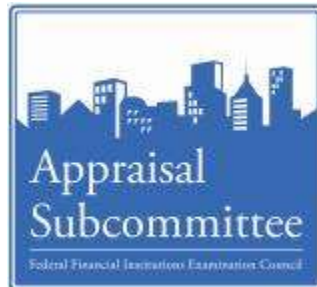


Briefing

Summary Notes

Cover Page

February 13, 2019



**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
AUGUST 14, 2018**

LOCATION: Teleconference

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Veronica Spicer
FDIC – Marianne Hatheway
FHFA – Bob Witt
HUD – Cheryl Walker
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 – Kristi Klamet
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

MEMBER STAFF: CFPB – Deana Krumhansl
CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Rich Foley
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FDIC – Lori Thompson
FRB – Carmen Holly

The Briefing was called to order at 10:00 a.m. by A. Lindo. The purpose of the Briefing was to discuss the Temporary Waiver Submission for the State of North Dakota.

- **Temporary Waiver Submission for the State of North Dakota**

R. Taft circulated information on North Dakota financial institutions in advance of this Briefing. J. Park said that ASC staff contacted the Commissioner of the North Dakota Department of Financial Institutions (DFI), who appears to be the point person for this submission. The Commissioner asked for an increase in the current thresholds for residential and commercial transactions. ASC staff made it clear that this is outside of the ASC's authority. ASC staff also contacted staff from the North Dakota Appraisal Board (Board),

who indicated they were not aware of the submission. The Board is determining whether or not they will respond and indicated they have concerns and do not agree with some of the information provided in the submission. The Board also plans to schedule a meeting with the Governor's Office. J. Park said that North Dakota is considered Voluntary per its appraiser statutes and regulations while the North Dakota banking regulation appears to be Mandatory. There was general discussion on the designations of State appraiser programs (Voluntary, Mandatory, and Mandatory for FRTs) and how they are applied. R. Taft noted that North Dakota's law seems to indicate that a credentialed appraiser must do the appraisal. V. Spicer asked for clarification on what the submission is requesting for North Dakota. It appears they do not want a geographically-based waiver, but rather a waiver for certain transactions. R. Taft said that based on his understanding of the submission and attachments, it seems they are seeking an increase in the threshold for North Dakota. He questioned if the ASC should ask for a re-submission consistent with the ASC's authority. M. Hatheway suggested we reiterate our understanding of their submission and ask them to clarify what they are requesting. J. Park said the submission also requests authority to allow evaluations for transactions below the threshold. R. Taft said a waiver if granted would apply to all institutions that have loans that originate in North Dakota, and numerous banks in North Dakota are headquartered in other States. J. Park said that some information provided in the request shows that turnaround times have improved over the last few years, and that in talking to the Board, they stated that they did receive a number of complaints in 2010 about turnaround times and problems locating appraisers, but said they have not received any complaints on these items lately. J. Park suggested that ASC staff could draft a letter to the submitters stating what authority the ASC has and ask them to restate what they are requesting. A. Lindo suggested the ASC needs to reiterate what the process is and what DFI needs to submit in order to be considered a complete request. R. Taft noted that because the submitters are requesting a broad waiver, they will have to provide significant data for the State. He said it would be difficult to prove scarcity in the whole State, and that the submission, as currently written, does not contain enough information to be considered a completed request. He added that he felt the supporting letters attached to the submission showed issues with FHA, VA and GSEs and not necessarily federal requirements. A. Lindo asked A. Ritter to draft a response letter, discussing ASC authority under scarcity and delay. A. Ritter said she would circulate a draft to ASC. J. Park suggested that a Briefing be held following the August 29th ASC Meeting to discuss the draft letter.

The Briefing adjourned at 11:00 a.m.

**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
AUGUST 23, 2018**

ATTENDEES

ASC MEMBERS: OCC – Richard Taft (Vice-Chair)
CFPB – Philip Neary
FDIC – Marianne Hatheway
FHFA – Robert Witt
HUD – Cheryl Walker
NCUA – Tim Segerson

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 – Kristi Klamet
Management and Program Analyst – Lori Schuster

PRESENTERS: Appraisal Foundation – Dave Bunton
Appraisal Foundation – Kelly Davids
Appraisal Foundation – Edna Nkemngu

MEMBER STAFF: FDIC – Michael Briggs
FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FRB – Carmen Holly
FRB – Kirin Walsh

The Briefing was called to order at 10:00 a.m. by R. Taft. The purpose of the Briefing was to discuss the following: (1) FY19 Appraisal Foundation Grant Proposal; and (2) Appraisal Foundation FY18 State Investigator Training Grant Reprogramming Request.

