

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
NOVEMBER 9, 2016**

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 – Marianne Hatheway  
FHFA – Robert Witt  
NCUA – Tim Segerson  
OCC – Richard Taft

**ASC STAFF:** Executive Director – Jim Park  
Deputy Executive Director – Denise Graves  
General Counsel – Alice Ritter  
Financial Manager – Girard Hull  
Policy Manager – Neal Fenochietti  
Policy Manager – Vicki Metcalf  
Management and Program Analyst – Lori Schuster  
Administrative Officer – Brian Kelly  
Detaillee – Ada Bohorfoush

**OBSERVERS:** Appraisal Foundation – Dave Bunton  
CFPB – Deana Krumhansl  
FDIC – Michael Briggs  
FDIC – Kaye Finn  
FDIC – Richard Foley  
FDIC – Suzy Gardner  
FDIC – Corri Mattison  
FDIC – Kimberly Stock  
FDIC – Lauren Thompson  
FRB – Carmen Holly  
FRB – Matt Suntag  
FRB – Kirin Walsh  
HUD – Robert Frazier  
NCRC – Anneliese Lederer  
OCC – Bob Parson  
OCC- Joanne Phillips  
OMB – Kristin Aveille  
Pro-Teck Valuation Services – Jeff Dickstein  
REVAA – Tom Tilton

The Meeting was called to order at 10:05 a.m. by A. Lindo.

## **REPORTS**

- **Chairman**

A. Lindo welcomed observers to the Meeting.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's September 14<sup>th</sup> Meeting. The Appraisal Standards Board (ASB) met on October 20-21 in Washington, DC. Based on comments received on the 2<sup>nd</sup> Exposure Draft regarding changes to the 2018-19 edition of USPAP, a third Exposure Draft will be issued before the end of 2016. Changes should be finalized at the ASB's February 3, 2017 Meeting. The Appraiser Qualifications Board (AQB) is also expected to disseminate a third Exposure Draft requesting comment on changes to the AQB Criteria. ASC staff attended the Association of Appraiser Regulatory Official's (AARO) Fall Conference in Washington, DC. There were approximately 185 attendees, most of which were State staff or Board members.

He also reported that:

- States have been notified of the process for the implementation of the Unique Identification Number.
- The development of the AMC National Registry is in its final stages and will be ready for use once the Final Rule on the AMC National Registry Fee Implementation is in place.
- The ASC, the Appraisal Foundation and AARO collaborated on a booklet commemorating the 25<sup>th</sup> anniversary of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act. V. Metcalf led the effort for the ASC staff and the Appraisal Foundation compiled all the information and designed the booklet. R. Taft asked who the target audience was for this booklet. J. Park responded that it was distributed to States and appraisal trade organizations among other entities.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's September 14<sup>th</sup> Meeting. Four State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. California, Nevada and South Dakota were awarded a Finding of "Excellent" and all will remain on a two-year Review Cycle. Connecticut was awarded a Finding of "Good" and will remain on a two-year Review Cycle. One State Compliance Review was finalized and approved by

the Chairman under delegated authority. Pennsylvania was awarded a Finding of “Needs Improvement” and will remain on a two-year Review Cycle with a Follow-up review scheduled in one year.

- **Financial Manager**

G. Hull reported on Appraisal Foundation grant reimbursement requests which have been processed for payment. The July 2016 request was paid in the amount of \$16,400. This request covered expenses for salaries and indirect costs to support ongoing activities of the ASB and AQB, and administrative costs related to the 2016 State Investigator Training courses. The August 2016 request was paid in the amount of \$83,761. This request covered expenses for the Level Two State Investigator training course held in St. Louis, MO on August 1-3. R. Taft asked how much money is remaining in the 2016 grant. G. Hull answered that \$194,486 remains to cover the September grant reimbursement request. R. Taft asked if the remaining amount would be fully expended. G. Hull responded that the September request will include costs for a State Investigator Training course and an ASB Meeting. D. Bunton added that the Foundation does not expect to spend the full amount of the grant.

