

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
MAY 13, 2020**

LOCATION: Zoom Conference

**ATTENDEES**

**ASC MEMBERS:** CFPB – John Schroeder  
FDIC – John Jilovec  
FHFA – Robert Witt  
FRB – Art Lindo  
HUD – Bobbi Borland  
NCUA – Tim Segerson  
OCC – James Rives

**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:** Please see attached list

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

**REPORTS**

• **Chair**

T. Segerson welcomed the observers. He reported that OCC's primary member and ASC Vice Chair, R. Taft, has accepted another position. J. Rives, currently the OCC's alternate member, will be the acting OCC representative. T. Segerson thanked R. Taft for his service to the ASC and wished him well.

• **Executive Director**

J. Park updated the ASC on recent staff activity.

- This is the first virtual ASC Meeting and thanked attendees for their interest.

- He reported on steps taken by the ASC, the Appraiser Qualifications Board and States to identify areas where relief and assistance is most needed during the COVID-19 pandemic.
- The Association of Appraiser Regulatory Officials (AARO) was helpful with the virtual presentation of the ASC Grants Program to States. This presentation had been scheduled for AARO's Spring Conference which was cancelled.

J. Schroeder asked if the Government Accountability Office (GAO) has contacted the ASC regarding the request from the House Financial Services Committee to GAO to study the federal agencies' implementation of Title XI. J. Park responded "no." J. Schroeder also asked if North Dakota will be requesting an extension of the temporary waiver. J. Park responded that North Dakota has not submitted an extension request and has not heard anything from them regarding their intentions.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Program Compliance Reviews completed pursuant to delegated authority since the ASC's February 12<sup>th</sup> Meeting. Three State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Kansas, Rhode Island and Wisconsin were awarded a Finding of "Good" and all will remain on a two-year Review Cycle. One State Appraiser Program Compliance Review was finalized and approved by the Chair under delegated authority. Puerto Rico earned a finding of "Needs Improvement" and will remain on a two-year Review Cycle.

There were three State AMC Program Compliance Reviews finalized and approved by the Executive Director under delegated authority. Kansas was awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. Illinois and Wisconsin were awarded a Finding of "Good" and both will remain on a two-year Review Cycle. One State AMC Program Compliance Review was finalized and approved by the Chair under delegated authority. Rhode Island earned a rating of "Needs Improvement" and will remain on a two-year Review Cycle.

The Illinois Appraiser Program requested and was granted an extension to the deadlines contained in the final Appraiser Program Compliance Review Report. The deadline has been extended from April 24 to October 31, 2020 as the Division of Real Estate is largely conducting its operations with a remote work force. The Illinois Governor issued an Executive Order directing State agencies to temporarily reduce activities due to the COVID-19 pandemic. Illinois did submit a quarterly complaint log on May 1<sup>st</sup> and of the 148 open complaints, 15 of those have been open for more than one year. ASC staff expects that many of those would be removed for special documented circumstances.

- **Grants Report**

M. Abbott updated the ASC on the Grants Program. Currently two grants have been awarded: one for the Investigator Training Program (ITP) administered by the Appraisal Foundation (TAF) and one for the grant-eligible activities of the Appraiser Qualifications and Appraisal Standards Boards. The ITP grant has been executed but has not had much activity due to the COVID-19 pandemic. The second grant for Board support remains approved by the ASC but not executed by TAF.

M. Abbott shared a brief summary of the presentation that was given to States describing the ASC State Grant Program. The presentation is available on the ASC and AARO websites. ASC staff is also considering in-person training for FY21.

