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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** April 25, 2018

**RE:** May 9, 2018 ASC Meeting Package

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## **OPEN SESSION**

- Agenda for May 9<sup>th</sup> ASC Open Session Meeting
- Reports
  - Executive Director's Report
  - Financial Manager's Reports: FY18 Mid Year Budget Summary and FY17 ASC Financial Audit
- February 14<sup>th</sup> ASC Open Session Meeting Minutes  
(If you would like a Word version of the Minutes for editing, please let us know. Your edits can be submitted to Lori Schuster ([Lori@asc.gov](mailto:Lori@asc.gov)) by close of business, May 7<sup>th</sup>. A revised draft incorporating any edits received will be provided for the May 9<sup>th</sup> Meeting.)
- FY17 State Investigator Training Grant Reprogramming Request
- Proposed Revisions to ASC Delegations of Authority
- Requests from six States (Alabama, Alaska, Kentucky, Nevada, New York, and Oklahoma) for an Extension of the Implementation Period to establish an AMC Program

## **GRANT REIMBURSEMENTS**

- October-December 2017 Appraisal Foundation grant reimbursement requests reviewed and approved by ASC staff

## **FYI - INFORMATIONAL ITEMS**

- Revised ASC Policy Statements effective March 2018
- State Program Status Report through April 18, 2018

- Compliance Review Reports: Illinois, Maryland
- Real Property Appraiser Qualification Criteria Summary of Changes effective May 1, 2018
- Appraiser Qualifications Board February 1, 2018 Meeting Summary
- Emails from two appraisers regarding ASC denial of TriStar Temporary Waiver Request
- Letter from ASC staff to Alan Gertner regarding request to investigate the Texas Appraiser Licensing and Certification Board
- Yearly and monthly appraiser credential totals
- ASC Ethics Program Review Report by Office of Government Ethics
- Approved minutes of the November 8, 2017 ASC Open Session Meeting

**BRIEFING SUMMARY NOTES**

- Summary Notes from the February 14<sup>th</sup>, March 23<sup>rd</sup> and April 12<sup>th</sup> ASC Briefings

# Open Session Cover Page

May 9, 2018



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**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

## Agenda

**Date:** May 9, 2018  
**Time:** 10:00 a.m.  
**Location:** FRB, International Square  
1850 K Street NW Rooms K-7035/7039  
Washington, DC 20006  
Metro Stop: Farragut West - 18th Street Exit

### Open Session

#### Reports

- **Chairman** **A. Lindo**
- **Executive Director** **J. Park**
- **Delegated State Compliance Reviews** **D. Graves**
- **Financial Report** **G. Hull**

#### Action and Discussion Items

- **February 14, 2018 Open Session Minutes** **A. Lindo**
- **Reprogramming Request for State Investigator Training Grant** **G. Hull**
- **Revisions to ASC Delegations of Authority** **A. Ritter**
- **State Requests for Extension of Implementation Period to establish AMC Program** **A. Ritter**
- **Selection of ASC Vice-Chair** **J. Park**

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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** April 25, 2018

**RE:** Executive Director's Report

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### **Appraisal Subcommittee Meetings and Briefings**

The next ASC Meeting will be held at 10:00 a.m. May 9, 2018, at the Federal Reserve Board facilities, International Square, 1850 K Street NW, 4th Floor, Washington, DC. There will be an Open Session. No Briefing is scheduled.

### **Appraisal Foundation Monitoring and Review**

#### **Appraisal Standards Board (ASB)**

The ASB held a work session and public meeting April 19-20 in Las Vegas, NV. The Foundation is now live streaming their public meetings. 285 viewers watched the ASB public meeting which focused on the January 30, 2018, Discussion Draft – Potential Areas of Change for the 2020-21 edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). The Draft examined the following areas of USPAP for potential revision:

- Reporting Options
- SCOPE OF WORK RULE
- Comments in Standards Rules
- DEFINITIONS
- Review of Advisory Opinions
- Other edits to improve clarity and enforceability of USPAP

Recognizing that there are many new forms and formats in which opinions of value can be communicated, the ASB is considering a review of the reporting requirements in USPAP. The goal is to ensure that USPAP continues to promote and maintain a high level of public trust in appraisal practice while keeping up-to-date with an ever-changing marketplace. The most significant change to be proposed in their next exposure draft will be eliminating the Restricted Appraisal Report option and having one reporting option (Appraisal Report) that is controlled by minimum requirements but otherwise open to the needs of the client. The first exposure draft is expected before the end of May.

Staff also monitored conference calls by the Appraiser Qualifications Board (AQB) and Board of Trustees.

### **National Registry of AMCs (AMC Registry)**

We are in the final stages of building the AMC Registry. In testing, we determined that the initial billing schema could be significantly improved with a few changes. That required pushing the launch date back from June 4 to July 16. It is unclear how many States will add AMCs to the Registry at its outset.

### **Policy Statements**

The revised Policy Statements, approved at the February 14, 2018 ASC Meeting, were published in the *Federal Register* on March 5, 2018.

### **National Registry of Appraisers Upgrades**

There are 37 States now using the Unique Identification Number (UID) software. Seven States are now using the SOAP system and four more are in development.

### **2017 ASC Annual Report**

The Annual Report is almost complete. We are going through the final edits and it should be ready to send to the Board for a notation vote in the next couple of weeks.

### **Other Meetings and Presentations**

- Presented at Valuation Expo in Charleston, SC March 20.
- Presented at National Association of Appraisers Conference Nashville, TN April 9.
- Participated in the Valuation Roundtable hosted by the Appraisal Foundation Washington, DC April 11.

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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Girard Hull, Financial Manager

**DATE:** May 9, 2018

**RE:** FY18 Mid-Year Status of ASC Revenue & Expenses

The following information presents the ASC fiscal year 2018 (FY18) mid-year financial status for the period ending March 31, 2018.

### **ASC Revenues**

As of March 31, 2018, the ASC has recognized revenue of \$1.9M, representing 111% of budgeted revenue of \$1.7M for this fiscal period. The variance in year-to-date revenue is \$192K more than budgeted revenue. At \$1.9M revenue recognized year-to-date, this level also represents 56% of the total annual budgeted revenue of roughly \$3.5M.

In comparison to FY17 revenue at March 31, 2017, the mid-year revenue for FY18 is 10% higher. Based on current activity, we anticipate full recognition of the FY18 revenue amount of \$3.5M.

During FY17, roughly \$1.4M was deposited into the ASC restricted funds account. In April of FY18, 75% of this amount, or \$1.03M, was requested for transfer back into the ASC operating account as available funds. This leaves \$346K remaining, or 25%, as the total FY17 restricted PAYGO funds.

ASC reserves for the period ending March 31, 2018, amounted to approximately \$4.8M, showing an increase of 4.5% over ASC reserves for the same period in FY17.

### **ASC Expenditures**

As of March 31, 2018, ASC expenditures totaled roughly \$1.9M, representing 102% of budgeted expenditures for the same fiscal period. The variance in year-to-date expenditures is \$48K more than projected mainly due to depreciation expense. At \$1.9M of total expenditures to date, this level represents roughly 51% of the total annual budgeted expenditures of \$3.6M.

The attached Statement of Profit and Loss (Budget vs. Actual) for the period ending March 31, 2018, shows the line item expenditures (Help Desk Services, Dues & Subscriptions, Consulting Services, Annual Audit of ASC, and Project Services - UID/SOAP) that are significantly higher than the budgeted amounts for this period. Most of these expenditures represent total costs for

FY18 whereas the budget comparisons are only through March 31, 2018. However, additional audit requirements mandated by the Office of Management & Budget (OMB) resulted in increased audit costs. In the remaining months, these variances will level off as expenditures remain relatively constant and budgeted amounts increase by period(s).

We acknowledge that expenses for the National Registry of AMCs may approach the 25% overage threshold, but we anticipate its completion during FY18, which will result in it being reclassified as an asset. We do not anticipate cost overruns for IT Services. ASC travel costs are projected to increase significantly from April through September as scheduled Compliance Review travel increases. However, we do not project overspending for FY18 agency travel.

The ASC continues to operate under a 6.6% sequestration of available cash receipts as per the mandate of the OMB.

### **Financial Operations**

To date, the ASC has not encountered any unforeseen or unusual expenditures, and agency fiscal operations remain stable.

Attachments:

ASC Statement of Profit & Loss (Budget vs. Actual) October 2017 – March 2018

ASC Balance Sheet (as of March 31, 2018)



**The Appraisal Subcommittee**  
**Profit & Loss Budget vs. Actual**  
 October 2017 through March 2018

				Oct '17 - Mar 18	Budget	% of Budget thru 3/31/18	Annual Budget	% of Total Annual Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
			40000 · Appraiser Fees (Sales Income)	\$ 1,932,277	\$ 1,740,000	111.1%	\$ 3,480,000	55.5%
<b>Total Income</b>				1,932,277	1,740,000	111.1%	3,480,000	55.5%
<b>Gross Profit</b>				1,932,277	1,740,000	111.1%	3,480,000	55.5%
<b>Expense</b>								
<b>61700 · Computer and Internet Expenses</b>								
			61725 · Hardware	0	1,250	0.0%	2,500	0.0%
			61735 · License & SSL Renewals	649	7,025	9.2%	14,050	4.6%
			61745 · IT Contracted Svcs					
			61710 · Maint. of Web site & Regis.	6,300	12,600	50.0%	25,200	25.0%
			61715 · Hosting Web site	5,117	6,000	85.3%	12,000	42.6%
			61730 · Internet Service Provider	6,820	10,344	65.9%	20,688	33.0%
			61740 · Help Desk Services	29,486	18,900	156.0%	37,800	78.0%
			68580 · Appraiser Nat Reg (FFP)	6,300	6,300	100.0%	12,600	50.0%
			61745 · IT Contracted Svcs - Other	8,564	10,960	78.1%	21,920	39.1%
<b>Total 61700 · Computer and Internet Expenses</b>				63,236	73,379	86.2%	146,758	43.1%
<b>62400 · Depreciation Expense</b>								
			62405 · Depr-Existing furn & phones	1,590.00				
			62420 · Depr-Server	4,578.00				
			62425 · Depr-NR of Appraisers Database	50,598.00				
<b>Total 62400 · Depreciation Expense</b>				56,766.00				
			62500 · Dues and Subscriptions	10,915	5,458	200.0%	10,915	100.0%
			64700 · Miscellaneous Expense (General)	439	7,200	6.1%	14,400	3.0%
			64900 · Office Supplies	6,278	6,000	104.6%	12,000	52.3%
<b>66000 · Payroll Expenses</b>								
			66001 · Salaries	785,159	816,649	96.1%	1,633,298	48.1%
			66002 · Personnel Benefits	249,274	190,479	130.9%	380,958	65.4%
			66003 · Transportation Subsidy	3,642	5,175	70.4%	10,350	35.2%
			66004 · Cash Awards	21,104	17,710	119.2%	35,419	59.6%
<b>Total 66000 · Payroll Expenses</b>				1,059,179	1,030,013	102.8%	2,060,025	51.4%
			66100 · Training	591	5,250	11.3%	10,500	5.6%
			66200 · Parking	2,940	3,528	83.3%	7,056	41.7%
			66300 · Consulting Services (OPM Annual Survey)	5,000	2,500	200.0%	5,000	100.0%
			66350 · Annual Audit of ASC	31,100	10,079	308.6%	20,157	154.3%
			66355 · Review of AF Grant	0	3,979	0.0%	7,957	0.0%
			66400 · GSA Services	41,219	36,781	112.1%	73,561	56.0%
			66500 · Postage and Delivery	331	244	135.8%	488	67.9%
			66501 · Transportation of Things	262	450	58.2%	900	29.1%
<b>Total 66600 · Printing and Reproduction</b>				1,779	18,000	9.9%	36,000	4.9%
			66800 · FDMS	0	2,750	0.0%	5,500	0.0%
			67105 · Moving Expense	0	10,000	0.0%	20,000	0.0%
			67100 · Rent Expense	118,307	122,844	96.3%	245,688	48.2%
			68100 · Telephone Expense	20,284	19,040	106.5%	38,080	53.3%
			68400 · Travel Expense	53,851	83,925	64.2%	167,850	32.1%
			68500 · Hotline	1,590	1,590	100.0%	3,180	50.0%
			68575 · Project Services - UID/SOAP	16,129	10,500	153.6%	21,000	76.8%
			68582 · National Registry of AMC's	44,538	33,250	134.0%	66,500	67.0%
<b>68700 · Grant - Expense</b>								
			68705 · Appraisal Foundation Grant	175,000	175,000	100.0%	350,000	50.0%
			68710 · State Grant - Investigator Trng	155,000	155,000	100.0%	310,000	50.0%
<b>Total 68700 · Grant - Expense</b>				330,000	330,000	100.0%	660,000	50.0%
<b>Total Expense</b>				1,864,733	1,816,758	102.6%	3,633,515	51.3%
<b>Net Income</b>				\$ 67,544	\$ (76,758)	-88.0%	\$ (153,515)	-44.0%

**The Appraisal Subcommittee**  
**Balance Sheet**  
As of March 31, 2018

				Mar 31, 18
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
		821 · AS Registry Fee Account		
		821G · Registry Fees- Unrestricted Acc	3,947,252.94	
		821T · Incremental Fee - Restricted	4,293,106.10	
		<b>Total 821 · AS Registry Fee Account</b>	<b>8,240,359.04</b>	
		<b>Total Checking/Savings</b>	<b>8,240,359.04</b>	
<b>Accounts Receivable</b>				
		11000 · Accounts Receivable	230,645.00	
		<b>Total Accounts Receivable</b>	<b>230,645.00</b>	
		<b>Total Current Assets</b>	<b>8,471,004.04</b>	
<b>Fixed Assets</b>				
<b>15000 · Furniture and Equipment</b>				
		15100 · Furniture	31,803.14	
		15200 · Software and Equipment	355,316.64	
		15300 · Server Hardware and Equipment	98,571.64	
		15305 · NR of Appraisers Database	303,594.22	
		<b>Total 15000 · Furniture and Equipment</b>	<b>789,285.64</b>	
<b>17000 · Accumulated Depreciation</b>				
		17100 · Furniture - Accum Depr.	-29,656.00	
		17200 · Accum Depr. - Software & Equip.	-355,317.00	
		17300 · Accum Depr. - Server	-89,164.16	
		17305 · Accum Depr. - NR of A Database	-67,464.00	
		<b>Total 17000 · Accumulated Depreciation</b>	<b>-541,601.16</b>	
		<b>Total Fixed Assets</b>	<b>247,684.48</b>	
<b>TOTAL ASSETS</b>			<b>8,718,688.52</b>	

**The Appraisal Subcommittee**  
**Balance Sheet**  
As of March 31, 2018

				Mar 31, 18
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
			20001 · *Accounts Payable	311,445.42
<b>Total Accounts Payable</b>				311,445.42
<b>Other Current Liabilities</b>				
			21016 · Deferred Revenue 2016	-1,494,624.00
			21017 · Deferred Revenue 2017	1,494,624.00
			21018 · Deferred Revenue FY18 (CY)	678,549.00
<b>24000 · Payroll Liabilities</b>				
			24100 · Accrued Payroll & Benefits	79,181.68
			24200 · Accrued Annual Leave	231,949.25
<b>Total 24000 · Payroll Liabilities</b>				311,130.93
<b>Total Other Current Liabilities</b>				989,679.93
<b>Total Current Liabilities</b>				1,301,125.35
<b>Long Term Liabilities</b>				
<b>25000 · Restricted Incremental Fees</b>				
			25012 · Restricted Incremental Fees 12	149,131.00
			25013 · Restricted Incremental Fees 13	313,906.00
			25014 · Restricted Incremental Fees 14	379,993.00
			25015 · Restricted Incremental Fees 15	376,869.00
			25016 · Restricted Incremental Fees 16	364,076.00
			25017 · Restricted Incremental Fees 17	367,688.00
			25018 · Restricted Incremental Fees 18	207,079.00
			25019 · Restricted Incremental Fees 19	60,206.00
			25020 · Restricted Incremental Fees 20	1,834.00
			25021 · Restricted Incremental Fees 21	413.00
			25022 · Restricted Incremental Fees 22	11.00
<b>Total 25000 · Restricted Incremental Fees</b>				2,221,206.00
<b>26000 · Deferred Revenue</b>				
			26019 · Deferred Revenue - 2019	401,675.00
			26020 · Deferred Revenue - 2020	12,450.00
			26021 · Deferred Revenue - 2021	2,750.00
			26022 · Deferred Revenue - 2022	75.00
<b>Total 26000 · Deferred Revenue</b>				416,950.00
<b>27000 · Deferred Rent</b>				7,810.07
<b>Total Long Term Liabilities</b>				2,645,966.07
<b>Total Liabilities</b>				3,947,091.42
<b>Equity</b>				4,771,597.10
<b>TOTAL LIABILITIES &amp; EQUITY</b>				<b>8,718,688.52</b>

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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Girard Hull, Financial Manager

**DATE:** May 9, 2018

**RE:** ASC FY17 Budget vs. Actual Financial Data

We are pleased to report that as of February 28, 2018, the fiscal year 2017 (FY17) annual audit for the Appraisal Subcommittee (ASC) was completed by the accounting firm of O'Connor & Drew, P.C. We received a clean opinion with no findings, weaknesses, compliance issues, or internal control deficiencies.

