. Foss added that an employee within a lending institution does not need to be credentialed if they are only providing an estimate of value to their employer. R. Witt asked if mostly smaller, rural lenders would use the temporary waiver. M. Foss responded "yes," and added that some small lenders have ceased making residential loans because of the delay in receiving a completed appraisal report and federal requirements; larger lenders have marketing and mortgage origination programs and she does not think that they will alter their programs. R. Clayburgh, the President of the NDBA, said that not all in-State appraisers are available to all lenders as some appraisers limit their work

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to specific lenders or appraisal types. He said legislative leadership brought lenders and appraisers together to address education requirements and that there is a potential for State educational institutions to set up a program to assist those who want to enter the appraisal profession. He added that lending has slowed due to the difficulty in finding comparables which delays lenders from receiving completed appraisal reports. He feels that the information provided by the Requesters supported the Request. M. Hatheway asked M. Foss if there have been discussions with the Appraiser Board to discuss scarcity. M. Foss said this has been a longstanding issue. In her opinion, the problem is known to the Appraiser Board but no solutions have been put forth. She stated that in May 2017, the FDIC published FIL-19-2017 which inspired the State to act on the issues of scarcity and delay. She added that the Request is temporary and could be terminated once other solutions were put into place. T. Segerson asked what transactions would be covered under this temporary waiver, if granted, and also asked about the effect of Title XI § 1127. *Exemption From Appraisals of Real Estate Located in Rural Areas* (Section 1127) on scarcity. L. Kruse responded that few lenders have used the rural waiver authority under Section 1127 as they are awaiting the regulatory agencies to finalize rules since the law was vague on what constitutes good effort in contacting appraisers. She said they are also hopeful there will be a decision to raise the residential threshold. The Request, if approved, would mostly apply to commercial loans as lenders want to support the community and support small commercial loans. R. Taft asked how many commercial transactions in rural areas are FRTs. L. Kruse said there are not many but added that delays can hinder opportunities for rural areas. A. Lindo asked C. Kost why delivery times in North Dakota are longer than those in neighboring rural States. C. Kost

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responded that Minnesota has a higher number of appraisers from larger metropolitan areas, such as Minneapolis, who are willing to do rural appraisals. He did not feel that delivery times in North Dakota varied that much with turnaround times in Montana. He added other rural States may have better automated systems in which to obtain data and that the State could potentially help counties and municipalities develop more robust data systems. L. Kruse added that South Dakota and Minnesota also have issues with shortages and delays. C. Kost noted that turnaround times in North Dakota have improved over the past few years. A. Lindo asked ASC members for their opinions on approving the Request and if there are other possible solutions. M. Hatheway suggested a middle ground, noting the ASC cannot approve a waiver of USPAP-compliant appraisals. She proposed granting a temporary waiver for 1-2 years and added there should also be increased dialog between lenders and appraisers, similar to what we have seen in Tennessee. She commented that geography resulting in longer travel does contribute to delay. She stated she is supportive of approving a waiver for a shorter period of time while coming up with other solutions. P. Neary agreed with M. Hatheway's suggestions. R. Taft acknowledged that delays could be occurring and added the State could address some of the issues such as lack of available data. He also supported short-term relief while the State and appraisers work towards other solutions. He added if the regulatory agencies do approve raising the residential threshold, that could alleviate part of the problem, and that the length of any temporary waiver for residential appraisals should be correlated with when the regulatory agencies make a decision on the residential threshold. He commented that commercial real estate loans are more troublesome, in that there is less data. He noted the State and appraisers need to work

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together to understand each other's issues and that extending the temporary waiver beyond two years would not resolve the problems. He added that Section 1127 was self-enabling and lenders can decide now if they wish to use it. B. Borland stated that appraiser scarcity has not been proven by the Requesters and that commenters to the *Federal Register* notice also did not feel there was a delay in turnaround times. She would not vote for a temporary waiver to cover the entire State. R. Witt noted that a more robust data system would decrease turnaround time and could also help with the ability to do remote appraising along with using non-appraisers to gather data. He agreed with B. Borland that there was not a scarcity leading to a delay and would vote no on a temporary waiver as the current request is too general. He added that the Requesters could submit a narrowed temporary waiver request with better data. He also indicated that research back 10 years shows loans have declined. T. Segerson stated he has concerns with the scarcity justification. He noted both sides made strong cases for their positions. He added he would be more comfortable with a targeted temporary waiver for a shorter period than M. Hatheway suggested. He commented that the data provided on turnaround times did not show if it varies across the State. He would like to see conditions imposed on any temporary waiver such as collaboration between appraisers and lenders to determine where the challenges lie and joint research and hard data on where the challenges are. He affirmed that Section 1127 is self-enabling. He indicated he would not approve a temporary waiver to the request as submitted, but would consider alternatives. A. Lindo suggested providing a temporary waiver for residential lending but for less than five years with conditions. R. Witt stated that FHFA research did not show scarcity or delay. He noted that in rural areas, appraisals will take longer and that is customary for

