

**APPRAISAL SUBCOMMITTEE-FFIEC
QUARTERLY MEETING MINUTES
NOVEMBER 20, 2024**

LOCATION: Webex

ATTENDEES

MEMBERS: CFPB – Zixta Martinez (Chair)
FDIC – Luke Brown (Vice Chair)
FRB – Sarah Chae
NCUA – Ian Marenna
OCC – Enice Thomas

ALTERNATES: CFPB – David Bleicken
FDIC – Tom Lyons
FHFA – Julie Giesbrecht
HUD – Brian Barnes
NCUA – Mike Dondarski
OCC – Jim Rives

STAFF: Executive Director – Jim Park
General Counsel – Matt Ponzar
Grants Director – Rae Frederique
Compliance Manager – John Brenan
Financial Manager – Girard Hull
Attorney Advisor – Natalie Lutz
Management and Program Analyst – Lori Schuster
IT Project Manager – Brian Kelly
Program Manager – Kelly Luteijn

OBSERVERS: See attached list.

The Meeting was called to order at 10:01 a.m. by Chair Z. Martinez.

REPORTS

• **Chair**

Z. Martinez welcomed attendees to the meeting. She introduced Ian Marenna and Mike Dondarski as the new NCUA primary and alternate members. She thanked former NCUA member Viki Nahrwold for her contributions.

- **Executive Director**

J. Park provided an update since the September 25, 2024 quarterly ASC meeting.

- He noted that this is the last ASC meeting of 2024 and provided some highlights for the year such as the completion of the 2024-2028 ASC Strategic Plan and the ASC hearings held over 2023-24. Transcripts and videos of the ASC hearings are available on the ASC website. He noted that the Appraisal Foundation (TAF) has changed some processes as a result of the ASC hearings. TAF has allowed ASC staff to attend closed meetings and there is more transparency. He thanked the ASC staff for their hard work and ASC board members for their leadership. Z. Martinez also thanked the board members and ASC staff for their work and contributions this year.

- **Compliance Reviews**

J. Brennan provided an update on the Compliance Review Program since the September 25, 2024 quarterly ASC meeting. Three Appraiser Program Compliance Reviews were completed. The Alaska Program received a finding of Good and was issued by the Executive Director under the delegation of authority. The Program had areas of concern under Statutes, Regulations, Policies and Procedures, and the adoption and/or implementation of AQB Real Property Appraiser Qualification Criteria. The Guam and Maryland Appraiser Programs each received a finding of Needs Improvement and were issued by the ASC Chair under the delegation of authority. The primary concerns related to Statutes, Regulations, Policies and Procedures, Temporary Practice, the Application Process, timely payment of National Registry invoices, and adequately documented application processes. Guam and Maryland will remain on a two-year Review Cycle.

Two State Appraisal Management Company (AMC) Program Compliance Reviews were completed. The Alaska and Maryland AMC Programs each received a finding of Good and were issued by the Executive Director under the delegation of authority. The concerns related to Statutes and Regulations and timely payment of National Registry fees. Alaska and Maryland will remain on a two-year Review Cycle.

Currently, there are 20 Appraiser and 16 AMC State programs that are in various stages of a Compliance Review. As previously reported to the Board, ASC staff continues to see a growing trend of difficulties States are having with compliance as will be discussed later in this meeting.

- **Grants Program**

R. Frederique provided a Grants update to the Board. Round one of the State Appraiser Regulatory Agency Support (SARAS) grants were awarded to Arizona, Arkansas, California, Louisiana, Minnesota, Oregon, Texas, Utah, and Wisconsin. She noted that California, Oregon, and Wisconsin are first-time applicants. Round two grant submissions resulted in six applications being submitted to the ASC for consideration, and those applications are pending award notifications. In Fiscal Year (FY) 2024, the ASC also awarded a grant to TAF to support Appraiser Qualification Board activities. ASC grants staff are working on the

FY25 Notices of Funding Availability for SARAS and TAF. In FY25, grant funds for SARAS will increase from \$120,000 to \$200,000 per year for three years. The TAF annual grant will increase from \$250,000 to \$300,000 per year.

- **Financial Manager**

G. Hull provided an overview of the financial status as of September 30, 2024. Based on unaudited financial statements, the ASC has recognized approximately \$9.7M in total revenue, representing 86% of the FY24 targeted revenue amount of \$11.2M. The total FY24 revenue consists of \$6.2M in AMC Registry fees and \$3.5M in Appraiser Registry fees. Regarding expenses, the total for FY24 is \$7.7M representing 85% of the budgeted \$9M. The FY24 audit is scheduled to start on December 2. Once the audit is finalized, ASC Board members will receive a copy of the audit report, and it will be published in the 2024 ASC Annual Report.