The ASC's FY17 approved budget totaled roughly \$3.9M. As of September 30, 2017, the ASC budget was expended at 90% with total FY17 expenditures amounting to \$3.5M with \$386K remaining as unspent surplus funds.

The FY17 revenue for the ASC totaled \$3.4M. Projected FY17 revenue was \$3.5M. This amounts to \$23K less or 99.3% of the projected FY17 revenue. The FY17 revenue total is \$43K (or 1.2%) lesser than the FY16 revenue amount of \$3.5M.

FY17 net reserve loss for the ASC amounted to -\$43K representing 11% of the budgeted net reserve loss of approximately -\$406K.

During FY17, the ASC collected approximately \$1.4M in restricted incremental fees for which \$1M will be transferred back into the available operating account.

In FY17, the ASC awarded a \$350K grant to the Appraisal Foundation (TAF) for grant-eligible activities of the Appraisal Standards Board and Appraiser Qualifications Board. The ASC also provided a \$309K grant to the States, which TAF administers, for the FY17 State Investigator Program. The ASC reimbursed TAF for the full grant award of \$350K for FY17 TAF grant-eligible expenditures and \$251K for grant-eligible expenditures administered by TAF for the FY17 State Grant Investigator Training Program. TAF also submitted a \$20K reprogramming request for the State Grant Investigator Training Program, and if approved by the ASC, will increase the total FY17 Investigator Training expenditures to \$271K or 88% of the State Grant Investigator Training approved funds.

Included in the FY17 Audit, which is attached, is the ASC FY17 *Statements of Net Costs, For the Years Ended September 30, 2017* includes the sequestration amount of 6.9% of available cash receipts. The amount of the FY17 funds sequestered was \$237K.

In conclusion, based upon all available information, we do not foresee any risks or contingencies that may significantly or adversely affect our normal financial operations.

Attachment: FY17 ASC Audit Report

# **APPRAISAL SUBCOMMITTEE**

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## **FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

# **APPRAISAL SUBCOMMITTEE**

## **Financial Statements**

**September 30, 2017 and 2016**

### **C O N T E N T S**

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## INDEPENDENT AUDITORS' REPORT

To the Appraisal Subcommittee of the  
Federal Financial Institutions Examination Council  
Washington, DC 20005

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Appraisal Subcommittee, which comprise the balance sheets as of September 30, 2017 and 2016, the related statements of net cost, changes in net position and budgetary resources for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget ("OMB") Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion on Financial Statements**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Appraisal Subcommittee as of September 30, 2017 and 2016, and its net cost, changes in net position and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis* ("MD&A") section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Appraisal Subcommittee's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Appraisal Subcommittee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Appraisal Subcommittee's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Appraisal Subcommittee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 17-03.

### **Management's Responsibility for Internal Control and Compliance**

Appraisal Subcommittee's management is responsible for (1) evaluating effectiveness of internal control over financial reporting based on criteria established under the Federal Managers Financial Integrity Act ("FMFIA"), (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, and (3) ensuring compliance with other applicable laws and regulations.

### **Auditors' Responsibilities**

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 17-03 requires testing, and (3) applying certain limited procedures with respect to the MD&A.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing internal control over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to Appraisal Subcommittee. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 17-03 that we deemed applicable to Appraisal Subcommittee's financial statements for the fiscal year ended September 30, 2017. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

**Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters**

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Appraisal Subcommittee's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Appraisal Subcommittee's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

*O'Connor and Duen, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

February 26, 2018

# **Appraisal Subcommittee**

## **Management's Discussion and Analysis**

**September 30, 2017**

### **ASC History**

The Appraisal Subcommittee (“ASC”) of the Federal Financial Institutions Examination Council (“FFIEC”) was created on August 9, 1989, pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“Title XI”). Title XI’s purpose is to “provide that Federal financial and public policy interests in real estate transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”

In general, the ASC oversees the real estate appraisal process as it relates to federally related transactions, as defined in Section 1121(4) of Title XI(1). The ASC is an FFIEC subcommittee. The FFIEC was established pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The FFIEC is an interagency body empowered to set uniform principles for the examination of federally regulated financial institutions.

Section 1103 of Title XI sets out the ASC’s general responsibilities:

- Monitor the requirements for the certification and licensing of appraisers established by the States, Territories, and the District of Columbia (“States”). The ASC reviews each State’s compliance with the requirements of Title XI and is authorized to take action against non-complying States;
- Monitor the requirements established by the Federal financial institutions regulatory agencies regarding appraisal standards for federally related transactions;
- Maintain a national registry of State licensed and certified appraisers (Registry) who may perform appraisals in connection with federally related transactions; and
- Monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation (Foundation).

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) which includes amendments to Title XI. These statutory amendments expanded the ASC's general responsibilities within each of the aforementioned areas. The ASC will submit a report on its activities during the preceding year annually, by June 15th.

The Dodd-Frank bill also requires the registration and supervision of the operations and activities of appraisal management companies. The ASC will eventually monitor the States' regulations of these entities and maintain a National Registry of Appraisal Management Companies that are either registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a federally regulated financial institution.

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

Before the enactment of Title XI, there were no universally accepted appraisal content standards, no system of licensing appraisers, no appraiser education and experience qualification standards, and no laws requiring the use of appraisals. Title XI created a regulatory framework that includes federal bank regulatory agencies, a federal agency with authority to monitor State activities, a nonprofit appraisal organization, and State agencies that license and certify appraisers.

Title XI also requires the ASC to:

- make grants in such amounts as it deems appropriate to the Foundation to help defray costs relating to the activities of the Appraisal Standards Board (“ASB”) and Appraiser Qualifications Board (“AQB”)
- make grants to State appraiser certifying and licensing agencies in accordance with policies developed by the ASC to support the efforts of such agencies to comply with Title XI, including—
  - the complaint process, complaint investigations, and appraiser enforcement activities of such agencies
  - the submission of data on State licensed and certified appraisers and AMCs to the Appraiser Registry and the AMC Registry, including information affirming that appraisers or AMCs meet required qualification criteria, and information on formal and informal disciplinary actions
  - reporting to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked or suspended

The ASC has seven members, each designated respectively by the head of their agency, including the Board of Governors of the Federal Reserve System (“Federal Reserve”), Consumer Financial Protection Bureau (“CFPB”), Federal Deposit Insurance Corporation (“FDIC”), National Credit Union Administration (“NCUA”), Office of the Comptroller of the Currency (“OCC”), Federal Housing Finance Agency (“FHFA”), and U.S. Department of Housing and Urban Development (“HUD”).

# **Appraisal Subcommittee**

## **Management's Discussion and Analysis – Continued**

**September 30, 2017**

### **The Appraisal Subcommittee's ("ASC") Mission Statement:**

To provide federal oversight of State appraiser regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

### **Strategic Goals**

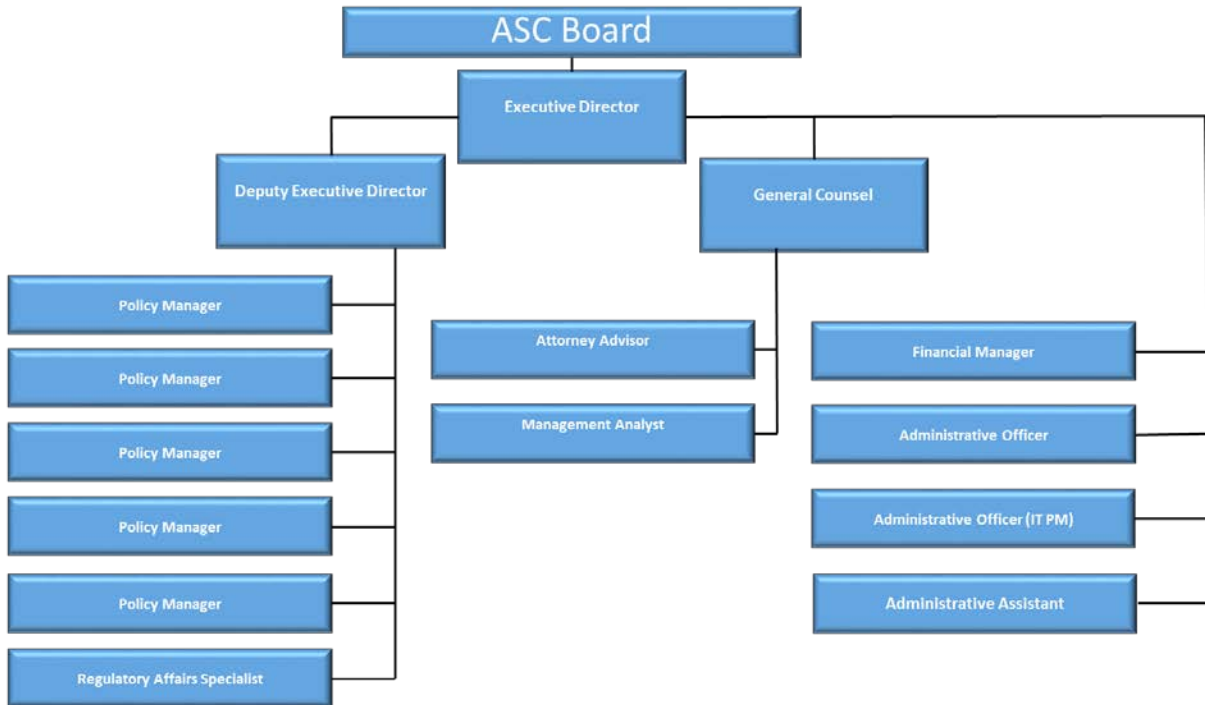
1. Promote Title XI-compliant State appraiser regulatory programs ("State Programs");
2. Monitor changes in regulatory appraisal standards of the ASC member agencies;
3. Monitor and review the practices, procedures, activities, and organizational structure of the Appraisal Foundation ("Foundation");
4. Implement the remaining additional authority granted by the Dodd-Frank Act, including the operation of the Appraisal Complaint National Hotline ("Hotline");
5. Maintain the National Registry of appraisers and develop a National Registry of appraisal management companies ("AMCs"); and
6. Prudently manage the ASC financial and staff resources to fulfill the ASC core statutory mandates.

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

### Appraisal Subcommittee Organizational Chart



# **Appraisal Subcommittee**

## **Management's Discussion and Analysis – Continued**

**September 30, 2017**

### **Performance Goals**

As required by Title XI, the ASC monitors each State's Program for compliance with Title XI, AQB Criteria and ASC Policy Statements. Current Policy Statements are set forth in Appendix H that follows this Annual Report. Appraisers credentialed by State Programs that do not comply with the requirements of Title XI may be prohibited from performing appraisals of real property involved in federally related transactions in that State. The ASC's rating criteria of the State Programs focuses on three key components: (1) complying with Title XI mandates and requirements of ASC Policy Statements; (2) maintaining a strong regulatory program; and (3) limiting overall risk of Program failure.

The ASC monitors State Programs largely through on-site visits to the States; the ASC performs an on-site Compliance Review of each State at least once every two years. Programs that evidence noncompliance in one or more areas may be subject to additional oversight, including Follow-up Reviews, an accelerated Review Cycle and/or off-site monitoring.

The ASC identifies State Programs that may have a significant impact on the nation's appraiser regulatory system. The following 14 States, listed alphabetically, collectively represent over 50% of the credentialed appraisers on the Appraiser Registry: California, Colorado, Florida, Georgia, Illinois, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia and Washington. The ASC performs Priority Contact visits with these States in those years when Compliance Reviews are not scheduled. The ASC also conducts a Priority Contact visit for individual States when a specific concern warrants special attention by the ASC. The primary purpose of the Priority Contact visit is to review topical issues, evaluate regulatory compliance issues and maintain a close working relationship with the State.

In 2016, ASC Policy Managers conducted 25 Reviews; two Follow-up Reviews; and five Priority Contacts.

### **ASC Organizational Overviews**

#### **Compliance Review Process**

The ASC's Compliance Review process is a risk-based review process, focusing on areas of State Programs that are not in compliance with Title XI or that exhibit characteristics which could lead to non-compliance. Effective June 1, 2013, the ASC refined its Compliance Review process to better identify various levels of compliance.



# Appraisal Subcommittee

## Management’s Discussion and Analysis – Continued

**September 30, 2017**

Compliance Reviews are scheduled over a three to four-day period to coincide with a meeting of the State Program’s decision-making body whenever possible. Preliminary Findings are communicated to the State in an ASC staff report and the State is given 60 days to respond. ASC staff then considers the State’s response and makes formal recommendations for final disposition. The ASC, or its designated representative acting under delegated authority, considers the ASC staff report and recommendations along with responses from the State Program before rendering a decision. A final Compliance Review Report and letter to the State with a determination regarding the State’s compliance with Title XI is then issued. Actions taken under delegated authority are presented to the ASC at its next regularly scheduled meeting.

State Programs are issued one of the following Findings:

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> <li>• State meets all Title XI mandates and complies with requirements of ASC Policy Statements</li> <li>• State maintains a strong regulatory Program</li> <li>• Very low risk of Program failure</li> </ul>	2-year
Good	<ul style="list-style-type: none"> <li>• State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements</li> <li>• Deficiencies are minor in nature</li> <li>• State is adequately addressing deficiencies identified and correcting them in the normal course of business</li> <li>• State maintains an effective regulatory Program</li> <li>• <u>Low risk of Program failure</u></li> </ul>	2-year
Needs Improvement	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program</li> <li>• State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies</li> <li>• State regulatory Program needs improvement</li> <li>• Moderate risk of Program failure</li> </ul>	2-year with additional monitoring

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

Not Satisfactory	<ul style="list-style-type: none"> <li>• State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements</li> <li>• Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program</li> <li>• State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing</li> <li>• State regulatory Program has substantial deficiencies</li> <li>• Substantial risk of Program failure</li> </ul>	1-year
Poor	<ul style="list-style-type: none"> <li>• State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements</li> <li>• Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program</li> <li>• State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies</li> <li>• High risk of Program failure</li> </ul>	Continuous monitoring

*\*Program history or nature of deficiency may warrant a more accelerated Review Cycle.*

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

### Appraiser Registry

Title XI requires the ASC to maintain an Appraiser Registry of State certified and licensed appraisers who are eligible to perform appraisals in federally related transactions. As of December 31, 2016, the Appraiser Registry contained slightly more than 96,000 appraiser credentials down 2% from the 98,000 entries at the end of 2015, and down 21% from the peak in 2007 of over 121,000.

The Appraiser Registry is accessible at the ASC's website ([www.asc.gov](http://www.asc.gov)), and is used by appraisers, Federal and State agencies, financial institutions, users of appraisal services, law enforcement, and consumers. Use of the Appraiser Registry is free. The Appraiser Registry allows users to determine whether an appraiser is State certified or licensed to perform appraisals in connection with federally related transactions. Users can also access an appraiser's credential status and determine whether the appraiser's credential is currently suspended, revoked, or surrendered in lieu of State disciplinary action.