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the market. A. Lindo questioned if such areas have been underserved, is that acceptable. R. Taft commented because these seem to be long-term issues, we should be looking to keep the waiver short term and require action by stakeholders to address the longer-term challenges. R. Witt responded that could be addressed by setting up a more robust MLS or data statewide, or by using remote appraisals, or property data collection by a non-appraiser. A. Lindo noted that most ASC members did not want to approve the Request as submitted, adding a temporary waiver could be targeted to specific areas and items. R. Witt questioned whether the ASC's decision will have any effect on helping the State address the issue. A. Lindo responded that the ASC can approve a recommendation today and work with the State and appraisers to find solutions and to also implement those solutions. R. Taft noted the Request was broad and the ASC could limit approval to rural areas. R. Taft asked L. Kruse if she knows of specific rural areas where there are issues. L. Kruse responded that while the ASC could note specific lenders or counties, she did not want to appear as if the Requester had geographical preferences. She is open to dialogue to find appropriate rural areas and she felt that Fargo could be considered a rural area since it is surrounded by rural counties. R. Witt asked L. Kruse if she is aware of the challenges that lenders are facing finding appraisers. L. Kruse responded that smaller lenders have fewer appraisers on their rosters while other small lenders are unable to find any appraisers, so the exemption provided by Section 1127 is not helpful. L. Kruse noted that any recommendations by the ASC concerning automation of data would need legislative action by the State and the legislature does not meet until 2021. R. Witt suggested the National Association of Realtors may have MLS coverage in North Dakota. C. Kost responded that realtors in North Dakota are

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exploring that option. R. Witt asked whether commercial data is easily available. C. Kost responded that it varies and researching for commercial data can increase the turnaround time. B. Borland asked if the ASC did approve a temporary waiver that allowed an appraiser to take the exam and gain the education and experience within a specified timeframe, would that be helpful. C. Kost said it may and noted that the AQB Criteria lowered the education and experience requirements in 2018. He added that online education is readily available; gaining experience is more difficult as a trainee must locate and work under a supervisory appraiser. He added the Appraisal Foundation's proposed Practical Applications of Real Estate Appraisal (PAREA) may be helpful once it is developed. C. Kost said that consumers should be made aware that an appraiser has not attained all of the education and experience. A. Lindo responded that if an exam is taken and passed, why should consumers be notified about the appraiser's lack of education. C. Kost said that a single exam cannot cover everything learned through education and experience. R. Taft noted that lenders will still be required to obtain an appraisal that is USPAP compliant. If appraisals are non-USPAP compliant, the regulator could cite that during an examination. T. Segerson felt that small lenders would use a credentialed appraiser in most circumstances but allowing transitional appraisers could provide relief. C. Kost said the issue of oversight of uncredentialed appraisers needs to be clarified since the Appraiser Board would not have enforcement authority. J. Park noted that transitional licensing was used when State appraiser programs were first developed and allowing that category in this instance could be revisited. B. Borland asked if data was available regarding the number of residential loans below \$250,000 and commercial loans below \$500,000. L. Kruse responded that lenders would

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need to provide that information. B. Borland noted that increasing the limit to \$500,000 may not have much impact in rural areas. L. Kruse said that may be true for small towns but there are larger, more expensive homes now. M. Hatheway amended her proposal to offer a two-year waiver for residential and commercial appraisals subject to the condition that if the regulatory agencies were to increase the residential threshold, the temporary waiver for residential appraisals would expire 30-60 days after the effective date of that increase. A temporary waiver for commercial appraisals would be effective for two years. She added a lender could be cited by a regulator for appraisals that are not USPAP compliant and the ASC would encourage lenders and appraisers to communicate to find solutions within that two-year period. R. Taft suggested instead a one-year waiver with a one-year option; lenders and appraisers would need to communicate and recommend solutions; both the State and Appraiser Board would need to provide a status update to the ASC before the option year would be approved. R. Taft also agreed that if the regulatory agencies raise the residential threshold, the temporary waiver for residential loans could expire 60 days after the effective date of the increase. A. Lindo agreed with R. Taft's proposal. C. Kost noted that the Appraiser Board has had no communications with the lenders since the initial request was filed in August 2018. He is not optimistic about the two sides working together. He added a Statewide waiver is not appropriate as the metropolitan areas do not have a scarcity of appraisers; nor did the Requesters prove there is a scarcity. He said if there is a scarcity in a geographical area of the State, and it can be proven, those areas should be considered for a temporary waiver. He stated the Appraiser Board has not heard of concerns about scarcity and that this is not a systematic statewide issue. He said the Appraiser Board expressed

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willingness to work with the Requesters on compiling data but did not receive a response. R Clayburgh stated that the Requesters met with appraisers after the initial letter was sent in August 2018. The Appraiser Board members are appointed by the Governor and should work with the Requesters to find solutions, and there is an incentive for both sides to work together; otherwise the temporary waiver would expire after one year. He added lenders can lobby the State legislature to enact legislation to develop a database. M. Hatheway said that the Final Order should include wording regarding the option to extend for one year; otherwise the Requesters would need to resubmit a Request. She said the Requester should provide an update to the ASC in advance of the one-year expiration as to what both sides have discussed so that the ASC can determine whether or not to enact the option year. A. Ritter said the ASC would need to vote in open session to approve the option year. T. Segerson said it is important that if the ASC approves the option year, there should be clear and convincing evidence from the Requester, including data on loan activity, that scarcity and delay exists. He added data for metropolitan and rural areas needs to be provided and there should be ample time for both sides to obtain information. M. Hatheway was unsure how much data would be available after one year and added communication between the lenders and appraisers would be of value. T. Segerson said he would hope to see numbers improve regarding the state of scarcity and timeliness of appraisals; that should be part of deliberations when deciding whether or not to extend. He added ASC should not automatically renew and stated he would not be inclined to do so with data available now. He reiterated the need for data for metropolitan and rural areas, and said there is plenty of time for parties to get information, including geographical data. B. Borland asked the

