

**APPRAISAL SUBCOMMITTEE  
SPECIAL MEETING MINUTES  
JULY 29, 2020**

LOCATION: Zoom

**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 – Vicki Metcalf  
Policy Manager – Jenny Tidwell

**OBSERVERS:** (See attached list)

The Meeting was called to order at 4:00 p.m. by Chair T. Segerson.

**ACTION ITEMS**

- **North Dakota Request to Extend Commercial Temporary Waiver Relief**

T. Segerson opened the Special Meeting and welcomed observers. He noted that ASC staff will provide a summary and staff recommendation regarding the Request from North Dakota. He added that there would be no public comments taken at this Special Meeting.

J. Park provided the summary and staff recommendation:

Title XI authorizes the ASC to waive, on a temporary basis and subject to approval of the FFIEC, “any requirement relating to certification or licensing of a person to perform appraisals under [Title XI]” upon “a written determination that

there is a scarcity of certified or licensed appraisers to perform appraisals in connection with federally-related transactions (FRT) in a State, or in any geographical political subdivision of a State, leading to significant delays in the performance of such appraisals.” The ASC has promulgated regulations that set forth procedures that govern the processing of temporary waiver requests. On August 1, 2018, the Governor of North Dakota, the North Dakota Department of Financial Institutions, and the North Dakota Bankers Association (Requesters) submitted a temporary waiver request to the ASC. The Requesters sought a temporary waiver of not less than five years of appraiser credentialing requirements for appraisals of FRTs under \$500,000 for 1-to-4 family residential real estate transactions and under \$1,000,000 for agricultural and commercial real estate transactions throughout the State of North Dakota. On July 9, 2019, the ASC convened a Special Meeting to consider the request. Based on the information provided by the Requester, the North Dakota Real Estate Appraiser Qualifications and Ethics Board (Appraiser Board) and by the public through comment letter submissions, the ASC issued an Order approving a limited version of the waiver request. The Order was published in the *Federal Register*, and in pertinent part included a temporary waiver of appraiser credentialing requirements for appraisals of FRTs under \$1,000,000 for commercial real estate transactions throughout the State of North Dakota for a period of one year and residential FRTs below \$500,000. (The temporary waiver for residential real estate transactions terminated on December 8, 2019 due to the federal banking agencies final rule that increased the appraisal exemption threshold for residential real estate transactions that became effective on October 9, 2019.) The Order included an option for the Requester to submit certain information to the ASC at least 30 days prior to the expiration of the one-year period and the ASC would consider the information submitted and by vote, in open session, may extend the temporary waiver for an additional one-year period. On July 6, 2020, the Requesters submitted an extension request and as amended on July 8, 2020, sought extension of the commercial real estate transaction temporary waiver relief for an additional one-year period. In their July 6<sup>th</sup> submission, the Requesters reported that a November 6, 2019 meeting had been held with North Dakota stakeholders, including appraisers. Requesters provided a list of 25 “ideas and potential solutions” identified by the meeting’s 58 attendees as potential steps to address appraiser scarcity or appraisal delays. The Requesters stated that a follow-up meeting was planned for the spring of 2020, but that “due to the challenges presented by the COVID-19 pandemic, all in-person meetings and conventions were canceled when travel became restricted and everyone responded to the crisis.” The Requesters further stated that “although our collaboration efforts have been disrupted for the time being, we are anticipating future collaboration to do as much as we can locally.” In support of their assertion that a scarcity of appraisers persists in North Dakota, the Requesters cited data from the Appraiser Board indicating that the number of certified general appraisers has fallen from 67 as of September 17, 2018, to 65 as of April 30, 2020. The Requesters reported that a May 2020 survey by the North Dakota Department of

Financial Institutions found that turnaround times for commercial appraisals have improved over the past year (which Requesters attributed to the current waiver and the increased appraisal threshold for credit unions for commercial real estate transactions) but 23 percent of respondents still reported delays more than 50 percent of the time and 23 percent of respondents reported 5 or more delays in the past 12 months. The ASC also received information from the Appraiser Board. The Appraiser Board stated that a July 2020 survey found that at least 80 percent of commercial appraisers responding reported appraisal turn times of five weeks or less in each of North Dakota's six regions. According to the same survey, 90 percent of agricultural appraisers responding, reported appraisal turn times of six weeks or less in five of North Dakota's six regions. To summarize ASC staff's recommendations to the Board, staff found that while the information submitted by the Requesters is less than robust than expected to support a one-year extension under the terms of the original Order, we acknowledge extenuating and unprecedented circumstances due to the national emergency declared on March 13, 2020. ASC staff recognizes the significant impact to all parties due to the pandemic. It is reasonable to conclude that the Requesters' intentions to further collaborate with financial institutions as well as other North Dakota stakeholders were negatively impacted by the disruption resulting from COVID-19. If the ASC votes to extend the commercial transaction temporary waiver for an additional one-year term, staff recommends that it be subject to specified terms and conditions as follows:

1. During the additional one-year period, Requesters are expected to continue efforts to develop, through continued dialogue with the Appraiser Board and other North Dakota stakeholders, a plan to identify potential solutions to address appraiser scarcity and appraisal delays; and
2. The ASC may terminate the waiver on a finding that significant delays in the receipt of appraisals for FRTs no longer exists, or that the terms and conditions of the Order are not being satisfied.