The Appraiser Registry facilitates information sharing that assists State Programs in enforcing their appraiser-related statutes and regulations, including temporary practice and reciprocity. Financial institutions and other users also can access the Appraiser Registry to:

- Receive automatic notifications about new revocations, suspensions, surrenders, and certification/license expirations
- Download publicly available information or parts of the Appraiser Registry into predefined queries and user- customized queries
- Verify appraiser credentials
- Set up automatic queries of Appraiser Registry information using a web service which allows computer systems used by lenders, regulatory agencies, and other authorized parties to integrate directly with the Appraiser Registry

The Appraiser Registry also contains non-public data (such as certain disciplinary actions other than suspensions, revocations or voluntary surrenders). Access to nonpublic data is restricted to authorized State regulatory agency representatives.

# **Appraisal Subcommittee**

## **Management's Discussion and Analysis – Continued**

**September 30, 2017**

In 2010, the ASC upgraded the Appraiser Registry to allow States to submit data to the ASC directly from their credential tracking applications. By the end of 2016, 27% of the States were reporting all their appraiser data directly into the Appraiser Registry and all States were entering their appraiser disciplinary data into the Appraiser Registry as a supplement to the data files sent by the State periodically.

These upgrades reduced costs, increased efficiency, and allowed States the opportunity to provide almost immediate updates to the Appraiser Registry, making it a more effective tool for users of appraisal services as well as consumers and law enforcement.

States reported 18,461 disciplinary actions taken against appraisers for misconduct or wrongdoing over the past 10 years.

### **Appraisal Management Company (“AMC”) Registry**

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) included amendments to Title XI. As amended, Title XI requires the ASC to monitor the requirements established by States for the registration and supervision of the operations and activities of appraisal management companies (“AMCs”) and to monitor the requirements established by the Federal financial institutions regulatory agencies with respect to maintaining a National Registry of AMCs (“AMC Registry”) that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution.

As a result of Dodd-Frank Act amendments to Title XI, in May 2016, the ASC published its first proposed rule in over 20 years. The rule would implement the statutory requirement to establish a fee structure for the National Registry of AMCs. The ASC received 104 comments and is considering each of those comments in preparation of the final rule, planned for publication in 2017. The rule would put in place mechanisms to allow those States with an AMC regulatory program to transmit AMC National Registry fees to the ASC. The AMC National Registry framework is complete and will be ready to populate with data in line with the effective date of the final rule.

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

### ASC Grants

#### Foundation Grant

Title XI requires the ASC “to make grants in such amounts as it deems appropriate to the [Foundation], to help defray those costs of the Foundation relating to the activities of the [ASB] and [AQB].”

The Foundation annually submits grant requests to coincide with the ASC's fiscal year for consideration as part of the ASC's budget process. As part of its review of the Foundation's grant proposal, the ASC evaluates whether amounts requested are for “grant-eligible activities” under the ASC's Foundation Grant Policy. For ASB, AQB or BOT expenses to be considered as “grant eligible activities,” they must meet the following requirements:

- ASB expenses must be related to the development, interpretation, amendment or advancement of USPAP, or related special projects and be included in the approved grant budget
- AQB expenses must be related to the development, interpretation, amendment or advancement of the AQB Criteria or related special projects, or maintenance of the National Uniform Examination and be included in the approved grant budget
- BOT expenses must be related to the development, interpretation, amendment or advancement of the USPAP or the AQB Criteria and be included in the approved grant budget
- The ASC evaluates the impact of grant funding on the ASC's financial condition to ensure consistency with its operating standards for maintaining appropriate reserves. The ASC awarded \$350,000 in grant funds to the Foundation in fiscal year 2016. Since the ASC's inception in 1989, it has provided approximately \$21 million in aggregate grant funds.

Approved grant funds generally are disbursed monthly after the Foundation submits a detailed request for reimbursement that includes a summary of the amount and types of expenses and supporting documentation. ASC staff reviews each reimbursement request to ensure expenses requested for reimbursement are related to “grant-eligible activities” and that the expenses were included in the annual grant budget.

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

The ASC employs an independent auditing firm on an annual basis to perform an agreed upon procedures engagement in accordance with standards established by the American Institute of Certified Public Accountants relating to the Foundation grant and the applicable requirements of OMB Circular A-122. The purpose of the engagement is to:

- Ascertain that grant funds are expended for the activities allowed in the grant
- Ascertain that costs charged to the grant are allowed under the grant agreement
- Note whether specific service or expenditure levels are maintained
- Ascertain whether minimum or maximum limits for specified services are met
- Determine whether funds were obligated within the period of availability and obligations were liquidated within the required time period
- Determine whether revenues are correctly recorded and disbursed in accordance with the grant/program requirements
- Determine whether activities related to the grant occurred when the Foundation incurred the expenditure
- Ascertain the costs charged to the meetings are in compliance with the grant agreement
- Ascertain that the costs charged to the grant for conference calls are in compliance with the grant agreement

### State Grant

Title XI also requires the ASC to make grants to the States in accordance with policies developed by the ASC in support of State enforcement activities, in addition to other areas. The ASC provided grant funds in 2016 in the amount \$255,024, administered by the Foundation, in support of the States for the development, presentation and hosting of State Investigator Training Courses. ASC grant funds paid for attendees' meeting materials, lodging and travel expenses for up to three individuals from each State. Positive feedback from the States resulted in the ASC approving funding for investigator training courses for 2017. The ASC continues to review other options for the use of State grant funds, including educational programs for State regulators.

# Appraisal Subcommittee

## Management's Discussion and Analysis – Continued

September 30, 2017

### Overview of the Financial Statements

The Management's Discussion and Analysis introduces ASC's principal statements. The principal statements include: (1) balance sheets, (2) statements of net cost, (3) statements of changes in net position, (4) statements of budgetary resources, and (5) notes to financial statements.

*Balance Sheets* – The balance sheet is a summary of assets, liabilities and net position for each fiscal year. It includes assets in possession or managed by the entity exclusive of items subject to stewardship reporting (assets), amounts owed by the entity (liabilities), and amounts which comprise the difference (net position).

#### SUMMARY BALANCE SHEETS

	<u>2017</u>	<u>2016</u>	<u>Inc / (Dec)</u>
<b>Total Assets</b>	<b>\$ 8,717,853</b>	\$ 8,743,021	\$ (25,168)
<b>Total Liabilities</b>	<b>\$ 3,995,148</b>	\$ 3,976,946	\$ 18,202
<b>Net Position</b>	<b>\$ 4,722,705</b>	\$ 4,766,075	\$ (43,370)

\*Net position consists entirely of cumulative results of operations - other funds

*Statements of Net Cost* – The statements of net cost are designed to show separately the components of the net cost of the reporting entity's operations for the period. The net cost of operations is the gross cost incurred by the reporting entity less any exchange revenue earned from its activities.

#### SUMMARY STATEMENTS OF NET COST

	<u>2017</u>	<u>2016</u>	<u>Inc / (Dec)</u>
<b>Public costs</b>	<b>\$ 3,471,615</b>	\$ 3,514,914	\$ (43,299)
<b>Less: Earned revenue</b>	<b>\$ (3,428,245)</b>	\$ (3,589,898)	\$ 161,653
<b>Net public costs</b>	<b>\$ 43,370</b>	\$ (74,984)	\$ 118,354

# APPRAISAL SUBCOMMITTEE

## Balance Sheets

As of September 30,

### Assets

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Intragovernmental Assets:		
Fund balance with Treasury	\$ 5,719,284	\$ 6,548,344
Restricted fund balance with Treasury	<u>2,097,334</u>	<u>1,747,523</u>
Total Intragovernmental Assets:	7,816,618	8,295,867
Accounts receivable	597,005	414,565
Property and Equipment, net	<u>304,230</u>	<u>32,589</u>
<b>Total Assets</b>	<b><u>\$ 8,717,853</u></b>	<b><u>\$ 8,743,021</u></b>

### Liabilities and Net Position

<b>Liabilities:</b>		
Intragovernmental Liabilities:		
Unearned revenues	\$ 1,403,608	\$ 1,563,193
Restricted funds held for others	<u>2,097,334</u>	<u>1,747,523</u>
Total Intragovernmental Liabilities:	3,500,942	3,310,716
Accounts payable	50,072	109,533
Grants payable	109,895	240,039
Accrued funded rent	14,504	27,892
Accrued funded payroll and leave	79,182	76,939
Unfunded leave	<u>240,553</u>	<u>211,827</u>
<b>Total Liabilities</b>	<b><u>3,995,148</u></b>	<b><u>3,976,946</u></b>
<b>Net Position:</b>		
Unexpended appropriations - other funds	\$ -	\$ -
Cumulative results of operations - other funds	<u>4,722,705</u>	<u>4,766,075</u>
<b>Total Net Position</b>	<b><u>4,722,705</u></b>	<b><u>4,766,075</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 8,717,853</u></b>	<b><u>\$ 8,743,021</u></b>

The accompanying notes are an integral part of the financial statements.



# APPRAISAL SUBCOMMITTEE

## Statements of Net Cost

For the Years Ended September 30,

	<u>2017</u>	<u>2016</u>
<b>Program Costs:</b>		
Public costs	\$ 3,471,615	\$ 3,514,914
Less: Earned revenue from public	<u>(3,428,245)</u>	<u>(3,589,898)</u>
Net public costs	<u>\$ 43,370</u>	<u>\$ (74,984)</u>

*The accompanying notes are an integral part of the financial statements.*

# APPRAISAL SUBCOMMITTEE

## Statements of Changes in Net Position

For the Years Ended September 30,

	<u>2017</u>	<u>2016</u>
<b>Cumulative Results of Operations:</b>		
Beginning Balance	<u>\$ 4,766,075</u>	<u>\$ 4,691,091</u>
Beginning Balance, As Adjusted	<u>4,766,075</u>	<u>4,691,091</u>
 Budgetary Financing Sources:		
Appropriations used	-	-
 Other Financing Sources:		
Imputed financing	<u>-</u>	<u>-</u>
 Total Financing Sources	-	-
Net Cost of Operations (+/-)	<u>(43,370)</u>	<u>74,984</u>
Net Change	<u>(43,370)</u>	<u>74,984</u>
 <b>Cumulative Results of Operations</b>	 <u><b>\$ 4,722,705</b></u>	 <u><b>\$ 4,766,075</b></u>
 <b>Unexpended Appropriations:</b>		
Beginning Balance	<u>\$ -</u>	<u>\$ -</u>
Beginning Balance, As Adjusted	<u>-</u>	<u>-</u>
 Budgetary Financing Sources:		
Appropriations received	<b>3,388,967</b>	3,689,080
Other adjustments	-	-
Appropriations used	<u>(3,388,967)</u>	<u>(3,689,080)</u>
Total Budgetary Financing Sources	<u>-</u>	<u>-</u>
<b>Total Unexpended Appropriations</b>	<u><b>-</b></u>	<u><b>-</b></u>
 <b>Net Position</b>	 <u><u><b>\$ -</b></u></u>	 <u><u><b>\$ -</b></u></u>

*The accompanying notes are an integral part of the financial statements.*

# APPRAISAL SUBCOMMITTEE

## Statements of Budgetary Resources

For the Years Ended September 30,

	<u>2017</u> <u>Budgetary</u>	<u>2016</u> <u>Budgetary</u>
<b>Budgetary Resources:</b>		
Unobligated balance brought forward, Oct 1	\$ <u>4,336,977</u>	\$ 4,184,596
Unobligated balance brought forward, Oct 1, as adjusted	4,336,977	4,184,596
Recoveries from prior year unpaid obligations	343,435	12,950
Other changes in unobligated balance	<u>-</u>	<u>-</u>
Unobligated balance from prior year budget authority, net	4,680,412	4,197,546
Appropriations (Discretionary and Mandatory)	<u>3,388,967</u>	<u>3,689,080</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 8,069,379</u></b>	<b><u>\$ 7,886,626</u></b>
<b>Status of Budgetary Resources:</b>		
New obligations and upward adjustments (total)	\$ 3,925,904	\$ 3,549,649
Unobligated balance, end of year		
Apportioned, unexpired accounts	-	-
Unapportioned, unexpired accounts	<u>4,143,475</u>	<u>4,336,977</u>
Unexpired unobligated balance, end of year	4,143,475	4,336,977
Expired unobligated balance, end of year	-	-
Unobligated balance, end of year	4,143,475	4,336,977
<b>Total Status of Budgetary Resources</b>	<b><u>\$ 8,069,379</u></b>	<b><u>\$ 7,886,626</u></b>
<b>Change in Obligated Balance:</b>		
Unpaid obligations:		
Unpaid obligations, brought forward, Oct 1	\$ 673,942	\$ 543,348
New obligations and upward adjustments	3,925,904	3,549,649
Outlays (gross) (-)	(3,790,393)	(3,406,105)
Recoveries of prior year unpaid obligations	<u>(343,435)</u>	<u>(12,950)</u>
Unpaid obligations, end of year	466,018	673,942
Uncollected payments:		
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)	-	-
Change in uncollected pymts, Fed sources (+/-)	<u>-</u>	<u>-</u>
Uncollected pymts, Fed sources, end of year (-)	-	-
Memorandum (non-add) entries		
<b>Obligated balance, start of year (+/-)</b>	<b><u>\$ 673,942</u></b>	<b><u>\$ 543,348</u></b>
<b>Obligated balance, end of year (+/-)</b>	<b><u>\$ 466,018</u></b>	<b><u>\$ 673,942</u></b>
<b>Budget Authority and Outlays, Net</b>		
Budget authority, gross (discretionary and mandatory)	\$ 3,388,967	\$ 3,689,080
Actual offsetting collections (discretionary and mandatory)	-	-
Recoveries of prior year paid obligations (discretionary and mandatory)	<u>-</u>	<u>-</u>
Budget authority, net (total) (discretionary and mandatory)	3,388,967	3,689,080
Outlays (gross) (discretionary and mandatory)	(3,790,393)	(3,406,105)
Actual offsetting collections (discretionary and mandatory)	<u>-</u>	<u>-</u>
Outlays, net (total) (discretionary and mandatory)	<u>(3,790,393)</u>	<u>(3,406,105)</u>
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b><u>\$ (3,790,393)</u></b>	<b><u>\$ (3,406,105)</u></b>

The accompanying notes are an integral part of the financial statements.

# APPRAISAL SUBCOMMITTEE

## Notes to the Financial Statements

September 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies**

**Organization**

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council (the “Appraisal Subcommittee” or “ASC”) was created by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”) of 1989. The mission of the Appraisal Subcommittee is to monitor the certification and licensing programs of the States to determine compliance with Title XI of FIRREA. The purpose of this title is to ensure that the Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with Federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision. In accordance with Title XI of FIRREA, an appraiser must be registered to perform appraisals connected to federal transactions. Effective January 1, 2012, ASC raised the annual fee assessed to the states from \$25 per registered appraiser to \$40.

The Federal financial institutions regulatory agencies include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau (“CFPB”), the Office of the Comptroller of the Currency, and the National Credit Union Administration. The member agencies of the Appraisal Subcommittee include the Federal financial institutions regulatory agencies, the Department of Housing and Urban Development, and the Federal Housing Finance Agency (“FHFA”). The CFPB and FHFA were added as members to the ASC as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”).

**Basis of Presentation**

These financial statements have been prepared from the accounting records of ASC in accordance with Generally Accepted Accounting Principles (“GAAP”), and the form and content for entity financial statements specified by the Office of Management and Budget (“OMB”) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (“FASAB”), which has been designated the official accounting standards-setting body for the federal government by the American Institute of Certified Public Accountants.

