

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
MAY 10, 2017**

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  
NCUA – Tim Segerson  
OCC – Richard Taft

**ASC STAFF:** Executive Director – Jim Park  
General Counsel – Alice Ritter  
Financial Manager – Girard Hull  
Attorney-Advisor – Ada Bohorfoush  
Policy Manager – Claire Brooks  
Policy Manager – Kristi Klamet  
Policy Manager – Vicki Metcalf  
Policy Manager – Jenny Tidwell  
Management and Program Analyst – Lori Schuster  
Administrative Officer – Brian Kelly

**OBSERVERS:** Appraisal Institute – Bill Garber  
CFPB – Deana Krumhansl  
CFPB – Philip Neary  
FDIC – Michael Briggs  
FDIC – Suzy Gardner  
FDIC – Ben Gibbs  
FDIC – Mark Mellon  
FDIC – Kim Stock  
FDIC – Lauren Whitaker  
FRB – Gillian Burgess  
FRB – Carmen Holly  
FRB – Matt Suntag  
FRB – Kirin Walsh  
HUD – Robert Frazier  
NCRC – Ali Lederer  
OCC – Kevin Lawton  
OCC – Chris Manthey

The Meeting was called to order at 10:05 a.m. by A. Lindo.

## REPORTS

- **Chairman**

A. Lindo welcomed observers to the Meeting. He reported that ASC staff is continuing work on the rulemaking for the AMC Registry Fee implementation despite the current Regulatory Freeze. The *Economic Growth and Regulatory Paperwork Reduction Act* report was submitted to Congress by the FFIEC. The agencies (FDIC, FRB, NCUA and OCC) are developing a proposal to raise the threshold for commercial loans from \$250,000 to \$400,000, with the threshold for residential loans remaining at \$250,000. The agencies will work with the ASC to streamline the process for evaluation of temporary waiver requests in order to address the concerns of rural areas with a scarcity of appraisers.

- **Executive Director**

J. Park reported on staff activities since the ASC's February 10<sup>th</sup> Meeting. He introduced Veronica Spicer and Philip Neary as the CFPB representative and alternate, respectively. They replace Mira Marshall and Calvin Hagins. He also reported on the following:

- Per the Office of Management and Budget's (OMB) April 12<sup>th</sup> Memorandum to Agencies entitled *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, ASC staff is drafting a high-level plan which is due to OMB on June 30<sup>th</sup>. Once a plan is drafted, it will be distributed to the ASC for comment. The final plan is due to OMB on September 30<sup>th</sup>.
- The Appraiser Qualifications Board (AQB) Meeting was held in Tampa on April 6-7. The AQB will likely issue a 4<sup>th</sup> Exposure Draft this year of proposed changes to the AQB Criteria (Criteria). ASC staff is concerned that the AQB will lower the Criteria. Since States may exceed the Criteria, it is possible if not likely, that some States will choose not to change their credentialing requirements, thereby undermining the general uniformity of appraiser qualifications across the country. R. Taft noted that if the Criteria are lowered, it may be an incentive for more persons to enter the field. J. Park noted that there are currently more appraisers on the National Registry than in the early 2000s when the Criteria was lower.
- The Unique Identification Number (UID) is scheduled to be launched the end of June. ASC staff anticipates having all States converted to the UID program by the end of 2017.

- **Delegated State Compliance Reviews**

C. Brooks reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's February 10<sup>th</sup> Meeting. Six State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Florida, Kentucky and South Carolina were each awarded a Finding of "Excellent" and all will remain on a two-year Review Cycle. Delaware, Indiana and West Virginia were each awarded a Finding of "Good" and all will remain on a two-year Review Cycle. The Virgin Islands Compliance Review was finalized and approved by the Chairman under delegated authority. It was awarded a Finding of "Needs Improvement" and will remain on a two-year Review Cycle with a Follow-up Review in 6-9 months. C. Brooks said that the Virgin Islands has sixty days to respond with a written plan outlining the steps to be taken and the timeline to amend their regulations to bring them into compliance. M. Hatheway asked what the additional monitoring would entail. J. Park responded that Virgin Islands must send in a plan to correct the problem and ASC staff will ensure that Virgin Islands corrects it. A. Lindo requested that ASC staff provide an update on the Virgin Islands at the next ASC Meeting. M. Hatheway asked if the staff could provide a copy of the Follow-up Review to the ASC. C. Brooks responded that the Follow-up Review would be distributed once it is finalized.

C. Brooks noted that the Tennessee Compliance Review which had been finalized and sent to the State and ASC members is under further review and consideration, and will be presented at the next ASC Meeting. J. Park added that Tennessee submitted a letter requesting reconsideration of their rating.

- **Financial Manager**

G. Hull reported on the ASC's financial status through March 31, 2017, which is the halfway point of the ASC's budget year. Current revenue and expenses are each at 46% of the budgeted amount for FY17. M. Hatheway asked why Project Services was over budget and if some of the increased cost is carryover from the FY16 budget. G. Hull responded that some of the increased cost was carryover. J. Park added that part of the Project Services budget allotment is for updating the National Registry database to improve efficiency and the cost was more than anticipated. M. Hatheway asked ASC staff to provide a breakdown of the carryover and what is projected to be expended. She also asked if there is a policy that requires ASC staff to notify the ASC members when a budget line item will exceed the budgeted amount by a certain percentage or amount. A. Lindo suggested that staff could prepare a variance report if a budget line item will be exceeded by a certain percentage or amount. He asked G. Hull to prepare thresholds for the budget line items and distribute some examples to the ASC.

The ASC staff reviewed and approved five Appraisal Foundation grant reimbursement requests totaling \$161,000 for the period covering October 2016 through February 2017. These requests covered costs for the ongoing work of the AQB and ASB. The FY17

Appraisal Foundation grant budget is \$350,000 with \$189,311 remaining. The ASC also reviewed and approved five State Grant requests administered by the Appraisal Foundation totaling \$17,000. These requests for October 2016 through February 2017, covered expenses for planning activities for the Investigator Training Program. Since the FY17 Investigator Training Program is now underway, staff expects higher State Grant reimbursement requests in the remaining months of FY17. The FY17 State Grant budget is \$309,085 with \$291,815 remaining.

## **ACTION ITEMS**

- **February 10, 2017 Open Session Minutes**

R. Taft made a motion to approve the February 10<sup>th</sup> open session meeting minutes as edited. R. Witt seconded and all members present voted to approve.

- **2016 ASC Annual Report**

J. Park said the Report layout is nearly done with technical edits being incorporated. It is due to Congress by June 15<sup>th</sup>. A. Bohorfoush noted that the ASC member and staff listings are those as of December 31, 2016. R. Taft suggested that a graph showing the ASC total revenue for the previous five years should be included in next year's Report. J. Park said staff would talk with the layout editor to see if it could be added to the 2016 Report. A. Lindo requested a motion to authorize staff to make minor technical edits and finalize the Report. R. Witt moved to approve and R. Taft seconded; all members present voted to approve.

The Open Session adjourned at 10:50 a.m. The next ASC Meeting will be July 12, 2017.