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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** January 26, 2017

**RE:** February 10, 2017 ASC Meeting Package

The enclosed materials are for the February 10<sup>th</sup> ASC Meeting.

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## **OPEN SESSION**

- Agenda for February 10<sup>th</sup> ASC Open Session Meeting
- Reports
  - Chairman Lindo – Chairman’s Report
  - Mr. Park – Executive Director’s Report (Report attached)
  - Ms. Graves – Delegated State Compliance Reviews
  - Mr. Hull – Financial Report (Report attached)
- November 9<sup>th</sup> ASC Open Session 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](mailto:Lori@asc.gov)) by close of business, February 8<sup>th</sup>. A revised draft incorporating any edits received will be provided for the February 10<sup>th</sup> Meeting.
- Grant Reprogramming Request

## **GRANT REIMBURSEMENTS**

- September 2016 Appraisal Foundation grant reimbursement request that has been reviewed and approved by the ASC staff

## **FYI - INFORMATIONAL ITEMS**

- Compliance Review Reports for: Colorado, Michigan, Minnesota, New Jersey, North Carolina, Vermont
- State Program Status Report

- Summary of the November 18, 2016 Appraiser Qualifications Board Meeting held in St. Louis.
- Approved minutes of the open meeting from the September 14<sup>th</sup> ASC Meeting

**BRIEFING SUMMARY NOTES**

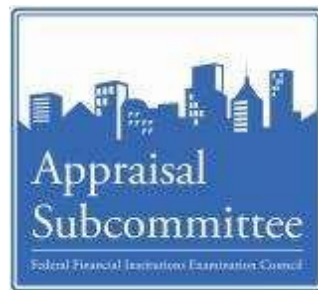
- Summary Notes from the November 9, 2016 ASC Briefing

**BRIEFING AGENDA**

- Agenda for the February 10, 2017 Briefing

# Open Session Cover Page

February 10, 2017



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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

## Agenda

**Date:** February 10, 2017  
**Time:** 10:00 a.m.  
**Location:** FRB, International Square  
1850 K Street, NW  
Washington, DC 20006  
Metro Stop: Farragut West - 18th Street Exit

<b>Open Session</b>
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### Reports

- |                                      |           |
|--------------------------------------|-----------|
| • Chairman                           | A. Lindo  |
| • Executive Director                 | J. Park   |
| • Delegated State Compliance Reviews | D. Graves |
| • Financial Report                   | G. Hull   |

### Action and Discussion Items

- |   |          |
|---|----------|
| • November 9, 2016 Open Session Minutes       | A. Lindo |
| • FY16 Foundation Grant Reprogramming Request | G. Hull  |

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

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** February 10, 2017

**RE:** Executive Director's Report

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**Appraisal Subcommittee Meetings and Briefings**

The next ASC Meeting will be held at 10:00 a.m. February 10, 2017, at the Federal Reserve Board facilities, International Square, 1850 K Street NW, 4th Floor, Washington, DC. A Briefing is scheduled following the Meeting. Meeting materials are now available on the ASC website.

**Recent Actions by the New Administration that Impact the ASC**

The moratoriums placed on Federal government agencies from hiring new employees and completing or implementing new regulations directly impacts the ASC. Staff was in the process of filling the Regulatory Affairs Specialist position that has been vacant for the past two years. The position posting closed on January 13, 2017. However, we are unable to move forward with replacing the position until the moratorium is lifted. The White House memorandum requires the Director of the OMB, in consultation with the Director of the OPM, to recommend within 90 days a long-term plan to reduce the size of the Federal Government's workforce through attrition. The moratorium will expire upon implementation of the OMB plan. We also budgeted for and planned to hire a Grants Administrator in the next few months. That position has not been posted yet. Both positions will remain unfilled until the restrictions are lifted.

As you know, ASC staff has been working on the final AMC Registry Fee Rule and we have made significant progress toward its completion. Due to the moratorium on new regulations, we are unable to complete and implement the regulation. I have instructed our General Counsel to continue working toward completion of a draft final rule for your review. However, she is giving it a lower priority. Regardless of the status of the AMC Registry Fee Rule, ASC

oversight of State AMC Programs will commence no later than August 10, 2018. These issues will be discussed during the February 10 Briefing. Staff would greatly appreciate any information member agencies have regarding the hiring freeze and restrictions on new regulations.

### **Congressional Testimony and Follow up**

As you are aware I testified before the House Financial Services Committee Subcommittee on Housing and Insurance at a November 16, 2016 Hearing titled *Modernizing Appraisals: A Regulatory Review and Future of the Industry*. Other invited panelists were: David Bunton, President of the Appraisal Foundation, Bill Garber, Director of Government and Public Affairs of the Appraisal Institute, Ed Brady, Chairman of the Board of the National Association of Home Builders, Jennifer Wagner, Managing Attorney with Mountain States Justice, Inc., and Joan Trice, Clearbox.

As a follow up to the hearing, on January 17, 2017, Alice Ritter and I met with House Financial Services Committee staff and a staff member from Congressman Duffy's office. Congressman Duffy is the new Chairman of the House Financial Services Committee Subcommittee on Housing and Insurance. The purpose of the meeting was to provide clarifications to my testimony which were already on the record and make sure they know ASC staff is available as a resource whenever needed.

We also met with staff from the Mortgage Bankers Association to address any concerns they might have about current appraisal regulation and make sure they are comfortable reaching out to us as resource. We have scheduled additional meetings with NAR and NAHB, and I am currently working on a meeting with the ABA.

### **Network of State Appraiser Organizations (NSAO) Webinar**

Appraiser coalitions have been growing in size and influence over the past several years. They are beginning to have a significant influence on appraisal related legislation at the State level. The NSAO invited myself and David Bunton to participate in a free webinar for their members as a follow up to the November 16, 2016 Hearing. We were sent a series of questions ahead of time so we could prepare our answers. It turned out that most of the questions were more about ASC and Appraisal Foundation authority and what both organizations are doing to support appraisers. The attendance was impressive. Over 1,300 registered and approximately 800 logged into the webinar. During the webinar, a series of poll questions were presented and the responses were quite interesting. The results of the questions and other attendee demographics are attached.

## **Appraisal Foundation Monitoring and Review**

### **Appraisal Foundation Board of Trustees (BOT) Executive Committee Meeting**

On January 14, 2017, the Executive Committee met in Tampa, FL. During the meeting, several issues of importance were discussed and moved forward. First, the committee decided to recommend to the full BOT that the Appraisal Practices Board (APB) suspend operations. During a January 25, 2017, telephonic meeting of the full BOT, that recommendation was approved. As I previously reported, the APB has struggled since its inception in 2010 to produce Valuation Advisories that appeal to their target audience, which is largely appraisers. It was reported that, on average, the eight Advisories were costing \$165,000 and were only reaching a handful of readers. After numerous attempts to change the drafting process, change Board members and subject matter experts, the BOT determined it was time to pull back and revisit the whole concept.

The Committee also held a discussion regarding the long term financial strategy and viability of the Foundation. Given the decreased federal grant and the mounting pressure to reduce the frequency of USPAP revisions, the Foundation is exploring different revenue opportunities and expense reductions. One possible expense reduction is eliminating the hourly consulting fee paid to ASB and AQB Board members (\$75-\$100 per hour). A significant percentage of the consulting fees were paid through the ASC grant. I will keep the ASC apprised as these discussions and decisions move forward.

### **Appraiser Qualifications Board**

The AQB held a private work session and public meeting November 17-18, 2016, respectively in St. Louis, MO. The AQB continues to work through the comments from the September 16, 2016 exposure draft. They anticipate issuing at least one more exposure draft and finalizing the Criteria revisions in the second to third quarter of this year. Due to concerns over regional appraiser shortages and the lack of new entrants into the profession, the AQB's work on this topic has garnered a great deal of attention from Federal and State legislatures, appraisers, lenders and other stakeholders. I will continue to update the ASC on their progress.

### **Appraisal Foundation/Appraisal Institute Relations**

In my last report, I reported that relations between the Foundation and Appraisal Institute had improved. Unfortunately, the Institute's testimony at the November 16, 2016 Hearing reversed the progress that had been made over the past year and created a deeper rift than ever before. In their testimony they called for the abolishment of the ASC and stripping the Foundation of its congressional authority, leaving the States to regulate appraisers.

### **Unique Identification Number (UID)**

Staff continues to make progress with States in preparation for the implementation of the UID. So far, no State has expressed their unwillingness to participate. We continue to strive to have all State credentials converted by the end of 2017.

### **National Registry of Appraisers and Appraisal Management Companies (AMCs)**

The National Registry of AMCs and the upgrades to the National Registry of Appraisers build is complete. Final stages of testing and designing the invoicing and reports are in process.

### **Staffing change**

Dan Rhoads, Attorney Advisor, retired in October. During his transition, Ada Bohorfoush (HUD ASC alternate member) was detailed from HUD to the ASC for 90 days. Following her detail, Ada was offered the Attorney-Advisor position, which she accepted. Her first day with ASC, as a staff member, was January 9. Ada is an attorney and an appraiser, and we are very excited that she decided to join us. She is a valuable addition to the staff.