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Requesters who will do appraisals and how will those persons be trained. L. Kruse responded the lender would be responsible for training those persons. A. Lindo added that the regulator will evaluate bank performance and compliance with USPAP. A. Lindo confirmed the vote to be on granting a waiver in part for both residential and commercial for one year; ASC having option to extend for one year on showing of scarcity and delay, and showing progress made based on a status update to the ASC, with progress toward solutions and understanding challenges on both sides, with data to support extending the waiver, with a termination of the residential waiver 60 days after passage if the residential threshold is increased.

A. Lindo took a roll call vote:

M. Hatheway – yes; R. Taft – yes; T. Segerson – yes; B. Borland – no; R. Witt – no;

P. Neary – yes; A. Lindo – yes.

R. Taft reiterated the importance of the parties working together and that a waiver is not a permanent solution. A. Lindo confirmed that the FFIEC must concur before an Order can become effective. A. Ritter said the draft Final Order will be sent to ASC members for review and comment before it is sent to the FFIEC.

The Open Session adjourned at 12:55 p.m. The next ASC Meeting will be August 28, 2019.

Attachment: Observer List

ASC Special Meeting Observers

July 9, 2019

Affiliation	Name
Allterra Group	Joan Trice
American Society of Appraisers	John Russell
American Society of Farm Managers & Rural Appraisers	Stephen Frerichs
Appraisal Foundation	Dave Bunton
Appraisal Institute	Bill Garber
Appraisal Institute	Brian Rodgers
Conference of State Bank Supervisors	Susanna Barnett
Conference of State Bank Supervisors	Daniel Berkland
Conference of State Bank Supervisors	Mary Beth Quist
Conference of State Bank Supervisors	Alisha Sears
Federal Deposit Insurance Corporation	Michael Briggs
Federal Deposit Insurance Corporation	Suzy Gardner
Federal Housing Finance Agency	Ming-Yuen Meyer-Fong
Federal Reserve Board	Carmen Holly
Federal Reserve Board	Matt Suntag
National Credit Union Administration	Rachel Ackman
North Dakota Appraiser Board	Dave Campbell
North Dakota Appraiser Board	Corey Kost
North Dakota Appraiser Board	Tim Timian
North Dakota Appraisers Association	Joe Ibach
North Dakota Bankers Association	Rick Clayburgh
North Dakota Bankers Association	Marilyn Foss
North Dakota Dept. of Financial Institutions	Lise Kruse
North Dakota Senator Cramer's Office	Jason Stverak
Office of the Comptroller of the Currency	Joanne Phillips
Office of the Comptroller of the Currency	James Rives

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Memorandum

To: Appraisal Subcommittee

From: Jim Park, Executive Director

RE: Draft Budget Proposal for Fiscal Year 2020

Date: August 28, 2019

Fiscal Year 2020 (FY20) Budget Proposal Summary

- Projected Net Revenue – \$6,372,175
- Operating Expenses – \$4,169,275
- Appraisal Foundation Grant – TBD
- State Grants – TBD
- Net Income (pre-grant awards) – \$2,202,899
- Projected end of FY20 Reserve (pre-grant awards) - \$6,884,776

Revenue

FY20 gross revenue is projected to be \$6,372,175. A PAYGO deduction of \$352,825 is again projected for FY20, thereby resulting in [net] appraiser fee revenue of \$3,447,175. The basis for this projection is: (1) the annual appraiser registry fee of \$40 per appraiser credential; and (2) a projected average 95,000 credentials on the Appraiser Registry during FY20.

The Appraisal Management Company (AMC) Registry opened July 16, 2018. States began populating the AMC Registry in September 2018 and have until June 4, 2020, to amend their rules and/or regulations, or revise their operating procedures, to implement AMC registry fees and enter AMCs on the AMC Registry. Initially, it was uncertain if States would populate the AMC Registry in FY19, but based on fee collections data during FY19, we estimate receipts of approximately \$500k for FY19 and approximately \$3M in FY20.

ASC Operating Expenditures

The following summarizes significant expenses in the FY20 Budget Proposal. The detailed budget spreadsheet is attached.

Personnel Compensation

In FY20, \$2,683,933 is budgeted, representing a 16% increase over the FY19 Budget. The Budget Proposal for FY20 includes 14 full-time equivalents (FTEs), including the addition of one FTE (Regulatory Affairs Specialist) added in the first quarter of FY20. A cost of living increase of 1.9% has been included in the salary projections and we have also included within-grade increases for four staff based on the dates of their projected increases.

