

**APPRAISAL SUBCOMMITTEE
QUARTERLY MEETING MINUTES
MARCH 9, 2022**

LOCATION: Zoom Conference

ATTENDEES

ASC MEMBERS: CFPB – Rohit Chopra/John Schroeder
FDIC – John Jilovec
FHFA – Julie Giesbrecht
FRB – Keith Coughlin
HUD – Brian Barnes
NCUA – Tim Segerson (Chair)
OCC – Enice Thomas

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 – Neal Fenochietti
Policy Manager – Jenny Tidwell

PRESENTER: Maureen Yap – National Fair Housing Alliance (NFHA)

OBSERVERS: See attached list.

The Meeting was called to order at 10:00 a.m. by Chair T. Segerson.

REPORTS

• **Chairman**

T. Segerson thanked observers for attending. He introduced new ASC member, CFPB Director Rohit Chopra and new NCUA alternate member JeanMarie Komyathy. R. Chopra said that he looks forward to working with the ASC members and staff. He thanked J. Schroeder for serving as the CFPB representative on the ASC and noted that J. Schroeder will stay on as the CFPB alternate member. (Following remarks, R. Chopra left the meeting.) T. Segerson added that there has been much attention recently on appraisal bias. Efforts are in process to reform the industry while listening to the concerns of appraisers.

- **Executive Director**

J. Park updated the ASC on recent staff activity as noted below.

- State Off-Site Assessments (SOA) will continue through 2022 with on-site Compliance Reviews resuming in 2023. SOAs have been performed on approximately 50% of States/Territories since mid-2020.
- The Task Force on Property Appraisal and Valuation Equity (PAVE) is finalizing its recommendations. The recommendations are tentatively scheduled for delivery to the President and public release on March 10th.

- **Grants Director**

M. Abbott provided an update of the grants program since the December 8, 2021 ASC Meeting.

- Three new grants have been approved thus far in 2022 for Connecticut, Montana and Vermont. Nine States with existing grants have submitted applications requesting funding for Year Two: Arizona, Illinois, Kentucky, Louisiana, Minnesota, Mississippi, South Dakota, Texas, and Utah. Due to COVID restrictions and staffing issues, three of those States (Minnesota, South Dakota and Utah) were not able to implement or fully implement their grants. They have elected to extend their initial grant for an additional year.
- As of the close of Fiscal Year 2021 (FY21) on September 30th, State grantees reported spending 48% of their Year One grants. Most States have elected to use unexpended funds to increase their programming in Year Two.
- Grant proposals received from Puerto Rico and South Carolina are being reviewed by ASC staff.
- ASC staff is working on a risk assessment to help set up an audit schedule starting later in 2022.
- The Council on Licensure, Enforcement and Regulation (CLEAR) is ten months into its first year of programming under the FY21 Cooperative Agreement. CLEAR successfully managed the review of the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the *AQB Real Property Appraiser Qualification Criteria* through its contract with the NFHA. CLEAR also finalized the development of the Policy Statements and Appraisal Regulation Training Course that is scheduled to take place on May 12th prior to the Association of Appraiser Regulatory Officials Spring Conference in San Antonio, TX. This course will be offered to State Regulators. Other courses are in development. Course offerings will include training for new State board members, new courses for investigators and implicit bias training for State Regulators. CLEAR is also working on the Appraiser Census/Survey project

approved by the ASC last year. ASC staff anticipates adding an additional \$430,000 to the award which has already been budgeted to support these activities.

J. Jilovec asked for an update on the Appraiser Census/Survey. J. Park and D. Byerman responded that additional information will be available at the next ASC Quarterly Meeting on June 8th.

- **Financial Manager**

G. Hull reported that the FY21 financial audit is being finalized. The final audit report will be distributed to ASC members and included in the 2021 ASC Annual Report. He reported on activity in the first quarter of FY22. As of December 31, 2021, total revenue was \$3.5M representing a 55% increase over the FY22 budgeted amount of \$2.3M for the 1st quarter. Expenditures for the same period totaled \$2M representing 90% of the budgeted amount of \$2.3M. T. Segerson asked for clarification on revenue and whether this is cyclical. G. Hull responded that several States have renewals in December and he felt the increase was cyclical.