### **ASC Member Representatives**

Mira Marshall, the CFPB's representative to the ASC retired from the CFPB in December. I am told the CFPB is actively pursuing a replacement and hopes to appoint that individual by mid-February. In the meantime, Calvin Hagins, CFPB alternate to the ASC will take her place. HUD is in the process of appointing a new member. Cheryl Walker from HUD will be attending the meeting as an observer.

### **Other Meetings and Presentations**

None

Attachments:

Webinar Analytics

Webinar Attendees by State



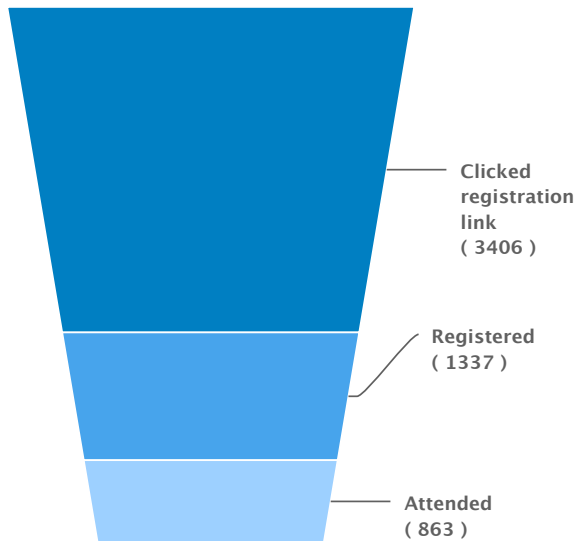
Your broadcasting data / Analytics for Question and Answer Featuring The Appraisal Foundation (TAF) and The Appraisal Subcommittee (ASC)

# Analytics for Question and Answer Featuring The Appraisal Foundation (TAF) and The Appraisal Subcommittee (ASC)

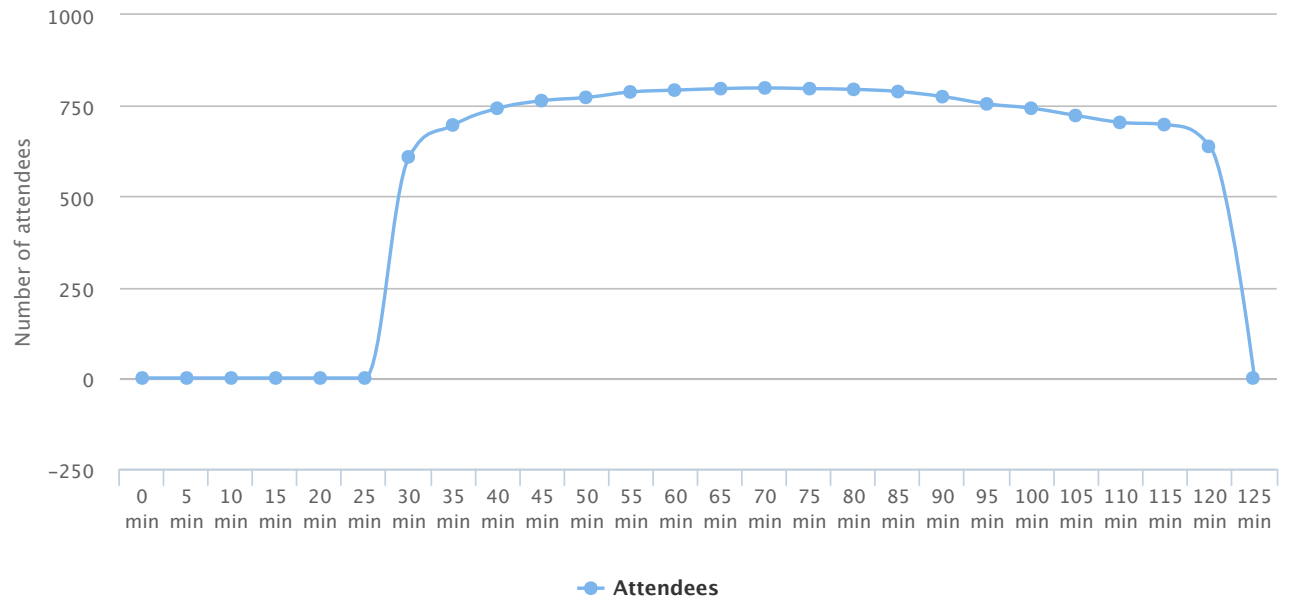
Jan 18, 2017, 1:32 PM CST

Average time in session	Average attentiveness	Average interest rating	Average poll response
81 min	46.02%	57.14	43.23%

### Attendance funnel

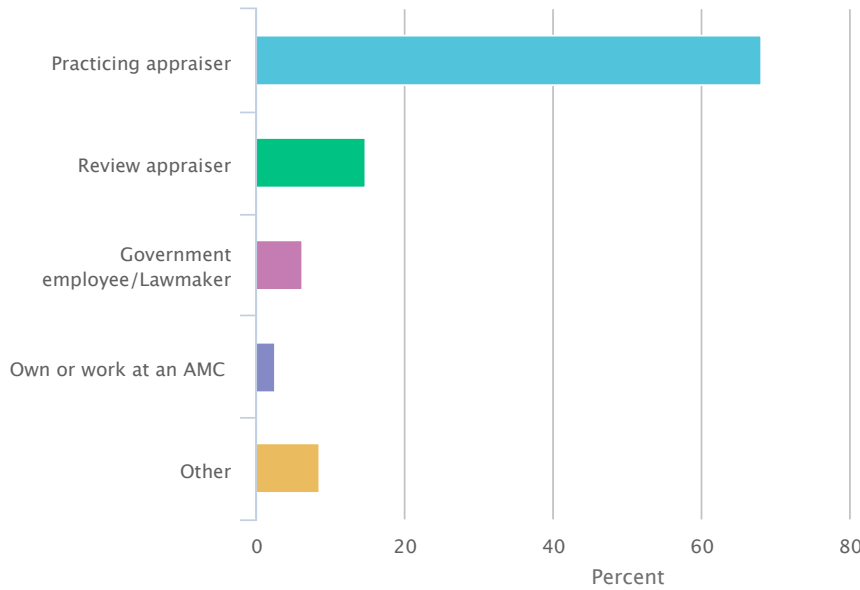


### Attendees in session

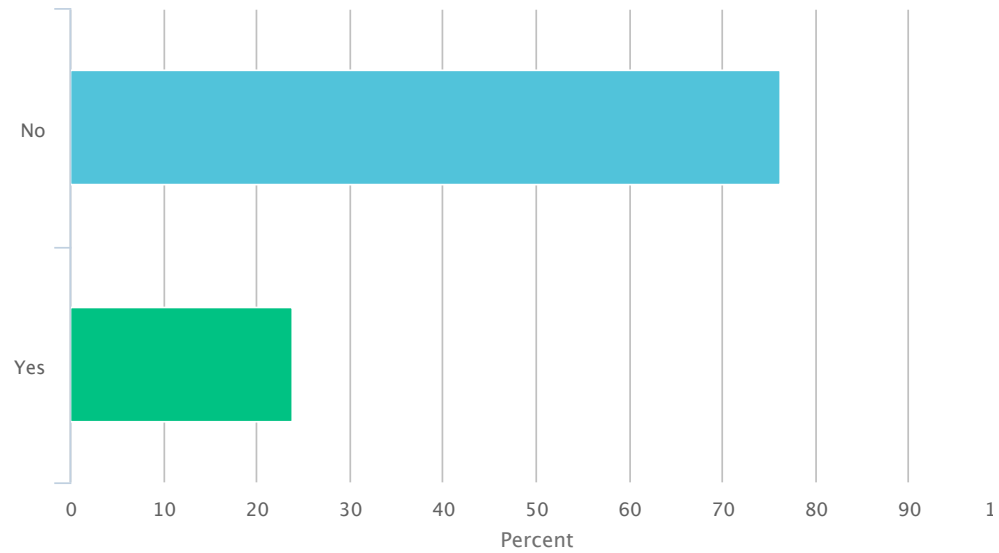


Registrants   Attendees   Polls   Q & A

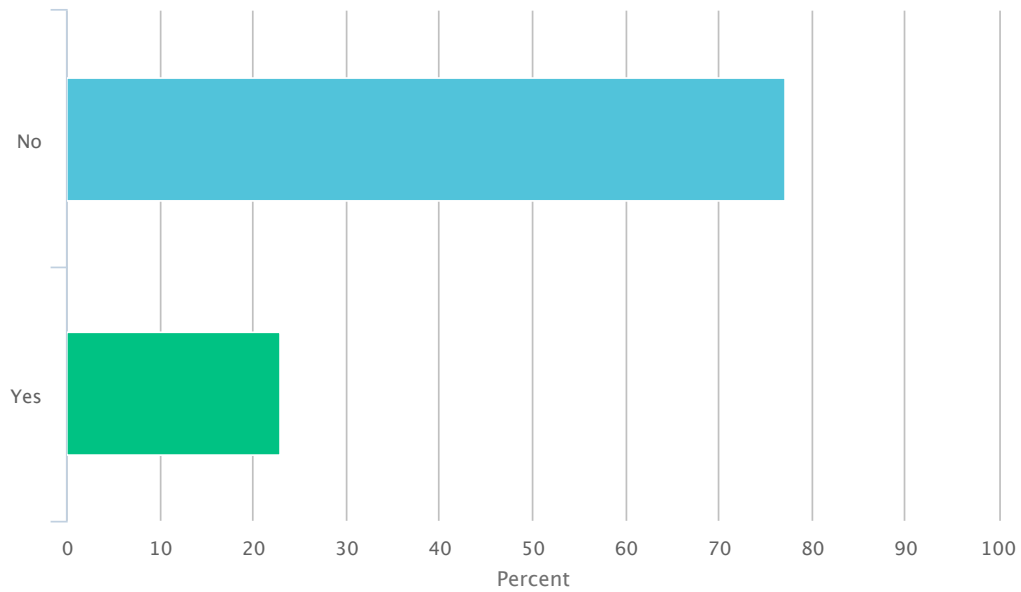
### I am primarily a:



