

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
NOVEMBER 13, 2019**

LOCATION: Partnership for Public Service  
1100 New York Avenue NW, Suite 200 East, Washington, DC 20006

**ATTENDEES**

**ASC MEMBERS:** CFPB – John Schroeder  
FDIC – John Jilovec  
FHFA – Robert Witt  
FRB – Art Lindo  
HUD – Bobbi Borland  
NCUA – Tim Segerson  
OCC – Richard Taft

**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

**PRESENTER:** Appraisal Foundation – Edna Nkemngu

**OBSERVERS:** Appraisal Institute – Brian Rodgers  
CFPB – Deana Krumhansl  
CFPB – Orlando Orellano  
FDIC – Michael Briggs  
FDIC – Alys Brown  
FDIC – Suzy Gardner  
FDIC – Ben Gibbs  
FDIC – Lauren Whitaker  
FRB – Carmen Holly  
FRB – Matt Suntag  
FRB – Trevor Feigelson  
FRB – Kevin Wilson  
NCUA – Rachel Ackmann

OCC – Kevin Lawton  
OCC – James Rives

The Meeting was called to order at 10:00 a.m. by Chairman A. Lindo.

## REPORTS

- **Chairman**

A. Lindo welcomed visitors and introduced J. Jilovec as the new FDIC representative to the ASC replacing M. Hatheway. He noted that ASC staff continues to work on the ASC Grants Program which will be discussed later in this Meeting. He added the ASC response to the House and Senate Banking Committees' September 24<sup>th</sup> letter regarding partial approval of the North Dakota temporary waiver will be sent out before month's end.

- **Executive Director**

J. Park updated the ASC on recent staff activity.

- He and C. Brooks attended a meeting on November 6<sup>th</sup> in Bismarck with the North Dakota Department of Financial Institutions and stakeholders. There were approximately 50-60 participants including appraisers, lenders and FRB and FDIC staff. Discussions included solutions to alleviate appraiser scarcity issues in the State. D. Graves and M. Abbott attended a meeting in Nashville sponsored by the Tennessee Bankers Association in October which included discussions on improving communications between appraisers and lenders. J. Park said that he attended previous meetings in Tennessee and found them to be fruitful.
- The Appraisal Standards Board (ASB) is considering whether evaluation standards should be added to the *Uniform Standards of Professional Appraisal Practice* (USPAP). The ASB held a Meeting on October 18<sup>th</sup> with panelists including lenders, appraisers and other stakeholders to discuss whether to continue working on this issue.
- The Appraiser Qualifications Board (AQB) is continuing work on *Practical Applications for Real Estate Appraisers* (PAREA). The Second Exposure Draft will be issued in coming weeks. Some States have concerns about geographical competency and issuing credentials to appraisers who are not familiar with the State geography or economic climate.
- The Third ASC Roundtable is scheduled for February 10, 2020, at the OCC. The focus will be on real estate property data and how it is used and maintained.
- Maria Brown was introduced as the new Regulatory Affairs Specialist, and Claire Brooks ten years of service to the ASC was acknowledged.

- As requested by R. Taft at the August 28<sup>th</sup> ASC Meeting, a revised State Program Summary Report was developed by staff and distributed to the ASC. J. Park said that this will be the new format going forward and to let him know if they have any questions or concerns.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Program Compliance Reviews completed pursuant to delegated authority since the ASC's August 28<sup>th</sup> Meeting. Eight State Appraiser Program Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Iowa, Maine, Montana, Oklahoma and Virginia were awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. Alaska, Idaho and Wyoming were awarded a Finding of "Good" and will remain on a two-year Review Cycle. Two State Appraiser Compliance Reviews were finalized and approved by the Chairman under delegated authority. Indiana and New Mexico were awarded a Finding of "Needs Improvement." Indiana will remain on a two-year Review Cycle with off-site monitoring; New Mexico will remain on a two-year Review Cycle with a Follow-up Review in six months.