FY19 personnel benefits (*i.e.*, health benefits insurance, thrift savings plan, civil service retirement and government life insurance) was budgeted at \$517,000 or 31% of total personnel services. For FY20, \$636,000 is budgeted for the cost of these services, again representing 32% of the FY20 total personnel services.

In FY19, Individual Performance Awards (cash awards) totaled \$34,794. The cash awards budget for FY19 was \$36,000 based on the Office of Management and Budget (OMB) FY19 Guidance for Individual Performance Awards. For FY20, we are budgeting \$37,000 for cash awards.

For FY20, \$10,000 is budgeted for ASC staff training.

In FY20, Transportation of things, budgeted at \$1,105, is covered under the Miscellaneous line item category.

Travel

The total number of budgeted trips for FY20 is expected to increase from FY19 by 32 (137 trips to 169 trips), with the majority of ASC travel for State Compliance Reviews and monitoring the Appraisal Foundation Boards. In FY20, additional days of travel will be needed during Compliance Reviews for review of AMC Programs. Additionally, as staff continues working remotely, additional travel days are also included.

Actual FY19 airfares were slightly higher than the budgeted amount of \$475. Therefore, for FY20, we increased airfares to \$500. FY19 hotel rates exceeded the budgeted amount of \$160 and we increased this amount to \$195 per night. The Meals and Incidental Expenses (M&IE) rate (per diem, airport travel, baggage and parking costs) was also adjusted to reflect FY19 actuals. The average per trip cost for FY19 is therefore estimated to be \$1,755 as compared to \$1,690 in FY19.

In FY19, we anticipate using all 137 budgeted trips fully expending the \$237,490 budgeted amount. Below is a summary of anticipated FY20 travel:

Compliance Reviews: 36 State Compliance Reviews.

Follow-up Reviews: 2 Follow-up Reviews.

Priority Contacts/EWS: 8 Priority Contacts.

Conferences: 2 all-staff meetings will be held in conjunction with the AARO Conferences.

Appraisal Foundation Meetings (ASB, AQB, and BOT): 7 Appraisal Foundation board meetings.

State Investigator Training: 3 State Investigator Training Courses.

Speaking Engagements: 7 speaking engagements.

Additional Staff Travel – DC Travel: 22 trips for ASC Meetings, ASC Roundtable, grants monitoring/training and other meetings.

Grants Monitoring & Technical Assistance: 5 trips to cover the cost of grants monitoring meetings and trainings that may be required.

Rent, Communications and Utilities

For FY20, \$22,700 is budgeted for rent including \$15,200 for ASC Meetings and all-staff Meetings. As ASC staff continues to work remotely, the virtual office lease agreement will remain at \$7,500 annually.

Telephone service charges for FY20 are budgeted at \$34,800 representing an 11% increase over the FY19 amount of \$31,250, due to additional staff.

\$3,072 is budgeted for the secure, off-site storage unit for ASC files and documents. This climate controlled, secure and individually-alarmed unit is accessible 24/7.

\$5,545 is budgeted for local staff travel (mileage, taxi, public transportation) to cover travel costs to meetings in the local area and office mail pick up; \$925 is budgeted for parking.

Printing and Reproduction

Printing expenses in the *Federal Register* for FY20 are estimated to be \$20,000. This budgeted increase is due to the anticipation of increased publications associated with ASC Meeting Notices and grants information. For FY20, \$3,500 is budgeted for printing in the *Code of Federal Regulations*.

FY20 budgeted printing expenses of \$16,200 include \$14,000 for printing and layout of the Annual Report and \$2,200 for copying, shredding and other miscellaneous printing jobs.

Contracted Services

For FY20, \$129,630 is budgeted for GSA/OPM services with \$117,630 for GSA (USDA) providing financial systems and human resources support and \$12,000 for OPM support services. The FY19 budgeted amount for GSA services was \$117,225.

For FY20, \$33,968 is budgeted for the cost of the ASC annual audit and \$8,770 is budgeted for the Agreed Upon Procedures Review of the Appraisal Foundation FY19 grant. These amounts represent a 5% increase over the FY19 amounts of \$32,350 and \$8,350, respectively.

In FY20, the ASC's Grants Director will begin a comprehensive analysis and review of the ASC's existing grants policies and operations. This initiative is expected to produce significant modifications to the current grants operations structure and will require expert technical assistance. To facilitate this activity in FY20, we are budgeting \$8,500 for Indirect Cost Rate Negotiation services and \$89,000 for an Independent Auditor Contract for the Appraisal Foundation. We are also budgeting \$76,000 for Grants Technical Assistance services.

FY20 will be the third year for the ASC's Roundtable discussion forum. Facilitation for this service is budgeted at \$20,000.

IT Services

IT Contracted Services are estimated at \$149,245:

- Website Hosting & Internet Connectivity: \$24,145 is budgeted to host the ASC Website and provide internet service (a 34% increase over FY19 due to addition of 100Mbps speed).
- Help Desk Services: \$50,400 is again budgeted for ASC IT contractor help desk services.
- Website Maintenance: \$25,200 is again budgeted for this website maintenance.
- Anti-Virus/Malware: \$2,000 is budgeted for our web-based anti-virus/malware.
- Server Back-up and Recovery: \$20,000 is budgeted for our back-up and recovery service.
- Minor Projects: \$17,500 is budgeted as a contingency fund to cover IT contractor costs for unanticipated expenses.
- Managed DNS: \$6,500 is budgeted for Domain Name Service (IP address).
- Firewall: \$3,500 is budgeted for firewall service.

