

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
MAY 8, 2019**

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 – Robert Witt  
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 – Vicki Metcalf  
Policy Manager – Jenny Tidwell

**OBSERVERS:** Appraisal Institute – Brian Rodgers  
CFPB – Philip Neary  
FDIC – Michael Briggs  
FDIC – Suzy Gardner  
FDIC – Ben Gibbs  
FHFA – Ming-Yuen Meyer-Fong  
FRB – Carmen Holly  
NCUA – Rachel Ackmann  
OCC – Will Binkley  
Self-Employed Appraiser – Rick Thomas

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

## REPORTS

- **Chairman**

A. Lindo welcomed observers to the Meeting. He reported that the ASC is operating within its budget and has adequate reserve funds. A 30-day Notice for Comment is being finalized for publication in the *Federal Register* regarding the Temporary Waiver submission from the North Dakota Governor's Office, Department of Financial Institutions and North Dakota Bankers Association. R. Taft asked whether grant funds could be used for outreach to assist persons wishing to enter the appraisal profession. A. Ritter responded that the Dodd-Frank Act requires grant funding to States, but added the ASC Grants Director, to be introduced at today's Meeting, may provide further input. A. Lindo acknowledged J. Park's ten years of service to the ASC and presented a plaque of appreciation.

- **Executive Director**

J. Park updated the ASC on recent staff activities.

- C. Walker has taken a new position at HUD. B. Borland, currently the alternate member, is the acting HUD representative.
- M. Abbott was introduced to the ASC as the part-time Grants Director. M. Abbott said he would like to conduct outreach with States to see what they would like grants to cover and if those requests are grant eligible. He will also review the ASC's current practices regarding the Foundation and Investigator Training Program grants. R. Taft asked how many hours M. Abbott works for the ASC. M. Abbott responded that he devotes approximately 8-20 hours a week to the ASC. J. Park noted that M. Abbott's current detail runs through May 31<sup>st</sup> and can be extended.
- J. Park reported on the Association of Appraiser Regulatory Officials (AARO) Spring Conference that was held last week in Denver, CO. The Temporary Waiver submission from North Dakota was of interest to many attendees. The Appraiser Qualifications Board (AQB) held a public meeting preceding the AARO Conference. A demonstration of the *Practical Applications of Real Estate Appraisal* was presented.
- The end of the Statutory Implementation Period is August 10, 2019. After that date, if an appraisal management company (AMC) is not registered with a participating State, the AMC will be restricted from providing services for federally related transactions in that State. While the ASC has begun Compliance Reviews of State AMC Programs that did not receive a one-year extension, after that date, all State AMC Programs will be reviewed in conjunction with the Appraiser Program Compliance Reviews. After June 4, 2020, participating States will be reviewed for compliance with the ASC rule on implementation of AMC registry fees. A. Ritter noted that she and D. Graves presented an overview of the AMC Program Compliance Review process at the AARO Conference. J. Park said that the District of Columbia is undecided on setting up an AMC program. Six States are currently adding AMCs to the AMC Registry and the ASC has received approximately \$250,000 in fees.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Appraiser Program Compliance Reviews completed pursuant to delegated authority since the ASC's February 13<sup>th</sup> Meeting. Four State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. New Jersey, Tennessee, Utah and West Virginia were awarded a Finding of "Good" and all will remain on a two-year Review Cycle. One State Appraiser Program Compliance Review was completed and approved by the Chairman under delegated authority. The U.S. Virgin Islands received a finding of "Needs Improvement" and will remain on a two-year Review Cycle. They are subject to specific requirements and monitoring to correct the concerns.

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

- **Financial Manager**

G. Hull reported that the FY18 audit has been finalized. The ASC received a clean opinion with no findings, material weaknesses, compliance issues, or internal control deficiencies. The FY18 budget was expended at 99% with total FY18 expenditures at approximately \$3.6M. FY18 revenue for the ASC totaled \$3.6M representing 95% of the projected FY18 revenue amount of \$3.8M. The FY18 Appraisal Foundation \$350,000 grant award was expended at 95% or \$333,000. The Investigator Training Program (ITP) \$310,00 grant award was expended at \$213,000 or 69%.

G. Hull also reported on the FY19 mid-year budget status as of March 31<sup>st</sup>. Expenditures totaled \$1.7M versus the \$1.9M budgeted with most expenses under or near targeted mid-year levels. The ASC has received \$1.9M in revenue versus budgeted revenue of \$1.7M. The revenue is slightly higher due to Appraiser Registry credentials remaining level in addition to AMC Registry revenue.

He reported that three grant reimbursements totaling \$83,000 have been received and processed. They covered the period of October through December 2018 for costs of the ongoing work of the AQB and the Appraisal Standards Board (ASB) as well as an ASB Meeting held in October. Thus far, \$83,000 of the \$350,000 Foundation grant has been expended. Regarding the ITP grant, \$5,000 of the \$278,000 grant has been expended for personnel expenses supporting the ITP. R. Taft noted that the FY19 financial statement shows 50% of the grants have been expended. G. Hull responded that funds are accrued monthly and is not the actual amount reimbursed. A. Lindo asked if the grants will be fully used in FY19. J. Park responded that the Level One ITP course was held in April and the Foundation has not submitted a reimbursement for it yet. The Level Two and Three courses will be held over the summer. He also noted that attendance was down in 2018 so expenses were lower. R. Taft asked if unspent grant amounts from the ITP can be reallocated to the Foundation grant. J. Park responded "yes." M. Abbott added that practices can be put in place for more robust training programs. Whether the funds go to the Foundation or not will

be determined. The ASC could move to, for example, a three-year grant program and unexpended funds could be rolled over to the 2<sup>nd</sup> year and would be reduced commensurately in the third year. M. Hatheway noted that, with additional revenue, there is more flexibility in how the funds can be used. M. Abbott suggested challenge grants and that the ASC could work with community colleges to set up training for those interested in entering the appraisal profession.

- **Notation Vote**

L. Schuster reported that the notation vote to approve the November 5, 2018 ASC Roundtable Summary for distribution and publication in the 2018 ASC Annual Report passed by 7-0 votes, respectively.

## **ACTION ITEMS**

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

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

- **April 15, 2019 Special Session Minutes**

R. Taft made a motion to approve the April 15<sup>th</sup> special session meeting minutes as presented. T. Segerson seconded and all members present voted to approve.

- **2018 ASC Annual Report**

A. Bohorfoush said that approval is requested so that the Report can be finalized and printed before the June 15<sup>th</sup> deadline. V. Spicer requested to incorporate edits from CFPB and asked the vote be tabled so that the CFPB can review the changes. She suggested a notation vote to be sent on Thursday with a deadline for votes to be submitted of Monday, May 13<sup>th</sup>. A. Lindo added that he is working on the Chairman's message.

The Open Session adjourned at 10:30 a.m. The next ASC Meeting will be held on August 28, 2019.