

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
MAY 13, 2015**

LOCATION: Federal Reserve Board – International Square location  
1850 K Street NW, Washington, DC 20006

**ATTENDEES**

**ASC MEMBERS:** FRB – Art Lindo (Chair)  
CFPB – Mira Marshall  
FDIC – Rae-Ann Miller  
FHFA – Robert Witt  
HUD – Ada Bohorfoush  
NCUA – Tim Segerson  
OCC – Darrin Benhart

**ASC STAFF:** Executive Director – Jim Park  
Deputy Executive Director – Denise Graves  
General Counsel – Alice Ritter  
Attorney-Advisor – Dan Rhoads  
Financial Manager – Girard Hull  
Management & Program Analyst – Lori Schuster  
Policy Manager – Claire Brooks  
Policy Manager – Neal Fenochietti  
Policy Manager – Vicki Metcalf  
Policy Manager – Jenny Tidwell  
Administrative Officer – Brian Kelly

**OBSERVERS:** Appraisal Institute – Brian Rodgers  
FDIC – Michael Briggs  
FDIC – Suzy Gardner  
FDIC – Benjamin Gibbs  
FRB – Ginny Gibbs  
FRB – Carmen Holly  
North Carolina Appraisal Board – Roberta Ouellette  
OCC – Kevin Lawton  
OCC – Bob Parson  
Pro-Tek Valuation Services – Jeff Dickstein  
REVAA – Mark Schiffman  
REVAA – Thomas Tilton  
Solidifi – Mark Chapin  
Stewart Valuation Services – Frank O’Neill

The Meeting was called to order at 10:30 a.m. by A. Lindo. D. Benhart, N. Fenochietti, V. Metcalf and J. Tidwell attended via telephone.

**<OPEN SESSION>**

**REPORTS**

- **Chairman**

A. Lindo welcomed the observers to the Meeting. It was noted that the March 11<sup>th</sup> ASC Meeting was cancelled.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's January 14<sup>th</sup> Meeting. Staff monitored the Appraisal Practices Board (APB) Meeting in Nashville, TN. The APB is currently working on nine Valuation Advisories addressing both real property and business valuations. Staff attended and participated in the Association of Appraiser Regulatory Officials (AARO) Spring Conference also held in Nashville. Approximately 170 attendees were at the Conference.

He also reported that progress continues to be made in developing a unique identification number for appraisers on the National Registry. More details will be provided at the ASC Meeting in July. Staff has started the initial work on various aspects of ASC oversight of State registration and supervision of Appraisal Management Companies (AMCs), including development of the AMC National Registry and revisions to the ASC Policy Statements.

- **Appraisal Subcommittee Advisory Committee (ASCAC or Committee) Recommendations**

R. Ouellette presented the Committee's Final Recommendations Report. She noted that this Report is available on the ASC website. A. Bohorfoush asked why the Committee thought disciplinary actions should remain on the National Registry indefinitely rather than for a set period, i.e., five years. R. Ouellette responded that the Committee's lender representatives made this request so that they could verify that an appraiser was active on a specific date(s). R. Parson asked if the Committee had defined the terms material, minor, significant and severe on the Sanction matrices. R. Ouellette responded the terms had not been defined but were loosely modeled after the terminology in the Voluntary Disciplinary Action Matrix that was developed by the Consistent Enforcement Task Force of the Appraisal Foundation Board of Trustees. She said that the Committee came to a consensus on the Recommendations in most areas except which disciplinary actions should be available for public viewing on the National Registry. A. Lindo suggested a motion for ASC staff to develop a recommended plan of action to implement ASCAC's Recommendations or suggest recommendations which should not be implemented. R. Witt asked that staff be given until the 4<sup>th</sup> quarter of calendar year 2015 to finalize this plan and

A. Lindo agreed. M. Marshall was also in agreement with this deadline but asked staff to provide interim updates to the ASC. A. Bohorfoush made a motion for ASC staff to develop a recommended plan of action for implementation of ASCAC's recommendations. The due date would be the 4<sup>th</sup> quarter of 2015 with status reports provided to the ASC in the interim. M. Marshall seconded and all members present approved.

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's January 14<sup>th</sup> Meeting. There were seven State Compliance Reviews finalized and approved by the Executive Director under delegated authority. Kentucky, North Carolina and Tennessee were each awarded a Finding of Excellent and each will remain on a two-year Review Cycle. California and Delaware were each awarded a Finding of "Good" and both will remain on a two-year Review Cycle. New Jersey and West Virginia were each awarded a Finding of "Needs Improvement" and both will remain on a two-year Review Cycle. He added that a Follow-up Review of Alaska was conducted in March and Alaska is making substantial progress in resolving identified issues. A. Lindo asked if States were striving to get an "Excellent" versus "Good" rating. D. Rhoads said States do aspire for an "Excellent" rating.

