APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
MAY 11, 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
HUD – Ada Bohorfoush
NCUA – Tim Segerson
OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
Acting Deputy Executive Director – Vicki Metcalf
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Dan Rhoads
Policy Manager – Neal Fenochietti
Management & Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: Appraisal Institute – Brian Rodgers
CFPB – Deana Krumhansl
FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Victor Olshansky
FDIC – Kim Stock
FRB - Matt Suntag
HomeSight – Peter Gallo
HUD – Robert Frazier
Kelly Group – Don Kelly
OCC- Chris Manthey
OCC – Bob Parson
OCC – Joanne Williams
Pro Teck Valuation Services – Jeff Dickstein
REVAA – Mark Schiffman
REVAA – Tim Troutman
Stewart Valuation Services – Frank O'Neill

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

REPORTS

- **Chairman**

  A. Lindo welcomed observers to the Meeting. He welcomed M. Hatheway as the new FDIC representative to the ASC. He announced that his term as Chairman of the ASC was renewed for another two-year term through March 2018.

- **Executive Director**

  J. Park reported on ASC staff activities since the ASC's March 9th Meeting. The Appraisal Standards Board (ASB) issued its first Exposure Draft on changes to the 2018-19 edition of the Uniform Standards of Professional Appraisal Practice (USPAP). The ASB is proposing several changes that could have a material impact on real estate related financial transactions. Most notably, the proposed changes to the definition of a Report may conflict with several State laws and could lead to an increased use of "draft" appraisal reports in lending transactions.

  ASC staff attended the Appraiser Qualifications Board (AQB) Meeting in Phoenix, AZ on April 8th. The Meeting focused mostly on the AQB's Discussion Draft – Potential Areas of

Change to the Real Property Appraiser Qualification Criteria. There was also discussion on whether there is a current, or possibly future, shortage of appraisers. The AQB is planning to conduct an appraiser demographics study and survey to better understand the supply and demand of appraisers.

ASC staff also attended the April 8-10 Association of Appraiser Regulatory Officials (AARO) Spring Conference in Phoenix. There were approximately 175 State regulators in attendance. ASC staff will work with AARO and the Appraisal Foundation on a proposed publication documenting the 25th anniversary of Title XI. The goal of this project is to put together a concise and engaging publication geared for State and Federal policy makers.

J. Park added that work on the Unique Identifier Project is continuing and staff hopes to have it operational by the 4th quarter of 2016.

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's March 9th Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Georgia and Texas were awarded a Finding of "Excellent" and both will remain on a two-year Review

Cycle. Alabama and Guam were awarded a finding of "Good" and both will remain on a two-year Review Cycle.

One State Compliance Review was finalized and approved by the Chairman under delegated authority: The Commonwealth of the Northern Mariana Islands was awarded a Finding of "Needs Improvement" and will remain on a two-year Review Cycle.

A Follow-up Review of the U.S. Virgin Islands real estate appraiser regulatory program was conducted in January. ASC staff will continue to monitor the progress of the Virgin Islands' program.

- **Financial Manager**

G. Hull reported on ASC revenue and expenses as of March 31st. FY16 revenue is currently at 45% of the total targeted FY16 revenue. As to spending, 43% of the FY16 budget has been expended through March 31st.

The Appraisal Foundation submitted four grant reimbursement requests covering October 2015 through January 2016. The October request in the amount of $48,721 was for costs of the AQB Meeting in Washington, DC and initial planning of the 2016 State Investigator

Training courses. The November request in the amount of $36,311 was for costs related to the ASB Meeting in Cincinnati, OH. The December request in the amount of $15,242 and January request in the amount of $14,783 were related to salaries and indirect costs to support the AQB and ASB, and initial meeting planning for the 2016 State Investigator Training courses. ASC staff approved payment of these requests in total. The total FY16 grant budget is $659,632 and $544,575 remains unexpended.

The Appraisal Foundation Agreed Upon Procedures Review for the period ending September 30, 2015 is scheduled to begin on May 16th. Once the Review Report is finalized, a copy will be sent to the ASC members.

ACTION ITEMS

- **March 9, 2016 Open Session Minutes**

  R. Witt made a motion to approve the March 9th open session meeting minutes as presented. M. Marshall seconded and all members present voted to approve.

- **2015 ASC Annual Report**

  D. Rhoads presented the draft Annual Report. He is requesting approval subject to minor, non-substantive edits. R. Witt and R. Taft suggested that Appendix C be expanded to show

appraiser totals from 1992-2015. M. Marshall expressed this would be useful given the current discussions on potential appraiser shortages. D. Rhoads said he would do so. R. Witt asked if trainees could be included in Appendix C since it might be helpful to see if there are new appraisers coming into the system. D. Rhoads explained that trainees are not included on the National Registry, and therefore we do not have accurate data. J. Park added that not all States have a trainee program. R. Witt asked how appraisers obtain experience if a State does not have a trainee program. V. Metcalf responded that individuals may work with an appraiser to obtain experience.

R. Witt moved to approve the 2015 ASC Annual Report, with changes to Appendix C as discussed above. A. Bohorfoush seconded and all members present voted to approve.

- **Notice of Proposed Rulemaking (NPRM) on AMC Registry Fees**

A. Lindo thanked the staffs of the ASC and member agencies for their work on this. A. Ritter said the draft NPRM would implement collection and transmission of appraisal management company (AMC) annual registry fees for States that elect to register and supervise AMCs as follows: (1) in the case of an AMC that has been in existence for more than a year, $25 multiplied by the number of appraisers who have performed an appraisal for the AMC on a covered transaction in such State during the previous year; and (2) in the case of an AMC that has not been in existence for more than a year, $25 multiplied by the

number of appraisers who have performed an appraisal for the AMC on a covered transaction in such State since the AMC commenced doing business. Performance of an appraisal is proposed to mean the appraisal service requested of an appraiser by the AMC was provided to the AMC. The proposed rule sets forth the ASC's interpretation of the phrase "working for or contracting with" as used in the calculation of annual AMC registry fees. M. Marshall moved to approve the NPRM and authorize ASC staff to make non-substantive, technical edits to comply with *Federal Register* requirements. M. Hatheway seconded and all members present voted to approve.

R. Taft and A. Lindo asked for a projected timeline for the Rulemaking to be finalized. A. Ritter said there would be a 60-day comment period for the NPRM. Once that closes, ASC staff will review the comments, prepare a Final Rule for ASC approval which would then be posted in the *Federal Register*. She added staff hopes to stay on track with publication of the final rule before the end of the calendar year, depending on the number of comments received. A. Lindo asked how the NPRM would be publicized. J. Park responded that once the NPRM is published, ASC staff will post notice in the "What's New" box of the ASC website along with a link to the NPRM, a media release will be circulated to stakeholders and interested parties, and an announcement will be sent to State appraiser regulatory officials.

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The Open Session adjourned at 10:50 a.m. The next ASC Meeting will be July 13, 2016.

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