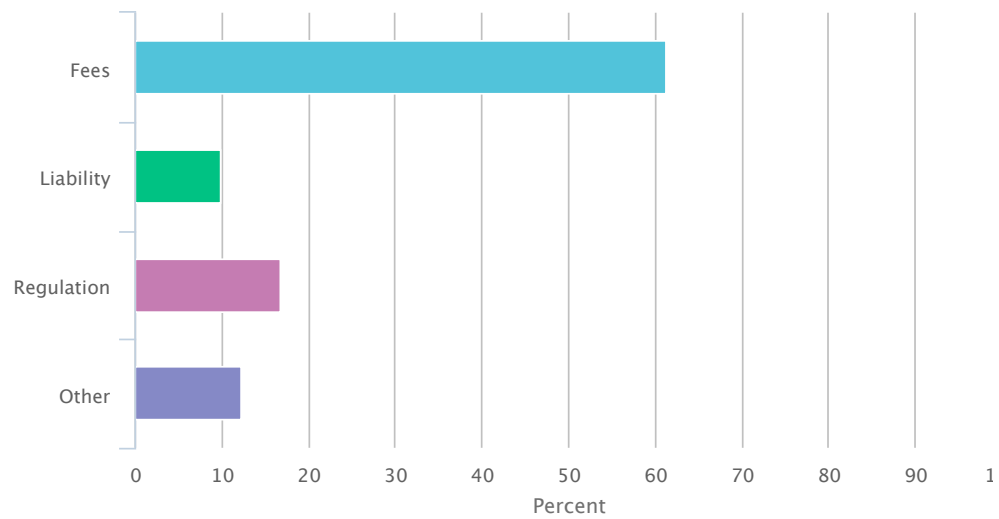
### Did you watch the recent House Financial Services Subcommittee Hearing on Modernizing appraisals?



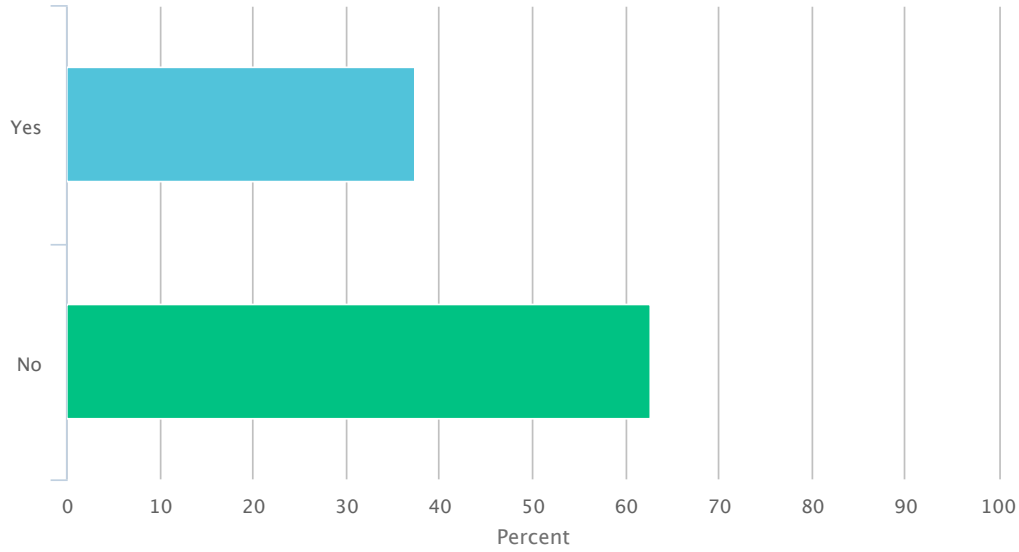
### Do you feel that there is a shortage of appraisers?



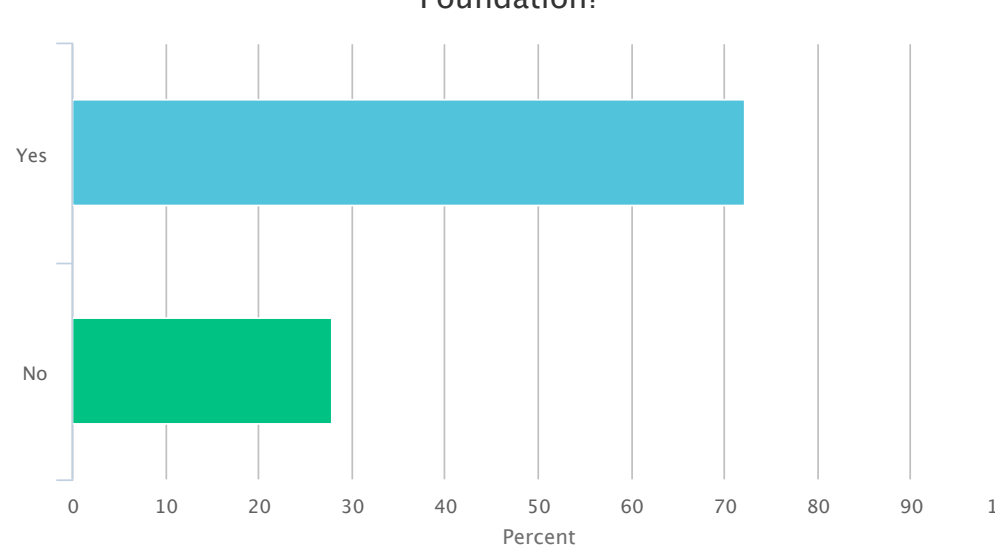
### What do you think is the number one reason appraisers are leaving the profession and preventing new appraisers from entering?



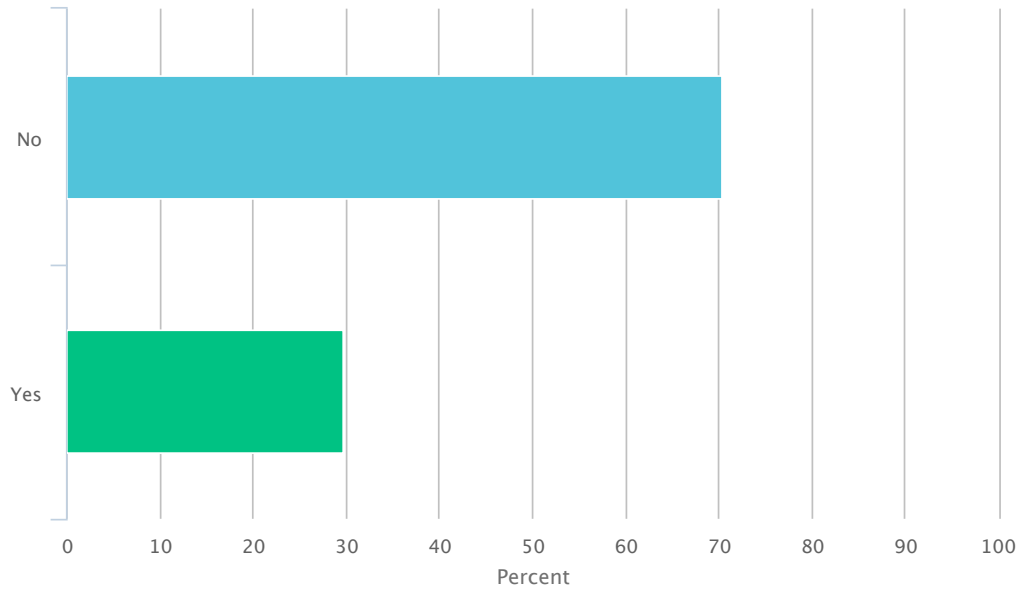
Do you feel that a four-year college degree should be required to obtain a certified residential license?