# APPRAISAL SUBCOMMITTEE

## Notes to the Financial Statements - Continued

September 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies - Continued**

*Basis of Presentation – Continued*

OMB Circular No. A-136 requires agencies to prepare financial statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2017, amounts of future economic benefits owned or managed by ASC (assets), amounts owed by ASC (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within ASC and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

*Basis of Accounting*

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular No. A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Significant assumptions made in these financial statements include future collection of receivables, and deferring revenue on the billing and receipt of the incremental fee from \$25 to \$40.

*Fund Balance with U.S. Treasury*

Fund Balance with Treasury is the aggregate amount of the ASC's funds with Treasury in expenditure, receipt, and revolving fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The ASC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

# APPRAISAL SUBCOMMITTEE

## Notes to the Financial Statements - Continued

September 30, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies – Continued**

*Restricted Fund Balance with U.S. Treasury*

Restricted fund balance with the U.S. Treasury are amounts restricted by law that the Appraisal Subcommittee received in conjunction with the \$15 dollar fee increase, as permitted by the Dodd-Frank Act. As part of the fee increase that was effective January 1, 2012, Congress specifically required the ASC to set aside 25% of the increase without specifications as to how it could be used. Accordingly, these funds have been classified as a liability on the balance sheets.

*Accounts Receivable*

Accounts receivable consist of amounts due to the Appraisal Subcommittee for registry fees. As of September 30, 2017 and 2016, management is of the opinion that an allowance for doubtful accounts is not necessary.

*Property and Equipment*

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to ten years. The capitalization threshold is \$5,000 for assets with a useful life of three or more years. For bulk purchases, items will be capitalized when the individual useful lives are at least three years and have an aggregate value of \$15,000 or more.

*Unearned Revenues*

Registry fees received in advance are deferred and recognized as earned during the applicable fee year.

*Annual and Sick Leave Program*

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefits cost. An unfunded liability is recognized for earned but unused annual leave since, from a budgetary standpoint, this annual leave will be paid from future funding sources when the leave is used by employees. The amount accrued is based upon current pay rates of the employees. Sick leave is expensed when used and no liability is recognized as employees have no right to be paid for unused sick leave.

*Tax Status*

The Appraisal Subcommittee is a Federal governmental agency and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

# APPRAISAL SUBCOMMITTEE

## Notes to the Financial Statements - Continued

September 30, 2017 and 2016

Note 2 - **Property and Equipment**

Property and equipment at September 30, consist of the following:

	<u>2017</u>	<u>2016</u>
Computer Equipment	\$ 757,483	\$ 453,889
Furniture	<u>31,803</u>	<u>31,803</u>
	<b>789,286</b>	485,692
Less: accumulated depreciation	<u>485,056</u>	<u>453,103</u>
Net Property and Equipment	<u><b>\$ 304,230</b></u>	<u><b>\$ 32,589</b></u>

Note 3 - **Appraisal Foundation Grant**

Title XI of FIRREA provides that amounts appropriated for, or collected by, the Appraisal Subcommittee be used to make grants to The Appraisal Foundation (the "Foundation") to help defray costs of the Foundation relating to the activities of its Appraisal Standards Board ("ASB"), Appraiser Qualification Board ("AQB"), and State Investigator Training Grants. Since inception of the Appraisal Subcommittee on August 9, 1989, it has made grants to the Foundation under which approximately \$20,022,000 was expended through September 30, 2017. As of September 30, 2017 and 2016, the Appraisal Subcommittee has \$109,895 and 240,039 in undistributed grant funding available to the Foundation for the grant years ending September 30, 2017 and 2016, which is recorded in grants payable.

Note 4 - **Retirement and Benefit Plans**

The Appraisal Subcommittee contributes to the Civil Service Retirement System and the Federal Employees' Retirement System administered by the Office of Personnel Management for the benefit of U.S. Government employees. The retirement plans are participatory. Under the Civil Service Retirement System, the employer and employee each contribute amounts ranging from 7-8 percent of salary to the plan. Under the Federal Employees' Retirement System, 13 percent of salary is contributed by the Appraisal Subcommittee and 1 percent of salary is contributed by the employee.

The Appraisal Subcommittee contributes up to 5 percent of base pay for participants in the Thrift Savings Plan under the Federal Employees Retirement System. Contributions by the Appraisal Subcommittee during fiscal years 2017 and 2016 for the Civil Service Retirement System and the Federal Employees' Retirement System plans aggregated approximately \$267,000 and \$256,000, respectively.

# APPRAISAL SUBCOMMITTEE

## Notes to the Financial Statements - Continued

September 30, 2017 and 2016

Note 4 - **Retirement and Benefit Plans – Continued**

Although the Appraisal Subcommittee contributes a portion of pension benefits for its employees participating in the retirement plans and withholds the necessary payroll deductions from them, it has no liability for future payments to employees under those programs and is not accountable for the assets of the Civil Service and Federal Employees' Retirement Systems, nor does the Appraisal Subcommittee have actuarial data concerning the accumulated plan benefits or the unfunded pension liability relating to its employees. These amounts are reported by the Office of Personnel Management for the retirement systems and are not allocated to the individual employers. The Office of Personnel Management also accounts for all health and life insurance programs for retired Federal employees.

Note 5 - **Interagency Transactions**

The Appraisal Subcommittee has a Memorandum of Understanding with the U.S. General Services Administration ("GSA") to share the costs of office space, including operating costs and real estate taxes, expiring September 2018. Payments are due monthly, as billed by GSA. Base rent expense totaled \$232,007 and \$232,547 for the years ended September 30, 2017 and 2016, respectively. Although the ultimate responsibility of the lease is that of the GSA, the Memorandum of Understanding is a lease agreement in substance rather than form. The minimum future payments required under the agreement to be paid subsequent to September 30, 2017 total approximately \$225,000.

In conducting its administrative operations, the Appraisal Subcommittee uses the services of various other Federal Agencies. The largest of the administrative service arrangements is with the U.S. General Services Administration for certain accounting and reporting functions, and processing of payroll and related benefits. Operating expenses of the Appraisal Subcommittee for fiscal years ended 2017 and 2016 include approximately \$73,000 and \$76,000, respectively, for these services. These costs are included in contracted services on the statements of operations.

Note 6 - **Management's Acceptance of Financial Statements**

*Subsequent Events*

Management has evaluated subsequent events through February 26, 2018, the date for which the financial statements were available for issuance. Management has accepted the financial statements and did not identify any events subsequent to September 30, 2017 requiring disclosure in the financial statements.



**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
FEBRUARY 14, 2018**

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

**ATTENDEES**

**ASC MEMBERS:** FRB – Art Lindo (Chair)  
CFPB – Philip Neary  
FDIC – Marianne Hatheway  
FHFA – Robert Witt  
HUD – Cheryl Walker  
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  
Attorney-Advisor – Ada Bohorfoush  
Policy Manager – Neal Fenochietti  
Policy Manager – Kristi Klamet  
Management and Program Analyst – Lori Schuster  
Administrative Officer – Brian Kelly

**OBSERVERS:** American Society of Appraisers – John Russell  
Appraisal Institute – Bill Garber  
Appraisal Institute - Brian Rodgers  
CFPB – Deana Krumhansl  
CFPB – Veronica Spicer  
Clarocity – Ernie Durbin  
FDIC – Michael Briggs  
FDIC – Rich Foley  
FDIC – Suzy Gardner  
FDIC – Lauren Whitaker  
FDIC – Tony Womack  
FRB – Gillian Burgess  
FRB – Carmen Holly  
FRB – Matt Suntag  
FRB – Kirin Walsh  
OCC – Stacey Fluellen  
OCC – Joanne Phillips

REVAA – Tom Tilton

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

**REPORTS**

- **Chairman**

A. Lindo welcomed observers to the Meeting. He noted that the ASC has not acted on the request from TriStar Bank for a temporary waiver and will do so in the near future. The ASC will be transparent in the handling of this request.

- **Executive Director**

J. Park updated the ASC on recent staff activities.

- The Appraiser Qualifications Board (AQB) met on February 1<sup>st</sup> in Washington, DC. The AQB adopted proposed changes to the AQB Criteria which will become effective on May 1, 2018. Since experience requirements will be lowered, States are not required to make any changes to their current statute or regulations. The college-level education requirement will be removed from the Licensed classification. A variety of education options have been approved as alternatives to the bachelor degree requirement for the Certified Residential credential. The new requirements can be found on the Foundation's website.

- The Appraisal Standards Board (ASB) issued a discussion draft on potential changes to the 2020-21 edition of USPAP.
- The Executive Committee of the Appraisal Foundation Board of Trustees met in January in Tampa, FL. The Foundation's finances appear to have recovered from the significant losses that occurred in recent years. There has been a significant increase in appraisers entering the profession as successful first-time test takers is at its highest level since 2014.
- Staff has continued to make progress on the implementation of the Unique Identifier Number (UID). Thus far, 25 States have converted to UIDs. Four States are using the Simple Access Object Protocol system to upload their data files and staff will continue working with States on these items.
- The roundtable held in November 2017 was successful with 67 participants representing trade groups, lenders, associations, States and Federal agencies. The objective was to begin identifying opportunities to lessen valuation-related burdens in general and assist in keeping federal financial institution regulators informed on the latest trends in valuation practice and technology. A follow-up roundtable is planned for this spring or summer.
- J. Park noted that City Bank and Trust in Guymon, OK has withdrawn its request for a temporary waiver. The request from TriStar Bank in Dickson, TN is still being pursued by the bank.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's November 8<sup>th</sup> Meeting. Seven State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Hawaii, Kansas and Rhode Island were each awarded a Finding of "Excellent" and all will remain on a two-year Review Cycle. Alaska, New York, Utah and Virginia were each awarded a Finding of "Good" and all will remain on a two-year Review Cycle. R. Taft asked if ASC staff monitor States who are given a rating of Needs Improvement. D. Graves responded that ASC staff does monitor those States and has more frequent contact with them.

- **Financial Manager**

G. Hull reported on the August and September 2017 grant reimbursement requests received in the amounts of \$3,297 and \$10,983, respectively. The majority of costs covered salaries, consulting costs, postage and printing. He added that the ASC's FY17 audit should be finalized shortly.

## **ACTION ITEMS**

- **November 8, 2017 Open Session Minutes**

R. Taft made a motion to approve the November 8<sup>th</sup> open session meeting minutes as presented. R. Witt seconded and all members present voted to approve.

- **Notation Vote on the Information Collection Request for the AMC National Registry**

L. Schuster said that the notation vote passed 7-0 on January 2, 2018.

- **Revised ASC Policy Statements**

A. Ritter presented the Revised ASC Policy Statements noting that they were last revised in 2013. The Revised Policy Statements were published in the *Federal Register* in January 2017 for public comment. The comment period was suspended due to the Regulatory Freeze put into place by the White House on January 20, 2017. They were reposted in the *Federal Register* in September 2017 for a 60-day comment period. 29 comments were received. Twenty-seven comments addressed wind turbines and environmental issues and were non-responsive to the proposal; 2 comments were filed by State appraiser certifying and licensing agencies. If the Revised Policy Statements are approved, they would be effective upon publication in the *Federal Register*. She added that in Policy Statements 7 and 10, it was proposed by the ASC to include in the complaint log, terms of disposition, and in the case of open complaints, the most recent activity and date thereof. One State noted that this would be burdensome to States requiring them to duplicate information that is readily available elsewhere. ASC staff agreed and did not include that wording in the

final Policy Statements 7 and 10. C. Walker made a motion to approve the Revised Policy Statements as presented; R. Taft seconded and all members present voted to approve.

- **Appraisal Foundation FY17 Grant Reprogramming Request**

G. Hull presented the FY17 Reprogramming Request in the amount of \$20,953. Of this amount, approximately \$7,500 was for AQB expenses and \$13,000 for ASB expenses. If approved as presented, the FY17 grant would be fully expended. R. Taft made a motion to approve the request in the amount of \$20,953; R. Witt seconded and all members present voted to approve.

The Open Session adjourned at 10:40 a.m. The next ASC Meeting will be May 9, 2018.

■ ■ ■ ■ ■ ■ ■

## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** May 9, 2018

**RE:** FY17 Reprogramming Request for State Grant Investigator Training Program Expenses

---

The Appraisal Foundation (TAF) has submitted a \$19,980 reprogramming request for the ASC's 2017 State Grant Investigator Training Program (ITP) which is administered by TAF. Attached are TAF's February 13, 2018 letter and supporting documentation.

The 2017 ASC grant for ITP totaled \$309,085. As of September 30, 2017, remaining grant funds were \$58,049 based on total expenses in the amount of \$251,036. TAF is requesting reprogramming of \$19,980 of the remaining \$58,049 2017 ITP grant balance as follows:

- \$14,228 to be reprogrammed to ITP salaries and fringe benefits<sup>1</sup>
- \$5,752 to be reprogrammed to ITP printing<sup>2</sup>

**Recommendation** – Staff reviewed the documentation provided by TAF. We compared claimed reimbursements and requested reprogramming against the 2017 ASC approved grant and against our records from attending TAF meetings and reviewing both public and private TAF documents. We analyzed the reimbursements using testing techniques recommended by our auditors. We concur that areas of increased costs were grant-eligible and staff recommends approval of TAF's \$19,980 reprogramming request. Approval of the request would bring total reimbursements to \$271,016 of the total \$309,085 grant amount approved for 2017.

Attachment

---

<sup>1</sup> Salaries for the ITP in 2017 totaled \$23,714. TAF budgeted \$17,126 for these services, with the actual cost of these services exceeding the budgeted amount by \$6,588. The fringe benefits and overhead costs associated with these additional expenditures totaled \$7,640, thereby resulting in total additional labor costs of \$14,228.

<sup>2</sup> ITP printing costs for 2017 totaled \$14,751. TAF budgeted \$9,000 for these services, with the actual costs exceeding the budgeted amount by \$5,752.



1155 15th Street, NW, Suite 1111

Washington, DC 20005

T 202.347.7722

F 202.347.7727

February 13, 2018

Mr. James Park  
Executive Director  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
1401 H Street, NW, Suite 760  
Washington, DC 20005

Ref: 2016-2017 Grant No. ASC00070  
Request for Reallocation Among Cost Categories

Dear Jim:

The Appraisal Foundation has submitted reimbursement requests totaling \$251,034 of the 2016-2017 Investigator Training Program grant award amount of \$309,085 leaving an unused balance of \$58,051. This is a request to reallocate among the original budget categories of this grant in order to be reimbursed for the balance of this award.

Our final Grant Budget Summary reflecting the reallocation of part of the unused balance is attached for reference. We would be pleased to meet with you to discuss any question or concerns you might have.

I can be reached at (202) 624-3040 or by e-mail at [david@appraisalfoundation.org](mailto:david@appraisalfoundation.org). Questions can also be directed to Edna Nkemngu, Director of Finance and Administration. She can be reached at (202) 624-3068 or by e-mail at [edna@appraisalfoundation.org](mailto:edna@appraisalfoundation.org).

Thank you in advance for your consideration of this request.

