

Briefing Summary Notes Cover Page

November 13, 2019

**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
AUGUST 28, 2019**

LOCATION: Partnership for Public Service
1100 New York Avenue NW, Suite 200 East, Washington, DC 20006

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – Marianne Hatheway
FHFA – Robert Witt
FRB – Art Lindo
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 – Neal Fenochietti

OBSERVERS: CFPB – Orlando Orellano
CFPB – Paul Sanford
FDIC – Michael Briggs
FDIC – Suzy Gardner
FRB – Carmen Holly
NCUA – Rachel Ackmann
OCC – Kevin Lawton
OCC – Joanne Phillips
OCC – James Rives

The purpose of the Briefing was to discuss (1) Temporary Waiver Procedures and (2) Grants Handbook Outline.

Temporary Waiver Procedures

A. Lindo requested that ASC staff develop standards for temporary waiver submissions to promote consistency and transparency. T. Segerson said that NCUA provided a draft outline to ASC members to address the temporary waiver process. He commented that the current 45-day deadline is not enough time for the ASC to make an informed decision. ASC staff needs time to review documentation submitted by the requestor, research the history of the problem leading to

delay and the history of actions taken by the requestor to address the problem so that the ASC can consider that in its decision. The comment period may need to be extended from 30 days to allow the public and stakeholders a better chance to weigh in and provide information. Requestors should also be made aware of what documentation they must provide in their temporary waiver submission. He suggested that a Policy Statement could set minimum standards. Staff should then verify the information to ensure the submission is accurate before the ASC deems it a completed request. M. Hatheway suggested developing a draft template so requestors know what documentation they are expected to provide. R. Witt commented that requestors should indicate what has been done to alleviate scarcity and delay. M. Hatheway suggested distributing an advisory or Frequently Asked Questions (FAQs) document detailing what a temporary waiver is and provide suggestions that could be tried in advance of submitting a request. R. Witt said that ASC staff could do preliminary research before a request is considered complete and the 45-day deadline is activated. T. Segerson noted that if multiple temporary waiver submissions were received at the same time, it would be extremely difficult to prepare information in a timely manner. There should be ample time for the ASC to consider the request and, if needed, also allow the FFIEC to consider the request in its normal course of business. M. Hatheway said that the ASC should be able to set the timeline and not be tied to a 45-day deadline. J. Schroeder said clarification should be given to requestors on what a temporary waiver can and cannot do. M. Abbott suggested that the ASC could provide a plan of action to the requestor. M. Hatheway noted that the regulatory agencies can cite lenders for non-compliance if they violate the temporary waiver. J. Park commented that there may be other State laws or requirements that would negate the impact of a temporary waiver. A. Lindo said that required data to be included in a temporary waiver submission should be standardized. T. Segerson said that if the ASC requires specific minimum data in a temporary waiver submission that Rulemaking may be required. R. Taft said that if turnaround time is defined, that should be part of the rulemaking. M. Hatheway noted that appraisal report turnaround times can vary according to the economic conditions which may be temporary. D. Graves said that ASC staff can help in gathering data and that a process is needed to validate data. R. Taft asked if an advisory should be drafted and put out for public comment. T. Segerson responded that if the advisory is considered guidance it may not need public comment but may need to be reviewed by the Office of Management and Budget. M. Hatheway suggested this could be discussed at the upcoming ASC Roundtable. T. Segerson said that reaching out to all stakeholders is the best way to get a full picture. A. Lindo requested ASC staff to draft FAQs and include it on the agenda for the Roundtable. J. Schroeder asked when a draft Advisory or FAQs might be ready. J. Park responded that ASC staff could draft FAQs and schedule a briefing for the end of September or early October.

Grant Handbook

M. Abbott provided an outline of the Grant Handbook to the ASC and addressed the Grants Program. He commented that the ASC will conduct robust audits of the Appraisal Foundation to include a review of financial statements among other things. He suggested this audit should be completed approximately every 3-5 years for larger grantees. As the request to hire an outside accounting firm was approved in the FY20 Budget, the ASC can contract with either an accounting firm or Inspector General's Office in a Federal Agency that has experience with auditing grantees. This will give the ASC the option to conduct a financial and/or program audit or survey, but policies and procedures must be in place before any audit is done. He noted that

he has experience working with entities who are not familiar with federal grant regulations. J. Schroeder asked if funds for audits would be reflected in the budget or be part of the grant. M. Abbott responded that most Federal grant-making agencies have an Inspector General's Office or conduct audits using outside firms. He advised against self-monitoring audits by the grantee. A. Lindo asked when an audit of the Appraisal Foundation might be scheduled and what time period it would cover. M. Abbott answered that a five-year review may be reasonable, but he did not have a timeline in place as to when the audit would be conducted. A review of Appraisal Foundation program income may go back further than five years. J. Park added that M. Abbott will give a presentation of the ASC Grants Program at the upcoming AARO Fall Conference. There will be no specifics, only a general outline and suggested grants that may be helpful to States. The ASC could also set up regional meetings with States as well.

**APPRAISAL SUBCOMMITTEE
BRIEFING SUMMARY NOTES
SEPTEMBER 23, 2019**

LOCATION: TELECONFERENCE

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – Marianne Hatheway
FHFA – Robert Witt
FRB – Art Lindo
HUD – Bobbi Borland
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
Management and Program Analyst – Lori Schuster

OBSERVERS: CFPB – Deana Krumhansl
CFPB – Orlando Orellano
FDIC – Rich Foley
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FDIC – Lauren Whitaker
FRB – Trevor Feigelson
FRB – Carmen Holly
NCUA – Rachel Ackmann
NCUA – Ian Marena
OCC – Stacey Fluellen
OCC – James Rives

The purpose of the Briefing was to discuss (1) Temporary Waiver Procedures.

Temporary Waiver Procedures

A. Lindo said the purpose of the Briefing was to discuss the draft Frequently Asked Questions regarding Temporary Waivers (FAQs) distributed by J. Park on September 11th. M. Hatheway said that the FDIC will be submitting edits and that the FAQs should only focus on the temporary waiver process; T. Feigelson and J. Schroeder agreed. T. Segerson agreed but noted it is not clear that the temporary waiver would apply to any lender that is in the affected area. T. Feigelson said that certain non-bank lenders are regulated by CFPB and the language should only refer to appraisals for FRTs. J. Schroeder said that CFPB provided edits on this issue. T. Segerson agreed the FAQs should only focus on appraisals related to FRTs; A. Lindo agreed and asked ASC staff to revise the wording. Members discussed and suggested revisions to the draft

FAQs. A. Lindo asked ASC staff to revise the FAQs based on today's discussion. A. Ritter said she could distribute a revised draft by the 27th. A. Lindo asked ASC members to provide edits by October 4th and determine if another Briefing is needed. M. Hatheway felt that further issues could be resolved via email. A. Lindo said that another draft could be distributed based on the edits received. J. Park said that ASC staff is focusing on the FAQs right now. Once they are completed, attention can be directed to revising the Rule if needed; A. Lindo agreed. J. Park said he received an invitation from L. Kruse with the North Dakota Department of Financial Institutions to attend a Meeting on November 6, 2019 in Bismarck, ND. The Meeting will include lenders and appraisers. R. Taft said that agency attorneys should discuss A. Ritter's memorandum before sending out revised FAQs.