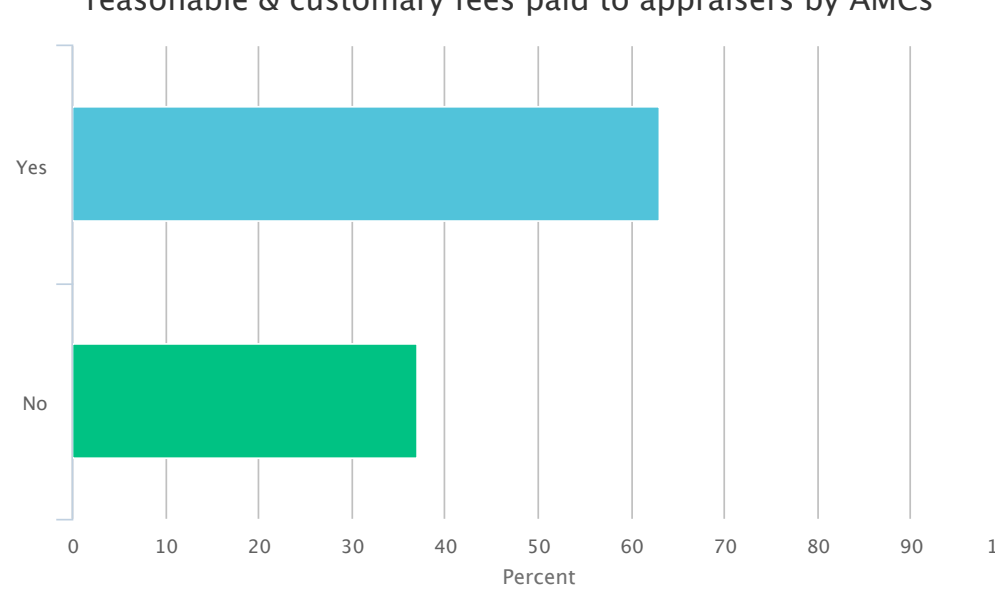
Would it be good for the profession if the Appraisal Institute resumed its status as a member of the Appraisal Foundation?




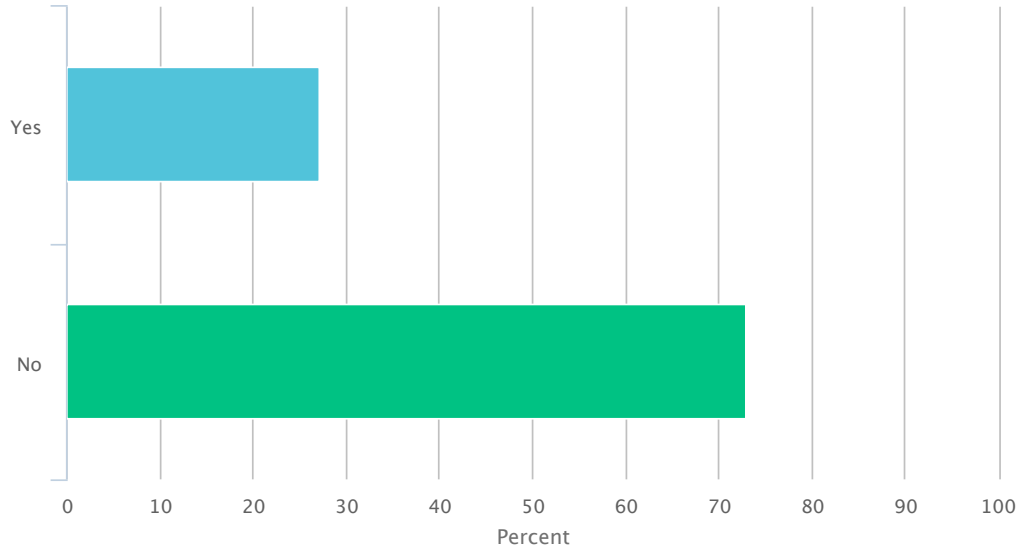
Does USPAP need to be revised every two years?




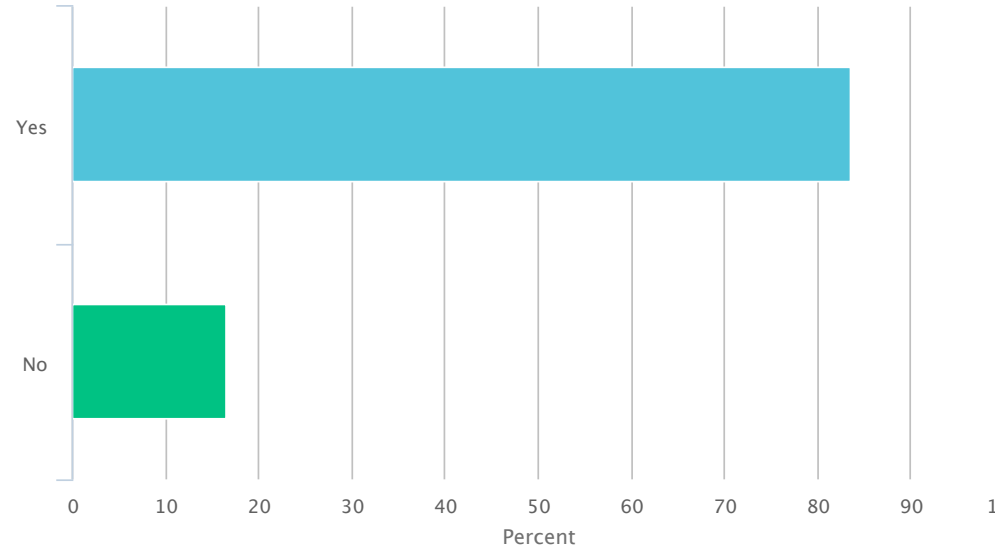
Should the government have a role in enforcing the reasonable & customary fees paid to appraisers by AMCs?




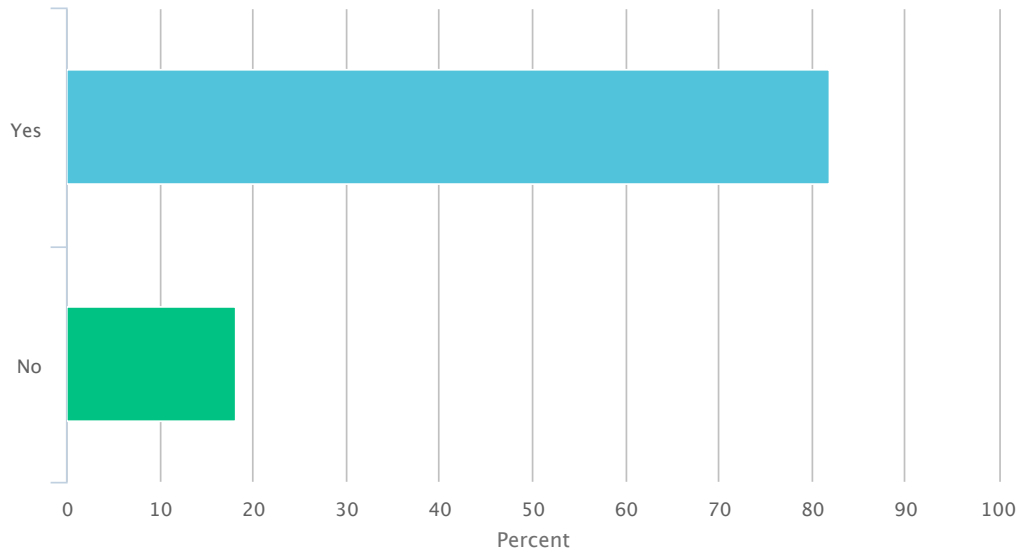
Did you know that the ASC Advisory Committee was being formed? 




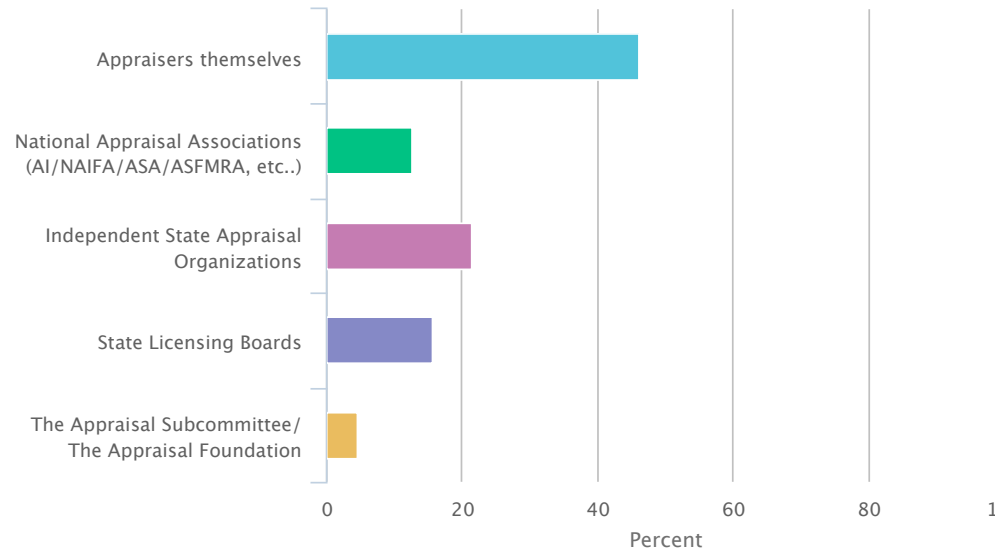
Do any of your clients restrict trainees from doing the property inspection on their own? 