Sincerely,

David S. Bunton  
President

Enclosure




<b>REQUEST FOR ADVANCE OR REIMBURSEMENT</b>  <i>(See instructions on back)</i>		OMB APPROVAL NO. <b>0348-0004</b>		PAGE <b>1</b> OF <b>2</b> PAGES
		1. TYPE OF PAYMENT REQUESTED a. "X" one or both boxes <input type="checkbox"/> ADVANCE <input checked="" type="checkbox"/> REIMBURSEMENT b. "X" the applicable box <input checked="" type="checkbox"/> FINAL <input type="checkbox"/> PARTIAL		2. BASIS OF REQUEST  <input type="checkbox"/> CASH <input checked="" type="checkbox"/> ACCRUAL
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED  <b>GSA/APPRaisal SUBCOMMITTEE, FFEIC</b>		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY  <b>ASC00070</b>		5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST  <b>14</b>
6. EMPLOYER IDENTIFICATION NUMBER  <b>23-2493621</b>	7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. PERIOD COVERED BY THIS REQUEST FROM (month, day, year) <b>DECEMBER 1, 2017</b>		TO (month, day, year) <b>DECEMBER 31, 2017</b>
9. RECIPIENT ORGANIZATION  <i>Name:</i> THE APPRAISAL FOUNDATION  <i>Number and Street:</i> 1155 15TH STREET NW, STE. 1111  <i>City, State and ZIP Code:</i> WASHINGTON, DC 20005		10. PAYEE (Where check is to be sent if different than item 9)  <i>Name:</i>  <i>Number and Street:</i>  <i>City, State and ZIP Code:</i>		

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ACTIVITIES	(a)	(b)	(c)	TOTAL
	INVESTIGATOR			
a. Total program outlays to date <i>(As of date)</i>	\$ 271,016.00	\$	\$	\$ 271,016.00
b. Less: Cumulative program income				0.00
c. Net program outlays (Line a minus line b)	271,016.00	0.00	0.00	271,016.00
d. Estimated net cash outlays for advance period				0.00
e. Total (Sum of lines c & d)	271,016.00	0.00	0.00	271,016.00
f. Non-Federal share of amount on line e				0.00
g. Federal share of amount on line e	271,016.00			271,016.00
h. Federal payments previously requested	251,036.00			251,036.00
i. Federal share now requested (Line g minus line h)	19,980.00	0.00	0.00	19,980.00
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances	1st month			0.00
	2nd month			0.00
	3rd month			0.00

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY	
a. Estimated Federal cash outlays that will be made during period covered by the advance	\$
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (Line a minus line b)	\$ 0.00

13.

**CERTIFICATION**

I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.	SIGNATURE OR AUTHORIZED CERTIFYING OFFICIAL 	DATE REQUEST SUBMITTED February 13, 2018
	TYPED OR PRINTED NAME AND TITLE DAVID S. BUNTON, PRESIDENT	TELEPHONE (AREA CODE, NUMBER, EXTENSION) 202-624-3040

This space for agency use

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**INSTRUCTIONS**

Please type or print legibly. Items 1, 3, 5, 9, 10, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

<i>Item</i>	<i>Entry</i>	<i>Item</i>	<i>Entry</i>
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.		activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.	11a	Enter in "as of date," the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.	11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.	11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.	13	Complete the certification before submitting this request.
<p>Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.</p>			
11	The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or		

THE APPRAISAL FOUNDATION  
 2016-2017 GRANT BUDGET SUMMARY  
 YEAR-TO-DATE @ December, 2017  
 WITH REPROGRAMMING REQUEST

	TOTAL ITP	GRANT BUDGET	(OVER) UNDER
<u>DIRECT LABOR</u>	23,714	17,126	(6,588)
Fringe @ 29.4%	6,972	5,035	(1,937)
Direct Labor + Fringe	30,686	22,161	(8,525)
Overhead @ 66.9%	20,529	14,826	(5,703)
 TOTAL INDIRECT COST			
REIMBURSEMENT (Fringe + OH)	27,501	19,861	(7,640)
 <u>EXPENSES:</u>			
Postage and Delivery	1,636	1,818	182
Printing	14,751	9,000	(5,751)
Legal	-	-	-
Consulting	22,735	44,000	21,265
Travel	180,676	217,280	36,604
Subcontractor	-	-	-
Total Expenses	219,799	272,098	52,299
 TOTAL DIRECT LABOR + INDIRECT COSTS + EXPENSES	 271,016	 309,085	 38,069

THE APPRAISAL FOUNDATION  
PROGRAM EXPENSE DETAIL  
Reprogramming

	101	102	TOTAL AQB	TOTAL ASB	TOTAL ITP	GRAND TOTAL
<u>DIRECT LABOR</u>			-		6,588	6,588
Fringe @ 29.4%		-	-		1,937	1,937
Direct Labor + Fringe		-	-		8,525	8,525
Overhead @ 66.9%		-	-		5,703	5,703
TOTAL INDIRECT COST			-		-	-
REIMBURSEMENT (Fringe + OH)		-	-		7,640	7,640
<u>EXPENSES</u>						
Postage and Delivery			-		-	-
Printing			-		5,752	5,752
Legal			-	-	-	-
Consulting			-	-	-	-
Travel		-	-		-	-
Subcontractor			-	-	-	-
Total Expenses	-	-	-	-	5,752	5,752
<u>TOTAL PROGRAM</u>	-	-	-	-	-	19,980
<b>TOTAL REIMBURSEMENT REQUEST</b>						<b>19,980</b>
TO ACCRUE GRANT RECEIVABLE						
1201			19,980			19,980
5000-0101				-		19,980
5000-0102				-		
5000-0201				-		
5000-0510				12,340		
5001				7,640		

THE APPRAISAL FOUNDATION  
 2016-2017 GRANT BUDGET SUMMARY  
 YEAR-TO-DATE @ December, 2017  
 BEFORE REPROGRAMMING REQUEST

	TOTAL ITP	GRANT BUDGET	(OVER) UNDER
<u>DIRECT LABOR</u>	17,126	17,126	-
Fringe @ 29.4%	5,035	5,035	-
Direct Labor + Fringe	22,161	22,161	-
Overhead @ 66.9%	14,826	14,826	-
TOTAL INDIRECT COST			
REIMBURSEMENT (Fringe + OH)	19,861	19,861	-
<u>EXPENSES:</u>			
Postage and Delivery	1,636	1,818	182
Printing	9,000	9,000	0
Legal	-	-	-
Consulting	22,735	44,000	21,265
Travel	180,676	217,280	36,604
Subcontractor	-	-	-
Total Expenses	214,047	272,098	58,051
TOTAL DIRECT LABOR + INDIRECT COSTS + EXPENSES	251,034	309,085	58,051



## **ASC Delegations of Authority**

### **Preamble**

Pursuant to the Appraisal Subcommittee's (ASC) authority under Title XI<sup>1</sup> of the Federal Financial Institutions Reform, Recovery and Enforcement Act, the ASC has delegated specific functions and duties to its Chairperson and staff. In addition to the delegations listed in this document, general areas of responsibility and authority, as well as other specific delegations of authority, have been and will be made in other documents, including, but not limited to, ASC regulations, Policy Statements, manuals, position descriptions, orders and certain instructions. All authority not expressly delegated is reserved by the ASC. All delegations must agree with applicable laws and regulations. Unless specifically provided for in the delegations below, there is no authority to redelegate. An authority to make a redelegation is specifically set forth in these delegations. All authorized redelegations of authority shall be made in writing. An individual who acts in the capacity of another is vested with all of the delegated authority of the position. No redelegation is needed if one has been authorized in writing to act in the capacity of another.

The following compilation of delegations of authority reflects those authorities delegated or whose delegation was reaffirmed at the ASC's May 10, 1995 meeting, and as subsequently amended.

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1. Title XI § 1105, 12 U.S.C. § 3334.

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## General

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
GEN 1	Authority to bar any exercise of a delegated authority by revoking the delegation with respect to the specific matter in question.	Chairperson
GEN 2	Authority to sign all documents adopted and issued by and on behalf of the ASC (with authority to redelegate to the Executive Director).	Chairperson
GEN 3	Authority to record, signify and certify the official vote of individual ASC members when such vote is obtained through the use of telephonic or similar medium (with the authority to redelegate to the General Counsel).	Executive Director

## Procurement and Property Management

**Any actions under these procurement delegations that would cause the ASC to exceed its budget as a whole or by line item are subject to approval by the ASC.**

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
PRO 1	Authority to approve, sign, issue and make payment on orders and contracts for goods or services required in the operations of the ASC (with authority to redelegate to the Executive Director).	Chairperson
PRO 2	Within approved budget limits, authority to serve as ASC Contracting Officer and, subject to a review by the General Counsel of single contracts and purchase orders for goods and/or services up to \$100,000; authority to approve, sign and issue procurement documents for all goods or services up to \$100,000 required for normal operations of ASC, and which are included in the current budget or to authorize modifications to such contracts and orders; approve, sign and issue Purchase Orders, Requests for Proposals, Invitations for Bids, Requests for Quotations, Certificates of Contract Awards, and Contract Addenda. Under this delegation are included: printing, leases, purchases of furniture and furnishings, purchases of supplies or services, and other items or services operationally required. [Amended 10/8/95, 12/11/13]	Executive Director
PRO 3	Authority to authorize payment for approved purchases of and contracts for property or services.	Executive Director
PRO 4	Authority to make payment of all expenses, expense allowances and payment for goods or services included in the current ASC budget or which are approved for payment by the ASC or other authorized persons (with authority to redelegate to one or more senior staff members).[Amended 10/8/95]	Executive Director

PRO 5	Authority to approve claims up to \$2,500 to reimburse ASC employees for damage or loss of personally owned equipment being used on ASC business.	Executive Director, with the concurrence of the Chairperson
PRO 6	Within approved budget limits, authority to purchase supplies and equipment not in excess of \$500 per item (with the authority to redelegate to the Administrative Assistant). [Amended 10/8/95, 2/14/96,. 12/11/13]	Executive Director
PRO 7	Within approved budget limits, authority to approve, sign and issue purchase orders and blanket purchase agreement (BPA) up to \$150,000 per purchase order and BPA for goods or services required for the ASC's normal operation.[Amended 12/11/13]	Executive Director

## Grant Reimbursement Requests

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
GRR 1	Approve, sign and process monthly grant reimbursement requests submitted by the Appraisal Foundation consistent with the annual grant proposal as approved by the ASC. [Amended 12/11/13]	Chairperson (authority to re-delegate to Executive Director)*

\*Executive Director to provide quarterly reports to ASC on processed grant reimbursement requests (may delegate to Financial Manager) .

## Personnel

### Personnel Management

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
PERS 1	Authority to exercise all authorities related to personnel management, including appointment, removal, reassignment and direction of personnel and improvement of staff support (with the authority to redelegate to the Executive Director). The ASC, however, reserves the authority to approve the appointment, reassignment, removal and compensation of all staff at GS-15 or above (senior staff). The ASC also reserves the authority to approve the promotion of all individuals to, and in, these positions.	Chairperson
PERS 2	Authority to evaluate Executive Director's performance, and to review, evaluate and approve the Executive Director's appraisal of a senior staff member's performance.	Chairperson <u>or Vice-Chairperson in consultation with the Chairperson</u>
PERS 3	Authority to evaluate and rate each staff employee's job performance, through the use of performance elements and standards. [Amended 10/8/95]	Executive Director
PERS 4	Authority to establish organizational structure and to hire persons to fill staff positions (with the authority to redelegate to the Executive Director).	Chairperson
PERS 5	Authority to allocate personnel within established staffing patterns, including authority to appoint Acting Executive Director and to delegate authority to that Acting Director.	Executive Director
PERS 6	Approval of Leave: <ol style="list-style-type: none"> <li>a. Annual and sick leave up to the maximum earned yearly.</li> <li>b. Leave without pay, administrative leave, and advanced annual and sick leave.</li> </ol>	All Supervisors  Executive Director

- c. Within the basic eight-hour day and 40-hour week, authority to approve temporary flexible working hours. Executive Director
- d. Authority to approve flexible working hours. ASC
- e. Authority to approve retention of annual leave that exceeds 240 hours. Executive Director

## Training and Training Expenses

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
TRN 1	Within approved budget limits, authority to budget for, approve, conduct, schedule, coordinate, monitor and evaluate all ASC training and career development activities.	Executive Director
TRN 2	Within approved budget limits, authority to plan, schedule and conduct data processing training for ASC staff.	Executive Director
TRN 3	Within approved budget limits, authority to approve SF-182's, Request, Authorization, Agreement, and Certification of Training up to \$10,000 per form (with authority to redelegate to Executive Director).	Chairperson

## Incentive Awards

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
AWD 1	Authority to grant the following awards:	
	a. Superior Accomplishment Awards greater than \$5,000, but not more than \$10,000. (Awards over \$10,000 require OPM approval.)	ASC
	b. Special Act or Service Awards or Superior Accomplishment Awards up to \$2,500	Chairperson <u>or Vice-Chairperson</u>
	c. Quality Step Increase	Chairperson (authority to re-delegate to Executive Director)
	d. Letters of Commendation	Executive Director
	e. Length of Service Awards	Executive Director
	g. Time Off From Duty Award	Executive Director



**Travel**

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
TRV 1	Within approved budget limits, authority to approve travel orders and disbursements thereof.	Executive Director
TRV 2	Within approved budget limits, authority to approve advance of funds for travel.	Executive Director

## Compliance Review Reports

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
CRR 1	Approve, sign and release Compliance Review Reports with recommended Finding of “POOR.” <sup>2</sup> [Amended 12/11/13]	ASC
CRR 2	Approve, sign and release Compliance Review Reports with recommended Finding of “NOT SATISFACTORY.” <sup>3</sup> [Amended 12/11/13]	ASC
CRR 3	Approve, sign and release Compliance Review Reports with recommended Finding of “NEEDS IMPROVEMENT.” <sup>4</sup> [Amended 12/11/13]	Chairperson <u>or Vice-Chairperson</u>
CRR 4	Approve, sign and release Compliance Review Reports with recommended Finding of “GOOD.” <sup>5</sup> [Amended 12/11/13]	Chairperson (authority to re-delegate to Executive Director)*
CRR 5	Approve, sign and release Compliance Review Reports with recommended Finding of “EXCELLENT.” <sup>6</sup> [Amended 12/11/13]	Chairperson (authority to re-delegate to Executive Director)*

\*Executive Director to provide quarterly reports to ASC on Compliance Review Reports (may delegate to Deputy Executive Director).

2. Applies when deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program and high risk of Program failure.

3. Applies when deficiencies present a significant risk and if not corrected in a timely manner, pose a well-defined risk to the Program and substantial risk of Program failure.

4. Applies when deficiencies are material but manageable and if not corrected in a timely manner, pose a potential risk to the Program and moderate risk of Program failure.

5. Applies when deficiencies are minor in nature, State is adequately addressing deficiencies identified and correcting them in the normal course of business, and low risk of Program failure.

6. Applies when State maintains a strong regulatory Program and very low risk of Program failure.

## Special Activities

<u>Reference</u>	<u>Authority</u>	<u>Delegation</u>
SPE 1	Authority to grant or deny any request made for information pursuant to the Freedom of Information Act and Subpart D of the ASC's Regulations, including the authority to release exempt information (with authority to redelegate approvals only to the General Counsel).	Executive Director
SPE 2	Authority to submit for publication in the <i>Federal Register</i> any ASC-approved Agency document and to take appropriate action to correct any obvious error of form, typographical error or similar error contained in such documents (with authority to redelegate to the General Counsel).	Executive Director
SPE 3	Authority to sign and release non-routine, significant correspondence (with the authority to redelegate to the Executive Director).	Chairperson <u>or Vice-Chairperson</u>
SPE 4	Authority to sign and release routine correspondence.	Executive Director
SPE 5	Authority to coordinate and manage the ASC's ethics program as the ASC Designated Agency Ethics Officer (DAEO) with the ASC's Management and Program Analyst who serves as the alternate DAEO. [Amended 12/11/13]	General Counsel
SPE 6	Authority to sign and release documents or other communications relating to established ASC policies and procedures.	Executive Director



Kay Ivey  
Governor

# ALABAMA REAL ESTATE APPRAISERS BOARD

P. O. Box 304355  
Montgomery, Alabama 36130-4355

Lisa Brooks  
Executive Director

February 14, 2018

**FEB 20** 2018

Mr. Jim Park, Executive Director  
ASC/FFIEC  
1401 H Street, N.W.  
Suite 760  
Washington, D.C. 20005

Dear Mr. Park:

The Alabama Real Estate Appraisers Board respectfully requests a 12-month extension of the Implementation Period for State Registration and Supervision of Appraisal Management Companies (AMCs). This extension would allow our agency time to fully implement collection of the National Registry Fees from registered AMCs in Alabama by August 10, 2019.

Alabama adopted and implemented a program for the registration and regulation of Appraisal Management Companies as of October 1, 2011. Alabama regulations do not require the collection of National Registry Fees from AMCs because none was established at the time Alabama regulations were adopted.