• **FY19 Appraisal Foundation Grant Proposal**

D. Bunton, E. Nkemngu and K. Davids were present to discuss the FY19 Appraisal Foundation (Foundation) grant proposal. D. Bunton noted that there has been a 30% increase of test takers over the past 12-month period. The majority of test takers were between 26-35 years of age. R. Taft asked if there is breakdown of test takers geographically. D. Bunton responded that he would check with the test providers and forward any information to the ASC.

D. Bunton discussed the Appraiser Qualifications Board (AQB) projects. The AQB is developing a program called *Practical Applications of Real Estate Appraisal* (PAREA) which involves simulated programs for appraiser training. It consists of 75% simulated training and 25% in-person training with a supervisory appraiser. The Foundation plans to publish a Request for Proposal (RFP) to create online experience modules. R. Taft asked if grant funds are proposed for this project. D. Bunton responded that some funding is included in the grant proposal but proposed consulting costs are not different from previous year requests. He added that the Foundation focused on the revised AQB Criteria in 2018 and will be able to dedicate more time in 2019 to PAREA. K. Davids said that the AQB hopes to have a demonstration of PAREA at its September meeting. R. Taft asked if the estimate for 600 days of consulting for the AQB Criteria was correct. E. Nkemngu said that it should be 600 hours and would submit corrected paperwork.

D. Bunton discussed projects of the Appraisal Standards Board (ASB). He said that the Foundation distributed a survey to key stakeholders. The survey covered two areas: (1) what areas of USPAP need clarification; and (2) what are emerging issues with USPAP. The survey was sent to 500 respondents and 100 responses were received. Two concerns mentioned were bifurcated appraisals and the increasing use of evaluations. R. Taft asked if the Foundation will be proposing minimum requirements to provide estimate of value. D. Bunton responded “yes” and that requirements would not be that different from current requirements.

R. Taft asked if the Foundation has conducted outreach to military veterans. K. Davids provided a summary of continuing efforts and challenges in their outreach to the U.S. Department of Veterans Affairs as well as the U.S. Department of Labor and State and local veteran’s programs.

Regarding funding for the State Investigator Training Program (ITP), K. Davids noted that there have been approximately 1,000 attendees since the inception of the program in 2008. The Foundation recently added break-out sessions with case studies to the Level 3 course. Overall enrollment did decrease in 2018 and the Foundation will spread out the training dates next year rather than holding classes consecutively as was done last year (June-August). The FY19 grant proposal requests \$30,000 less for ITP to account for a potential decrease in attendees in 2019.

- **Appraisal Foundation FY18 State Investigator Training Grant Reprogramming Request**

[ASC staff note: The Foundation provided general information to Board members on this Grant Reprogramming Request, but subsequently withdrew the request.]

The Foundation staff thanked the ASC for their time and departed the Briefing.

- **ASC Discussion on FY19 Grant Proposal**

R. Taft felt the FY19 proposal appears to have the same elements as previous year grants. M. Hatheway noted that the ASC should maintain its minimum reserve. J. Park said that ASC staff is recommending \$350,000 for the AQB and ASB and \$280,000 for the ITP.

J. Park said that ASC staff is also researching options to offer grants to States that do not involve the Foundation. He added that staff recommends purchasing two copies of USPAP for each State and Territory at a cost of \$5,000. He said that the ASC staff is also proposing \$10,000 in the FY19 ASC budget for an independent course developer to develop a course for States regarding AMC investigations. States have suggested that they would prefer additional training and education rather than receiving funding directly as that could affect their overall budget from the State. ASC staff has been in contact with the Center for Learning Innovation (CLI) which is part of the St. Louis Federal Reserve Board office. They have designed several webinars and courses for the FFIEC and the FFIEC has been pleased with CLI's work. The ASC could enter into a Memorandum of Understanding or Interagency Agreement with the CLI and forego the RFP process. M. Hatheway requested A. Ritter prepare bullet points showing ASC spending authority to support development of education for the benefit of the States.

The Briefing adjourned at 12:00 p.m.