There were six State AMC Program Compliance Reviews finalized and approved by the Executive Director under delegated authority. Idaho, New Mexico and Oklahoma were awarded a Finding of "Excellent" and will remain on a two-year Review Cycle. Iowa, Virginia and Wyoming were awarded a Finding of "Good" and will remain on a two-year Review Cycle. R. Taft asked if the issues in the New Mexico Report were the same as previously reported. A. Bohorfoush responded that they were not.

- **Grants Report**

M. Abbott said that the ASC will be asked to consider the following items for approval at this Meeting: (1) Adoption of the new ASC Grants Handbook (Handbook), which provides the policies and procedures for the ASC's grantmaking activities and replaces the ASC's Appraisal Foundation and State Grant Policies; (2) approval of the FY20 Appraisal Foundation's (TAF) grant proposal and (3) approval of the Investigator Training Program (ITP) for FY20. The Handbook will incorporate the Office of Management and Budget (OMB) Uniform Guidance which sets standards related to administrative requirements, costs and accounting principles, and audit requirements for managing federal awards in 2 CFR Part 200. This Uniform Guidance will be formally adopted by the ASC as a rule in 2020. ASC staff met with TAF to discuss the adoption of the Handbook and how it will affect future grants. M. Abbott noted that the meeting was productive and TAF will adjust and resubmit its grant proposal budget to him. E. Nkemngu added that TAF welcomes the changes and felt that the grant would be administered more efficiently. R. Taft suggested that acronyms be listed on a separate page and to replace staff names with staff titles in the Handbook. He asked if the ASC Delegations of Authority will be amended. A Ritter responded that she will amend the Delegations for approval by the ASC. M. Abbott said that he will provide Handbook updates to the ASC at its quarterly meetings. He proposed that the ASC General Counsel review and approve non-substantive changes. Appendices will also be added and updated as needed. A. Lindo asked if OMB is required to review the Handbook as

it is a public document. M. Abbott responded that is not required as the Handbook incorporates OMB guidance, and added that internal policies will be developed as necessary. He also commented that the ASC is not covered by the Inspector General's Act, which has clear lines of authority and specific ways of managing a financial audit of grant funds. The ASC can set its own policies for audits such as having audits done by a 3<sup>rd</sup> party. T. Segerson asked if the ASC needs to follow the procedures in Executive Order 13891. A. Ritter said she would reach out to the OMB Desk Officer. T. Segerson asked who is responsible for the cost of TAF's financial audit. M. Abbott responded that the ASC would pay for the audit and funding was included in the FY20 budget.

Turning to the TAF FY20 grant proposal, ASC staff recommends funding \$471,348 for the AQB and ASB, and \$314,068 for the Investigator Training Program (ITP). M. Abbott said that in future years, a Notice of Funding Availability will be published allowing other entities to submit proposals. States could also request funds directly from the ASC for ITP travel. The recommended funding of the ASC's portion for the AQB and ASB is higher than FY19 due to increased travel costs. The revised grant budget will detail the operating costs covered by the ASC and TAF. The AQB is requesting funding for one additional meeting in FY20, cost of living adjustment for staff and an occupational analysis of the Exam Content Outlines. The indirect cost rate is the percentage used in past grants but will be renegotiated for future grants. The ASB is planning to hold four meetings in FY20 and updating the USPAP content for various educational offerings. M. Abbott is also requesting that funding in the amount of \$429,677 for FY21 and \$462,507 for FY22 for the work of the AQB and ASB be committed but not obligated. This would assist the ASC and TAF in preparing future budgets. These amounts would be contingent on TAF meeting requirements and subject to revisions. J. Schroeder asked for clarification that once the grant is approved it will detail the ASC and TAF costs. M. Abbott responded yes and added that cost shares are often associated with federal grants. R. Taft asked how this would be reflected in the ASC financial statements. M. Abbott answered that the total cost of grants will be explained in the budget notes. A. Lindo commented that TAF should clearly spell out the work that the AQB and ASB plan to accomplish for the year and noted the benefits of the ITP can be seen in ASC Compliance Review Reports. M. Abbott added that the ASC can discuss outcomes for the grant in the next grant cycle. E. Nkemngu said that the grant request is determined by the projects that the AQB and ASB foresee completing in the coming year. A. Lindo asked if the ASC could approve a three-year grant. M. Abbott responded that the ASC could start a three-year approval cycle in FY21. J. Jilovec asked if the costs for future years would be based on historical costs. M. Abbott responded that ASC staff does not expect the costs to vary widely. He added that TAF will provide a revised grant budget to the ASC after a grant is approved.