The Board will review proposed language for regulations to implement collection and submission of National Registry Fees from registered AMCs at the March 15, 2018 Board meeting. The process for adoption of regulations in Alabama will not allow the regulations to be in place in a timely manner for the collection of information from AMCs, to calculate the amount of the registry fees, calculation of the amount of registry fee due from each AMC and the collection of that fee, so that it can be remitted to the National Registry by the 2018 deadline.

Your consideration in the matter is greatly appreciated.

Sincerely,

Lisa Brooks  
Executive Director

lb



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

DIVISION OF CORPORATIONS, BUSINESS AND  
PROFESSIONAL LICENSING

P.O. Box 110806  
Juneau, AK 99811-0806  
Main: 907.465.2550  
Fax: 907.465.2974

February 8, 2018

James R. Park,  
Executive Director  
1401 H. Street N.W.; Suite 760  
Washington, D.C. 20005

Dear Mr. Park:

Pursuant to ASC Bulletin 2017-02, please accept this formal request for an extension of the implementation period to establish an AMC program in the State of Alaska until August 10, 2019.

Two bills are currently before the Alaska State Legislature to provide this authority to the Board of Certified Real Estate Appraisers; once granted, the board is prepared to adopt regulations under that authority to ensure the program conforms to Title XI of FIRREA as amended by the Dodd-Frank Act. For your reference, the proposed legislation is attached to this letter.

Please feel free to contact our office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Sara Chambers".

Sara Chambers  
Deputy Director

Encl.

CC: David Derry, Chairman, Alaska Board of Certified Real Estate Appraisers  
Janey McCullough, Director, DCCED, CBPL  
Micaela Fowler, Special Assistant, DCCED  
Renee Hoffard, Records and Licensing Supervisor, DCCED, CBPL  
Dawn Dulebohn, Occupational Licensing Examiner, DCCED, CBPL  
Claire Brooks, Policy Manager, Appraisal Subcommittee

**HOUSE BILL NO. 329**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE JOSEPHSON

Introduced: 2/5/18

Referred:

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the registration and regulation of real estate appraisal management**  
2 **companies; relating to the establishment of fees by the Department of Commerce,**  
3 **Community, and Economic Development; relating to the Board of Certified Real Estate**  
4 **Appraisers; relating to real estate appraisers; and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** AS 08.01.065(c) is amended to read:

7 (c) Except as provided in **(f) - (j)** [(f) - (i)] of this section, the department shall  
8 establish fee levels under (a) of this section so that the total amount of fees collected  
9 for an occupation approximately equals the actual regulatory costs for the occupation.  
10 The department shall annually review each fee level to determine whether the  
11 regulatory costs of each occupation are approximately equal to fee collections related  
12 to that occupation. If the review indicates that an occupation's fee collections and  
13 regulatory costs are not approximately equal, the department shall calculate fee  
14 adjustments and adopt regulations under (a) of this section to implement the

1 adjustments. In January of each year, the department shall report on all fee levels and  
 2 revisions for the previous year under this subsection to the office of management and  
 3 budget. If a board regulates an occupation covered by this chapter, the department  
 4 shall consider the board's recommendations concerning the occupation's fee levels and  
 5 regulatory costs before revising fee schedules to comply with this subsection. In this  
 6 subsection, "regulatory costs" means costs of the department that are attributable to  
 7 regulation of an occupation plus

8 (1) all expenses of the board that regulates the occupation if the board  
 9 regulates only one occupation;

10 (2) the expenses of a board that are attributable to the occupation if the  
 11 board regulates more than one occupation.

12 \* **Sec. 2.** AS 08.01.065 is amended by adding a new subsection to read:

13 (j) The department shall establish for real estate appraisal management  
 14 companies registered under AS 08.87 a registry fee in an amount that equals the  
 15 amount determined by the federal Appraisal Subcommittee established under 12  
 16 U.S.C. 3310 as a national registry fee for each real estate appraiser of the appraiser  
 17 panel of a real estate appraisal management company under 12 U.S.C. 3338 (Title XI,  
 18 Financial Institutions Reform, Recovery, and Enforcement Act of 1989), as amended  
 19 by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall Street Reform and Consumer Protection  
 20 Act); the department may annually remit fees paid under this subsection to the  
 21 Appraisal Subcommittee for participation in the national registry for real estate  
 22 appraisal management companies.

23 \* **Sec. 3.** AS 08.87.020 is amended to read:

24 **Sec. 08.87.020. Powers and duties of board.** In addition to the powers and  
 25 duties conferred on the board by AS 08.01, the board shall

26 (1) establish the examination specifications for certification as a  
 27 general real estate appraiser, as a residential real estate appraiser, and as an  
 28 institutional real estate appraiser;

29 (2) adopt rules of professional conduct to establish and maintain a high  
 30 standard of integrity in the real estate appraisal profession; [AND]

31 (3) adopt regulations necessary to carry out the purposes of this

1 chapter, including regulations

2 (A) necessary to comply with the requirements of

3 (i) 12 U.S.C. 3331 - 3355 [12 U.S.C. 3331 - 3351]

4 (Title XI, Financial Institutions Reform, Recovery, and Enforcement  
5 Act of 1989), as amended by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall  
6 Street Reform and Consumer Protection Act); the regulations adopted  
7 by the board under AS 08.87.110, 08.87.120, 08.87.135, 08.87.220, and  
8 08.87.310 may not be more stringent than the corresponding minimum  
9 requirements for receiving approval of the state's program of  
10 certification of real estate appraisers and registration of real estate  
11 appraisal management companies under 12 U.S.C. 3331 - 3355 [12  
12 U.S.C. 3331 - 3351] or other federal law; and

13 (ii) 15 U.S.C. 1639e (Truth in Lending Act);

14 (B) establishing registration procedures and standards for a  
15 real estate appraisal management company; and

16 (C) establishing the standards for the real estate appraisal  
17 management company's appraiser panel, including panel size and  
18 member qualifications;

19 (4) report relevant information regarding a real estate appraisal  
20 management company's operations, including a disciplinary action under this  
21 chapter or a violation of state or federal law, to the Appraisal Subcommittee  
22 established under 12 U.S.C. 3310.

23 \* **Sec. 4.** AS 08.87.020 is amended by adding a new subsection to read:

24 (b) The board may examine the records of a real estate appraisal management  
25 company operating in the state and require the company to submit reports,  
26 information, and documents to the board and investigate alleged violations of this  
27 chapter.

28 \* **Sec. 5.** AS 08.87 is amended by adding new sections to read:

29 **Article 2A. Real Estate Appraisal Management Companies.**

30 **Sec. 08.87.130. Registration required.** (a) A person shall register as a real  
31 estate appraisal management company with the board to perform appraisal



1 management services if the person

2 (1) provides an appraisal management service

3 (A) to a creditor or secondary mortgage market participant,  
4 including an affiliate; and

5 (B) in connection with valuing a consumer's principal dwelling  
6 as security for a consumer credit transaction or incorporating consumer credit  
7 transactions into a securitization; and

8 (2) oversees an appraiser panel.

9 (b) A person is guilty of a class B misdemeanor if the person engages in  
10 business as or holds out as a real estate appraisal management company, or performs  
11 or attempts to perform appraisal management services, at a time when the

12 (1) person does not hold a registration issued by the board; or

13 (2) registration issued by the board to the person is suspended,  
14 revoked, lapsed, or surrendered.

15 **Sec. 08.87.135. Requirements for registration of real estate appraisal**  
16 **management companies.** (a) The board shall register a real estate appraisal  
17 management company operating in the state if the company applies on a form  
18 approved by the board, pays the fee required under AS 08.01.065(j), and presents  
19 evidence satisfactory to the board that the company

20 (1) has designated a controlling person who will be the main point of  
21 contact between the board and the company and who meets the requirements under (b)  
22 of this section;

23 (2) has, if the company is not a corporation that is domiciled in this  
24 state, filed with the department a written consent to service of process on a resident of  
25 this state for any court action arising from an activity regulated under this chapter or  
26 12 U.S.C. 3331 - 3355 and provided the name and contact information for the  
27 company's agent for service of process in this state;

28 (3) requires a real estate appraiser to comply with the Uniform  
29 Standards of Professional Appraisal Practice adopted by the Appraisal Standards  
30 Board of the Appraisal Foundation when completing appraisals at the company's  
31 request;

- 1 (4) engages only appraisers who are certified under this chapter;
- 2 (5) has a process to verify that a person who is assigned to serve on an
- 3 appraiser panel of the company
- 4 (A) is certified under this chapter and maintains a certification
- 5 in good standing; and
- 6 (B) is qualified to conduct federally related transactions under
- 7 federal law; in this subparagraph, "federally related transaction" means a real
- 8 estate related transaction that involves an insured depository institution
- 9 regulated by the United States Comptroller of the Currency, the Board of
- 10 Governors of the Federal Reserve System, the Federal Deposit Insurance
- 11 Corporation, or the National Credit Union Administration and requires the
- 12 services of a real estate appraiser under the interagency appraisal rules;
- 13 (6) conducts appraisals independently and free from inappropriate
- 14 influence and coercion as required under 12 U.S.C. 3353;
- 15 (7) is not directly or indirectly owned in whole or in part by a person
- 16 that has had a certificate to act as a real estate appraiser denied, cancelled, suspended,
- 17 revoked, put on probation, or surrendered in lieu of a pending revocation in any state
- 18 unless the person has later had a certificate to act as a real estate appraiser granted or
- 19 reinstated by the same state; and
- 20 (8) has posted a surety bond in an amount required by the board, not to
- 21 exceed \$150,000.
- 22 (b) A controlling person designated under (a) of this section
- 23 (1) must be actively certified in the state as a real estate appraiser at all
- 24 times that the person is designated as a controlling person;
- 25 (2) may not have had a certificate to act as a real estate appraiser
- 26 denied, cancelled, suspended, revoked, put on probation, or surrendered in lieu of a
- 27 pending revocation in any state unless the person has later had the certificate to act as
- 28 a real estate appraiser granted or reinstated; and
- 29 (3) must be of good moral character.
- 30 (c) The board shall provide a copy of a registration under this section to the
- 31 Appraisal Subcommittee under 12 U.S.C. 3310 on a form approved by the

1 subcommittee.

2 (d) A registration under this section is valid for two years and may be renewed  
3 upon proof of continued compliance with the requirements of (a) and (b) of this  
4 section.

5 **Sec. 08.87.140. Mandatory reporting.** A real estate appraisal management  
6 company or a controlling person, employee, director, officer, or agent of a real estate  
7 appraisal management company that has reasonable cause to believe that a real estate  
8 appraiser has failed to comply with the Uniform Standards of Professional Appraisal  
9 Practice as adopted under 12 U.S.C. 3339 in a manner that materially affects a  
10 valuation appraisal shall report the noncompliance to the board and to the Appraisal  
11 Subcommittee established under 12 U.S.C. 3310.

12 **Sec. 08.87.145. Retention of records and inspection.** A registered real estate  
13 appraisal management company or a real estate appraisal management company that  
14 has applied for registration shall allow the board to inspect and shall retain, for not less  
15 than the later of either five years after the date a file is submitted to the company or  
16 two years after final disposition of a related judicial proceeding,

17 (1) copies of all records related to requests for the company's appraisal  
18 management services and the real estate appraisers who perform the appraisals;

19 (2) a written record of all substantive communications between a real  
20 estate appraisal management company registered under this chapter and a real estate  
21 appraiser relating to an appraisal or participation in an appraiser panel.

22 **Sec. 08.87.150. Reporting requirements for federally regulated real estate**  
23 **appraisal management companies.** (a) A real estate appraisal management company  
24 that is owned and controlled by an insured depository institution as defined in 12  
25 U.S.C. 1813 and regulated by the United States Comptroller of the Currency, the  
26 Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance  
27 Company, shall annually submit to the board information that the board is required to  
28 submit to the Appraisal Subcommittee under 12 U.S.C. 3310, including a

29 (1) report of intent to operate in the state; and

30 (2) disclosure of whether the company is directly or indirectly owned  
31 in whole or in part by any person that has had a certificate to act as a real estate

1 appraiser denied, cancelled, suspended, revoked, put on probation, or surrendered in  
2 lieu of a pending revocation in any state.

3 (b) If a person has had disciplinary action taken against the person under  
4 (a)(2) of this section, the board shall collect information related to whether the  
5 certificate to act as a real estate appraiser was denied, cancelled, suspended, revoked,  
6 put on probation, or surrendered in lieu of a pending revocation for a substantive cause  
7 and whether the person has later had the certificate to act as a real estate appraiser  
8 reinstated by the same state.

9 **Sec. 08.87.155. Exemptions.** AS 08.87.130 - 08.87.150, 08.87.215, and  
10 08.87.220 do not apply to a

11 (1) person who is employed by a department or division of an entity  
12 that provides appraisal management services only to that entity;

13 (2) real estate appraisal management company that is

14 (A) owned and controlled by an insured depository institution;

15 and

16 (B) regulated by the Consumer Financial Protection Bureau,  
17 the Federal Housing Finance Agency, the Board of Governors of the Federal  
18 Reserve System, the Federal Deposit Insurance Corporation, the United States  
19 Comptroller of the Currency, or the National Credit Union Administration; or

20 (3) real estate appraiser who enters into an agreement with another real  
21 estate appraiser for the performance of an appraisal that upon completion results in a  
22 report signed by both the real estate appraiser who completed the appraisal and the  
23 real estate appraiser who requested completion of the appraisal.

24 \* **Sec. 6.** AS 08.87 is amended by adding new sections to article 3 to read:

25 **Sec. 08.87.215. Prohibited practices; real estate appraisal management**  
26 **companies.** (a) A real estate appraisal management company may not, while  
27 registered in the state, retain or enter into a business relationship with an employee,  
28 contractor, or agent whose certificate to act as a real estate appraiser is denied,  
29 cancelled, suspended, revoked, put on probation, or surrendered in lieu of a pending  
30 revocation in any state unless the employee, contractor, or agent has later had a  
31 certificate to act as a real estate appraiser granted or reinstated by the same state.

1 (b) A real estate appraisal management company or a controlling person,  
2 employee, director, officer, or agent of a real estate appraisal management company  
3 may not

4 (1) seek to influence a real estate appraiser through intimidation,  
5 coercion, extortion, or bribery;

6 (2) condition payment of an appraisal fee on a real estate appraiser's  
7 opinion, conclusion, or valuation;

8 (3) request that a real estate appraiser report a predetermined opinion,  
9 conclusion, or valuation;

10 (4) alter, amend, or change an appraisal report submitted by a real  
11 estate appraiser without the real estate appraiser's written consent;

12 (5) require a real estate appraiser to sign an indemnification agreement  
13 for a claim that does not arise from a service performed by the real estate appraiser;

14 (6) prohibit a real estate appraiser who is part of an appraiser panel  
15 from recording within the appraisal communication the fee that the appraiser was paid  
16 by the company for the performance of the appraisal;

17 (7) prohibit lawful communication between a real estate appraiser and  
18 any other person who the real estate appraiser determines possesses information  
19 relevant to the appraisal;

20 (8) engage in an act or practice with intent to impair a real estate  
21 appraiser's independence, objectivity, and impartiality;

22 (9) knowingly make a false statement, submit false information, or fail  
23 to provide complete information in response to a question in an application for  
24 registration or renewal of a registration; or

25 (10) violate this chapter or a regulation adopted under this chapter.

26 **Sec. 08.87.220. Disciplinary proceedings; real estate appraisal**  
27 **management companies.** The board may take disciplinary action under AS 08.01.075  
28 or suspend or revoke a registration of a real estate appraisal management company if it  
29 finds that the

30 (1) company or a controlling person, employee, director, officer, or  
31 agent of a real estate appraisal management company has violated a provision of this

1 chapter or a regulation adopted by the board under this chapter;

2 (2) company or a controlling person of the company has had a  
3 certificate to act as a real estate appraiser or a registration as a real estate appraisal  
4 management company denied, cancelled, suspended, revoked, put on probation, or  
5 surrendered in lieu of a pending revocation in any state;

6 (3) company fails to comply with the Uniform Standards of  
7 Professional Appraisal Practice under 12 U.S.C. 3339;

8 (4) company performs appraisal management services in a manner that  
9 causes injury or loss to the public;

10 (5) company has ceased to operate in the state as a real estate appraisal  
11 management company;

12 (6) company used fraud, deception, misrepresentation, or bribery in  
13 securing a registration under this chapter.