ACTION ITEMS

- **December 8, 2021 Open Session Special Minutes**

J. Schroeder made a motion to approve the December 8th open session special meeting minutes as presented. J. Jilovec seconded and all members present voted to approve.

- **Selection of Vice Chair**

T. Segerson said that the FFIEC will appoint a new ASC Chair later this month. He asked to table this item until the next ASC Meeting. E. Thomas made a motion to table selection of a Vice Chair. K. Coughlin seconded and all members present voted to approve.

- **Amendment to FY22 ASC Budget**

J. Park reported that due to increasing workloads, ASC staff is recommending hiring an additional Attorney Advisor. If approved, a start date in early June is anticipated. The position will be budgeted for the last four months of FY22 and will increase the budget by approximately \$79,000. He added that ASC staff is developing a reorganization plan as well. There were no questions or comments from ASC members. K. Coughlin made a motion to approve the request to hire an additional Attorney Advisor. E. Thomas seconded and all members present voted to approve.

- **7-Hour National USPAP Update Course**

J. Park introduced M. Yap, Senior Counsel with NFHA, who provided a presentation to ASC members and meeting attendees. The focus of her presentation was regarding the 7-Hour National USPAP Update Course. NFHA recommends that the Appraisal Standards Board (ASB) revise the course with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals on complying with the letter and spirit of applicable federal, state, and local fair housing laws. NFHA suggested that the course should clearly identify fact patterns that represent illegal discrimination and avoiding harm to consumers rather than raising questions about perception and reputational risk for appraisers. Advisory Opinion 16 (AO16) should also be amended regarding its discussion of fair housing laws. The course inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices. T. Segerson agreed that the course should be amended and thanked NFHA for its work. He suggested that the ASC send a letter addressed to the Chairs of the Appraisal Foundation (TAF) Board of Trustees, the Appraiser Qualifications Board (AQB) and the ASB requesting that the 7-Hour National USPAP Update Course be revised. Those appraisers who have already taken the course should be provided with remedial material. Michelle Bradley, ASB Chair, was present and was approved to provide comments. She stated that she was not told in advance what would be presented today so her comments would be restricted to the findings in NFHA's Report. She noted that the course covers USPAP and is not a fair housing course. While TAF supports fair housing training for appraisers, the 7-hour National USPAP Update Course is not the appropriate course for this. The course objective is for appraisers to understand USPAP. TAF is willing to work with course providers to develop courses that cover fair housing laws. She added that TAF contacted NFHA last month to get a better understanding of what NFHA recommended and TAF welcomes the opportunity to work with NFHA on the development of these courses. She noted that AO16 is available for free on TAF's website. TAF is also designing a new page on its website to include materials on fair housing. She welcomed input from NFHA and the ASC. She hopes to be responsive and transparent in her role as ASB Chair. J. Park thanked M. Yap and M. Bradley for their presentation and comments. He said that the ASC is willing to work with the ASB. Based on issues raised in NFHA's Report, he is concerned that the 7-hour National USPAP Update Course that is currently on the market is harmful to appraisers, and suggested that this course be removed from the market immediately and revised to prevent further harm. He added that USPAP's Ethics Rule should also be revised. TAF should also describe how remedial information will be distributed to those who have already taken the course. J. Schroeder expressed appreciation to M. Yap and M. Bradley. He noted that it is not possible to separate USPAP from the law. USPAP and fair housing law wording should be consistent. The wording in the current course is confusing and may harm appraisers. T. Segerson added that appraisers should operate within fair housing laws. M. Bradley added that TAF sent a letter to federal agencies regarding preliminary changes to the Ethics Rule. As written, the Ethics Rule is unclear to those outside of the appraisal profession. TAF also met with members of the Appraisal Foundation Advisory Council,

USPAP instructors and other stakeholders to clarify the Ethics Rule. The ASB will use this research to prepare a Third Exposure Draft on revisions to AO16. The ASB is collaborating with a fair housing attorney/expert. She expects there will be collaboration with NFHA and other fair housing entities as well. J. Schroeder made a motion that the ASC send a letter to the Chairs of the TAF Board of Trustees, AQB and ASB requesting that the 7-Hour National USPAP Update Course be revised and that remedial information on fair housing law be sent to those who have already taken the course. E. Thomas seconded and all members present voted to approve.

