

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
NOVEMBER 13, 2017**

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

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Veronica Spicer
FDIC – Marianne Hatheway
FHFA – Bob Witt
HUD – Cheryl Walker
NCUA – Tim Segerson
OCC – Richard Taft (Vice-Chair)

ASC STAFF: Executive Director – Jim Park
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Policy Manager – Claire Brooks
Policy Manager – Jenny Tidwell
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Ben Gibbs
FDIC – Kim Stock
FRB – Gillian Burgess
FRB – Carmen Holly
FRB – Matt Suntag
FRB – Kirin Walsh
OCC – Chris Manthey
OCC – Joanne Phillips

The Meeting was called to order at 10:05 a.m. by R. Taft.

REPORTS

- **Chairman**

R. Taft welcomed observers to the Meeting. He noted that the ASC will hold a Roundtable on November 13th with lenders, regulatory agencies, appraisal management companies, appraiser trade groups and State regulators. The Roundtable will focus on various federal appraisal statutory and regulatory requirements, exploring opportunities to harmonize those requirements, as well as the future of appraisal and alternate valuation products in mortgage and commercial lending.

- **Executive Director**

J. Park reported on ASC activities since September 1st.

- The Appraiser Qualifications Board (AQB) met on September 7-8 in Minneapolis and discussed ongoing changes to the Real Property Appraiser Qualification Criteria (AQB Criteria). The AQB is considering several changes to the AQB Criteria including lowering the number of required experience hours and alternative tracks to becoming a Certified Residential appraiser that do not require a college degree. The Fourth Exposure Draft was released for public comment on November 1st. And, for the first time in several years, the number of persons taking the appraisal examination has increased and the average age of those test takers has decreased.
- The Appraisal Standards Board met on October 12-13 and discussed potential changes to the Uniform Standards of Professional Appraisal Practice (USPAP). The 2018/19 USPAP was published and includes significant improvements and functionality in the electronic version.
- The National Registry upgrades implemented in July 2017 have been well received by States. Approximately one-third of States have converted to the Unique Identification Number and ASC staff anticipates that the majority of States will complete conversion by the end of 2017.
- Approximately 180 persons attended the Association of Appraiser Regulatory Officials Fall Conference in Washington DC in mid-October. ASC staff gave an update of ASC activities and participated in some presentations.

J. Park reported, that due to recent hurricanes, Puerto Rico will extend credentials for up to 90 days to allow appraisers to complete continuing education. He added that it may take up to one year for Puerto Rico and the U.S. Virgin Islands to get their programs fully operational. He noted that Texas is also allowing appraisers in counties affected by Hurricane Harvey an additional 90 days to complete continuing education. M. Hatheway said that California could also be affected due to the recent wildfires. R. Taft asked if the

AQB has programs to help military veterans who may wish to become appraisers. J. Park said “no” and added the Foundation could participate in job fairs that are held for veterans. He suggested that the ASC write a letter to the Foundation supporting programs for veterans. R. Witt said the Department of Veterans Affairs (VA) should be copied on the letter. He noted that it may be possible to waive college requirements for veterans or create a career path for them. J. Park said this has been discussed before and the Foundation may ask for grant funds to design such a program. R. Witt said that the VA may support this effort as the VA appraiser panel is in need of appraisers.

- **Delegated State Compliance Reviews**

C. Brooks reported on State Compliance Reviews completed pursuant to delegated authority since the ASC’s September 13th Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Ohio and Oklahoma were each awarded a Finding of “Excellent” and each will remain on a two-year Review Cycle. Montana and Tennessee were each awarded a Finding of “Good” and will remain on a two-year Review Cycle. New Mexico and Wisconsin were finalized and approved by the Chairman. They were each given a finding of “Needs Improvement” and will remain on a two-year Review Cycle with Follow-up Reviews conducted within the next 12 months. ASC staff also conducted a Follow-up Review of Pennsylvania. They have resolved the required actions regarding the continuing education audit and are making significant progress towards addressing timely enforcement. V. Spicer, R. Taft and R. Witt noted that the Tennessee appeal needs to include documentation for the file on the results of the appeal panel’s decision on changing the rating. A. Ritter responded that the change of rating was communicated to Tennessee but that it may not have been in letter format. J. Park said the Chair delegated the Executive Director to sign the revised Tennessee Compliance Review. R. Witt asked if States will be notified of the ASC’s Compliance Review appeal process. A. Ritter responded that D. Graves is outlining the Compliance Review process in general for a future Briefing to address the panel’s recommendations. M. Hatheway said the process should be transparent.

- **Financial Manager**

G. Hull reported that the Appraisal Foundation submitted its July grant reimbursement request in the amount of \$127,879 for grant-eligible expenditures. This includes expenses associated with the National Uniform Appraiser Exam Meetings held July 26-28 in New Orleans and the Level 2 Investigator Training course held on July 10-12 in Tampa. The total grant budget is \$659,085 and \$148,323 remains available.