14 \* **Sec. 7.** AS 08.87.900 is amended by adding new paragraphs to read:

15 (14) "appraisal management services" includes the performance of any  
16 of the following functions on behalf of a lender, financial institution, or other person:

17 (A) administration of an appraiser panel;

18 (B) recruitment, retention, or selection of real estate appraisers  
19 for the performance of appraisal services;

20 (C) contracting with real estate appraisers to perform  
21 appraisals;

22 (D) review of a completed appraisal before the delivery of the  
23 appraisal or review assignment to the person that ordered the appraisal;

24 (15) "appraiser panel" means a group of licensed or certified real estate  
25 appraisers who perform appraisals as independent contractors for a real estate  
26 appraisal management company;

27 (16) "company" means a real estate appraisal management company  
28 required to register under AS 08.87.130 that performs appraisal management services;

29 (17) "controlling person" includes a person who

30 (A) owns more than 10 percent of a real estate appraisal  
31 management company or an officer or director of a real estate appraisal

1 management company;

2 (B) is employed and authorized by a real estate appraisal  
3 management company to enter into a contractual relationship with another  
4 person for the performance of appraisal management services or with a real  
5 estate appraiser to perform an appraisal; and

6 (C) has the authority to direct the management or policies of a  
7 real estate appraisal management company;

8 (18) "principal dwelling" means a residential structure or mobile home  
9 that contains one to four units but does not include a vacation or second home unless  
10 the consumer buys or builds a new dwelling that will become the primary location that  
11 the consumer inhabits within a year after the purchase or completion of construction.

12 \* **Sec. 8.** AS 37.05.146(c) is amended by adding a new paragraph to read:

13 (90) real estate appraisal management company registry fees under  
14 AS 08.01.065(j).

15 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 APPLICABILITY. This Act applies to a person offering or providing appraisal  
18 management services on or after the effective date of secs. 1 - 8 of this Act. In this section,  
19 "appraisal management services" has the meaning given in AS 08.87.900, as amended by sec.  
20 7 of this Act.

21 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
22 read:

23 TRANSITION: REGULATIONS. The Board of Certified Real Estate Appraisers may  
24 adopt regulations necessary to implement the changes made by this Act. The regulations take  
25 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the  
26 relevant provision of this Act implemented by the regulation.

27 \* **Sec. 11.** Section 10 of this Act takes effect immediately under AS 01.10.070(c).

28 \* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect August 9, 2018.

**SENATE BILL NO. 155**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

**BY SENATOR MEYER**

**Introduced: 1/24/18**

**Referred: Labor and Commerce, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the registration and regulation of real estate appraisal management**  
2 **companies; relating to the establishment of fees by the Department of Commerce,**  
3 **Community, and Economic Development; relating to the Board of Certified Real Estate**  
4 **Appraisers; and relating to real estate appraisers."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** AS 08.01.065(c) is amended to read:

7 (c) Except as provided in **(f) - (j)** [(f) - (i)] of this section, the department shall  
8 establish fee levels under (a) of this section so that the total amount of fees collected  
9 for an occupation approximately equals the actual regulatory costs for the occupation.  
10 The department shall annually review each fee level to determine whether the  
11 regulatory costs of each occupation are approximately equal to fee collections related  
12 to that occupation. If the review indicates that an occupation's fee collections and  
13 regulatory costs are not approximately equal, the department shall calculate fee  
14 adjustments and adopt regulations under (a) of this section to implement the



1 adjustments. In January of each year, the department shall report on all fee levels and  
 2 revisions for the previous year under this subsection to the office of management and  
 3 budget. If a board regulates an occupation covered by this chapter, the department  
 4 shall consider the board's recommendations concerning the occupation's fee levels and  
 5 regulatory costs before revising fee schedules to comply with this subsection. In this  
 6 subsection, "regulatory costs" means costs of the department that are attributable to  
 7 regulation of an occupation plus

8 (1) all expenses of the board that regulates the occupation if the board  
 9 regulates only one occupation;

10 (2) the expenses of a board that are attributable to the occupation if the  
 11 board regulates more than one occupation.

12 \* **Sec. 2.** AS 08.01.065 is amended by adding a new subsection to read:

13 (j) The department shall establish for real estate appraisal management  
 14 companies registered under AS 08.87 a registry fee in an amount that equals the  
 15 amount determined by the federal Appraisal Subcommittee established under 12  
 16 U.S.C. 3310 as a national registry fee for each real estate appraiser of the appraiser  
 17 panel of a real estate appraisal management company under 12 U.S.C. 3338 (Title XI,  
 18 Financial Institutions Reform, Recovery, and Enforcement Act of 1989), as amended  
 19 by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall Street Reform and Consumer Protection  
 20 Act); the department may annually remit fees paid under this subsection to the  
 21 Appraisal Subcommittee for participation in the national registry for real estate  
 22 appraisal management companies.

23 \* **Sec. 3.** AS 08.87.020 is amended to read:

24 **Sec. 08.87.020. Powers and duties of board.** In addition to the powers and  
 25 duties conferred on the board by AS 08.01, the board shall

26 (1) establish the examination specifications for certification as a  
 27 general real estate appraiser, as a residential real estate appraiser, and as an  
 28 institutional real estate appraiser;

29 (2) adopt rules of professional conduct to establish and maintain a high  
 30 standard of integrity in the real estate appraisal profession; [AND]

31 (3) adopt regulations necessary to carry out the purposes of this

1 chapter, including regulations

2 (A) necessary to comply with the requirements of

3 (i) 12 U.S.C. 3331 - 3355 [12 U.S.C. 3331 - 3351]

4 (Title XI, Financial Institutions Reform, Recovery, and Enforcement  
5 Act of 1989), as amended by 12 U.S.C. 5301 - 5641 (Dodd-Frank Wall  
6 Street Reform and Consumer Protection Act); the regulations adopted  
7 by the board under AS 08.87.110, 08.87.120, 08.87.135, 08.87.220, and  
8 08.87.310 may not be more stringent than the corresponding minimum  
9 requirements for receiving approval of the state's program of  
10 certification of real estate appraisers and registration of real estate  
11 appraisal management companies under 12 U.S.C. 3331 - 3355 [12  
12 U.S.C. 3331 - 3351] or other federal law; and

13 (ii) 15 U.S.C. 1639e (Truth in Lending Act);

14 (B) establishing registration procedures and standards for a  
15 real estate appraisal management company; and

16 (C) establishing the standards for the real estate appraisal  
17 management company's appraiser panel, including panel size and  
18 member qualifications;

19 (4) report relevant information regarding a real estate appraisal  
20 management company's operations, including a disciplinary action under this  
21 chapter or a violation of state or federal law, to the Appraisal Subcommittee  
22 established under 12 U.S.C. 3310.

23 \* **Sec. 4.** AS 08.87.020 is amended by adding a new subsection to read:

24 (b) The board may examine the records of a real estate appraisal management  
25 company operating in the state and require the company to submit reports,  
26 information, and documents to the board and investigate alleged violations of this  
27 chapter.

28 \* **Sec. 5.** AS 08.87 is amended by adding new sections to read:

29 **Article 2A. Real Estate Appraisal Management Companies.**

30 **Sec. 08.87.130. Registration required.** (a) A person shall register as a real  
31 estate appraisal management company with the board to perform appraisal

1 management services if the person

2 (1) provides an appraisal management service

3 (A) to a creditor or secondary mortgage market participant,  
4 including an affiliate; and

5 (B) in connection with valuing a consumer's principal dwelling  
6 as security for a consumer credit transaction or incorporating consumer credit  
7 transactions into a securitization; and

8 (2) oversees an appraiser panel.

9 (b) A person is guilty of a class B misdemeanor if the person engages in  
10 business as or holds out as a real estate appraisal management company, or performs  
11 or attempts to perform appraisal management services, at a time when the

12 (1) person does not hold a registration issued by the board; or

13 (2) registration issued by the board to the person is suspended,  
14 revoked, lapsed, or surrendered.

15 **Sec. 08.87.135. Requirements for registration of real estate appraisal**  
16 **management companies.** (a) The board shall register a real estate appraisal  
17 management company operating in the state if the company applies on a form  
18 approved by the board, pays the fee required under AS 08.01.165(j), and presents  
19 evidence satisfactory to the board that the company

20 (1) has designated a controlling person who will be the main point of  
21 contact between the board and the company and who meets the requirements under (b)  
22 of this section;

23 (2) has, if the company is not a corporation that is domiciled in this  
24 state, filed with the department a written consent to service of process on a resident of  
25 this state for any court action arising from an activity regulated under this chapter or  
26 12 U.S.C. 3331 - 3355 and provided the name and contact information for the  
27 company's agent for service of process in this state;

28 (3) requires a real estate appraiser to comply with the Uniform  
29 Standards of Professional Appraisal Practice adopted by the Appraisal Standards  
30 Board of the Appraisal Foundation when completing appraisals at the company's  
31 request;

1 (4) engages only appraisers who are certified under this chapter;

2 (5) has a process to verify that a person who is assigned to serve on an  
3 appraiser panel of the company

4 (A) is certified under this chapter and maintains a certification  
5 in good standing; and

6 (B) is qualified to conduct federally related transactions under  
7 federal law; in this subparagraph, "federally related transaction" means a real  
8 estate related transaction that involves an insured depository institution  
9 regulated by the United States Comptroller of the Currency, the Board of  
10 Governors of the Federal Reserve System, the Federal Deposit Insurance  
11 Corporation, or the National Credit Union Administration and requires the  
12 services of a real estate appraiser under the interagency appraisal rules;

13 (6) conducts appraisals independently and free from inappropriate  
14 influence and coercion as required under 12 U.S.C. 3353;

15 (7) is not directly or indirectly owned in whole or in part by a person  
16 that has had a certificate to act as a real estate appraiser denied, cancelled, suspended,  
17 revoked, put on probation, or surrendered in lieu of a pending revocation in any state  
18 unless the person has later had a certificate to act as a real estate appraiser granted or  
19 reinstated by the same state; and

20 (8) has posted a surety bond in an amount required by the board, not to  
21 exceed \$25,000.

22 (b) A controlling person designated under (a) of this section

23 (1) must be actively certified in the state as a real estate appraiser at all  
24 times that the person is designated as a controlling person;

25 (2) may not have had a certificate to act as a real estate appraiser  
26 denied, cancelled, suspended, revoked, put on probation, or surrendered in lieu of a  
27 pending revocation in any state unless the person has later had the certificate to act as  
28 a real estate appraiser granted or reinstated; and

29 (3) must be of good moral character.

30 (c) A controlling person designated under (a) of this section shall submit  
31 fingerprints and the fees required by the Department of Public Safety under

1 AS 12.62.160 for criminal justice information and a national criminal history record  
 2 check. The department shall submit the fingerprints and fees to the Department of  
 3 Public Safety for a report of criminal justice information under AS 12.62 and a  
 4 national criminal history record check under AS 12.62.400.

5 (d) The board shall provide a copy of a registration under this section to the  
 6 Appraisal Subcommittee under 12 U.S.C. 3310 on a form approved by the  
 7 subcommittee.

8 (e) A registration under this section is valid for two years and may be renewed  
 9 upon proof of continued compliance with the requirements of (a) - (c) of this section.

10 **Sec. 08.87.140. Mandatory reporting.** A real estate appraisal management  
 11 company or a controlling person, employee, director, officer, or agent of a real estate  
 12 appraisal management company that has reasonable cause to believe that a real estate  
 13 appraiser has failed to comply with the Uniform Standards of Professional Appraisal  
 14 Practice as adopted under 12 U.S.C. 3339 in a manner that materially affects a  
 15 valuation appraisal shall report the noncompliance to the board and to the Appraisal  
 16 Subcommittee established under 12 U.S.C. 3310.

17 **Sec. 08.87.145. Retention of records and inspection.** A registered real estate  
 18 appraisal management company or a real estate appraisal management company that  
 19 has applied for registration shall allow the board to inspect and shall retain, for not less  
 20 than the later of either five years after the date a file is submitted to the company or  
 21 two years after final disposition of a related judicial proceeding,

22 (1) copies of all records related to requests for the company's appraisal  
 23 management services and the real estate appraisers who perform the appraisals;

24 (2) a written record of all substantive communications between a real  
 25 estate appraisal management company registered under this chapter and a real estate  
 26 appraiser relating to an appraisal or participation in an appraiser panel.

27 **Sec. 08.87.150. Reporting requirements for federally regulated real estate**  
 28 **appraisal management companies.** (a) A real estate appraisal management company  
 29 that is owned and controlled by an insured depository institution as defined in 12  
 30 U.S.C. 1813 and regulated by the United States Comptroller of the Currency, the  
 31 Board of Governors of the Federal Reserve System, or the Federal Deposit Insurance

1 Company, shall annually submit to the board information that the board is required to  
 2 submit to the Appraisal Subcommittee under 12 U.S.C. 3310, including a

3 (1) report of intent to operate in the state; and

4 (2) disclosure of whether the company is directly or indirectly owned  
 5 in whole or in part by any person that has had a certificate to act as a real estate  
 6 appraiser denied, cancelled, suspended, revoked, put on probation, or surrendered in  
 7 lieu of a pending revocation in any state.

8 (b) If a person has had disciplinary action taken against the person under  
 9 (a)(2) of this section, the board shall collect information related to whether the  
 10 certificate to act as a real estate appraiser was denied, cancelled, suspended, revoked,  
 11 put on probation, or surrendered in lieu of a pending revocation for a substantive cause  
 12 and whether the person has later had the certificate to act as a real estate appraiser  
 13 reinstated by the same state.

14 **Sec. 08.87.155. Exemptions.** AS 08.87.130 - 08.87.150, 08.87.215, and  
 15 08.87.220 do not apply to a

16 (1) person who is employed by a department or division of an entity  
 17 that provides appraisal management services only to that entity;

18 (2) real estate appraisal management company that is

19 (A) owned and controlled by an insured depository institution;

20 and

21 (B) regulated by the Consumer Financial Protection Bureau,  
 22 the Federal Housing Finance Agency, the Board of Governors of the Federal  
 23 Reserve System, the Federal Deposit Insurance Corporation, the United States  
 24 Comptroller of the Currency, or the National Credit Union Administration; or

25 (3) real estate appraiser who enters into an agreement with another real  
 26 estate appraiser for the performance of an appraisal that upon completion results in a  
 27 report signed by both the real estate appraiser who completed the appraisal and the  
 28 real estate appraiser who requested completion of the appraisal.

29 \* **Sec. 6.** AS 08.87 is amended by adding new sections to article 3 to read:

30 **Sec. 08.87.215. Prohibited practices; real estate appraisal management**  
 31 **companies.** (a) A real estate appraisal management company may not, while

1 registered in the state, retain or enter into a business relationship with an employee,  
 2 contractor, or agent whose certificate to act as a real estate appraiser is denied,  
 3 cancelled, suspended, revoked, put on probation, or surrendered in lieu of a pending  
 4 revocation in any state unless the employee, contractor, or agent has later had a  
 5 certificate to act as a real estate appraiser granted or reinstated by the same state.

6 (b) A real estate appraisal management company or a controlling person,  
 7 employee, director, officer, or agent of a real estate appraisal management company  
 8 may not

9 (1) seek to influence a real estate appraiser through intimidation,  
 10 coercion, extortion, or bribery;

11 (2) condition payment of an appraisal fee on a real estate appraiser's  
 12 opinion, conclusion, or valuation;

13 (3) request that a real estate appraiser report a predetermined opinion,  
 14 conclusion, or valuation;

15 (4) alter, amend, or change an appraisal report submitted by a real  
 16 estate appraiser without the real estate appraiser's written consent;

17 (5) require a real estate appraiser to sign an indemnification agreement  
 18 for a claim that does not arise from a service performed by the real estate appraiser;

19 (6) prohibit a real estate appraiser who is part of an appraiser panel  
 20 from recording within the appraisal communication the fee that the appraiser was paid  
 21 by the company for the performance of the appraisal;

22 (7) prohibit lawful communication between a real estate appraiser and  
 23 any other person who the real estate appraiser determines possesses information  
 24 relevant to the appraisal;

25 (8) engage in an act or practice with intent to impair a real estate  
 26 appraiser's independence, objectivity, and impartiality;

27 (9) knowingly make a false statement, submit false information, or fail  
 28 to provide complete information in response to a question in an application for  
 29 registration or renewal of a registration; or

30 (10) violate this chapter or a regulation adopted under this chapter.