T. Segerson thanked J. Park and requested comments from ASC members. J. Schroeder recognized that the Requesters did make efforts in 2019 to meet with stakeholders consistent with the 2019 Order. He also noted that COVID-19 has provided challenges to financial institutions to serve their customers and described recent regulatory flexibilities provided by bank regulatory agencies. He supported granting a one-year waiver with the conditions noted above. A. Lindo agreed with J. Schroeder's comments adding that the ASC wants to maintain its focus on resolving the scarcity and delay issues, but the current circumstances require flexibility. B. Borland disagreed stating that all lenders are dealing with the pandemic. She added the Requesters had seven months to make progress before a national pandemic was declared in March 2020. She stated that she voted against the temporary waiver in 2019 and would not support an additional one-year waiver. She did not feel that the Requesters provided the specific information requested by the Order in their July 6<sup>th</sup> extension request and that the Appraiser Board provided information to refute information submitted by the Requesters. J. Jilovec agreed with comments provided by J. Schroeder and

A. Lindo and was inclined to support the one-year temporary waiver extension. B. Witt said he voted against the temporary waiver in 2019 and would have considered voting no on this request if not for the pandemic. Due to the pandemic, he supports extending the temporary waiver for one year. While he felt that documentation provided by the Requesters was weak, the pandemic allows for some latitude. J. Rives agreed with others in support of approving the temporary waiver for an additional year. He also agreed with B. Witt that while the documentation provided by the Requesters was insufficient, the pandemic should be considered an extenuating circumstance. T. Segerson said he voted in support of the waiver request in 2019 with reservations. He would have liked to have seen more progress along with more detailed information provided in the extension request; however, this temporary waiver was requested by State authorities, and due to the pandemic, he stated it was worthwhile to provide the one-year extension. He then asked for a motion to be put forward.

R. Witt moved to approve the temporary waiver for an additional one-year period through August 7, 2021. J. Schroeder requested an amendment to the motion, which was adopted, as follows:

Commercial temporary waiver relief should be extended for an additional one-year period, subject to specified terms and conditions, and subject to FFIEC approval, as follows:

1. A temporary waiver of appraiser credentialing requirements for appraisals of FRTs under \$1,000,000 for commercial real estate transactions throughout the State of North Dakota is extended for an additional one-year period, expiring August 7, 2021.
2. During the additional one-year period, Requesters are expected to continue efforts to develop, through continued dialogue with the Appraiser Board and other North Dakota stakeholders, a plan to identify potential solutions to address appraiser scarcity and appraisal delays.
3. The ASC pursuant to 12 CFR 1102.7 may terminate this waiver order on a finding that significant delays in the receipt of appraisals for FRTs no longer exists, or that the terms and conditions of the order are not being satisfied.

Art Lindo seconded the motion, and the vote passed 6-1 with HUD voting no. T. Segerson requested a roll call vote for the record:

J. Schroeder – yes; J. Jilovec – yes; R. Witt – yes; J. Rives – yes; B. Borland – no; A. Lindo – yes; T. Segerson – yes.

The Open Session adjourned at 4:25 p.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> July 29, 2020
<b>Time:</b> 4:00 PM ET	<b>Location:</b> Zoom Meeting

<b>Name</b>	<b>Affiliation</b>
Justin Kane	American Society of Appraisers
David Bunton	Appraisal Foundation
Kelly Davids	Appraisal Foundation
Jim Amarin	Appraisal Institute
Scott DiBiasio	Appraisal Institute
Bill Garber	Appraisal Institute
Brian Rodgers	Appraisal Institute
Wade Becker	Boulder Appraisal, LLC
Dan Berkland	Conference of State Bank Supervisors
Mary Beth Quist	Conference of State Bank Supervisors
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau
Brian Field	Crown Appraisals, Inc.
Megan Sheeley	Crown Appraisals, Inc.
Tyler Walsh	Crown Appraisals, Inc.
Joe Ibach	Dakota Appraisal & Consulting
Richard Foley	Federal Deposit Insurance Corporation
Suzy Gardner	Federal Deposit Insurance Corporation
Ben Gibbs	Federal Deposit Insurance Corporation

Name	Affiliation
Lauren Whitaker	Federal Deposit Insurance Corporation
Kaelin Browne	Federal Financial Institutions Examination Council
Judith Dupre	Federal Financial Institutions Examination Council
Ming-Yuen Meyer-Fong	Federal Housing Finance Agency
Keith Coughlin	Federal Reserve Board
Trevor Feigleson	Federal Reserve Board
Carmen Holly	Federal Reserve Board
David Imhoff	Federal Reserve Board
Derald Seid	Federal Reserve Board
Matt Schlenvogt	Gate City Bank
Richard Tsuhara	General Accountability Office
Steve Pleger	Georgia Department of Banking & Finance
William Gion	Gion Appraisal, LLC
Brandy March	Iowa Real Estate Appraiser Examining Board
Stephen Sousa	Massachusetts Board of Real Estate Appraisers
Jonathan Miller	Miller Samuel, Inc.
James Rist	Minnesota Department of Commerce
Rachel Ackmann	National Credit Union Administration
Gira Bose	National Credit Union Administration
Ian Marena	National Credit Union Administration
Cate Agnew	Natixis
Lise Kruse	North Dakota Department of Financial Institutions

Name	Affiliation
Jodie Campbell	North Dakota Real Estate Appraisers Board
Corey Kost	North Dakota Real Estate Appraisers Board
Tim Timian	North Dakota Real Estate Appraisers Board
Luke Shields	North Dakota Senator Hoeven's Office
Eric Oberg	Oberg Appraisals, Inc.
Will Binkley	Office of the Comptroller of the Currency
Stacey Fluellen	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
Susan Broaddus	Regulatory Report
Patrick Keefe	Regulatory Report
Vance Patton	Tennessee Appraiser
Greg Gonzales	Tennessee Department of Financial Institutions