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Appraisal Subcommittee

Federal Financial Institutions Examination Council

June 7, 2002

Charles Clark, Real Estate Commissioner
Georgia Real Estate Appraisers Board
Suite 1000
International Tower
229 Peachtree St., NE
Atlanta, GA 30303-1605

Dear Mr. Clark:

This letter responds to your May 24, 2002 letter to Chairman Snyder concerning your Freedom of Information Act ("FOIA") request. In your letter, you presented three items for our response. They are restated below, followed by our responses.

The materials supplied to us covered grants to the Appraisal Foundation for the years 1994-2000. According to the ASC's Annual Reports it also made grants for at least the years 1992-1993 and 2001. Are there no "specially tailored reviews" for those years? Were grants made for any other years?

No reviews exist for grant years 1992, 1993 and 2001. The reviews were initiated starting with the 1994 grant year. The review for 2001 has not yet been completed.

Some names of persons the "specifically tailored reviews" alleged may have been involved in "discrepancies" were hidden while others were not. Does that mean the ASC conducted an investigation and determined that those whose names were hidden committed no "discrepancies" and those whose names were not hidden had committed "discrepancies" the "specially tailored review" alleged?

No. The names of persons were redacted to protect their privacy interests in compliance with the Privacy Act of 1974 and FOIA. While we could have redacted the names of those persons disclosed in the documents, we chose to identify them because the Appraisal Foundation directly employs them. Disclosure or non-disclosure of names was not based on whether the person committed or did not commit discrepancies.

We noted that for the years 1994-1998 Total Expenditures under the grants nearly perfectly mirrored the Total Budgets. In 1999 and 2000, Total Expenditures fell significantly short of Total Budgets. Was any investigation made of how the Foundation made such complete use of funding in 1994-1998 and not in later years? Were the unexpended funds in 1999 and 2000 returned to agency? Are any penalties imposed or special authorizations required when the grantee exceeds budget limits in an object class? If so, what penalties were imposed or authorizations sought?

At the outset, it is important to note that the ASC does not provide the Appraisal Foundation with actual grant funds at the beginning of a grant year. The Foundation submits a grant request

annually. The ASC reviews the request and determines how much of the Foundation's activities to fund. The ASC notifies the Foundation of its determination. The Foundation performs its work and submits reimbursement requests monthly to the ASC for payment for work performed. The requests contain detailed documentation supporting the requested reimbursement. The ASC reviews each request and accompanying documentation at its monthly meetings and votes to approve or disapprove reimbursement in whole or in part. Excess funds that could be returned to the ASC do not exist at the end of a year because the ASC does not advance funds to the Foundation.

The ASC approves the grant to Foundation to offset the costs of performing specific tasks. The Foundation's grant requests are based on estimates of the amount of costs it will incur in performing those tasks. In some cases, the Foundation may spend all of the requested funds for a task, in other cases it may not. The Foundation requests reimbursement only for costs actually incurred. Therefore, in some years, the Foundation does not request reimbursement for the full amount available under the grant. It is not necessary for the ASC to "investigate" such an occurrence because the Foundation provides supporting document in its monthly reimbursement requests.

Finally, if the Foundation exceeds its estimated costs in an object class, it has two options. It can absorb the excess cost through its non-grant income sources, or it can submit a request to the ASC to reimburse the costs. The request could be either 1) a request to reallocate savings from another object class to cover the costs, or 2) a request for the ASC to increase the grant amount to cover the costs. As with any other grant-related request, the ASC would review the request at its monthly meeting and vote to approve or reject the request.

Sincerely,

Ben Henson
Executive Director