License Renewals are estimated at \$12,550:

- \$7,500 for renewal of Office 365 provided by On Par Technologies
- \$450 for GSA-provided dotgov domain name registration
- \$1,700 for remote computer access provide by LogMeIn
- \$300 for Lynda online, tutorial training
- \$2,600 for Adobe software

Hardware:

- \$2,500 for hardware and software
- \$24,200 for replacement costs of MS Surface Pros

IT Projects:

- \$36,000 is budgeted for enhancements to the National Registries and website.
- \$10,000 is budgeted to assist States with implementation and utilization of UID for the Appraiser Registry and assist States developing SOAP code for their systems.
- \$150,000 is budgeted to rebuild the ASC website.

- \$150,000 is budgeted for design and development of Compliance Review software.

Miscellaneous

For FY20, \$22,768 is budgeted to cover conference registrations (*e.g.*, AARO spring and fall conferences), licensing fees, bar dues, postage and transportation of things.

Federal Grants

TBD

Depreciation

In FY20, \$113,545 is projected as the depreciation expense for the National Registries of Appraisers Database and AMCs Database.

Sequestration

Based on the OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2020, sequestration for FY20 will be 5.9% of available cash receipts.

Conclusions

The proposed FY20 Budget would produce a pre-grants awards net income of \$2,202,899. A deficit of \$58,000 is projected for FY19, significantly less than the -\$420,124 budgeted. The difference is mainly attributable to AMC fee revenue.

If approved and fully expended, the pre-grants awards reserve balance at the end of FY20 would be \$6,884,776.

Attachments:

FY20 Proposed Budget Spreadsheet
ASC Profit & Loss Statement through June 30, 2019
2015-2020 ASC Reserve and Revenue graph

