

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
FEBRUARY 12, 2020**

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

**ATTENDEES**

**ASC MEMBERS:** CFPB – John Schroeder  
FDIC – John Jilovec  
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  
Regulatory Affairs Specialist – Maria Brown  
Policy Manager – Claire Brooks  
Policy Manager – Kristi Klamet  
Policy Manager – Jenny Tidwell

**OBSERVERS:** Appraisal Foundation – Dave Bunton  
Appraisal Foundation – Edna Nkemngu  
Appraisal Institute – Brian Rodgers  
CFPB – Deana Krumhansl  
CFPB – Orlando Orellano  
Fannie Mae – Lyle Radke  
FDIC – Michael Briggs  
FDIC – Richard Foley  
FDIC – Suzy Gardner  
FDIC – Ben Gibbs  
FRB – Carmen Holly  
FRB – Derald Seid  
NCUA – Rachel Ackmann  
OCC – Kevin Lawton  
OCC – Joanne Phillips  
OCC – James Rives

The Meeting was called to order at 10:45 a.m. by Chair A. Lindo.

## REPORTS

- **Chair**

A. Lindo welcomed the observers. The ASC Roundtable (Roundtable) held on February 10<sup>th</sup> was successful. Some attendees suggested that the ASC prepare a retrospective on what has come out of the Roundtables and possible next steps. A. Lindo directed ASC staff to put together the requested information. He also reported that work continues on the ASC Grant Program.

- **Executive Director**

J. Park updated the ASC on recent staff activity.

- The North Dakota Appraiser Association and North Dakota Bankers Association indicated that a meeting with lenders and stakeholders is in the planning stages. A dialogue with various national stakeholders has been started to explore the possibility of assembling a task force to address appraiser availability issues when and where they arise, similar to an early warning system. J. Park and A. Lindo briefly discussed this with the FFIEC at its December meeting and they appeared to be receptive to the idea. J. Park has also talked with several industry trade groups, and they all expressed a desire to participate in this endeavor.
- The Appraiser Qualifications Board (AQB) issued the *First Exposure Draft of a Proposed Change to the Real Property Appraiser Qualification Criteria – Licensed Residential Scope of Practice*. The AQB is proposing any increase to the scope of practice for licensed appraisers to be commensurate with increases to the appraisal exemption thresholds. A second Exposure Draft is anticipated.
- The 2020-21 edition of the *Uniform Standards of Professional Appraisal Practice* took effect on January 1, 2020. The Appraisal Standards Board (ASB) is working on an exposure draft of proposed changes for the 2022-23 edition.
- As noted by A. Lindo, the Roundtable was held on February 10<sup>th</sup> at the Office of the Comptroller of the Currency (OCC). A total of 58 persons representing 46 organizations/agencies attended. He received positive feedback and participants were looking forward to future Roundtables. He thanked R. Taft for OCC staff assistance and the use of the OCC Conference Center.
- Fifteen States are adding Appraisal Management Companies (AMC) to the AMC Registry. Since participating States should be adding their AMCs to the Registry by June 2020, ASC staff anticipates a significant increase of entries to the AMC Registry in the coming months. R. Taft asked how many States will be entering data into the AMC Registry by June 2020. B. Kelly responded that he does not have an estimate, but he has

received numerous questions from States on the submission process. J. Park added that Texas and California are expected to start submitting data to the AMC Registry before June. J. Schroeder asked for clarification. A. Ritter responded that it depends on States renewal cycles. Establishing a hard deadline was not feasible, so the ASC established June 4, 2020 as the date that all State AMC regulatory programs would start to be reviewed by the ASC to ensure compliance with the AMC Registry Fee Rule. J. Schroeder asked what would happen if a State is not submitting data by that time. A. Ritter answered that if a State did not have process in place by June 4<sup>th</sup> to implement the AMC Registry Fee Rule, it would be noted by the ASC staff on the Compliance Review Report.

- J. Park reported that the Unique Identification Number program is being used by all States except two and the U.S. Territories.
- A. Bohorfoush reported that ASC staff is finalizing the first draft of the 2019 ASC Annual Report and will distribute a draft to the ASC next week with comments due two weeks afterwards.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Program Compliance Reviews completed pursuant to delegated authority since the ASC's November 13<sup>th</sup> Meeting. Three State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Ohio was awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. New Hampshire and New York were awarded a Finding of "Good" and will remain on a two-year Review Cycle.

There were two State AMC Program Compliance Reviews finalized and approved by the Executive Director under delegated authority. New York was awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. Ohio was awarded a Finding of "Good" and will remain on a two-year Review Cycle.

The ASC completed one Follow-up Review during the last quarter. Vermont made progress in two of the three areas that were out of compliance in 2018. Vermont remains non-compliant in the area of timely complaint resolution. The ASC staff is continuing off-site monitoring and Vermont must continue submitting complaint logs to the ASC staff.

- **Grants Report**

M. Abbott updated members on the Grants Program. ASC staff will be sending an announcement to States notifying them that grants are available through the ASC and how to submit a request. ASC staff is also exploring solutions for States that do not have a mechanism in place to accept federal funding. A presentation is scheduled for the Association of Appraiser Regulatory Officials Spring Conference in San Antonio, TX and ASC staff will schedule various webinars with State officials. A. Lindo asked if there will be a process for ASC staff to corroborate States who receive funds and what the Compliance Ratings have been for those States. M. Abbott responded that ASC staff can research this and set up a risk management plan. R. Taft asked if States will need to enact legislation that will allow them to receive grants from the ASC. M. Abbott answered that States who have independent Appraiser Boards may have to learn how to request and oversee federal grant funds. A process may need to be set up to prevent State program budgets from being supplanted if grant funds are awarded.