- **Financial Manager**

G. Hull reported on grant reimbursement requests processed since the August 28<sup>th</sup> ASC Meeting. A request of \$10,512 for June 2019 covered expenses for staff support for the AQB, ASB and ITP. The July 2019 request of \$100,716 covered expenses for National

Uniform Appraiser Exam meetings in Houston, TX and Level II ITP training in Tampa, FL. The August 2019 request for \$53,812 covered expenses of the National Exam psychometric consultant and staff support work for the AQB, ASB and ITP. The total of \$165,040 was reimbursed and \$165,136 remains.

He reported on the ASC's financial status as of September 30<sup>th</sup>. The ASC received approximately \$4.7M in total fees. Of that amount, \$833,000 was AMC Registry fees. The FY19 budget projection was \$3.4M and no AMC Registry fees were included in that projection since States have been given until June 4, 2020 to populate the AMC Registry. FY19 expenses are being finalized for the audit scheduled for early December. He anticipates that the total expenses will be very close to the budgeted amount of \$3.8M.

## **ACTION ITEMS**

- **August 28, 2019 Open Session Minutes**

R. Witt made a motion to approve the August 28<sup>th</sup> open session meeting minutes incorporating edits submitted by FDIC. R. Taft seconded and all members present voted to approve. The vote passed 6-0 with J. Jilovec abstaining as he was not the FDIC representative at the time.

- **Grant Procedures Handbook**

A. Lindo reiterated the Handbook discussion as part of the Grants Director Report. ASC staff will include an acronym page and references to ASC staff names will be changed to position titles. A summary of ASC board issues presented by the Handbook will be completed but not part of the Handbook. J. Jilovec requested additional time to review the Handbook. A. Ritter responded that if approval of the Handbook is tabled, the ASC could schedule a Special Meeting. J. Jilovec asked if a Special Meeting could be scheduled in early December. A. Lindo asked members for availability in December for a 30-minute Meeting by conference call. M. Abbott said TAF's Board of Trustees could be provided a draft of the Handbook at its November 14-16 Meeting. T. Segerson asked if the Handbook would need to be published in the *Federal Register* for public comment. M. Abbott said the draft Handbook, except for the audit process, is the usual and customary policy in Federal grants management including adoption of the OMB supercircular. A. Lindo suggested that the vote on the Handbook be tabled and requested that A. Ritter determine if the ASC has to abide by Executive Order 13891, and any other applicable Executive Orders, and provide her findings to the ASC. A. Ritter said that ASC staff will contact ASC members to determine availability in early to mid-December for a Special Meeting via conference call.

- **Appraisal Foundation FY20 Grant Proposals**

M. Abbott noted the funding requests for ASB, AQB and ITP as discussed under the Grants Director Report. R. Taft moved for approval of the FY20 TAF grant in the amount of \$471,348 for the work of the AQB and ASB and \$314,068 for the ITP. R. Witt seconded and all members present voted to approve. R. Taft asked if any changes will be made to the ASC's financial controls in light of the new grant process. G. Hull responded "yes," and M.

Abbott added that monthly reimbursements requests would no longer be submitted. A financial audit of the grant will determine that funds have been spent appropriately.

The Open Session adjourned at 11:25 a.m. The next regularly scheduled ASC Meeting will be held on February 12, 2020.