- **Financial Report**

G. Hull gave a status update of the ASC FY15 budget revenue and expenditures through March 2015. He also reported on Appraisal Foundation grant reimbursement requests covering October-December 2014 and January 2015, and the FY14 Appraisal Foundation Agreed-Upon Procedures Review. As of March 31<sup>st</sup>, the ASC has recorded revenue of \$2.07 million in National Registry fees. This represents a 116% increase over the budgeted revenue of \$1.79 million and 58% of the total targeted FY15 revenues of \$3.58 million. In April 2015, the ASC completed the transfer of 75% of the \$1.66 million in unavailable restricted incremental fees back into the operating account. The amount of this transfer was \$1.25 million.

ASC staff reviewed and approved Foundation grant reimbursement requests for October, November and December 2014 and January 2015 in the amounts of \$56,096, \$15,754, \$24,641 and \$10,051 respectively. These requests covered costs incurred for an Appraisal Standards Board Meeting, Foundation salaries and indirect costs and initial meeting planning for the 2015 Investigator Training courses. In early April, an agreed-upon procedures review was conducted of the Foundation's FY14 grant. ASC staff has signed the review and a copy will be included in the ASC's July Meeting package.

## **ACTION ITEMS**

- **January 14, 2015 Open Session Minutes**

M. Marshall made a motion to approve the January 14<sup>th</sup> open session meeting minutes as presented. R. Witt seconded and all members present voted to approve.

- **AMC Registry Fees**

J. Park discussed three options for collecting fees from the AMCs. Option one would calculate the National Registry fee based on every appraiser on an AMC appraiser panel as defined in the AMC Final Rule in a State during a 12-month period, multiplied by \$25 (or up to \$50). Option two would calculate the National Registry fee based only on those appraisers on an AMC appraiser panel that were actually engaged to perform one or more appraisals in a State during a 12-month period multiplied by \$25 (or up to \$50). Option three would be a flat fee calculated the following way: Any AMC registered with a State that meets the federal statutory threshold for the definition of an AMC would be assessed a National Registry fee based on that threshold number (16 appraisers for State AMCs; 25 appraisers for National AMCs) multiplied by \$25 (or up to \$50). In the case of National AMCs registered with a State, if the AMC's appraiser panel for that State is less than 25, as verified to the satisfaction of the State, the National Registry fee would be calculated based on the AMC's actual appraiser panel count in that State. This would also be based on a 12-month period and multiplied by \$25 (or up to \$50). Options one and two would generate the most revenue for the ASC while Option three would be the least burdensome for States. All three Options would generate sufficient revenue to cover the added expenses that the ASC will incur in establishing the State AMC oversight program and to provide grants to the States. A. Lindo asked ASC members whether the Options should be published in the Federal Register for public comment. A. Bohorfoush prefers publication in the Federal Register and thinks Option three is the most reasonable but would like input from the public. R. Miller also would like input from the public and thinks that Option three is the most reasonable but would like a better estimate of fees from the staff. She asked if the AMC National Registry fee could be implemented now with the discretion to make changes after input is received from the public. M. Marshall also agreed that the ASC should ask for public comment and she suggested that distributing a Bulletin to States would also be helpful. She and R. Witt prefer Option three. A. Lindo agreed that the Options should be put out for public comment and asked ASC members to provide edits to the draft Federal Register Notice prepared by staff. He added that if Option three is the preferred choice by ASC members, some questions regarding the Options could be added to the Notice with a request for responses from the public. M. Marshall asked if the ASC could approve the Notice by notation vote since the ASC will not meet again until July. A. Ritter responded "yes" if the motion provides enough instruction to staff and the notation vote is approved. A. Lindo said the focus should be on Title XI objectives and not the potential revenue that will be received. M. Marshall suggested that an explanation be provided in the Notice for the preferred Option and whether it would provide the least impact, or would the public potentially have different options. M. Marshall and R. Witt also suggested a 45-60 day comment period. A. Lindo agreed to a 45-day comment period with notification to interested parties and States that this document is being noticed in the Federal Register for public comment. R. Witt asked if States would be notified of the

selected Option and would fees be allowed to be collected once that selection is made. A. Ritter answered yes and said that a Bulletin would be disseminated to States. She added that it could take some States up to two years to implement the change to start collecting fees.

- **Bulletin 2015-01 – State Registration and Supervision of AMCs**

J. Park presented the draft Bulletin. This Bulletin would be distributed to States once the AMC Final Rules are published in the Federal Register. A. Lindo directed staff to incorporate comments received by ASC members into one draft. M. Marshall said she would like a final draft and redline with all ASC members edits for the ASC to review and approve. A. Lindo asked ASC members to submit comments to A. Ritter by May 20<sup>th</sup> so that staff can compile all the edits into one document and distribute it for review.

- **2014 ASC Annual Report**

J. Park presented the draft 2014 ASC Annual Report. R. Miller moved to approve the draft 2014 ASC Annual Report as presented. A. Bohorfoush seconded and all members present voted to approve.

The Open Session adjourned at 11:55 a.m. The next ASC Meeting will be July 8, 2015.