FY20 Proposed Operating Budget

	C	D	E	F	G	H	I	J	K
	Budget	Approved Budget	FY19	\$ Diff FY19 Budg	% Diff. FY19	\$ Diff FY20 Prop. Budg.	% Diff FY20 Prop. Budg.	\$ Diff FY20 Budg	% Diff FY20 Budg
	FY20	FY19	Projected	vs. FY19 Proj	Budg. Vs. Proj.	vs. FY19 Budg.	vs. FY19 Budg.	vs. FY19 Proj.	vs. FY19 Proj.
FY20 Proposed Operating Budget									
Estimated Revenues:									
Appraiser Registry Fees	\$ 3,800,000	\$ 3,800,200	\$ 3,602,690	\$ (197,510)	-5.48%	\$ (200)	-0.01%	\$ 197,310	5.5%
Less: 25% Pay-Go Requirement	\$ 352,825	\$ 352,825	\$ 337,752	\$ (15,073)	-4.46%	\$ 0	0.00%	\$ 15,073	4.5%
AMC Registry Fees	\$ 2,925,000	\$ -	\$ 497,063	\$ 497,063	100.00%	\$ 2,925,000	0.00%	\$ 2,427,938	488.5%
Total Revenues	\$ 6,372,175	\$ 3,447,375	\$ 3,762,000	\$ 314,625	9.13%	\$ 2,924,800	84.84%	\$ 2,610,174	69.4%
Expenses:									
Personnel Compensation:									
Salaries	\$ 2,000,452	\$ 1,748,399	\$ 1,691,444	\$ (56,955)	-3.3%	\$ 252,053	14.4%	\$ 309,008	18.3%
Personnel Benefits	\$ 636,144	\$ 517,146	\$ 539,645	\$ 22,499	4.4%	\$ 118,998	23.0%	\$ 96,498	17.9%
Cash Awards	\$ 37,338	\$ 36,025	\$ 34,794	\$ (1,231)	-3.4%	\$ 1,313	3.6%	\$ 2,544	7.3%
Training	\$ 10,000	\$ 10,000	\$ 1,859	\$ (8,141)	-81.4%	\$ -	0.0%	\$ 8,141	437.9%
Total Compensation:	\$ 2,683,933	\$ 2,311,570	\$ 2,267,743	\$ (43,827)	-1.9%	\$ 372,363	16.1%	\$ 416,191	18.4%
Transportation of Things:	\$ -	\$ 925	\$ 853	\$ (72)	-7.8%	\$ (925)	-100.0%	\$ (853)	-100%
Special Projects:									
Dodd-Frank Hotline		\$ 60							
Travel:									
Compliance Review	\$ 91,260	\$ 104,780	\$ 104,780	\$ -	0.0%	\$ (13,520)	-12.9%	\$ (13,520)	-12.9%
Supervising/Compliance	\$ 17,550	\$ 15,210	\$ 3,380	\$ (11,830)	-77.8%	\$ 2,340	15.4%	\$ 14,170	419.2%
Follow-up Review	\$ 3,510	\$ 3,380	\$ 1,690	\$ (1,690)	-50.0%	\$ 130	3.8%	\$ 1,820	107.7%
Priority Contact/EWS	\$ 14,040	\$ 15,210	\$ 15,210	\$ -	0.0%	\$ (1,170)	-7.7%	\$ (1,170)	-7.7%
Meetings									
AARO Conferences	\$ 31,590	\$ 15,210	\$ 15,210	\$ -	0.0%	\$ 16,380	107.7%	\$ 16,380	107.7%
Policy Managers & All Staff Meetings (w/AARO Fall)	\$ 10,530	\$ 6,760	\$ 5,070	\$ (1,690)	-25.0%	\$ 3,770	55.8%	\$ 5,460	107.7%
All Staff Meeting (w/AARO Spring Conf.)	\$ 24,570	\$ 6,760	\$ 6,760	\$ -	0.0%	\$ 17,810	263.5%	\$ 17,810	263.5%
Industry Meetings (formerly ARELLO)	\$ 8,775	\$ -	\$ -	\$ -	0.0%	\$ 8,775	-	\$ 8,775	0.0%
Appraisal Foundation Meetings (ASB, AQB, BOT)	\$ 24,570	\$ 21,970	\$ 32,110	\$ 10,140	46.2%	\$ 2,600	11.8%	\$ (7,540)	-23.5%
State Investigator Training	\$ 10,530	\$ 8,450	\$ 1,690	\$ (6,760)	-80.0%	\$ 2,080	24.6%	\$ 8,840	523.1%
Speaking engagements	\$ 12,285	\$ 8,450	\$ 8,450	\$ -	0.0%	\$ 3,835	45.4%	\$ 3,835	45.4%
Staff Travel to DC	\$ 38,610	\$ 13,520	\$ 20,280	\$ 6,760	50.0%	\$ 25,090	185.6%	\$ 18,330	90.4%
Grants Monitoring & Technical Assistance	\$ 8,775	\$ -	\$ -	\$ -	-	\$ 8,775	-	\$ 8,775	-
New Staff Training	\$ -	\$ 3,380	\$ 3,380	\$ -	0.0%	\$ (3,380)	-100.0%	\$ (3,380)	-100.0%
Miscellaneous (add'l mtgs, trainings, etc.)	\$ -	\$ 8,450	\$ 13,520	\$ 5,070	60.0%	\$ (8,450)	-100.0%	\$ (13,520)	-100.0%
Car Rental & Local Travel	\$ 5,500	\$ 5,960	\$ 5,960	\$ -	0.0%	\$ (460)	-7.7%	\$ (460)	-7.7%
Total Travel:	\$ 302,095	\$ 237,490	\$ 237,490	\$ -	0.0%	\$ 64,605	27.2%	\$ 64,605	27.2%
Rent, Comm., & Utilities:									
Rent	\$ 22,700	\$ 7,500	\$ 5,225	\$ (2,275)	-30.3%	\$ 15,200	202.7%	\$ 17,475	334.4%
Telephone Service (incl. office & cell phones)	\$ 34,800	\$ 31,350	\$ 29,170	\$ (2,180)	-7.0%	\$ 3,450	11.0%	\$ 5,630	19.3%
Postal service	\$ -	\$ 250	\$ 140	\$ (110)	-43.9%	\$ (250)	-100.0%	\$ (140)	-100.0%
WestLaw	\$ 11,930	\$ 11,930	\$ 11,242	\$ (688)	-5.8%	\$ -	0.0%	\$ 688	6.1%
Storage Space Facility	\$ 3,072	\$ 2,316	\$ 2,946	\$ 630	27.2%	\$ 756	32.6%	\$ 126	4.3%
Staff Local travel	\$ 5,545	\$ 5,665	\$ 5,665	\$ -	0.0%	\$ (120)	-2.1%	\$ (120)	-2.1%
Parking	\$ 925	\$ 925	\$ 2,612	\$ 1,687	182.4%	\$ -	0.0%	\$ (1,687)	-64.6%