31 **Sec. 08.87.220. Disciplinary proceedings; real estate appraisal**

1       **management companies.** The board may take disciplinary action under AS 08.01.075  
 2 or suspend or revoke a registration of a real estate appraisal management company if it  
 3 finds that the

4                   (1) company or a controlling person, employee, director, officer, or  
 5 agent of a real estate appraisal management company has violated a provision of this  
 6 chapter or a regulation adopted by the board under this chapter;

7                   (2) company or a controlling person of the company has had a  
 8 certificate to act as a real estate appraiser or a registration as a real estate appraisal  
 9 management company denied, cancelled, suspended, revoked, put on probation, or  
 10 surrendered in lieu of a pending revocation in any state;

11                   (3) company fails to comply with the Uniform Standards of  
 12 Professional Appraisal Practice under 12 U.S.C. 3339;

13                   (4) company performs appraisal management services in a manner that  
 14 causes injury or loss to the public;

15                   (5) company has ceased to operate in the state as a real estate appraisal  
 16 management company;

17                   (6) company used fraud, deception, misrepresentation, or bribery in  
 18 securing a registration under this chapter.

19       \* **Sec. 7.** AS 08.87.900 is amended by adding new paragraphs to read:

20                   (14) "appraisal management services" includes the performance of any  
 21 of the following functions on behalf of a lender, financial institution, or other person:

22                               (A) administration of an appraiser panel;

23                               (B) recruitment, retention, or selection of real estate appraisers  
 24 for the performance of appraisal services;

25                               (C) contracting with real estate appraisers to perform  
 26 appraisals;

27                               (D) review of a completed appraisal before the delivery of the  
 28 appraisal or review assignment to the person that ordered the appraisal;

29                   (15) "appraiser panel" means a group of licensed or certified real estate  
 30 appraisers who perform appraisals as independent contractors for a real estate  
 31 appraisal management company;



1 (16) "company" means a real estate appraisal management company  
2 required to register under AS 08.87.130 that performs appraisal management services;

3 (17) "controlling person" includes a person who

4 (A) owns more than 10 percent of a real estate appraisal  
5 management company or an officer or director of a real estate appraisal  
6 management company;

7 (B) is employed and authorized by a real estate appraisal  
8 management company to enter into a contractual relationship with another  
9 person for the performance of appraisal management services or with a real  
10 estate appraiser to perform an appraisal; and

11 (C) has the authority to direct the management or policies of a  
12 real estate appraisal management company;

13 (18) "principal dwelling" means a residential structure or mobile home  
14 that contains one to four units but does not include a vacation or second home unless  
15 the consumer buys or builds a new dwelling that will become the primary location that  
16 the consumer inhabits within a year after the purchase or completion of construction.

17 \* **Sec. 8.** AS 12.62.400(a) is amended by adding a new paragraph to read:

18 (19) a position as a controlling person of a real estate appraisal  
19 management company under AS 08.87.135.

20 \* **Sec. 9.** AS 37.05.146(c) is amended by adding a new paragraph to read:

21 (90) real estate appraisal management company registry fees under  
22 AS 08.01.065(j).

23 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 **APPLICABILITY.** This Act applies to a person offering or providing appraisal  
26 management services on or after the effective date of this Act. In this section, "appraisal  
27 management services" has the meaning given in AS 08.87.900.

Matthew G. Bevin, Governor

**Board Members**

John G. Kenkel, Jr., Chair  
Russ C. Lohan, Vice Chair  
Terry Bunnell  
Neil Tong



**Kentucky Real Estate Authority**

Executive Director

**Staff Members**

Tom Veit  
Angie Thomas

## Kentucky Real Estate Appraisers Board

March 9, 2018

**MAR 14 2018**

Arthur Lindo  
Appraisal Subcommittee  
Federal Financial Institutions Examination Council  
1401 H Street, NW  
Suite 760  
Washington, D.C. 20005

**RE: Kentucky Election to Register/Supervise AMCs, and Request for Extension of Time**

Dear Chairman Lindo,

This letter will serve to notify you that the Commonwealth of Kentucky, by action of the Kentucky Real Estate Appraisers Board, hereby elects to register and supervise Appraisal Management Companies (AMCs) for federally related transactions in accordance with federal law.

Additionally, the Board desires to remind the Appraisal Subcommittee (ASC) that the Commonwealth has proactively taken legislative measures to so comply. Specifically, it has done so through the enactment of Kentucky Revised Statutes 324A.150-164. In this vein, and based upon Kentucky's substantial progress to date in regulating, registering, and supervising AMCs the Commonwealth of Kentucky hereby requests a 12 month extension of time to bring Kentucky's statutes and administrative regulations in alignment with the standards of Title XI (12 U.S.C. 3353)(f)(2).

The Kentucky Board of Real Estate Appraisers offers as evidence the following address that will direct the ASC to the Kentucky Appraisal Management Company Registration Act.: <http://www.lrc.ky.gov/statutes/chapter.aspx?id=38859>. Alternatively, we are happy to provide additional proof at the request of the ASC. Please let me know should you require additional information. I look forward to your response.

Very truly yours,

A handwritten signature in blue ink that reads "Carson Kerr".

Carson Kerr  
Board Counsel, Kentucky Real Estate Appraisers Board

KREAB | 321 N. Madison Avenue | Richmond, KY 40475  
Phone: (859) 623-1658 | Fax: (859) 623-2598  
[www.kreab.ky.gov](http://www.kreab.ky.gov)

**BRIAN SANDOVAL**  
Governor

STATE OF NEVADA



**C.J. MANTHE**  
Director

**SHARATH CHANDRA**  
Administrator

DEPARTMENT OF BUSINESS AND INDUSTRY  
REAL ESTATE DIVISION

www.red.nv.gov

February 22, 2018

Federal Financial Institutions Examinations Council  
Appraisal Subcommittee  
Attn: Jim Park, Executive Director  
1401 H. Street #760  
Washington, D.C. 20005

Re: Bulletin N0. 2017-02 –Extension of the Implementation Period for State Registration and Supervision of Appraisal Management Companies (AMCs)

Dear Mr. Park,

The Department of Business & Industry, Real Estate Division (Division) is requesting a 12 month extension until August 10, 2019 for the Appraisal Program to comply with the Implementation Period of the original date of August 10, 2018 for Title XI as amended by the Dodd-Frank Act, which imposes a statutory restriction on performance of services by AMCs for Federally related transactions and the Implementation of the registration and supervision of AMCs.

The Divisions long standing Program Manager for the Appraisal Program retired effective January 06, 2017. This position was filled shortly after with a new Program Manager effective January 16, 2017. This person transferred to another agency October 06, 2017. The new Program Manager Jaye Lindsay came on board February 05, 2018 and is working with Administration to ensure the Appraisal Program is in compliance as it applies to the registration and supervision of AMCs.

In addition to the several turnovers within the agency, the State of Nevada Legislative year is every two years on the odd year. Therefore, the bill draft request for this legislation change would have needed to be completed by October of 2016 to be introduced in the 2017 Legislature.

Currently, the Real Estate Division Administration is working along with Ms. Lindsay to draft the new language for the Implementation of the changes in Section 1117 of Title XI, "*Establishment of State Appraisers certifying and licensing agencies*" to amend and add the registration and supervision of AMCs legislation to bring forward in the 2019 Legislative Session. The agency will ask for this change to become effective immediately after the close of the Session.

However, the Nevada Administrative Code (NAC) is the codified administrative regulations and is the final step in the process. Regulations for changes in the law will require the Division to prepare a draft of those regulations and submit before the Appraisal Commission for discussion, then to the Legislative

Council Bureau for approval and language review. Public workshops will need to be held and then the final draft will need to be approved and adopted by the Legislative Commission. The Division will complete this process as expeditiously as possible but we anticipate approximately 4-6 months after the legislation has passed for the final approval and adoption of the regulations.

If you have further questions, you contact me at 775-684-1901.

Regards,

A handwritten signature in blue ink that reads "Sharon Jackson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sharon Jackson, Deputy Administrator  
Department of Business & Industry  
Real Estate Division

Cc: Sharath Chandra, Administrator  
Teralyn Thompson, Administrative Program Manager  
Jaye Lindsay, Appraisal Program Manager

STATE OF NEW YORK  
**DEPARTMENT OF STATE**

ONE COMMERCE PLAZA  
99 WASHINGTON AVENUE  
ALBANY, NY 12231-0001  
WWW.DOS.NY.GOV

ANDREW M. CUOMO  
GOVERNOR

ROSSANA ROSADO  
SECRETARY OF STATE

March 15, 2018

James R. Park, Executive Director  
Appraisal Subcommittee  
1401 H Street, NW, Suite 760  
Washington, DC 20005

Dear Mr. Park:

The New York State, Department of State (the "Department of State") respectfully requests an extension of the August 1, 2018 deadline to implement an appraisal management company regulatory program. To date, the Department of State has made substantial progress toward establishing an appraisal management company program that conforms with Title XI, of the Financial Institutions Reform, Recover, and Enforcement Act of 1989 ("Title XI"). Despite these efforts, the program will not be fully implemented by August 1, 2018.

The Department of State has drafted and submitted legislation to the New York State legislature to regulate appraisal management companies operating in New York. During the drafting of the legislation, Department of State staff worked closely with a subcommittee of the NYS Appraisal Board to research other appraisal management company programs and draft a detailed bill that satisfies the obligations imposed by Title XI. The Department of State has had discussions with the New York State Assembly regarding the urgency of this legislation and were advised that both houses of the legislature understand the time constraints we currently face. If the legislation is passed by the NYS Legislature and signed into law by Governor Cuomo, the Department of State must complete administrative tasks to fully implement the new law (e.g., systems development, promulgations of regulations, outreach, staff training and development etc.). To afford sufficient time to advance the bill through the legislative process and complete the logistical steps necessary to successfully implement the new law, it is respectfully requested that New York's deadline be extended to August 1, 2019.

Thank you for your consideration.

Very truly yours,



Brendan Fitzgerald  
First Deputy Secretary of State



**Department  
of State**



# OKLAHOMA REAL ESTATE APPRAISER BOARD

OKLAHOMA INSURANCE DEPARTMENT

JOHN DOAK, CHAIRPERSON  
STEPHEN C. WALTON, VICE-CHAIRMAN  
H.E. "TED" SMITH, MEMBER  
BECKY ZARECKI, MEMBER

SHELLEY PRUITT, MEMBER  
PATRICIA G. BROOME, MEMBER  
JAMES R. ARTMAN, MEMBER  
BETTY J. CAGLE, MEMBER

March 21, 2018

**Transmitted via E-Mail – [jim@asc.gov](mailto:jim@asc.gov)**

Federal Financial Institutions Examination Council  
Appraisal Subcommittee  
Attention: James R. Park  
1401 H Street N.W., Suite 760  
Washington, D.C. 20005

**Re: Request for Extension of Implementation Period for State Registration and Supervision of  
Appraisal Management Companies - AMENDED**

Dear Mr. Park:

Pursuant to the information set forth in ASC Bulletin No. 2017-02, please accept this correspondence as the Oklahoma Real Estate Appraiser Board's ("Board") request for a 12-month extension of the implementation period regarding registration and supervision of appraisal management companies in Oklahoma. It is our understanding, if granted, the statutory restriction on performance of services by AMCs for FRTs will be lifted until August 10, 2019.

Following the Dodd-Frank Financial Reform Bill which was signed into law by President Obama on July 21, 2010, the Board immediately promulgated rules and regulations. The Oklahoma *Appraisal Management Company Regulation Act*, set forth at 59 O.S. § 858-801 et seq., ("AMC Act") went into effect on January 1, 2011. The Board began actual registration of appraisal management companies in March of 2011. Since that time, the Board has continued to update both rules and regulations in order to bring them into compliance, with the most recent modification to the AMC Act occurring on November 1, 2016.

With respect to collection of the AMC National Registry Fee, Board Rules at Oklahoma Administrative Code (OAC) **600:30-1-6. Fee Schedule** provides:

(c) In addition, the Department shall charge and collect a National Registry Fee in such amount as may be assessed by the Appraisal Subcommittee for all AMCs holding a Certificate of Registration. Said fees shall be transmitted by the Department to the Appraisal Subcommittee.

Board Counsel, Assistant Attorney General Bryan Neal, has advised that the language in Board Rules is not sufficient for collection of the AMC National Registry Fee as there is no language within the actual AMC Act that grants authority to the Board to collect those fees. Further, the AMC Act contains no

James R. Park  
March 21, 2018

statutory authority to allow the Board to collect information and the AMC National Registry Fee from federally regulated appraisal management companies that are exempt from registering under the AMC Act. Part of the delay in seeking to make these changes was a desire to wait for the ASC's own rulemaking process to be completed so we would better understand exactly what was expected in order to avoid a second trip to the Legislature. Thereafter, on January 1, 2017, President Trump placed a freeze on federal rulemaking which created an additional delay.

**AMENDMENT:** Further review of the AMC Act, and upon consultation with our assigned policy manager, Claire Brooks, deficiencies are also noted in our definition of "appraiser panel" and "appraisal management company." The AMC Act does not include language requiring an AMC to ensure compliance with USPAP by an appraiser. While the AMC Act permits the Board to deny registration of an AMC to an owner whose appraiser credential has been refused, denied, cancelled, surrendered or revoked, Oklahoma's AMC Act sets a bar of 10% percent ownership requirement before the language applies. Lastly, the AMC Act states that an AMC shall not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for appraisal services to an appraiser "except within the first 30 days," which is contrary to the final AMC rule.

Although the ASC has now published the ASC rules resulting from its rulemaking process and relevant timeframes associated with the AMC National Registry, the earliest the Board could now put a bill before the Oklahoma Legislature would be January, 2019. Any legislative changes would most likely take effect on November 1, 2019. Possibly July, 2019 if an emergency was found to be warranted by the Oklahoma Legislature and the Emergency Clause was attached to the Legislative changes. Although it may appear we could have acted more quickly in order to have a bill put before the Oklahoma Legislature during the 2018 legislative session, locating an author and having a bill filed began in October and November of 2017. There was simply insufficient opportunity to locate an author and put a bill together before the early December 2017 filing deadline.

Please know that the Board and its staff has been engaged in continuous discussions regarding the future of the AMC Act and the needs of the Board with respect to the possible hiring of additional personnel and the costs associated with collection of the AMC National Registry Fee. The Board has been diligent in implementing an appraisal management company registration program and has been regulating appraisal management companies for nearly six years. As I stated earlier, multiple modifications have been made over the years as interpretations have changed and concerns have been pointed out by the ASC policy managers.

As you know, we strive to be exceptional. We take very seriously the rules that govern us as a regulatory agency. While we are concerned with the schematics of the AMC National Registry and the associated burdens placed on us as a regulator of appraisal management companies, we are working diligently towards a resolution. We respectfully request that you grant Oklahoma a 12-month extension of time in which to finalize decision making and to make any needed legislative changes to accommodate the requirements of the AMC National Registry and collection of fees.

Links to the Oklahoma Appraisal Management Company Regulation Act and associated Board Rules are attached to my transmittal. If I can answer any questions or concerns, please feel free to contact me at any time.

James R. Park  
March 21, 2018

Sincerely,

A handwritten signature in cursive script, appearing to read "Christine M. McEntire".

**CHRISTINE M. MCENTIRE, Director**  
Real Estate Appraiser Board

cc: Alice M. Ritter, General Counsel  
[Alice@ASC.gov](mailto:Alice@ASC.gov)