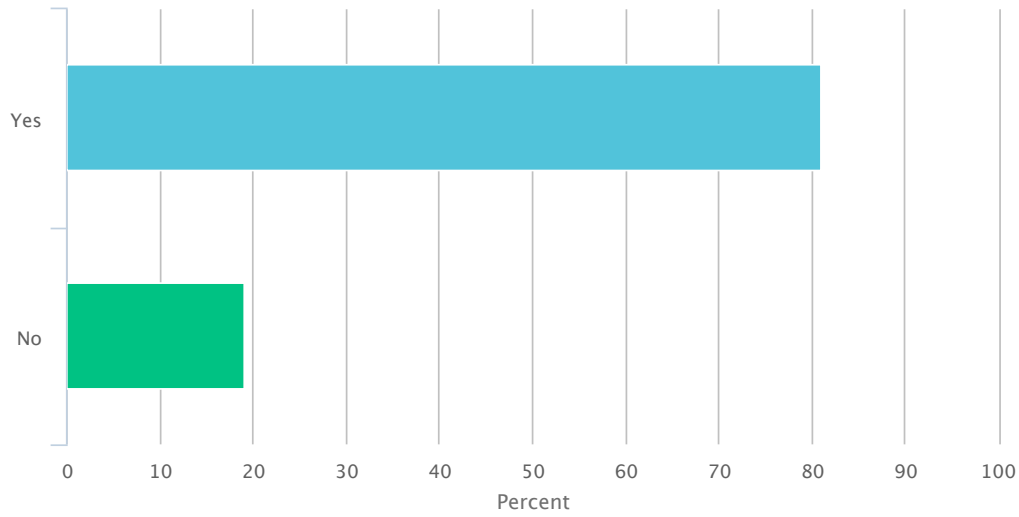
Should TAF and ASC encourage the engagement of highly-qualified real estate appraisers to help promote public trust? 



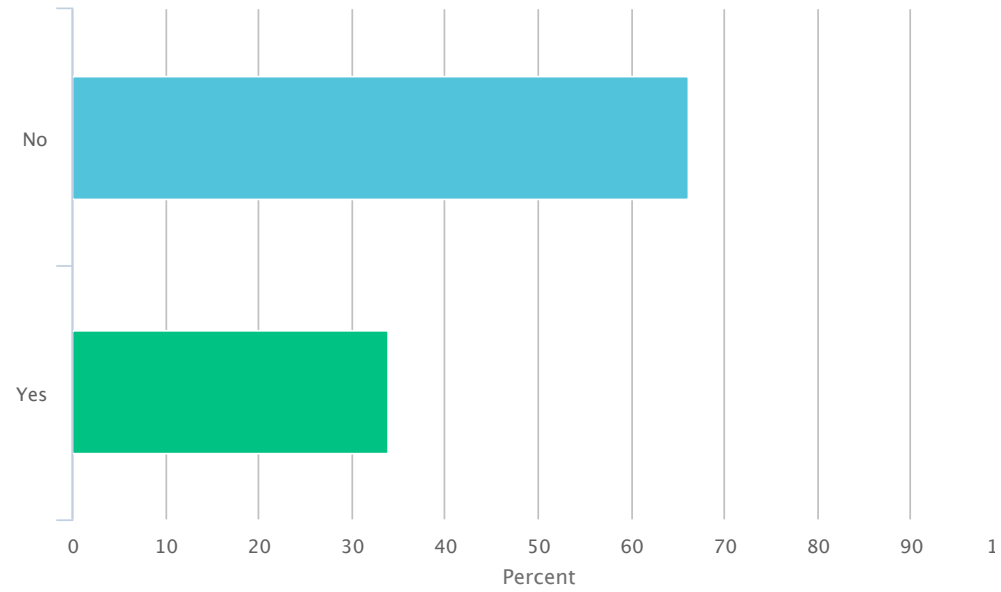
Who do you think is currently doing the best job protecting boots-on-the-ground appraisers from abusive practices? 



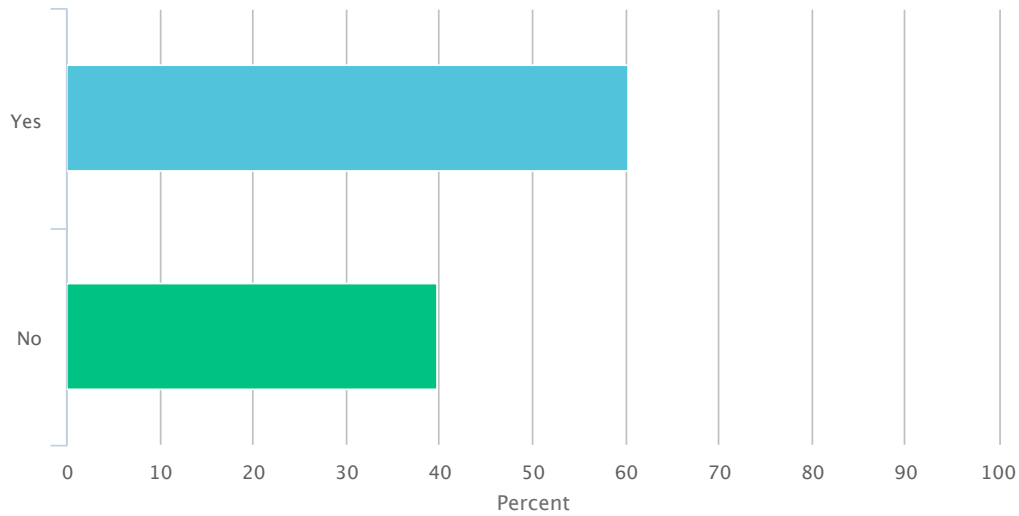
Do you think that the Collateral Underwriter and/or the Property Inspection Waivers will negatively affect collateral risk?



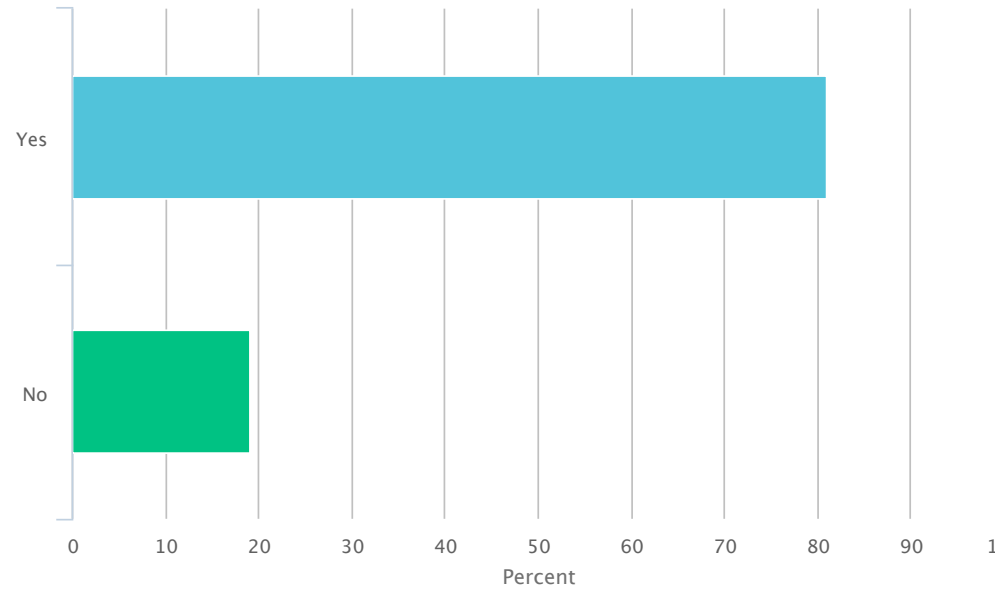
Have you heard of 'covered' and 'non-covered' transactions?



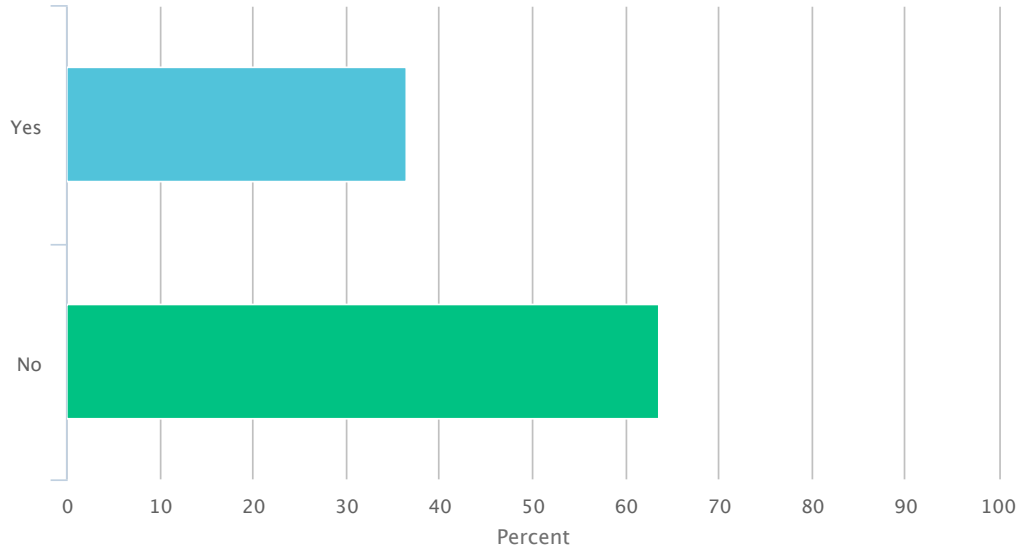
Did you know that the ASC is made up of representatives from the FR, OCC, FDIC, CFPB, National Credit Union Administration & HUD?



