

Appraisal Subcommittee
Federal Financial Institution Examination Council

November 18, 1996

Mr. J. Carl Schultz, Jr.
Chair, Board of Trustees
The Appraisal Foundation
1029 Vermont Avenue, NW
Suite 900
Washington, D.C. 20005

Dear Mr. Schultz:

The Appraisal Subcommittee of the Federal Financial Institutions Examination Council ("ASC") has reviewed the Appraisal Foundation's 1997 Grant Proposal and has approved a grant to the Foundation in the amount of \$577,065. The ASC's approved portions of the Foundation's proposal are shown on the attached schedule. (Printed and diskette versions of the Excel spreadsheet are attached for your staff's convenience.) Our changes to your proposal reflect the following considerations.

Appraiser Qualifications Board ("AQB")

As we have advised the Foundation previously, the ASC does not believe that the non-Title XI work of the AQB should be funded through the Federal grant permitted by Title XI. Accordingly, the ASC has eliminated funding for Project 105 (*Non-Title XI Criteria*) and Project 107 (*Personal Property Task Force*). Project 101 (*Interpretations, Clarifications & Review of Criteria*), Project 102 (*AQB State Appraiser Examinations*) and AQB Project 106 (*Body of Knowledge Curriculum Task Force*) are funded. Funding for Project 106 in future years depends on further analysis by the ASC. Finally, because AQB projects which are Title XI related are decreasing, we will fund only two of the three requested AQB meetings.

Appraisal Standards Board ("ASB")

Because Project 205 (*ASB USPAP Standards 4-10 Issues*) encompasses both Title XI and non-Title XI-related standards, and you did not provide us with costs specific to Standards 4 and 5, we are unable to approve any portion of this project at this time. You may wish to provide us with a reasonable breakout of these costs for further consideration. Project 201 (*ASB USPAP Standards 1-3 Interpretation and Advice*) is funded as is Project 202 (*ASB Emerging Issues*). Three of the requested seven ASB meetings are fully funded and travel expenses, but not operational costs, for an additional two meetings are also funded.

Board of Trustees (“BOT”)

In keeping with past precedent the ASC will fund Project 301 (*BOT Meetings*) for one meeting of the trustees, Project 304 (*The Appraisal Foundation Advisory Council*) is funded for one of the requested five meetings. While we recognize the value of an advisory council which serves as a bridge between appraisers and users of appraisal services, recent meetings appear to have served mainly as a forum for debate among competing interests.

As in the past, the Appraisal Foundation may resubmit any request, with *further specific justification*, for which funding has been denied.

ASC staff will be pleased to meet with Foundation staff to discuss your proposal and the actual ASC 1997 grant. To ensure that the grant contract is in place by January 1, 1997, please submit any amendments you wish us to consider by December 16, 1996. As we have discussed, such amendments must reflect *actual* 1997 salaries paid the ASC staff. If you have any questions, please do not hesitate to contact us.

Sincerely,

Diana L. Garmus
Chairperson

Attachment