

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
SEPTEMBER 9, 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 – Robert Frazier  
NCUA – Tim Segerson  
OCC – Richard Taft

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

**OBSERVERS:** Appraisal Foundation – Dave Bunton  
Appraisal Foundation – Cathy Johnson  
Appraisal Institute – Brian Rodgers  
CFPB – Alan Carmer  
Clear Capital – Beth Buell  
CoreLogic – Steve Fryrek  
Don Kelly Group – Don Kelly  
FDIC – Michael Briggs  
FDIC – Suzy Gardner  
FDIC – Tim Millette  
FRB – Gillian Burgess  
FRB – Peter Clifford  
FRB – Carmen Holly  
FRB – Matthew Suntag

OCC – Bob Parson  
Pro-Teck Services – Jeff Dickstein  
REVAA – Mark Schiffman  
Stewart Valuation Services – Frank O’Neill

The Meeting was called to order at 10:30 a.m. by A. Lindo. T. Segerson, K. Klamet, 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 July 8<sup>th</sup> ASC Meeting was cancelled.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC’s May 13<sup>th</sup> Meeting. ASC staff attended the Appraisal Foundation Board of Trustees Meeting as well meetings of the Appraisal Standards (ASB) and Appraisal Practices Boards. The Appraiser Qualifications Board (AQB) issued a concept paper on July 9<sup>th</sup> that described an alternative track to the experience requirements in the *Real Property Appraiser Qualification Criteria*. The AQB plans to hold a hearing and panel discussion on this issue at its October 16<sup>th</sup> public meeting in Washington, DC.

ASC staff continues work on the Unique Identifier Number and hopes to have a demo of the system at the Association of Appraiser Regulatory Officials (AARO) Fall Conference on October 16-19 in Washington, DC. Maria Cahn was introduced as the new Administrative Assistant.

- **Delegated State Compliance Reviews**

D. Graves reported on State Compliance Reviews completed pursuant to delegated authority since the ASC’s May 13<sup>th</sup> Meeting. Nine State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Iowa and New Hampshire were each awarded a Finding of “Excellent” and will remain on a two-year Review Cycle. The District of Columbia, Florida, Idaho, Maine, Nebraska, New Mexico and Utah were each awarded a Finding of “Good” and all will remain on a two-year Review Cycle. There were three State Compliance Reviews finalized and approved by the Chairman under delegated authority. Indiana, South Carolina and the Virgin Islands were each awarded a Finding of “Needs Improvement.” All will remain on a two-year Review Cycle with a Follow-up Review scheduled for the Virgin Islands.

- **Financial Report**

G. Hull reported that the Appraisal Foundation (Foundation) submitted six grant reimbursement requests which were paid to fund its February – July 2015 expenses for grant-eligible activities. Staff approved total payments of \$135,416 for the Foundation Grant and \$144,430 for the State Investigator Training activities for this time period. To date, payments totaling \$226,368 have been made for the FY15 Foundation Grant and \$160,022 for the FY15 State Grant.

## **ACTION ITEMS**

- **May 13, 2015 Open Session Minutes**

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

- **Notation vote to approve the Bulletin to States regarding the State Registration and Supervision of AMCs**

The notation vote to approve the Bulletin to States regarding the State Registration and Supervision of AMCs passed by a 7-0 vote on June 17, 2015.

- **Appraisal Foundation FY16 Grant Proposal**

D. Bunton and C. Johnson from the Appraisal Foundation were present to discuss the FY16 grant proposal. The Foundation is requesting \$1,112,803: \$803,171 for the Foundation Grant and \$309,632 for the State Grant (State Investigator Training Program). The AQB is considering possible alternatives to the current experience requirements. They are looking at such alternatives as allowing experience in related professions, being able to take a comprehensive test in lieu of experience hours or taking more case study courses in lieu of experience hours. The AQB will also be updating the National Uniform Appraiser Licensing and Certification Examination.

The ASB is in the initial stages of restructuring the Uniform Standards of Professional Appraisal Practice (USPAP) to make it clearer, easier to navigate, less redundant and yet remain enforceable. The ASB is also working with the International Valuations Standards Council to develop a “bridge document” which, when followed, will result in an appraiser producing an appraisal report that is compliant with both USPAP and the International Valuations Standards. R. Taft asked if there have been any comments from appraisers in regard to the new experience requirements. D. Bunton responded that some trainees are having difficulty finding supervisory appraisers. R. Miller asked about the Foundation’s financial status. D. Bunton responded that revenue is lower in 2015 due to publication cycles and also because the Foundation did not issue any new products in 2015. They ended 2014 with a \$500,000 deficit, and are estimating a \$400,000 deficit for 2015.