**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
AUGUST 29, 2018**

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 – Bob Witt
HUD – Cheryl Walker
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
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

MEMBER STAFF: CFPB – Deana Krumhansl
CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Rich Foley
FDIC – Ben Gibbs
FRB – Gillian Burgess
FRB – Carmen Holly
FRB – Matt Suntag
OCC – John Binkley

The purpose of the Briefing was to discuss the following: (1) Submission requesting temporary waiver for North Dakota.

- **Submission requesting temporary waiver for North Dakota**

A. Ritter provided an overview of the submission from the North Dakota Department of Financial Institutions (DFI), North Dakota Governor’s Office and North Dakota Bankers Association (submitters). R. Taft asked if there has been any further communication with the submitters. J. Park responded “no” and added that he has spoken with the North Dakota Appraisal Board (Board), and that a few informal comments have been submitted to the ASC

from interested parties. J. Park said that the Board has not met to discuss this submission, but said the Board has scheduled a meeting with the Governor's Office. M. Hatheway noted that the submitters may be asking for something outside of the ASC's authority. There was discussion on the draft response to let the submitters know what information is needed in order for their submission to be considered pursuant to ASC authority. Edits have been received from the FDIC and OCC. V. Spicer said that assuming the submitters can provide more concrete information, the ASC should let them know that once a completed request is made public, commenters may provide additional data to support or dispute the submitters documentation. A. Lindo said the submitters need to be made aware of the ASC's authority and that factual information is necessary to support their request. A. Lindo requested that ASC staff incorporate edits received into a draft to be circulated and include an explanation of the ASC's authority. The draft should be finalized and sent out the week of September 10th to be signed by J. Park.

J. Park announced that he, staff from the Appraisal Foundation, the Tennessee Bankers Commission, Tennessee Department of Financial Institutions and Tennessee Real Estate Appraisers Commission will meet in Nashville, TN on October 9th. T. Williams from TriStar Bank will also be present to discuss appraiser requirements and appraiser technology.

The Briefing adjourned at 12:00 p.m.

**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
NOVEMBER 1, 2018**

LOCATION: Conference Call

ATTENDEES

ASC MEMBERS: CFPB – Veronica Spicer
FDIC – Marianne Hatheway
FHFA – Bob Witt
HUD – Cheryl Walker
NCUA – Tim Segerson
OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Attorney-Advisor – Ada Bohorfoush
Policy Manager – Claire Brooks
Policy Manager – Neal Fenochietti
Management and Program Analyst – Lori Schuster

MEMBER STAFF: FDIC – Suzy Gardner
FDIC – Ben Gibbs
FRB – Carmen Holly

J. Park reported that there has not yet been a response to the ASC's September 7th letter requesting more information on the submission for a temporary waiver for the State of North Dakota. ASC staff talked with L. Kruse at the North Dakota Department of Financial Institutions and staff from the North Dakota Governor's Office on October 16th and 25th. L. Kruse said that they intend to respond. J. Park said he spoke with A. Lindo regarding whether the ASC could act on this at its November 14th Meeting, but until additional information is received, there is no action to be taken. M. Hatheway agreed that the ASC should wait until a response is received, and she asked ASC staff to communicate with L. Kruse weekly for status updates on their response. She added that once the ASC receives and reviews a response with additional information, the ASC could schedule a Meeting to determine whether the submission is considered a complete request and publish for a 30-day comment period. R. Taft agreed with M. Hatheway's approach. He added that timing could be difficult due to mandatory timeframes conflicting with the holidays. R. Taft asked J. Park if the requestors were still requesting a Statewide waiver. J. Park responded that L. Kruse did not say, but she did indicate she was having difficulty getting detailed information from lenders. He added that the requestors understand that the ASC cannot change the current threshold. J. Park said that, based on the discussion with L. Kruse, he does not anticipate it would be ready for action by the ASC at its

November 14th Meeting. Since there are no other action items for the November 14th ASC Meeting, he suggested cancelling the Meeting. M. Hatheway agreed with cancelling the Meeting. M. Hatheway and R. Taft requested that the ASC's September 7th letter requesting more information be reviewed for uploading to the ASC website. A. Ritter responded that she will email the letter to ASC members and ASC distribution list, and if there were no concerns, the letter would be uploaded November 6th. M. Hatheway suggested that since the ASC could receive temporary waiver requests in the future, that a standard process should be established, including setting a timeframe for response in the event the ASC requests additional information be submitted.