- **Financial Manager**

G. Hull provided the mid-year financial status for FY20. The ASC has recognized revenue of \$3.2M, or 51% of the annual budgeted revenue of \$6.4M. Appraiser registry fees account for \$1.8M, or 54% of mid-year revenue, and AMC registry fees account for \$1.M, or 46% of mid-year revenue. ASC expenditures totaled \$2.1M, or 42% of the annual budget of roughly \$4.9M, and \$391K less than budgeted mid-year expenditures. ASC travel costs have decreased significantly due to the COVID-19 pandemic. IT Project Services are expected to increase for the remainder of FY20. J. Schroeder asked if there is an appropriate level for the reserve fund, and if so, how to maintain that level. G. Hull responded that the reserve balance is equal to one year of operating costs, or approximately \$4.2M, not including grants. M. Abbott added that some of the reserve will be transferred to a new account for grants. J. Schroeder asked why Personnel Benefits are lower than the budgeted amount. G. Hull responded that the General Services Administration provides a monthly cash report to him. Due to COVID-19 related work delays, the March cash report did not include complete payroll data for March. This information was included in the April cash report received on May 8<sup>th</sup> and has been recorded in the April financial statements.

- **Notation Vote**

L. Schuster reported that approval to distribute and post the February 10, 2020 ASC Roundtable Summary passed by a 7-0 vote on April 21, 2020.

## **ACTION ITEMS**

- **February 12, 2020 Open Session Minutes**

J. Schroeder made a motion to approve the February 12<sup>th</sup> open session meeting minutes as presented. J. Rives seconded and all members present voted to approve.

- **February 12, 2020 Closed Session Minutes**

J. Schroeder made a motion to approve the February 12<sup>th</sup> closed session meeting minutes as edited by FDIC. J. Rives seconded and all members present voted to approve.

- **April 9, 2020 Special Meeting Minutes**

J. Schroeder made a motion to approve the April 9<sup>th</sup> special session meeting minutes as presented. J. Rives seconded and all members present voted to approve.

- **Selection of ASC Vice Chair**

T. Segerson stated that with the departure of R. Taft, the Vice-Chair position is vacant. J. Schroeder notified T. Segerson that he would be interested in the position. No other ASC member expressed interest. A voice vote was taken, and all members voted to approve the selection of J. Schroeder as Vice-Chair for a two-year period. J. Schroeder abstained. T. Segerson asked J. Park if FFIEC approval is needed and J. Park responded “no.”

- **Policy on Monitoring and Reviewing the Appraisal Foundation**

J. Park summarized the current monitoring process and the proposed policy which would formalize the process. A. Lindo suggested the section regarding Round Tables and Hearings be removed since the ASC has statutory authority to convene roundtables or public hearings on appraisal-related issues. All ASC members agreed that this section should be removed. T. Segerson asked for a motion to approve the Policy with edits as discussed above. A voice vote was taken, and all members present voted to approve.

- **Review and Approval of 2020 State Grant Notice of Funding Availability (NOFA) Summary**

M. Abbott summarized the NOFA for the ASC. There will be quarterly deadlines of August 17 and October 1, 2020, as well as 2021 deadlines of March 1<sup>st</sup> and June 1<sup>st</sup>. The award period will be for three years (October 1, 2020 – September 30, 2023). The grant funds will support ongoing (*e.g.*, annual participation in conferences or software subscriptions) and one-time (*e.g.*, computer upgrades or IT development projects) expenditures in categories that include: (1) Technology; (2) Travel; (3) Communications; (4) Training; (5) Supplies; and (6) Other. He plans to schedule technical assistance calls with States in the future. J. Jilovec asked if the recommendations from the Appraisal Subcommittee Advisory Committee for Development of Regulations (ASCAC) were considered in the preparation of the NOFA. J. Park responded that ASC staff took the recommendations from ASCAC into consideration. J. Rives asked if the quarterly deadlines would change to an annual deadline in the future. He also wanted to know if the quarterly deadlines would create additional work for ASC staff. M. Abbott responded that flexibility was allowed for this year due to the COVID-19 pandemic. If a grant is awarded six months into the fiscal year, the funds will cover the remaining six months of the fiscal year. Afterwards, the grant funds will cover one year. As some States will have challenges submitting a grant request due to the COVID-19 pandemic, grants awarded in FY21 would cover two years. He would prefer the grant awards be spread out rather than awarded at one time. This will allow ASC staff to work with the States. ASC staff will request that awardees submit a narrative of how grant funds were spent to ensure that funds were spent correctly. J. Rives asked if there is an algorithm to determine how much funding would be obligated for grants. M. Abbott responded that ASC staff does not

