

**APPRAISAL SUBCOMMITTEE
SUMMARY NOTES
DECEMBER 11, 2015**

ATTENDEES

ASC MEMBERS: FRB – Art Lindo
 CFPB – Mira Marshall
 FDIC – Rae-Ann Miller
 FHFA – Robert Witt
 HUD – Ada Bohorfoush
 OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
 Deputy Executive Director – Denise Graves
 General Counsel – Alice Ritter
 Attorney-Advisor – Dan Rhoads
 Policy Manager – Neal Fenochietti
 Policy Manager – Kristi Klamet
 Policy Manager – Vicki Ledbetter-Metcalf
 Management and Program Analyst – Lori Schuster
 Administrative Officer – Brian Kelly

OBSERVERS: CFPB – Deana Krumhansl
 FDIC – Michael Briggs
 FDIC – Mark Mellon
 FRB – Gillian Burgess
 FRB – Carmen Holly
 FRB – Matt Suntag
 HUD – Robert Frazier
 OCC – Chris Manthey
 OCC – Mitch Plave

Purpose of the Briefing

The purpose of this Briefing was to discuss the following: (1) Illinois National Registry Fee Update; (2) Interagency Federally Related Transaction (FRT) Response Letter to AARO; (3) Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA); and (4) Appraiser Shortage Concerns.

Illinois National Registry Fee - update

J. Park said that Illinois has authorized payment for all of their outstanding National Registry invoices. R. Taft asked if the ASC staff will set up a process to avoid this situation in the future. J. Park and D. Graves reported that Illinois staff indicated they hope for legislation to be introduced to the Illinois State legislature that would avoid this in the future.

Interagency FRT Response Letter to AARO

G. Burgess said she drafted a response to AARO that was shared with member agencies which included the definition of an FRT. Transactions below the threshold amount, currently \$250,000, are included with the exemptions that are not considered to be FRTs. Appraisals are not required for those transactions but an evaluation may be required. M. Plave said he has discussed this issue with OCC legal staff and suggested consideration as part of the EGRPRA process to preserve the status of FRTs for those transactions below the threshold. There was discussion by agency representatives and staff. A. Lindo said the response needs to be completed soon as it has been several months since the letter was received. He added that the EGRPA process could take months if not longer. R. Taft said that he has asked ASC staff to provide background on which States are having issues with the current definition of FRTs. A. Lindo said it does not appear that there is a consensus among members to send out the current draft response and would like more background for the letter that includes specific documented issues.

Economic Growth and Regulatory Paperwork Reduction Act

C. Holly gave an update on EGRPRA. An Interagency Working Group of the agencies has been formed and will be studying the thresholds and they will determine if rulemaking is needed. A. Lindo said the minimum threshold may be increased. R. Miller said the Working Group will study if any harm could be incurred if the thresholds were changed.

Appraiser Shortage Concerns

J. Park discussed a potential shortage of appraisers nationally. It appears that the shortage is more prevalent in rural areas as opposed to urban/suburban locales. R. Miller said she could give J. Park contact information for economists at the FDIC to help him. R. Witt said FHFA could provide information from GSEs. A. Lindo suggested using the volume of mortgage origination fees as a benchmark.

**APPRAISAL SUBCOMMITTEE
SUMMARY NOTES
NOVEMBER 4, 2015**

ATTENDEES

ASC MEMBERS: FRB – Art Lindo
CFPB – Mira Marshall
FDIC – Rae-Ann Miller
FHFA – Robert Witt
HUD – Ada Bohorfoush
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
Policy Manager – Claire Brooks
Policy Manager – Jenny Tidwell
Attorney-Advisor – Dan Rhoads
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Administrative Assistant – Maria Cahn

OBSERVERS: FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Tim Millette
FRB – Gillian Burgess
FRB – Ginny Gibbs
FRB – Carmen Holly
OCC – Mitch Plave

Purpose of the Briefing

The purpose of this Briefing was to discuss the following: (1) Illinois Non-payment of National Registry Fees; (2) Interagency FRT Response Letter to AARO; (3) Economic Growth and Regulatory Paperwork Reduction Act; (4) Appraiser Shortage Concerns; and (5) 2015 AQB Criteria Implementation Issues.

Due to time constraints, only the first item was discussed. The remaining items will be discussed at a future Briefing.

Illinois Non-payment of National Registry Fees

D. Graves updated the ASC on Illinois' non-payment of National Registry invoices for the past three months. Illinois has indicated that they are unable to pay any invoices until the State legislature passes a budget. As Illinois credentials needed to be renewed by September 30th, numerous credentials are included in the unpaid invoices. ASC staff has been in contact with the State requesting updates and the possibility of removing those appraisers due to non-payment was discussed with Illinois. A. Lindo asked if Illinois has collected the fee from appraisers and D. Graves responded yes. R. Witt asked if Illinois could be granted an extension. A. Ritter answered that Illinois is noncompliant with the statutory requirement in Title XI, but the ASC could grant an extension given the circumstances.

At this point, Kathleen Lydon from the Illinois Governor's Office joined the Briefing in person. Illinois Department of Financial and Professional Regulation Secretary Bryan Schneider, General Counsel Jessica Bear and Staff Attorney Tony Esposito were teleconferenced into the Briefing. B. Schneider noted that since July 1, 2015, no Illinois State Agency has the authority to expend funds because a budget has not been enacted. The State can continue to collect revenue from taxes but cannot spend it. He reiterated Illinois' request that appraisers should not be removed from the National Registry because of these circumstances. A. Bohorfoush asked if appraisers licensed in Illinois know that the fees have not been submitted to the ASC. B. Schneider responded that he does not know if the appraisers are aware even though the budget impasse had been well publicized in the Illinois media. The Department can notify appraisers of this situation. R. Miller asked if the State Comptroller's Office is aware that the Registry fees are pass-through funds to the Federal Government. B. Schneider said his staff has spoken with the State Comptroller and the State Treasurer and they said funds cannot be forwarded without an appropriation. R. Taft asked how the National Registry fees are considered revenue by the State. B. Schneider responded that these funds are not deposited into general revenue funds; they are put into a separate State fund. He has made a commitment to pay the invoices when the State is allowed to do so. The State is also working to prevent this from happening in the future but those solutions will require action by the State legislature. K. Lydon noted that the State legislature did send the Governor a bill for signature that will allow pass-through funds from the Federal Government to the State but not vice versa as they were not aware of pass-throughs that go from State to Federal. B. Schneider said he would ask his General Counsel to draft a letter to the ASC based on the discussion in this Briefing. A. Lindo reiterated that the ASC does not want to harm Illinois' appraisers and said it is important for Illinois to pass a budget. At this point, the Illinois staff left the Briefing. A. Lindo said the ASC will need to reconvene to devise next steps for this situation.