ACTION ITEMS

- **September 25, 2024 Quarterly Meeting Minutes**

Z. Martinez asked for a motion to approve the September 25 quarterly meeting minutes as presented. J. Giesbrecht made a motion to approve the September 25 quarterly meeting minutes as presented and B. Barnes seconded. All members present voted to approve the motion.

- **Policy on Monitoring and Reviewing the Appraisal Foundation**

J. Park said that Title XI requires the ASC to monitor and review TAF's organizational structure. In 2020, TAF began restricting ASC staff access to its closed meetings as well as written materials. The ASC does not have oversight authority over TAF, so ASC staff relies on TAF to provide relevant materials to ASC staff. He added that the relationship is improving under the new TAF President. This Policy will allow the ASC to carry out its responsibilities. The Practical Guide is for Internal reference and will not be a part of the Policy. S. Chae moved for approval of the Policy on Monitoring and Reviewing TAF and J. Giesbrecht seconded. All members present voted to approve the motion.

- **Notice of Proposed Rulemaking on Enforcement**

N. Lutz provided a high-level overview of the Notice of Proposed Rulemaking on Enforcement (Proposed Rule). The Proposed Rule implements a framework to govern the ASC's enforcement authority regarding the effectiveness of Appraiser and AMC Programs overseen by State Appraiser Regulatory Agencies (SARA). This Proposed Rule would authorize the ASC to impose interim enforcement actions against SARAs. It would also establish a consistent enforcement approach and codify the existing compliance review process with some modifications. According to 12 U.S.C. 3347, the ASC may impose certain sanctions on SARAs that fail to have an effective appraiser regulatory program. To determine whether an Appraiser or AMC program is effective, the statute requires the ASC to perform an analysis of key program functions that include (1) the licensing and certification of

appraisers, (2) the registration of AMCs, (3) the issuance of temporary licenses and certifications for appraisers, (4) the receiving and tracking of submitted complaints against appraisers and AMCs, (5) the investigation of complaints, and (6) enforcement actions against appraisers and AMCs. Under the Proposed Rule, the ASC would perform an analysis of the key program functions as required by 12 U.S.C. 3347, to evaluate the effectiveness of an Appraiser or AMC Program as part of the compliance review process. Any deficiencies will be noted in the Preliminary and Final Compliance Review Reports. Based on the number of deficiencies in the program, it would be rated as effective, moderately effective, slightly effective, or ineffective. If a State fails to have an effective Appraiser or AMC program the ASC would undertake an interim action against the SARA as an alternative to non-recognition. The ASC could undertake three potential interim enforcement actions against a SARA, to include warning letters, negotiated agreements, and suspensions. The ASC could also impose non-recognition as an enforcement action. The Proposed Rule would significantly improve the ASC's oversight of the States. If the Board approves the Proposed Rule, comments would be allowed for 60 days after publication in the Federal Register. She also requested that the Board grant delegated authority to ASC staff to make any non-substantive edits in its motion such as grammatical or typographical errors and any clarifying edits. S. Chae moved to approve the Proposed Rule as presented along with delegated authority to ASC staff to make any non-substantive edits and I. Marenga seconded. All members present voted to approve the motion.

- **Compliance Reviews**

- **Indiana Appraiser Program Compliance Review**

J. Brennan noted that ASC staff recommend a rating of Not Satisfactory. The 2019 Compliance Review had a rating of Needs Improvement. Continuing education audits continue to be an issue. Indiana also has new staff who are unfamiliar with their Title XI-related duties. Program funding is also an issue. All disciplinary actions are not being reported to the ASC National Registry. ASC staff will confirm that appropriate actions are being taken in its next review. Indiana will be moved to a one-year review cycle with the next review scheduled in spring 2025. J. Giesbrecht moved to approve the Indiana Appraiser Compliance Review as presented and I. Marenga seconded. All members present voted to approve the motion.

- **Indiana Appraisal Management Company Program Compliance Review**

J. Brennan noted that ASC staff recommend a rating of Not Satisfactory. Indiana began regulating AMCs in July 2010. Indiana was out of compliance in several areas under Statutes, Regulations, Policies and Procedures as well as National Registry reporting. ASC staff will confirm that appropriate actions have been taken at its next review in spring 2025 and the State will be placed on a one-year review cycle. I. Marenga moved to approve the Indiana AMC Program Compliance Review as presented and S. Chae seconded. All members present voted to approve the motion.