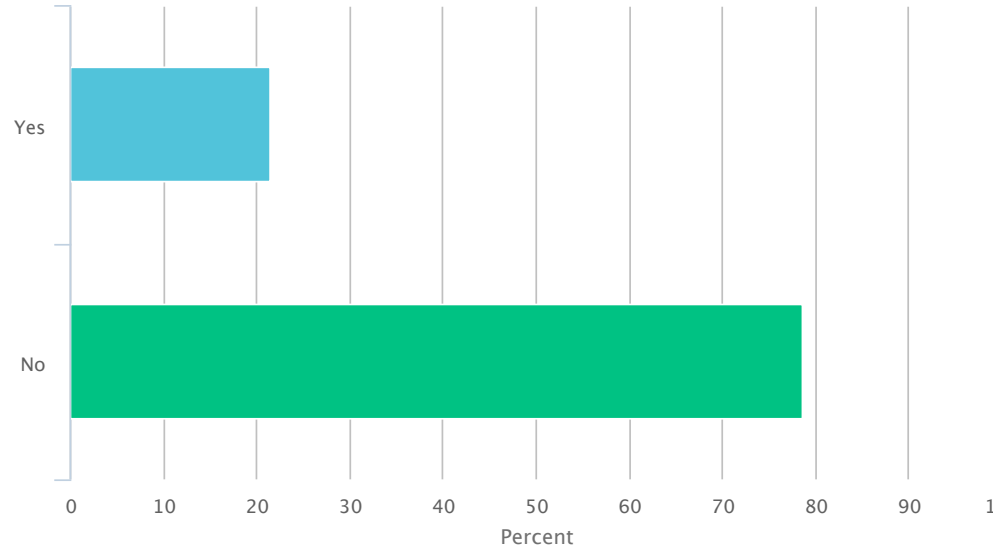
Are you in favor of a national identifier for appraisers?



### Do you feel that course development by the Appraisal Foundation is overstepping their role?



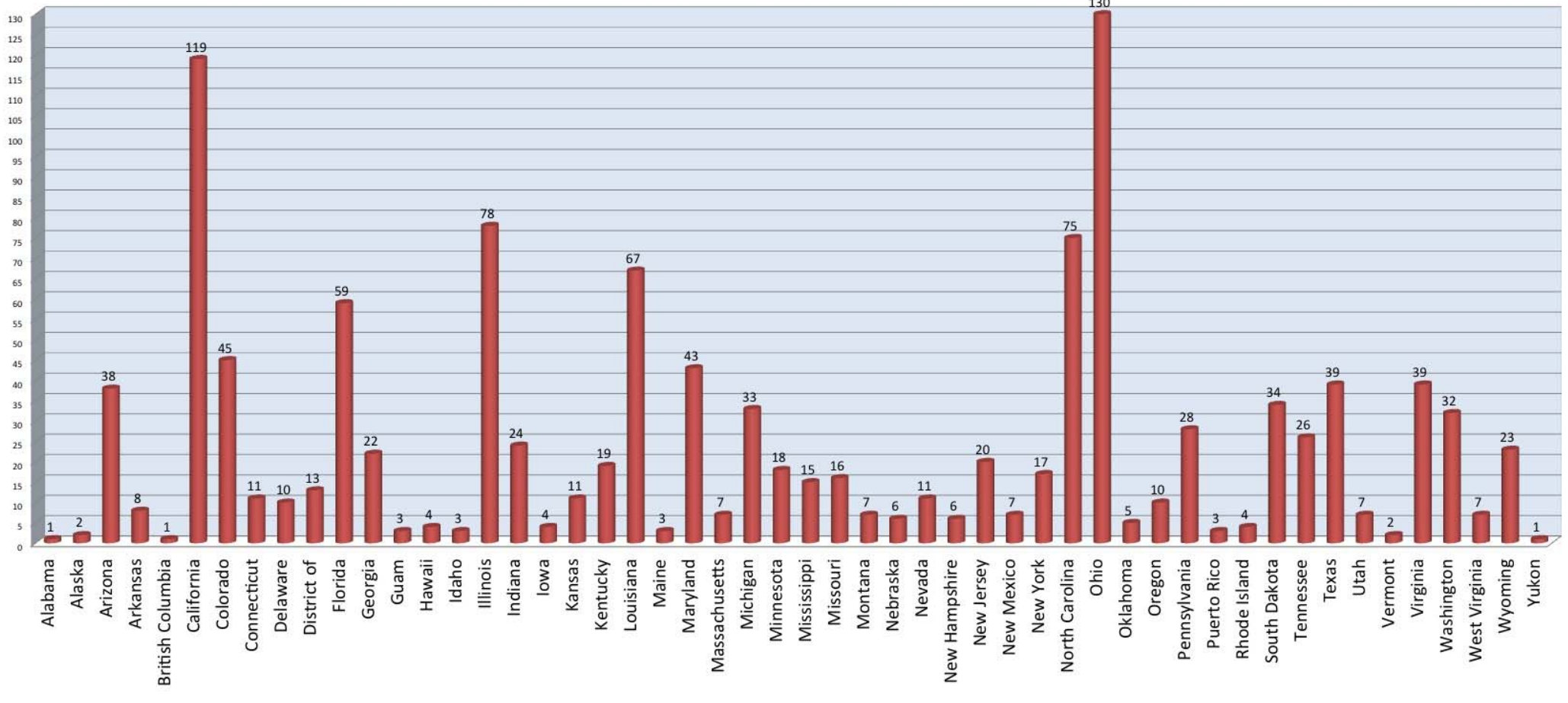
### Did you find the real estate appraisal application/renewal process difficult and time-consuming to manage?



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Registrants by State



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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Girard Hull, Financial Manager

**DATE:** January 26, 2017

**RE:** ASC Reserve Balance

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During the last ASC Board Meeting on November 9, 2016, Chairman Lindo asked staff to provide information regarding the ASC Reserve Balance. Specifically, the Chairman raised questions regarding what funds are included, and how the appropriate reserve amount is determined.

The ASC Reserve Balance, sometimes referred to as retained earnings, can be defined as the minimum funding level required to cover the agency's budgeted expenses for an entire fiscal year. This provision is based on the supposition of the ASC having sufficient funds to operate in the event of inadequate cash receipts or no cash receipts at all for a particular fiscal year. Items included within the agency's normal operating expenses consist of personnel compensation, special projects, travel, rent, communications & utilities, printing & reproduction, contracted services, IT services, supplies and miscellaneous costs. Since funding availability usually determines the federal grants award amounts, a nominal amount of approximately \$560,000 is included to cover federal grants.

Over the past five years (2012-2016), the average total budget for the ASC has been approximately \$3.7 million. The ASC Strategic Objective 6.1 (approved 9/11/2013) states that the ASC will "maintain a minimum one-year operating reserve in the ASC's Treasury account." Although, the ASC did not formally adopt a minimum reserve balance amount, it has been the practice of the ASC to maintain the amount of approximately \$4.2 million as suitable to meet its annual financial obligations.



**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
NOVEMBER 9, 2016**

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

**ATTENDEES**

**ASC MEMBERS:** FRB – Art Lindo (Chair)  
CFPB – Mira Marshall  
FDIC – Marianne Hatheway  
FHFA – Robert Witt  
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 – Neal Fenochietti  
Policy Manager – Vicki Metcalf  
Management and Program Analyst – Lori Schuster  
Administrative Officer – Brian Kelly  
Detailee – Ada Bohorfoush

**OBSERVERS:** Appraisal Foundation – Dave Bunton  
CFPB – Deana Krumhansl  
FDIC – Michael Briggs  
FDIC – Kaye Finn  
FDIC – Richard Foley  
FDIC – Suzy Gardner  
FDIC – Corri Mattison  
FDIC – Kimberly Stock  
FDIC – Lauren Thompson  
FRB – Carmen Holly  
FRB – Matt Suntag  
FRB – Kirin Walsh  
HUD – Robert Frazier  
NCRC – Anneliese Lederer  
OCC – Bob Parson  
OCC- Joanne Phillips  
OMB – Kristin Aveille

The Meeting was called to order at 10:05 a.m. by A. Lindo.

## **REPORTS**

- **Chairman**

A. Lindo welcomed observers to the Meeting.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's September 14<sup>th</sup> Meeting. The Appraisal Standards Board (ASB) met on October 20-21 in Washington, DC. Based on comments received on the 2<sup>nd</sup> Exposure Draft regarding changes to the 2018-19 edition of USPAP, a 3<sup>rd</sup> Exposure Draft will be issued before the end of 2016. Changes should be finalized at the ASB's February 3, 2017 Meeting. The Appraiser Qualifications Board (AQB) is also expected to disseminate a 3<sup>rd</sup> Exposure Draft requesting comment on changes to the AQB Criteria. ASC staff attended the Association of Appraiser Regulatory Official's (AARO) Fall Conference in Washington, DC. There were approximately 185 attendees, most of which were State staff or board members.

He also reported that:

- States have been notified of the process for the implementation of the Unique Identification Number.
- The development of the AMC National Registry is in its final stages and will be ready for use once the Final Rule on the AMC National Registry Fee Implementation is in place.
- The ASC, the Appraisal Foundation and AARO collaborated on a booklet commemorating the 25<sup>th</sup> anniversary of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act. V. Metcalf led the effort for the ASC staff and the Appraisal Foundation compiled all the information and designed the booklet. R. Taft asked who the target audience was for this booklet. J. Park responded that it was distributed to States and appraisal trade organizations, among other entities.
- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's September 14<sup>th</sup> Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. California, Nevada and South Dakota were awarded a Finding of "Excellent" and all will remain on a two-year Review Cycle. Connecticut was awarded a Finding of "Good" and will remain on a two-year Review Cycle. One State Compliance Review was finalized and approved by

the Chairman under delegated authority. Pennsylvania was awarded a Finding of “Needs Improvement” and will remain on a two-year Review Cycle with a Follow-up Review scheduled in one year.