## **ACTION ITEMS**

- **September 14, 2016 Open Session Minutes**

M. Marshall made a motion to approve the September 14<sup>th</sup> open session meeting minutes as presented. R. Taft seconded and all members present voted to approve.

- **FY17 ASC State and Appraisal Foundation Grants**

J. Park said that ASC members were provided with a 10-year revenue and expense history as requested at the September 14<sup>th</sup> ASC Meeting. ASC staff is recommending grants in the amounts of \$309,085 for the State Investigator Training and \$350,000 to the Appraisal Foundation for grant-eligible activities. \$100,000 is requested to fund USPAP education for State personnel. J. Park said that a Grants Administrator will be hired to develop and administer the ASC grants program. R. Taft said he is uncomfortable increasing the grant amount when revenues are decreasing and was willing to keep grant funding at the same level as FY16. He said the ASC could review this once a Grants Administrator is hired. M. Hatheway agreed with the hire of a Grants Administrator and suggested tabling the approval of a grant policy until that person is on board. A. Lindo noted there seemed to be consensus among the members with keeping grant funding at the FY16 level and hiring a Grants Administrator to run the grants program. R. Taft offered a motion to amend the FY17 budget and approve grants in the amount of \$350,000 to the Appraisal Foundation for grant-eligible activities and \$309,085 for State Investigator Training. M. Hatheway seconded and all members present voted to approve. M. Hatheway asked whether the minimum reserve includes any grant funding. G. Hull responded that the minimum reserve only covers operating expenses. R. Taft said the ASC reserves should provide some ability

to fund grants if needed. M. Hatheway noted that the ASC Strategic Plan should address strategic priorities for grant funding. A. Lindo requested that ASC staff specifically define what the reserve includes and use an average from the previous three fiscal years to determine the amount to be put into the reserve. He requested ASC staff disseminate this information to the ASC before the next ASC Meeting.

- **Amended FY17 ASC Budget**

The FY17 ASC Budget is amended to include grant amounts as approved in the preceding item. With operating expenses approved at \$3,198,235 and grant funding approved at \$659,085, the FY17 ASC Budget total is \$3,857,320. The ASC will maintain a reserve of \$4.1 to \$4.2 million. The motion above included this amendment to the FY17 ASC Budget.

- **Revised State Grant Policy**

Based on earlier discussion, this item will be tabled until the ASC hires a Grants Administrator.

- **Revised ASC Policy Statements**

A. Ritter presented the revised ASC Policy Statements. The publication of the interagency rule on registration and supervision of AMCs necessitated a revision of the Policy Statements to include guidance to the States regarding how AMC programs will be evaluated during Compliance Reviews. Also included are changes to existing Policy Statements suggested by the ASC Policy Managers. ASC staff is recommending publication in the *Federal Register* with a 60-day comment period. R. Taft asked how States would be handled if they do not have an AMC program. A. Ritter responded that those States would be handled the same as if a State did not have an Appraiser Program, meaning those States would not be allowed to put AMCs operating in their State on the National Registry. B. Gardner asked how Federally regulated AMCs would forward AMC fees to the ASC. A. Ritter responded that this issue would be clarified in the Bulletin to States once the AMC Registry Fee Rule is finalized. A. Lindo asked ASC Members if they would be comfortable approving the revised Policy Statements as presented and publishing in the *Federal Register* for a 60-day comment period. M. Marshall noted that with the holiday season approaching, she would prefer that the comment period be increased to 90 days. M. Hatheway said she would like the Preamble to be sent to the ASC members for review before the proposed Policy Statements are published in the *Federal Register*. A. Ritter said she would do so. M. Hatheway made a motion directing ASC staff to disseminate the Preamble to the ASC members for review prior to the proposed Policy Statements being published in the *Federal Register* with a 90-day comment period. R. Taft seconded and all members present voted to approve.

The Open Session adjourned at 11:00 a.m. The next ASC Meeting will be January 11, 2017.