

**FFIEC-APPRAISAL SUBCOMMITTEE
MEETING MINUTES [PUBLIC]
December 14, 2006**

ATTENDEES: G. Gibbs (FRB), S. Fritts (FDIC), D. Merkle (OTS), J. Richardson (HUD), D. Patel (OCC). **Permanent staff:** B. Henson (Executive Director), V. Ledbetter (Appraisal Policy Manager), L. Schuster (Administrative Officer), R. Seward (Information Management Specialist), M. Weinberg (General Counsel). **Other:** B. Gardner (FDIC).

ABSENT: L. Fazio (NCUA Voting Alternate), D. Graves (Appraisal Policy Manager), J. Tidwell (Appraisal Policy Manager).

The meeting was called to order at 10:30 a.m. by G. Gibbs. J. Richardson attended via telephone.

ADMINISTRATIVE MATTERS

- **Meeting Minutes** –S. Fritts moved for approval of the November 9th minutes, as edited, and D. Patel seconded; all members present approved.

ACTION

- **Appraisal Foundation July 2006 Grant Reimbursement Request** – B. Henson presented the July reimbursement request for approval. D. Patel moved to approve the reimbursement in the amount of \$71,048, and S. Fritts seconded; all members present approved.
- **Appraisal Foundation 2007 Grant Proposal Request** - D. Bunton, G. Accetta, J. Brennan, and C. Johnson attended from the Appraisal Foundation to present the 2007 grant proposal and provide an update on planned 2007 activities. J. Brennan presented the Appraiser Qualifications Board (“AQB”) report. He stated that the AQB will be working on two primary initiatives in 2007: working with States to implement the 2008 Criteria; and finalizing development of uniform State examinations for appraiser applicants. He reported that approximately 620 State Board members/State employees attended the Criteria Implementation Task Force meetings in 2006. D. Bunton commented that travel costs for State regulators were paid by the Appraisal Foundation. These meetings were conducted by the Appraisal Foundation with representatives from the AQB, ASC, and AARO. (D. Merkle joined the ASC meeting.) D. Patel asked if all States had attended at least one of the meetings. J. Brennan responded that most, but not all, States sent at least one representative, either a Board or staff member.

G. Accetta presented the Appraisal Standards Board (“ASB”) report. He stated that the Scope of Work project was completed in 2006, and that the 2006 edition of USPAP that went into effect in July 1, 2006, will be valid through 2007. The ASB plans to transition to a two-year USPAP cycle beginning in 2008. G. Accetta reported that the ASB had begun to focus on Standard 2 - Reporting. The purpose is to determine whether changes are needed as a result of the Scope of Work project. He stated that another major focus for 2007 will be an evaluation of the Supplemental Standards Rules. He said that possible changes to this Rule

could affect Statement 10. He expressed the ASB's intent to communicate with the Federal financial institutions regulatory agencies regarding any potential changes to Statement 10.

J. Richardson asked for more clarification of the grant proposal's increases in certain line items. D. Bunton responded that the proposed grant represents a seven percent increase over the 2006 grant. He reported that much of the increase is in travel for AQB members to go to States to assist with 2008 AQB criteria implementation. He said that the Foundation budgeted for 25 trips, although it is unknown how many States will take advantage of the meeting opportunity. He also noted that printing costs will increase to accommodate the demand for the AQB Criteria booklets. S. Fritts encouraged the Foundation to explore other communication options, *e.g.*, video conferencing and DVD presentations. G. Gibbs questioned the amount of the fees charged for the 15-hour National USPAP Course and the 7-hour National USPAP Update Course. D. Bunton responded that the AQB has approved 15 USPAP courses by other education providers as being equivalent to the Foundation's national courses. Appraisers are able to choose from the Foundation's courses or the courses offered by any of these other providers. The Foundation does not receive fees from these other providers unless the provider chooses to purchase course materials from the Foundation. Many course providers purchase materials from the Foundation because it is much more cost effective than developing the materials. After more discussion, S. Fritts moved to approve the Appraisal Foundation's 2007 Grant Proposal, but restricting travel funds to the same level approved in the 2006 grant. This would result in a \$48,242 reduction in the 2007 grant. S. Fritts included for the record that, if the Foundation used more than the budgeted travel funds for Title XI-related activities, the Foundation could request supplemental funding in 2007. He also stated that he strongly supported the Foundation's efforts to assist the States in their implementation of the 2008 criteria. D. Patel seconded, and all members present approved. The Foundation left the meeting.

- **Colorado field review report and draft letter** – B. Henson presented the report and letter. After discussion, D. Merkle moved to accept the field review report and to approve the letter, with edits, designating authority to the Chairman to review and sign the letter. J. Richardson seconded, and all members present agreed.
- **Illinois follow-up review report and draft letter** – B. Henson presented the report and letter. After discussion, S. Fritts moved to accept the follow-up field review report and letter, designating authority to the Executive Director to review and sign the letter. D. Patel seconded, and all members present agreed.
- **Texas follow-up review report and draft letter** - B. Henson presented the report and letter. After discussion, D. Merkle moved to accept the follow-up field review report and letter, designating authority to the Executive Director to review and sign the letter. S. Fritts seconded, and all members present agreed.
- **Wisconsin field review report and draft letter** - B. Henson presented the report and letter. After discussion, D. Patel moved to accept the field review report and to approve the letter, with edits, designating authority to the Chairman to review and sign the letter. D. Merkle seconded, and all members present agreed.

OTHER

- The meeting adjourned at 12:45 p.m. The next ASC meeting will be on January 11, 2007, at 10:30 a.m.