- **Financial Manager**

G. Hull reported on Appraisal Foundation grant reimbursement requests that have been processed for payment. The July 2016 request was paid in the amount of \$16,400. This request covered expenses for salaries and indirect costs to support ongoing activities of the ASB and AQB, and administrative costs related to the 2016 State Investigator Training courses. The August 2016 request was paid in the amount of \$83,761. This request covered expenses for the Level Two State Investigator Training course held in St. Louis, MO on August 1-3. R. Taft asked how much money is remaining in the 2016 grant. G. Hull answered that \$194,486 remains to cover the September grant reimbursement request. R. Taft asked if the remaining amount would be fully expended. G. Hull responded that the September request will include costs for a State Investigator Training course and an ASB Meeting. D. Bunton added that the Foundation does not expect to spend the full amount of the grant.

## **ACTION ITEMS**

- **September 14, 2016 Open Session Minutes**

M. Marshall made a motion to approve the September 14<sup>th</sup> open session meeting minutes as presented. R. Taft seconded and all members present voted to approve.

- **FY17 ASC State and Appraisal Foundation Grants**

J. Park said that ASC members were provided with a 10-year revenue and expense history as requested at the September 14<sup>th</sup> ASC Meeting. ASC staff is recommending grants in the amounts of \$309,085 for the State Investigator Training and \$350,000 to the Appraisal Foundation for grant-eligible activities. \$100,000 is requested to fund USPAP education for State personnel. J. Park said that a Grants Administrator will be hired to develop and administer the ASC grants program. R. Taft said he is uncomfortable increasing the grant amount when revenues are decreasing and was willing to keep grant funding at the same level as FY16. He said the ASC could review this once a Grants Administrator is hired.

M. Hatheway agreed with the hire of a Grants Administrator and suggested tabling the approval of a grant policy until that person is on board. A. Lindo noted there seemed to be consensus among the members with keeping grant funding at the FY16 level and hiring a Grants Administrator to run the grants program. R. Taft offered a motion to amend the FY17 budget and approve grants in the amount of \$350,000 to the Appraisal Foundation for grant-eligible activities and \$309,085 for State Investigator Training. M. Hatheway seconded and all members present voted to approve. M. Hatheway asked whether the minimum reserve includes any grant funding. G. Hull responded that the minimum reserve only covers operating expenses. R. Taft said the ASC reserves should provide some ability

to fund grants if needed. M. Hatheway noted that the ASC Strategic Plan should include critical items for grant funding. A. Lindo requested that ASC staff specifically define what the reserve includes and use an average from the previous three fiscal years to determine the amount to be put into the reserve. He requested ASC staff disseminate this information to the ASC before the next ASC Meeting.

- **Amended FY17 ASC Budget**

The FY17 ASC Budget is amended to include grant amounts as approved in the preceding item. With operating expenses approved at \$3,198,235, and grant funding approved at \$659,085, the FY17 ASC Budget total is \$3,857,320. The ASC will maintain a reserve of \$4.1 to \$4.2 million. The motion above included this amendment to the FY17 ASC Budget.

- **Revised State Grant Policy**

Based on earlier discussion, this item will be tabled until the ASC hires a Grants Administrator.

- **Revised ASC Policy Statements**

A. Ritter presented the revised ASC Policy Statements. The publication of the interagency rule on registration and supervision of AMCs necessitated a revision of the Policy Statements to include guidance to the States regarding how AMC programs will be evaluated during Compliance Reviews. Also included are changes to existing Policy Statements suggested by the ASC Policy Managers. ASC staff is recommending publication in the *Federal Register* with a 60-day comment period. R. Taft asked how States would be handled if they do not have an AMC Program. A. Ritter responded that those States would be handled the same as if a State did not have an Appraiser Program, meaning those States would not be allowed to put AMCs operating in their State on the National Registry. B. Gardner asked how States would forward AMC fees to the ASC. A. Ritter responded that this issue would be clarified in the Bulletin to States once the AMC Registry Fee Rule is finalized. A. Lindo asked ASC Members if they would be comfortable approving the revised Policy Statements as presented and publishing in the *Federal Register* for a 60-day comment period. M. Marshall noted that with the holiday season approaching, she would prefer that the comment period be increased to 90 days. M. Hatheway said she would like the Preamble to be sent to the ASC members for review before the proposed Policy Statements are published in the *Federal Register*. A. Ritter said she would do so. M. Hatheway made a motion directing ASC staff to disseminate the Preamble to the ASC members for review prior to the proposed Policy Statements being published in the *Federal Register* with a 90-day comment period. R. Taft seconded and all members present voted to approve.

The Open Session adjourned at 11:00 a.m. The next ASC Meeting will be January 11, 2017.

DRAFT



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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** January 26, 2017

**RE:** FY16 Appraisal Foundation Request for Reimbursement of Reprogrammed Expenses

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The Appraisal Foundation (Foundation) has submitted a \$57,792 reprogramming request for the ASC's 2016 grant to the Foundation. Attached are the Foundation's December 6, 2016 letter and supporting documentation. To date, the Foundation has been reimbursed \$292,208 of the \$350,000 approved for 2016.

As of September 30, 2016, the Appraiser Qualifications Board (AQB) budget was \$173,135 with \$164,938 total expenses. The remaining AQB grant funds were \$8,197. For the same period, the Appraisal Standards Board (ASB) budget was \$176,865 with \$127,269 total expenses. The remaining ASB grant funds were \$49,595. The total remaining 2016 grant balance for the AQB and ASB was therefore \$57,792.

Salaries for the AQB in 2016 totaled \$40,733. The Foundation budgeted \$30,629 for these services in 2016. The actual cost of these services exceeded the budgeted amount by \$10,104. The fringe benefits and overhead costs associated with these additional expenditures totaled \$11,718, thereby resulting in total additional labor costs of \$21,822. AQB legal costs for 2016 were \$205 below budget, and AQB consulting costs were \$7,993 below budget. However, AQB travel costs totaled \$53,278, exceeding the budgeted amount of \$42,139 by \$11,139. AQB subcontractor costs of \$27,280 exceeded the 2016 budgeted amount of \$22,233 by \$5,047. The combined total of AQB expenses in excess of the original budgeted amounts totaled \$29,810.

Salaries for the ASB in 2016 totaled \$38,133. The Foundation budgeted \$49,606 for these services in 2016. The actual cost of these services was \$11,473 below the budgeted amount. The fringe benefits and overhead costs associated with this surplus totaled \$13,305. The combined savings for ASB salaries and benefits was \$24,778. The Foundation budgeted \$7,920 for ASB legal expenses. However, the ASB did not incur any legal costs for 2016, thereby realizing additional savings of \$7,920. ASB consulting expenses for 2016 totaled \$16,763, which was \$16,897 less than the budgeted amount of \$33,660. ASB travel totaled \$47,936 representing \$19,785 in excess of the budgeted amount of \$28,151. The remaining surplus from ASB operations totaled \$29,810.

The Foundation is requesting reprogramming of the remaining 2016 grant balance in the amount of \$57,792 as follows:

- \$19,785 to be reprogrammed to ASB travel
- \$38,007 to be reprogrammed to AQB salaries, travel and subcontractor costs

**Recommendation** – Staff reviewed the documentation provided by the Foundation. We compared claimed reimbursements and requested reprogramming against the 2016 ASC approved grant and against our records from attending Foundation meetings and reviewing both public and private Foundation documents. We analyzed the reimbursements using testing techniques recommended by our auditors. We concur that areas of increased costs were grant-eligible and Staff recommends approval of the Foundation's \$57,792 reprogramming request. Approval of the request would bring total reimbursements to \$350,000 of the total \$350,000 grant amount approved for 2016.



1155 15th Street, NW, Suite 1111  
Washington, DC 20005  
T 202.347.7722  
F 202.347.7727

December 6, 2016

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

Ref: 2015-2016 Grant No. ASC00018  
Request for Reallocation Among Cost Categories

Dear Jim:

The Appraisal Foundation has submitted reimbursement requests totaling \$292,208 of the 2015-2016 Operating grant award amount of \$350,000 leaving an unused balance of \$57,792. This is a request to reallocate among the original budget categories of this grant in order to be reimbursed for the balance of this award.

You will recall that our Grant Proposal was for \$803,171 for Title XI related expenses of the Appraisal Standards Board and Appraiser Qualifications Board. We allocated the approved amount of \$350,000 between these two boards.

The majority of this request to reallocate resulted from an underestimation of the percentage of the award that should have been allocated to the Appraiser Qualifications Board. We were over budget in salaries, travel and National Exam related expenses on the AQB and under budget for legal, salaries and consulting for the ASB.

Our final Grant Budget Summary reflecting this reallocation is attached for reference. We would be pleased to meet with you to discuss any question or concerns you might have.

I can be reached at (202) 624-3040 or by e-mail at [david@appraisalfoundation.org](mailto:david@appraisalfoundation.org).  
Questions can also be directed to Cathy Johnson, Vice President of Finance and  
Administration. She can be reached at (202) 624-3042 or by e-mail at  
[cathy@appraisalfoundation.org](mailto:cathy@appraisalfoundation.org).