Total Rent, Comm, Utilities:	\$ 78,972	\$ 59,936	\$ 57,000	\$ (2,936)	-4.9%	\$ 19,036	31.8%	\$ 21,972	38.5%
Printing and Reproduction:									
Federal Register/CFR	\$ 23,500	\$ 12,000	\$ 34,000	\$ 22,000	183.3%	\$ 11,500	95.8%	\$ (10,500)	-30.9%
Copying	\$ 1,000	\$ 1,000	\$ 1,844	\$ 844	84.4%	\$ -	0.0%	\$ (844)	-45.8%
Printing	\$ 15,200	\$ 14,035	\$ 13,184	\$ (851)	-6.1%	\$ 1,165	8.3%	\$ 2,016	15.3%
Total Printing & Copying:	\$ 39,700	\$ 27,035	\$ 49,028	\$ 21,993	81.3%	\$ 12,665	46.8%	\$ (9,328)	-19.0%
Contracted Services:									
GSA/OPM	\$ 129,630	\$ 117,225	\$ 125,408	\$ 8,183	7.0%	\$ 12,405	10.6%	\$ 4,222	3.4%
OPM Survey	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Annual audit of ASC	\$ 33,968	\$ 32,350	\$ 32,350	\$ -	0.0%	\$ 1,618	5.0%	\$ 1,618	5.0%
Review of AF Grant	\$ 8,770	\$ 8,350	\$ 16,350	\$ 8,000	95.8%	\$ 420	5.0%	\$ (7,581)	-46.4%
FDMS	\$ 5,900	\$ 5,500	\$ 5,500	\$ -	0.0%	\$ 400	7.3%	\$ 400	7.3%
Indirect Cost Rate Negotiation	\$ 8,500	\$ -	\$ -	\$ -	-	\$ 8,500	-	\$ 8,500	-
Independent Auditor Contract/IAA	\$ 89,000	\$ -	\$ -	\$ -	-	\$ 89,000	-	\$ 89,000	-
Grants - Technical Assistance Contract	\$ 76,000	\$ -	\$ -	\$ -	-	\$ 76,000	-	\$ 76,000	-
AMC Registration and Supervision /Investigator Training	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)	0.0%	\$ -	0.0%	\$ 10,000	0.0%
Roundtable Logistics Planner	\$ 20,000	\$ 10,000	\$ 10,000	\$ -	0.0%	\$ 10,000	0.0%	\$ 10,000	0.0%
Total Other Services:	\$ 386,767	\$ 188,425	\$ 194,608	\$ 6,183	3.3%	\$ 198,342	105.3%	\$ 192,159	98.7%
IT Services:									
IT Contracted Services:	\$ 149,245	\$ 163,220	\$ 139,662	\$ (23,558)	-14.4%	\$ (13,975)	-8.6%	\$ 9,583	6.9%
License Renewals	\$ 12,550	\$ 11,450	\$ 7,213	\$ (4,237)	-37.0%	\$ 1,100	9.6%	\$ 5,337	74.0%
Hardware	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Miscellaneous IT	\$ -	\$ 23,000	\$ 23,000	\$ -	0.0%	\$ (23,000)	-100.0%	\$ (23,000)	-100.0%
Surface Pros Recapitalization	\$ 24,200	\$ -	\$ -	\$ -	-	\$ 24,200	-	\$ 24,200	-
Total Ongoing Annual Services:	\$ 188,495	\$ 200,170	\$ 172,375	\$ (27,795)	-13.9%	\$ (12,875)	-6.4%	\$ 16,120	9.4%
IT Projects:									
Unique Identifier Number/ SOAP State Consultation	\$ 10,000	\$ 21,000	\$ 21,000	\$ -	0.0%	\$ (11,000)	-52.4%	\$ (11,000)	-52.4%
ASC Database Enhancements (National Registry of AMCs)	\$ 36,000	\$ 36,000	\$ 36,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
ASC Website	\$ 150,000	\$ -	\$ -	\$ -	-	\$ 150,000	-	\$ 150,000	-
Compliance Review Software	\$ 150,000	\$ -	\$ -	\$ -	-	\$ 150,000	-	\$ 150,000	-
Total IT Projects:	\$ 346,000	\$ 57,000	\$ 57,000	\$ -	0.0%	\$ 289,000	507.0%	\$ 289,000	507.0%
Total IT Services and Projects:	\$ 534,495	\$ 257,170	\$ 229,375	\$ (27,795)	-10.8%	\$ 276,125	107.4%	\$ 305,120	133.0%
Supplies and Materials:	\$ 7,000	\$ 6,000	\$ 5,999	\$ (1)	0.0%	\$ 1,000	16.7%	\$ 1,001	16.7%
Miscellaneous:	\$ 22,768	\$ 15,115	\$ 15,115	\$ (0)	0.0%	\$ 7,653	50.6%	\$ 7,653	50.6%
Total Operating Budget	\$ 4,055,730	\$ 3,103,726	\$ 3,057,212	\$ (46,514)	-1.5%	\$ 952,004	30.7%	\$ 998,519	32.7%
Federal Grants:									
AF Grant	\$ -	\$ 350,000	\$ 350,000	\$ -	0%	\$ (350,000)	-100.0%	\$ (350,000)	-100.0%
State Grants	\$ -	\$ 278,000	\$ 278,000	\$ -	0%	\$ (278,000)	-100.0%	\$ (278,000)	-100.0%
Total Federal Grants	\$ -	\$ 628,000	\$ 628,000	\$ -	0%	\$ (628,000)	-100.0%	\$ (628,000)	-100.0%
Depreciation	\$ 113,545	\$ 135,773	\$ 134,585	\$ (1,188)	-1%	\$ -	0.0%	\$ (21,040)	-15.6%
2020 Total Expenses	\$ 4,169,275	\$ 3,867,499	\$ 3,819,796	\$ (47,703)	-1%	\$ 301,776	7.8%	\$ 349,479	9.1%
Revenue Less Expenses	\$ 2,202,899	\$ (420,124)	\$ (857,796)	\$ 362,328	-86%	\$ 2,623,023	-624.3%	\$ 2,260,695	-3911.5%
2018 Reserve Balance	\$ 4,739,673								
2019 Proj Net Profit (Loss)	\$ (57,796)								
2019 Proj Reserve Balance	\$ 4,681,877								
2020 Proj Operating Profit (pre-grant awards)	\$ 2,202,899								
2020 Proj Reserve Balance (pre-grant awards)	\$ 6,884,776								