- **FY16 ASC Staff Budget Recommendation**

G. Hull presented the FY16 budget. The FY16 revenue is projected to be \$3.5 million and includes an anticipated PAYGO deduction of \$371,250. Operating expenses are estimated to be \$4.2 million which includes \$350,000 for the FY16 Foundation Grant and \$309,632 for the State Grant (State Investigator Training Program). Based on the operating expenses, plus the grants, a deficit of \$640,763 is projected for FY16. The reserve balance at the end of FY16 should be approximately \$4.1 million.

R. Taft questioned why the budget for rulemaking decreased and asked for an explanation of the contracted legal services. G. Hull responded that rulemaking for FY15 included costs for Advisory Committee Meetings which will not be necessary in FY16. However, the ASC may need to detail an attorney from a member agency to provide legal assistance with rulemaking. ASC members and staff discussed IT Services which concluded with ASC members requesting a briefing on IT services. R. Miller asked for the rationale to increase the Foundation Grant over the FY15 amount. A. Lindo responded that he would like the ASC to get to a sustained level of funding for the Foundation Grant and at the same time would like the ASC to have a balanced budget. M. Marshall noted she would also like to have a sustained level of funding for the Foundation, but was comfortable with the budget and grants as presented for FY16. M. Marshall moved to approve the budget in the amount of \$4,229,513. This will include \$350,000 for the FY16 Foundation Grant and \$309,632 for the State Grant. R. Witt seconded and all members present approved.

- **Implementation of Appraisal Management Company (AMC) National Registry Fee**

A. Ritter said various fee options have been explored and she thanked the member agencies legal staff for their assistance. A. Lindo added that three options had been discussed at the May 13<sup>th</sup> ASC Meeting. Option Two is the favored Option and would calculate the 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. After further discussion between ASC staff, ASC members and ASC member agency legal staff, the ASC will engage in a legislative rulemaking. A. Ritter added that this will require regulatory analysis and notice and comment in the Federal Register. R. Taft asked how this would affect AMCs that have been in operation for less than 12 months. A. Ritter responded that the fee calculation could be the same for both new and established AMCs: \$25 multiplied by the number of appraisers who have done an appraisal assignment for that AMC in the last twelve months, or since the AMC formed if less than 12 months. She added that the rulemaking process could take up to one year. A. Lindo asked when a draft of the Notice would be available for ASC review. A. Ritter answered that she will begin drafting the Notice and Comment for ASC review. A notation vote could be used rather than voting at the November 4<sup>th</sup> ASC Meeting. The comment period in the Federal Register can be between 30-60 days. A. Lindo said he is supportive of this approach. A. Ritter added comments will be requested on the \$25 fee and the definition of “working for or contracted with.” Members were in agreement with \$25 as the AMC fee and having a

60-day comment period. M. Marshall and R. Miller said agencies legal staffs have agreed that the full notice and comment through the legislative rulemaking process is the safest way to implement AMC registry fees. R. Witt noted that State legislative cycles could be impacted as the rulemaking process will give them less time to enact statutes and/or regulations. Recognizing that timing required for notice and comment rulemaking could impede participating States' ability to implement AMC registry fees within the 36-month statutory implementation period, ASC staff will clarify to those States that if they have implemented the provisions of the AMC Rule, they will not be adversely impacted by the 36-month statutory implementation period, which would restrict State-regulated AMCs in that State from providing services for federally related transactions, regardless of whether the State has been able to implement AMC registry fees. At such time the ASC's rule on AMC registry fees is in final form, the ASC will issue a Bulletin to States to address: (1) when the AMC Registry will be open for participating States; (2) reporting requirements (information required to be submitted by States in order to register AMCs on the AMC Registry); and (3) AMC registry fees as set by the ASC's final rule.

- **Selection of Vice Chair**

A. Lindo noted that with D. Benhart's departure as the OCC representative, a new Vice-Chair needs to be chosen. After discussion, R. Taft was selected to serve out the remainder of D. Benhart's Vice-Chair term. R. Frazier moved for approval of this selection and M. Marshall seconded; all members present approved.

The Open Session adjourned at 11:55 a.m. The next ASC Meeting will be November 4, 2015.