know what types of grant proposals will be submitted but felt that \$10M over three years was a reasonable amount. The ASC would need to approve an increase in funds. T. Segerson asked if the ASC should have controls in place regarding State supplantation of funds if a grant is awarded. M. Abbott responded that State staff are also concerned about supplantation of funds. This will be mitigated by insisting that proposed grant activities are new activities or an expansion of existing activities. There is no Federal statute regarding supplantation of funds. Due to the COVID-19 pandemic, State budgets may be severely cut. During his grant presentation to States last week, M. Abbott asked States to let ASC staff know what types of funding would be helpful. T. Segerson asked how the funds would be transferred to a State once a grant is awarded. M. Abbott responded that funds would be committed but not obligated. The Financial Manager will prepare a new report showing the reserve balance, obligated grant funds and committed grant funds. Only first year grant awards will be obligated. T. Segerson asked if the ASC will have adequate funding for its operations and grants. M. Abbott responded that one-year of operating funds will be in the reserve and will be separate from grant funds. Grant commitments will be subject to future revenue. J. Jilovec made a motion to approve the 2020 NOFA as presented. J. Schroeder seconded and all members present voted to approve.

- **2019 ASC Annual Report**

A. Bohorfoush presented the 2019 ASC Annual Report for approval. She said the FFIEC logo on the back cover will be removed. J. Schroeder made a motion to approve the 2019 ASC Annual Report as presented. J. Rives seconded and all members present voted to approve.

The Open Session adjourned at 11:30 a.m. The next regularly scheduled ASC Meeting will be held on September 9, 2020.

Attachment: Observer list

<b>Meeting:</b> Appraisal Subcommittee Meeting	<b>Meeting Date:</b> May 13, 2020
<b>Time:</b> 10:00 a.m. ET	<b>Location:</b> Zoom

<b>Name</b>	<b>Affiliation</b>
David Bunton	Appraisal Foundation
Kelly Davids	Appraisal Foundation
Lisa Desmarais	Appraisal Foundation
Edna Nkemngu	Appraisal Foundation
Amy Timmerman	Appraisal Foundation
Jeremy Gray	Appraisal Foundation Board of Trustees
Lisa Hobart	Appraisal Foundation Board of Trustees
Ronny Johnson	Appraisal Foundation Board of Trustees
Wayne Miller	Appraisal Standards Board
Mark Lewis	Appraiser Qualifications Board
Bill Garber	Appraisal Institute
Brian Rodgers	Appraisal Institute
Steven Feyerick	American Society of Farm Managers & Rural Appraisers
Deanna Ilk	American Society of Farm Managers & Rural Appraisers
Brian Stockman	American Society of Farm Managers & Rural Appraisers
Julie Friess	Arizona real estate appraiser
Leah Callahan	Columbia Bank
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau

Name	Affiliation
Michael Briggs	Federal Deposit Insurance Corporation
Suzy Gardner	Federal Deposit Insurance Corporation
Ben Gibbs	Federal Deposit Insurance Corporation
Ming-Yuen Meyer Fong	Federal Housing Finance Agency
Marie DeGregorio	Federal Reserve Board
Trevor Feigleson	Federal Reserve Board
David Imhoff	Federal Reserve Board
Joe Maldonado	Federal Reserve Board
Matthew McQueeney	Federal Reserve Board
Derald Seid	Federal Reserve Board
John Lynch	JPMorgan Chase
Steve Sousa	Massachusetts Board of Real Estate Appraisers
Rachel Ackmann	National Credit Union Administration
Will Binkley	Office of the Comptroller of the Currency
Stacey Fluellen	Office of the Comptroller of the Currency
Joanne Phillips	Office of the Comptroller of the Currency