The FY17 ASC audit is scheduled to start on December 5th. The ASC did meet its targeted revenue for FY17. Expenditure totals are being finalized and should be close to the FY17 budget estimates.

ACTION ITEMS

- **September 13, 2017 Open Session Minutes**

M. Hatheway made a motion to approve the September 13th open session meeting minutes as presented. V. Spicer seconded and all members present voted to approve.

- **“Reporting Requirements” Proposed Information Collection: OMB Clearance pursuant to Paperwork Reduction Act**

A. Ritter presented the Proposed Information Collection Request (ICR) that, if approved, will be posted in the *Federal Register* for a 60-day comment period. The ICR lists the required data fields that States will need to submit to the AMC Registry. R. Taft asked if the ICR includes the information that AMCs must provide to States. A. Ritter responded that the ICR only covers what States must submit to the ASC. R. Taft and V. Spicer asked for clarification of the burden estimate to States. A. Ritter responded that the estimate was in response to a comment to the Proposed Rule on AMC registry fees from a State that thought the ASC estimate for adding AMCs to the Registry was too low. B. Kelly added that States would most likely only have to submit updated information regarding the appraiser panel totals when they do renewals; all fields will not need to be resubmitted unless there is a change, *i.e.*, an address or owner name change. R. Taft asked that ASC staff clarify the response time and burden estimates. There was additional discussion on changing the title, “Reporting Requirements for AMCs on the National Registry.” R. Taft asked A. Ritter to make the requested changes and distribute a redline to the ASC for review. M. Hatheway suggested that a notation vote be done. R. Witt asked when the ICR would be published in the *Federal Register*. A. Ritter responded that it could be published in early December if the ASC approves it by notation vote.

- **Bulletin on AMC Registry Fees**

A. Ritter presented the draft Bulletin to States. (A. Lindo joined the Meeting). The Bulletin will inform States that the ASC will open the AMC Registry to States no later than June 4, 2018. At that time, States that elect to register and supervise AMCs (participating States) will be able to enter AMCs on the AMC Registry if they have collected AMC registry fees in accordance with the Final Rule. The Bulletin will also inform States that the ASC recognizes that participating States may need to amend their rules and/or regulations, or revise their operating procedures, to implement collection of AMC registry fees. After June 4, 2020, any participating State’s Compliance Review will include review of requirements for entering AMCs on the AMC Registry. Up and until June 4, 2020, a State may have a compliant AMC Program regardless of whether it is ready to enter AMCs on the AMC Registry. She would like to distribute the Bulletin to States before the Final Rule is effective on November 24, 2017. After further discussion of minor edits, A. Lindo moved for approval and M. Hatheway seconded; all members present voted to approve.

- **Bulletin on 12-month extension of Implementation Period for AMC Programs**

A. Ritter presented the draft Bulletin to States. The Bulletin will provide information regarding State applications for extension of the Implementation Period for registration and supervision of AMCs. Title XI as amended by the Dodd-Frank Act imposes a statutory restriction on performance of services by AMCs for federally related transactions (FRTs) that applies after August 10, 2018 (Implementation Period). The ASC, with the approval of the Federal Financial Institutions Examination Council (FFIEC), may extend this period for an additional 12 months if the ASC makes a finding that the State has made substantial progress in establishing an AMC Program. The Bulletin explains that a State may make a request in writing to the ASC for a 12-month extension of the Implementation Period. Requests should be received by June 10, 2018. A. Lindo asked if a State could submit a request after June 10th. A. Ritter responded “yes.” R. Taft suggested that the agencies’ Final Rule implementation date of August 10, 2018 be included in the Bulletin and A. Ritter said she would do so. A. Lindo made a motion to approve the Bulletin with edits as suggested and authorize the Chair to review and sign the Bulletin. R. Taft moved for approval and R. Witt seconded; all members present voted to approve.

- **ASC Rules of Operation – Meeting Schedule**

J. Park suggested that the ASC switch to a quarterly meeting schedule. If approved, the ASC could meet the second Wednesday in March, June, September and December. A. Lindo said Briefings could be held in between Meetings if needed. He asked that ASC Meetings be held in advance of FFIEC Meetings. R. Taft suggested holding Meetings in February, May, August and November. J. Park said a Special Meeting could be held in September to approve the ASC’s fiscal year budget. M. Hatheway said she would like to discuss this with principals at FDIC before a decision is made. After further discussion, A. Lindo asked ASC staff to schedule a conference call with ASC members in mid-December to discuss changing the meeting schedule.

The Open Session adjourned at 11:45 a.m. The next ASC Meeting date is to be determined.