Thank you in advance for your consideration of this request.

Sincerely,



David S. Bunton  
President

Enclosure

<b>REQUEST FOR ADVANCE OR REIMBURSEMENT</b>  <i>(See instructions on back)</i>	OMB APPROVAL NO. <b>0348-0004</b>		PAGE 1 OF 2 PAGES
	1. TYPE OF PAYMENT REQUESTED	a. "X" one or both boxes <input type="checkbox"/> ADVANCE <input checked="" type="checkbox"/> REIMBURSEMENT  b. "X" the applicable box <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> PARTIAL	2. BASIS OF REQUEST  <input type="checkbox"/> CASH  <input checked="" type="checkbox"/> ACCRUAL
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED  <b>GSA/APPRaisal SUBCOMMITTEE, FFIEC</b>		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY  <b>ASC00018/ASC00019</b>	5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST  <b>13</b>

6. EMPLOYER IDENTIFICATION NUMBER <b>23-2493621</b>	7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. PERIOD COVERED BY THIS REQUEST	
		FROM (month, day, year) <b>September 1, 2016</b>	TO (month, day, year) <b>September 30, 2016</b>

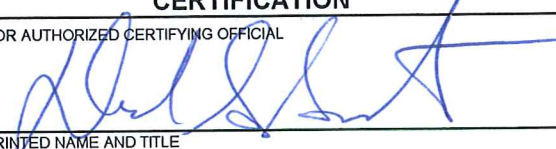
9. RECIPIENT ORGANIZATION  <b>Name: THE APPRAISAL FOUNDATION</b>  <b>Number and Street: 1155 15TH STREET, NW SUITE1111</b>  <b>City, State and ZIP Code: WASHINGTON, DC 20005</b>	10. PAYEE (Where check is to be sent if different than item 9)  <b>Name:</b>  <b>Number and Street:</b>  <b>City, State and ZIP Code:</b>
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11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ACTIVITIES	(a) OPERATING	(b) INVESTIGATOR	(c)	TOTAL
a. Total program outlays to date <i>(As of date)</i>	\$ 350,000.00	\$ 255,024.00	\$	\$ 605,024.00
b. Less: Cumulative program income				0.00
c. Net program outlays (Line a minus line b)	350,000.00	255,024.00	0.00	605,024.00
d. Estimated net cash outlays for advance period				0.00
e. Total (Sum of lines c & d)	350,000.00	255,024.00	0.00	605,024.00
f. Non-Federal share of amount on line e				0.00
g. Federal share of amount on line e	350,000.00	255,024.00		605,024.00
h. Federal payments previously requested	292,208.00	255,024.00		547,232.00
i. Federal share now requested (Line g minus line h)	57,792.00	0.00	0.00	57,792.00
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances	1st month			0.00
	2nd month			0.00
	3rd month			0.00

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY	
a. Estimated Federal cash outlays that will be made during period covered by the advance	\$
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (Line a minus line b)	\$ 0.00

13.

**CERTIFICATION**

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.	SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL 	DATE REQUEST SUBMITTED December 6, 2016
	TYPED OR PRINTED NAME AND TITLE DAVID S. BUNTON, PRESIDENT	TELEPHONE (AREA CODE, NUMBER, EXTENSION) 202-624-3040

This space for agency use

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**INSTRUCTIONS**

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

<u>Item</u>	<u>Entry</u>	<u>Item</u>	<u>Entry</u>
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.		activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.	11a	Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.	11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.	11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.	13	Complete the certification before submitting this request.
<p>Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.</p>			
11	The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or		

THE APPRAISAL FOUNDATION  
 2015-2016 GRANT BUDGET SUMMARY  
 YEAR-TO-DATE @ SEPTEMBER, 2016  
 BEFORE REPROGRAMMING REQUEST

	TOTAL AQB		GRANT BUDGET		(OVER) UNDER		TOTAL ASB		GRANT BUDGET		(OVER) UNDER		TOTAL ITP	GRANT BUDGET	(OVER) UNDER	SUMMARY ALL PROGRAMS	TOTAL GRANT BUDGET	BALANCE REMAINING (over)/under
<u>DIRECT LABOR</u>	30,629	30,629	(0)	38,133	49,606	11,473	17,518	17,379	(139)	86,281	97,614	11,333						
Fringe @ 29.4%	9,005	9,005	(0)	11,211	14,584	3,373	5,150	5,109	(41)	25,367	28,698	3,332						
Direct Labor + Fringe	39,634	39,634	(0)	49,344	64,190	14,846	22,669	22,488	(180)	111,647	126,312	14,665						
Overhead @ 66.9%	26,515	26,515	(0)	33,011	42,943	9,932	15,165	15,045	(121)	74,692	84,503	9,811						
<b>TOTAL INDIRECT COST</b>																		
REIMBURSEMENT (Fringe + OH)	35,520	35,520	(0)	44,223	57,527	13,305	20,316	20,154	(162)	100,059	113,201	13,143						
<u>EXPENSES:</u>																		
Postage and Delivery				-			1,475	1,818	343	1,475	1,818	343						
Printing				-			13,702	9,000	(4,702)	13,702	9,000	(4,702)						
Legal	7,715	7,920	205	-	7,920	7,920	-	-	-	7,715	15,840	8,125						
Consulting	26,701	34,694	7,993	16,763	33,660	16,898	22,977	44,000	21,023	66,441	112,354	45,913						
Travel	42,139	42,139	0	28,151	28,151	(0)	179,036	217,281	38,245	249,327	287,572	38,245						
Subcontractor	22,233	22,233	0	-	-	-	-	-	-	22,233	22,233	0						
Total Expenses	98,788	106,987	8,198	44,914	69,731	24,817	217,190	272,099	54,909	360,892	448,817	87,925						
<b>TOTAL DIRECT LABOR + INDIRECT COSTS + EXPENSES</b>	164,937	173,135	8,198	127,270	176,865	49,595	255,024	309,632	54,608	547,231	659,632	112,401						

THE APPRAISAL FOUNDATION  
 2015-2016 GRANT BUDGET SUMMARY  
 YEAR-TO-DATE @ SEPTEMBER, 2016  
 WITH REPROGRAMMING REQUEST

	TOTAL AOB	GRANT BUDGET	(OVER) UNDER	TOTAL ASB	GRANT BUDGET	(OVER) UNDER	TOTAL ITP	GRANT BUDGET	(OVER) UNDER	SUMMARY ALL PROGRAMS	TOTAL GRANT BUDGET	BALANCE REMAINING (over)/under
<b>DIRECT LABOR</b>	40,733	30,629	(10,104)	38,133	49,606	11,473	17,518	17,379	(139)	96,385	97,614	1,229
Fringe @ 29.4%	11,976	9,005	(2,971)	11,211	14,584	3,373	5,150	5,109	(41)	28,337	28,698	361
Direct Labor + Fringe	52,709	39,634	(13,075)	49,344	64,190	14,846	22,669	22,488	(180)	124,722	126,312	1,590
Overhead @ 66.9%	35,262	26,515	(8,747)	33,011	42,943	9,932	15,165	15,045	(121)	83,439	84,503	1,064
<b>TOTAL INDIRECT COST</b>												
REIMBURSEMENT (Fringe + OH)	47,237	35,520	(11,718)	44,223	57,527	13,305	20,316	20,154	(162)	111,776	113,201	1,425
<b>EXPENSES:</b>												
Postage and Delivery				-			1,475	1,818	343	1,475	1,818	343
Printing				-			13,702	9,000	(4,702)	13,702	9,000	(4,702)
Legal	7,715	7,920	205	-	7,920	7,920	-	-	-	7,715	15,840	8,125
Consulting	26,701	34,694	7,993	16,763	33,660	16,898	22,977	44,000	21,023	66,441	112,354	45,913
Travel	53,278	42,139	(11,139)	47,936	28,151	(19,785)	179,036	217,281	38,245	280,251	287,572	7,321
Subcontractor	27,280	22,233	(5,047)	-	-	-	-	-	-	27,280	22,233	(5,047)
Total Expenses	114,974	106,987	(7,988)	64,699	69,731	5,032	217,190	272,099	54,909	396,863	448,817	51,954
<b>TOTAL DIRECT LABOR + INDIRECT COSTS + EXPENSES</b>	202,945	173,135	(29,810)	147,055	176,865	29,810	255,024	309,632	54,608	605,024	659,632	54,608



The Appraisal Foundation Grant Expenses Over Line Item Budget October 1, 2015 - September 30, 2016	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Total Amount Over Grant Budget
	<b>AQB-0101 - RP Criteria</b>									
Travel & Meeting Expense						3,756		7,383		11,139
Consulting										0
Equipment Rental										0
Salaries							1,652	5,129	3,323	10,104
Fringe and Overhead										11,718
Legal										0
<b>AQB-0102 - National Exam</b>										
Equipment Rental										0
Travel & Meeting Expense										0
Consulting										0
Subcontractor								5,047.00		5,047
<b>ASB-0201 - USPAP Standards 1-3</b>										
Salaries										0
Consulting										0
Postage										0
Equipment Rental										0
Travel & Meeting Expense		5,942				16,652				22,594
Legal										0
	0	5,942	0	0	0	20,409	1,652	17,559	3,323	60,603