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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 16, 1999

Mr. David S. Bunton
Executive Vice President
The Appraisal Foundation
1029 Vermont Ave., NW, Suite 900
Washington, DC 20005-3517

Dear Dave:

The Appraisal Subcommittee ("ASC") has reviewed the Appraisal Foundation's 1999 Grant Proposal and has approved funding the Foundation in the amount of \$800,000. On Friday, February 12, 1999, I emailed a revised set of Grant spreadsheets to you. The revised spreadsheets contained adjustments to various line items and an adjusted total of \$869,766. Following are some of the highlights of the adjustments reflected in the revised spreadsheets:

- Removal of funding associated with the urban appraiser study contained in AQB 101;
- Removal of funding associated with the "Non-Title XI Criteria" contained in AQB 105;
- Removal of funding associated with "USPAP Standards 6-10" contained in ASB 206;
- Reduction in the number of hours associated with the new Director of Research and Technical Issues from 1,625 to 1,083, per our previous discussion;
- Reduction of 130 hours in the AQB consulting hours in AQB 101. This is a partial offset for work performed by the new Director position;
- Reduction of 378 hours in the ASB consulting hours in ASB 101. This is a partial offset for work performed by the new Director position;
- Reduction in the number of funded AQB meetings from four to three;
- Reduction in the number of funded ASB meetings from five to three; and
- Reduction in the number of funded TAFAC meetings from five to three.

As noted above, the revised spreadsheets total \$869,766. Note, however, that the ASC has approved funding at \$800,000. Even though we found almost \$870,000 of your request to be Title XI-related and reasonable, our funding is limited to \$800,000 due to ASC budget constraints. As a result, you need to review the revised spreadsheets and further revise them to balance at the \$800,000 amount. In short, you need to determine where you are going to apply the ASC funds. After your determination, please forward a revised spreadsheet and revised pages to insert in your 1999 Grant Proposal documents. These revised documents will be used as the basis for our 1999 Grant/Contract documents and to track against your monthly Grant reimbursement requests. We cannot process any requests for reimbursement until we have received and accepted the revised spreadsheets and documents. In revising your grant proposal documents, please consider that our funding includes the following considerations:

- The funding applies retroactively to expenses incurred from January 1, 1999, through December 31, 1999;
- The new position, Director of Research and Technical Issues, is approved. As you represented at our January 1999 ASC meeting, this position will function with a great amount

of independence. The Foundation's intent is that this position provides authoritative responses to AQB and ASB issues in a very responsive manner. Should this position not function as represented, we will not fund costs associated with the position in future years;

- The ASB must follow through with its commitment to post questions and answers monthly on the Foundation Web site. We anticipate that this posting will begin no later than July 1999;
- The ASB must issue, at a minimum, a proposed final position on the "confidentiality issue" by December 31, 1999. We would prefer to see such a proposal much earlier in 1999;
- The ASB must issue an Advisory Opinion on "scope-of-work issues" by December 31, 1999. Again, we would prefer to see the opinion much earlier in 1999;
- The ASB must issue, at a minimum, a draft version of revised Standards 4 and 5 by December 31, 1999;
- The Board of Trustees must forward to us copies of the ASB, AQB, and TAFAC quarterly management reports; and
- The Foundation is not permitted to reallocate funds between Grant line items without our prior, written approval.

An executed Contract/Purchase Order will be forwarded to you after we receive your revised spreadsheets and documents.

If you have any questions, please contact me.

Sincerely,

Ben Henson
Executive Director