

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
NOVEMBER 4, 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 – 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 – Jenny Tidwell
Management & Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Administrative Assistant – Maria Cahn

OBSERVERS: Appraisal Institute – Brian Rodgers
CSBS – Margaret Liu
FDIC – Richard Foley
FDIC – Suzy Gardner
FDIC – Tim Millette
Finiti – Denise Herndon
FRB – Gillian Burgess
FRB – Ginny Gibbs
FRB – Carmen Holly
HUD – Robert Frazier
Illinois Office of the Governor – Kathy Lydon
OCC – Mitch Plave
Stewart Valuation Services – Frank O’Neill

The Meeting was called to order at 10:30 a.m. by A. Lindo. T. Segerson and J. Tidwell attended via telephone.

<OPEN SESSION>

REPORTS

- **Chairman**

A. Lindo welcomed the observers to the Meeting.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's September 9th Meeting. He attended a meeting of the Appraisal Practices Board (APB) in Denver, CO on September 10-11. The APB continues to struggle with finding and maintaining subject matter experts which is leading to delays in completing some projects timely and efficiently.

ASC staff attended the Appraiser Qualifications Board (AQB) Meeting on October 15-16 in Washington, DC. The AQB issued a White Paper in July that described an alternative track for the experience requirements. A hearing and panel discussion was held during the AQB Meeting and the general consensus by many attendees was that the AQB should continue to explore alternatives to the current experience requirements. Some attendees commented that the education component of the AQB Criteria should also be reviewed. J. Park also noted that since the revised AQB Criteria became effective on January 1, 2015, some States are having implementation issues that will likely be reflected in Compliance Review Reports. ASC staff has discussed these issues with AQB representatives on several occasions and the AQB's position remains that January 1, 2015, was a firm effective date for the revised Criteria.

ASC staff also attended the Association of Appraiser Regulatory Officials Fall Conference in Washington, DC on October 16-19. Chairman Lindo gave a keynote presentation for the conference, and ASC staff gave presentations on the Unique Identifier (UID) and ASC oversight of States' implementation of the appraisal management company (AMC) Final Rule that went into effect August 2015.

J. Park noted that the Revised ASC Policy Statements with the new rating system have been in effect since June 2013. In that time, 28 States have been rated "Good" and 11 have been rated "Excellent."

- **Financial Report**

G. Hull reported that the Appraisal Foundation (Foundation) submitted a grant reimbursement request for State grant funds in the amount of \$2,671 to fund its August 2015 expenses for grant-eligible activities; ASC staff approved the payment in full. To date, payments totaling \$162,692 for the FY15 State Grant have been reimbursed with \$156,308 remaining.

G. Hull noted that at the September 9th ASC Meeting, a question was raised concerning the FY16 budget line item "Maintenance of Registry and Website." The narrative indicated that this FY16 line item budgeted at \$60,000 exceeded the FY15 line item by \$37,500. Although the FY15 amount of \$37,500 was not clearly shown on the budget spreadsheet

for easy comparison, it was rolled up into the “FY15 IT Contracted Services” budgeted line item of \$82,821. Going forward, these items will be aligned for clarity.

G. Hull reported that the FY15 sequestration amount was \$256,712 and the U.S. Treasury has processed a warrant in this amount. This amount is 7.3% of the total ASC cash receipts deposited with the U.S. Treasury in FY15 which totaled \$3.5 million. This percentage is mandated by the Office of Management and Budget. R. Miller asked staff to include a brief summary of the cash reserves in future ASC Meeting packages.

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC’s September 9th Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Ohio was awarded a Finding of “Excellent” and will remain on a two-year Review Cycle. Alaska and Wisconsin were awarded a Finding of “Good” and each State will be moved from a one-year to a two-year Review Cycle. Mississippi was awarded a Finding of “Needs Improvement” and will remain on a two-year Review Cycle.

- **2016 Operating Plan**

J. Park discussed the general timing for projects the ASC has identified as priorities. This includes the UID, AMC registry fee rulemaking, the design/build of the National Registry of AMCs, and enforcement rulemaking. Some States are testing the UID system and it appears to be working well. Staff will notify States by the end of 2015 that the UID system is operational and available on a voluntary basis through the end 2016. By the end of the 1st quarter of 2016, staff will determine if rulemaking is necessary to require States to use the UID system. The proposed rule on AMC registry fees should be an action item for the January 13th ASC Meeting. Once approved by the ASC, the Notice of Proposed Rulemaking will be published in the Federal Register with a 60-day comment period. Staff is working on the design of the National Registry of AMCs. A. Lindo asked staff to provide quarterly updates on the status of these projects.

- **AMC National Registry Fee Rulemaking Update**

A. Ritter said that ASC staff is currently working on regulatory analysis and review which should be completed by the end of November. She anticipates having a draft ready by the end of November which will be sent to ASC members and their legal staffs for review and edit.

- **Appraisal Subcommittee Advisory Committee (ASCAC) – Staff recommendations**

A. Ritter presented the ASC staff comments on the ASCAC Recommendations. Staff agrees with most of the recommendations. R. Witt asked if the recommendations that will be implemented will be a part of future ASC annual operating plans. J. Park responded yes and said that staff will focus on the enforcement recommendations first. A. Lindo suggested that ASC staff track each of the recommendations that will be implemented with

a timeline for completion. He also requested a quarterly update to the ASC on the progress of the implementation of the recommendations. R. Taft asked if disciplinary actions, such as a suspension that affect an appraiser's eligibility to appraise, are available on the public side of the National Registry indefinitely. D. Graves responded that they are only viewable while the action is in effect. After that date, it is only viewable to authorized users. T. Segerson asked if there has ever been any discussion by the ASC regarding how long disciplinary actions should be available to the public on the National Registry. J. Park responded that staff will research this and provide an update to the ASC.

- **National Registry Unique Identification Number**

B. Kelly gave an update on the UID project. The purpose of the UID is to replace an appraiser's Social Security Number (SSN) on the National Registry. When the UID is in place, States will no longer be able to use a SSN to look up an appraiser. R. Taft asked whether the current database that does include SSNs will still be available anywhere. B. Kelly responded that the current database will be removed from the ASC website and will be placed on a separate server that is not attached to the website. A. Lindo questioned why the old database would need to be archived. B. Kelly responded that it was to allow staff to verify data sent in by the State and would be purged after five years. R. Taft asked how the ASC would respond if a State refuses to send in the SSN so that appraisers can be assigned a UID. B. Kelly recommended setting a date for States to stop sending in SSNs. R. Witt asked if the UID would be used for verification of appraisers in AMC panels and how this would affect States that do not implement an AMC program. B. Kelly answered that the States will not be sending in the AMC appraiser panel information to the ASC; States will only be sending in total number of appraisers on that individual AMC's panel. M. Marshall asked if there are States that do not collect SSNs. D. Graves responded there are currently about nine States that do not submit SSNs to the ASC. A. Lindo asked staff to report on this at the January 13th ASC Meeting.

ACTION ITEMS

- **September 9, 2015 Open Session Minutes**

R. Miller made a motion to approve the September 9th open session meeting minutes as edited. R. Witt seconded and all members present voted to approve.

The Open Session adjourned at 11:41 a.m. The next ASC Meeting will be January 13, 2016.