Appraisal Subcommittee
Profit & Loss Budget vs. Actuals
October 2018 - June 2019

	Oct '18 - June '19	FY19 Budget	% of Budget
Income			
40000 Appraiser Fees (Sales Income)	2,838,987.03	3,447,375.00	82.35%
40005 Appraiser Fees (AMCs)	406,725.00		
Total 40000 Appraiser Fees (Sales Income)	\$ 3,245,712.03	\$ 3,447,375.00	94.15%
Expenses			
61700 Computer and Internet Expenses			
61725 Hardware	\$ -	2,499.96	0.00%
61735 License & SSL Renewals	\$ 6,443.35	11,449.92	56.27%
61745 IT Contracted Svcs	\$ 9,194.70	29,620.08	31.04%
61710 Maint. of Web site & Regis. (FFP)	\$ 7,350.00	12,600.00	58.33%
61715 Hosting Web site	\$ 12,676.06	16,951.00	74.78%
61730 Internet Service Provider	\$ 1,049.00	1,049.00	100.00%
61740 Help Desk Services (FFP)	\$ 30,289.40	50,400.00	60.10%
68576 Project Services - Corporate Backup Solution	\$ 14,399.02	40,000.00	36.00%
68580 Appraiser Nat Reg (FFP)	\$ 7,350.00	12,600.00	58.33%
Total 61745 IT Contracted Svcs	\$ 82,308.18	\$ 163,220.08	50.43%
68581 Misc IT Expenses		23,000.04	0.00%
Total 61700 Computer and Internet Expenses	\$ 88,751.53	\$ 200,170.00	44.34%
Total 62400 Depreciation Expense	\$ 101,982.00	\$ 135,773.64	75.11%
62500 Dues and Subscriptions			
62501 Legal Research Service	\$ 11,242.20	11,929.92	94.24%
Total 62500 Dues and Subscriptions	\$ 11,242.20	\$ 11,929.92	94.24%
62600 Equipment Rental	\$ 2,213.60	2,316.00	95.58%
Total 64700 Miscellaneous Expense (General)	\$ 10,035.34	\$ 15,114.96	66.39%
64900 Office Supplies	\$ 3,207.25	6,000.00	53.45%
66000 Payroll Expenses			
66001 Salaries	\$ 1,245,797.97	1,748,398.92	71.25%
66002 Personnel Benefits	\$ 395,756.00	517,146.00	76.53%
66004 Cash Awards	\$ 34,794.00	36,024.96	96.58%
Total 66000 Payroll Expenses	\$ 1,676,347.97	\$ 2,301,569.88	72.83%
66100 Training	\$ 525.00	9,999.96	5.25%
66200 Parking	\$ 260.10	924.96	28.12%
66300 Consulting Services			
66320 OPM Survey (Annual)	\$ 5,000.00	5,000.04	100.00%
66321 AMC Registration & Supervision/Investigator Trng	\$ -	10,000.00	0.00%
66325 Roundtable Logistics	\$ 10,000.00	10,000.00	100.00%
Total 66300 Consulting Services	\$ 15,000.00	\$ 25,000.04	60.00%
66350 Annual Audit of ASC	\$ 32,350.00	32,349.96	100.00%
66355 Review of AF Grant	\$ 8,350.00	8,349.96	100.00%
66400 GSA Services	\$ 96,460.74	117,225.00	82.29%
66500 Postage and Delivery	\$ 62.05	249.96	24.82%
66501 Transportation of Things	\$ 790.83	924.96	85.50%
66600 Printing and Reproduction			
66601 Printing & Repro - Fed Registry	\$ 9,540.00	12,000.00	79.50%
66602 Printing & Repro - Other	\$ 1,443.76	999.96	144.38%
66603 Printing & Repro - Publications	\$ 13,184.04	14,034.96	93.94%
Total 66600 Printing and Reproduction	\$ 24,167.80	\$ 27,034.92	89.39%
66800 FDMS	\$ -	5,499.96	0.00%
67100 Rent Expense	\$ 4,396.52	7,500.00	58.62%
68100 Telephone Expense	\$ 20,418.20	31,410.00	65.01%
68400 Travel Expense	\$ 146,922.10	237,489.96	61.86%
68405 Staff Local Travel	\$ 1,008.97	5,664.96	17.81%
68550 Unique Identifier Project	\$ 6,662.12	31,000.00	21.72%
68555 ASC Database Enhancements (National Registry of AMCs)	1,236.78	36,000.00	3.44%
68700 Grant - Expense			
68705 Appraisal Foundation Grant	\$ 262,500.03	350,000.04	75.00%
68710 State Grant - Investigator Trng	\$ 208,500.03	278,000.04	75.00%
Total 68700 Grant - Expense	\$ 471,000.06	\$ 628,000.08	75.00%
Total Expenses	\$ 2,723,391.16	\$ 3,867,499.08	70.42%
Net Income	\$ 522,321	\$ (420,124)	-124.33%

Appraisal Subcommittee Reserves & Revenue (2015 - 2020) (excluding FY20 grants)