The FY20 grant for the Investigator Training Program has been executed. The grant for the ASB and AQB is pending.

- **Financial Manager**

G. Hull reported that the FY19 financial audit has been completed and the financial statements are being finalized. Based on the draft statements, the total FY19 revenue was \$4.3M with \$3.4M derived from Appraiser Registry fees and \$833,000 from AMC Registry fees. FY19 expenses totaled \$3.7M thereby resulting in a net profit of \$551,000.

The ASC processed the September 2019 grant reimbursement request in the amount of \$79,060 for the Appraisal Foundation (Foundation) grant. The request covered expenses for the level three Investigator Training course held in Portland, Oregon. There were 29 students from 17 States in attendance. ASC staff reviewed the request and approved the payment for \$79,060. The total FY19 grant budget was \$628,000 and \$86,077 remains available.

Regarding the ASC's financial status for the first quarter of FY20, the ASC has recognized total revenue of \$1.4M: \$489,000 is from Appraiser Registry fees and \$939,000 is from AMC Registry fees. This represents a 31% increase over the FY19 1<sup>st</sup> quarter revenue and represents 22% of the total FY20 budgeted total revenue of \$6.3M. Overall expenditure activity for FY20 has been in line with the budget without any unusual budget variances. J. Schroeder asked if ASC staff has options or a strategic plan for spending the revenue. J. Park responded that most of the revenue will go towards grants. J. Schroeder requested that ASC staff prepare a plan to target use and to work with potential partners proactively. M. Abbott responded that is what ASC staff intends to do in addition to preparing Notices of Funds Availability (NOFA) to the public and States. The NOFA's would detail the allowable costs for grant funds. He plans to prepare and publish a timeline on how funds will be used initially and may have this ready for the May ASC Meeting.

- **Notation Vote**

L. Schuster reported that the approval to post in the *Federal Register* the Notice of Termination of Residential Temporary Waiver Relief passed by a 7-0 vote on November 20, 2019.

## **ACTION ITEMS**

- **November 13, 2019 Open Session Minutes**

R. Taft made a motion to approve the November 13<sup>th</sup> open session meeting minutes as presented. J. Schroeder seconded and all members present voted to approve.

- **December 12, 2019 Special Meeting Minutes**

J. Jilovec made a motion to approve the December 12<sup>th</sup> special session meeting minutes as presented. B. Borland seconded and all members present voted to approve.

- **Illinois Appraiser Compliance Program Review**

D. Graves reported on the Illinois Appraiser Compliance Review conducted by ASC staff in September 2019. While the number of complaints outstanding has decreased, the number of incoming complaints submitted also declined. The State has revised its complaint resolution process, including mentoring and education when the violations are not considered negligent or unethical. Illinois plans to train additional investigators in appraisal-related matters. Because of Illinois' repeated history of outstanding complaints, ASC staff recommends a rating of "Not Satisfactory." Staff further recommends moving Illinois to a one-year Review Cycle and including in the cover letter and Report specific requirements going forward and the availability of additional administrative remedies if necessary. R. Taft asked if Illinois has been sincere in their efforts and if the requirements laid out in the letter and report will help them take corrective actions. D. Graves responded "yes." J. Schroeder asked if a grant could be used to supplement regulatory resources if they are short of staff. M. Abbott said "yes" but the ASC will need to ensure that the State does not supplant funds. The funds could be a one-time grant to decrease the complaint backlog. After further discussion, A. Lindo requested a motion to approve the staff recommendation of a rating of "Not Satisfactory" for the Illinois Appraiser Program with revisions as discussed. R. Taft moved to approve and J. Schroeder seconded; all members present voted to approve.

- **Reprogramming Request for FY19 ASC Grants**

J. Park noted that it is customary that if grant funds are not expended, the Foundation has the option to request a reprogramming of the funds. The Foundation submitted a request for \$26,613. There is currently \$49,719 remaining in the Foundation grant and \$36,358 remaining in the Investigator Training Program (ITP) grant. The Foundation wishes to reprogram \$600 to AQB contractor expenses, \$23,684 to ASB salaries and fringe benefits, \$225 to ASB legal expenses and \$48 to the ITP for postage and delivery expenses. J. Jilovec moved to approve the reprogramming request in the amount of \$26,613 and J. Schroeder seconded; all members present voted to approve. A. Ritter noted that with the new grant process as described in the Grants Handbook, the Foundation will no longer submit monthly

grant reimbursement requests. M. Abbott added that grantees will have discretion to shift up to ten percent of funds around line items. For multi-year grants, any remaining funds from one year will be moved to the next year with those funds being reduced equally.

A. Lindo announced that his term as Chair will expire on March 31, 2020, and that the Federal Reserve will be naming a new member. He thanked the ASC staff and members for their assistance over the years. J. Park thanked A. Lindo for his contributions to the ASC.

The Open Session adjourned at 11:35 a.m. The next regularly scheduled ASC Meeting will be held on May 13, 2020.