

**FFIEC - APPRAISAL SUBCOMMITTEE
MEETING MINUTES
FEBRUARY 10, 1999**

ATTENDEES: H. Yolles (NCUA), M. Holman (HUD), J. Snyder (FDIC), J. Price (OTS).
Staff: B. Henson (Executive Director), K. Gearheard (Senior Appraisal Policy Manager),
D. Greene (Appraisal Policy Manager), V. Ledbetter (Appraisal Policy Manager), R.
Seward (Information Management Specialist), M. Weinberg (General Counsel). **Other:**
D. Deale (OTS); J. Leitner (FDIC).

ABSENT: D. Gibbons (OCC), G. Gibbs (FRB) L. Schuster (Administrative Officer).

ADMINISTRATIVE MATTERS

- H. Yolles called the meeting to order at 1:30 p.m.
- Meeting Minutes – M. Holman moved for approval of the January 13th minutes and J. Snyder seconded. All members present approved.

ACTION

- **Approval of the Kansas field review and draft letter** – V. Ledbetter presented the field review report and draft letter. After discussion, J. Price moved for acceptance of the field review report and approval of the draft letter with minor edits and delegated authority to the Chairman to review and edit corrections and sign the letter. M. Holman seconded and all members present approved.
- **Approval of the Appraisal Foundation's 1999 Grant Request** – B. Henson presented the staff's review and analysis of the Grant Request. In summary, the Grant Request totaled \$1,063,536. Staff recommended that the ASC not fund the urban appraiser study, non-Title XI criteria, and USPAP Standards 6-10. In addition, the staff recommended funding for the new Director of Research and Technical Issues at a reduced rate based on the fact that the new person likely would not start work until May 1, 1999. The staff further recommended reduced funding for the ASB and AQB reflecting lower consulting hours due to the existence of the new position. Funding would also be reduced for AQB, ASB and TAFAC meetings. As reduced, the total amount of funding would be \$869,768. Due to ASC budget considerations, however, B. Henson recommended that the Grant Request be approved for \$800,000, with the Foundation informing us how it would apply that amount among the to-be-funded projects. He also presented a number of conditions to that funding level that would be included in the grant/contract documentation. After further discussion, M. Holman moved that B. Henson send a letter to the Appraisal Foundation proposing ASC funding for Foundation activities as discussed above. J. Price seconded the motion and all members present approved.

- **Approval of letter to Appraisal Foundation about Deloitte & Touche review** – B. Henson presented Deloitte & Touche’s review findings. He stated that only minor matters were found, and that the Foundation has taken appropriate remedial actions. The only issue of any substance regarded the Foundation’s moving excess funds from one object class to another object class where additional funds were needed. This practice arguably was authorized by an earlier version of OMB Circular No. A-110. B. Henson recommended removal of this authority from the 1999 Grant/Contract, which would be consistent with the current OMB Circular. M. Holman moved approval of the letter to the Foundation, J. Snyder seconded that motion, and all members present approved.

DISCUSSION

- **Ten-year budget projection** – B. Henson presented the ten-year budget projection, as analyzed in two spreadsheets. B. Henson concluded that, ~~based on these assumptions~~, the ASC should be able to fund its operating expenses, unless the fee-paying appraiser population decreases more than expected, and that funds available to the Appraisal Foundation grant will continue to decrease each year. M. Holman asked about the possibility of raising the \$25 Registry fee. Title XI’s provisions regarding a fee increase were discussed. B. Henson noted that, given the projections, the ASC would not have to address this issue for three to five years. H. Yolles, with the consensus of the ASC, instructed B. Henson to provide the Appraisal Foundation with a copy of the spreadsheets.
- **California Registry fee payments** – Ben Henson updated the ASC regarding the California Registry fee analysis, which was just completed by staff. B. Henson recommended that he send a letter to California presenting the results of our analysis and providing the State with 90 days to respond. The ASC agreed with this approach, and H. Yolles instructed B. Henson to draft the letter.

OTHER

- The meeting adjourned at 4:00 PM. The next meeting is scheduled for March 9, 1999.