- **South Dakota Appraiser Program Compliance Review**

J. Brennan stated that ASC staff recommends a rating of Not Satisfactory. Initially, the State was uncooperative during the Compliance Review process. ASC staff were not able to access electronic files and were eventually given access to hard copy files. The Executive Director that participated in the Compliance Review is no longer with the Program. South Dakota is out of compliance in several areas such as National Registry, Application Process, Reciprocity, Education, and Enforcement. ASC staff will confirm that appropriate actions have been taken in a follow-up review scheduled for spring 2025. South Dakota will be placed on a one-year review schedule. J. Giesbrecht moved to approve the South Dakota Appraiser Compliance Review as presented and S. Chae seconded. All members present voted to approve the motion.

○ **U.S. Virgin Islands Appraiser Program Compliance Review**

J. Brennan said that ASC staff recommend a rating of Not Satisfactory. Since 2011, Compliance Reviews have had ratings of Not in Substantial Compliance or Needs Improvement. The U.S. Virgin Islands was out of compliance in Statutes, Regulations, Policies and Procedures, National Registry and Enforcement. A response was not received to the current preliminary compliance review. ASC staff will confirm corrective actions by immediately requiring that all outstanding national registry invoices be paid, require a quarterly complaint log, and require the U.S. Virgin Islands to update its statute and regulations. The U.S. Virgin Islands will be placed on a one-year review cycle with a follow-up scheduled for spring 2025 and a full review in 2026. I. Marenga moved to approve the U.S. Virgin Islands Appraisal Compliance Review as presented and S. Chae seconded. All members present voted to approve the motion.

Z. Martinez thanked Board members and ASC staff for their hard work for this meeting. She also thanked observers for attending today's meeting. The meeting was adjourned at 10:54 a.m. The next quarterly ASC meeting is scheduled for March 12, 2025.

Attachment: Observer list

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| Meeting: | Appraisal Subcommittee Quarterly Meeting | Meeting Date: | November 20, 2024 |
| Contact: | Lori Schuster | Location: | Webex |
| Time: | 10:00 AM ET | Alternate Contact: | Brian Kelly |

| Affiliation | Name |
|--|--------------------|
| Appraisal Institute | Brendan Donnelly |
| Appraisal Institute | Brian Rodgers |
| Dennis Badger & Associates, Inc. | Dennis Badger |
| Champions School of Real Estate | Caty Brignac |
| Champions School of Real Estate | Henry Britt |
| Consumer Financial Protection Bureau | Deana Krumhansl |
| Consumer Financial Protection Bureau | Ericka McDonald |
| Consumer Financial Protection Bureau | John Schroeder |
| Consumer Financial Protection Bureau | Nina Ye |
| Federal Deposit Insurance Corporation | Erin Barry |
| Federal Deposit Insurance Corporation | Stuart Hoff |
| Federal Deposit Insurance Corporation | Patrick Mancoske |
| Federal Deposit Insurance Corporation | Evelyn Manley |
| Federal Deposit Insurance Corporation | Mark Mellon |
| Federal Deposit Insurance Corporation | Lauren Whitaker |
| Federal Deposit Insurance Corporation | Meron Wondwosen |
| Federal Financial Institutions Examination Council | Kaelin Browne |
| Federal Financial Institutions Examination Council | Rosanna Piccirilli |

| Affiliation | Name |
|--|----------------------|
| Federal Housing Finance Agency | Sara Todd |
| Federal Reserve Board | Trevor Feigleson |
| Federal Reserve Board | David Imhoff |
| Federal Reserve Board | Matt McQueeney |
| Federal Reserve Board | Anthony Sarver |
| Federal Reserve Board | Derald Seid |
| Federal Reserve Board | Matt Suntag |
| Freedom Mortgage | Jessica Jenkins-Tome |
| Joseph Mier & Associates | Joseph Mier |
| National Credit Union Administration | Rachel Ackmann |
| National Credit Union Administration | Simon Hermann |
| National Credit Union Administration | Naghi Khaled |
| Office of the Comptroller of the Currency | Carolle Cantwell |
| Office of the Comptroller of the Currency | Kevin Lawton |
| Office of the Comptroller of the Currency | Marta Stewart-Bates |
| Real Estate Valuation Advocacy Association | Mark Schiffman |
| The CE Shop | Melissa Cannata |