The Open Session adjourned at 10:55 a.m. The next quarterly ASC Meeting is scheduled for June 8, 2022.

Attachment: Observer list

Meeting:	Appraisal Subcommittee Meeting	Meeting Date:	March 9, 2022
Time:	10:00 AM ET	Location:	Zoom Meeting

OBSERVERS	
Affiliation	Name
Appraisal Foundation	JoEllen Alberts
Appraisal Foundation	David Bunton
Appraisal Foundation	Kelly Davids
Appraisal Foundation	Lisa Desmarais
Appraisal Foundation	Edna Nkemngu
Appraisal Foundation	Amy Timmerman
Appraisal Foundation Board of Trustees	Jeremy Gray
Appraisal Foundation Board of Trustees	Tracy Johnston
Appraisal Foundation Board of Trustees	Randall Kopfer
Appraisal Institute	Brendan Donnelly
Appraisal Institute	Brian Rodgers
Appraisal Standards Board	Melissa Bond
Appraisal Standards Board	Michelle Bradley
Appraiser Qualifications Board	John Ryan
Appraiser Qualifications Board	Shawn Telford
Appraiser Qualifications Board	Donna VanderVries
Appraiser Qualifications Board	Jerry Yurek
Arkansas Appraiser Licensing & Certification Board	Diana Piechocki

Clear Capital	Dave Cherner
Colibri Group	Jo Traut
Conference of State Bank Supervisors	Daniel Berkland
Consumer Financial Protection Bureau	Deana Krumhansl
Consumer Financial Protection Bureau	Tim Lambert
Consumer Financial Protection Bureau	Orlando Orellano
Consumer Financial Protection Bureau	David Ueijo
Council on Licensure, Enforcement & Regulation	David Byerman
CRE Homes	Wallace Czekalski
DiSanto Appraisals	Carol DiSanto
District of Columbia Government	Andrew Sullivan
Federal Deposit Insurance Corporation	Richard Foley
Federal Deposit Insurance Corporation	Tom Lyons
Federal Deposit Insurance Corporation	Patrick Mancoske
Federal Deposit Insurance Corporation	Mark Mellon
Federal Deposit Insurance Corporation	Lauren Whitaker
Federal Financial Institutions Examination Council	Kaelin Browne
Federal Financial Institutions Examination Council	Rosanna Piccirilli
Federal Housing Finance Agency	Sara Todd
Federal Reserve Board	Carmen Holly
Federal Reserve Board	David Imhoff
Federal Reserve Board	Devyn Jeffereis

Federal Reserve Board	Keshia King
Federal Reserve Board	Matthew McQueeney
Federal Reserve Board	Derald Seid
Federal Reserve Board	Matthew Suntag
Federal Reserve Board	Suzanne Williams
HomeSight	Peter Gallo
Massachusetts Board of Real Estate Appraisers	Steve Sousa
McKissock	Dan Bradley
National Credit Union Administration	Rachel Ackmann
National Credit Union Administration	Gira Bose
National Credit Union Administration	JeanMarie Komyathy
National Credit Union Administration	Lisa Roberson
Office of the Comptroller of the Currency	Kevin Lawton
Office of the Comptroller of the Currency	Joanne Phillips
Office of the Comptroller of the Currency	James Rives
Office of the Comptroller of the Currency	Marta Stewart-Bates
Real Estate Valuation Advocacy Association	Mark Schiffman
Realist Appraisal Services	Eric Morse
Upstate Appraisals	Rebecca Jones
Wagar Appraisals	Marty Wagar
Wells Fargo	Maggie Vasquez
Woodland Appraisal Group	Louis Pitoni

	Beth Graham
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