

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
FEBRUARY 12, 2014**

LOCATION: Federal Reserve Board – International Square location, 1850 K Street NW,  
Washington, DC 20006.

**ATTENDEES**

**ASC MEMBERS:** FRB – Art Lindo (Chair)  
CFPB – Mira Marshall  
FDIC – Rae-Ann Miller  
FHFA – Robert Witt  
HUD – Ada Bohorfoush  
NCUA – Tim Segerson  
OCC – Darrin Benhart

**ASC STAFF:** Executive Director – Jim Park  
Deputy Executive Director – Denise Graves  
General Counsel – Alice Ritter  
Attorney-Advisor – Dan Rhoads  
Financial Manager – Girard Hull  
Regulatory Affairs Specialist – Claire Brooks  
Management & Program Analyst – Lori Schuster  
Administrative Assistant – Brian Kelly

**OBSERVERS:** Appraisal Institute – Brian Rodgers  
K&L Gates – Kara Ward  
FDIC – Suzy Gardner  
FRB – Ginny Gibbs  
FRB – Carmen Holly  
FRB – Kevin Wilson  
OCC – Kevin Lawton

The Meeting was called to order at 10:30 a.m. by A. Lindo. T. Segerson attended via telephone.

## <OPEN SESSION>

- **Chair Opening Remarks**

A. Lindo welcomed the observers to the Meeting. He announced that ASC Meetings are now held bi-monthly or as needed.

- **Executive Director's Report**

J. Park reported on the following: he and D. Graves attended the Appraisal Foundation Board of Trustees Executive Committee Meeting in January; the transition to the new IT contractor should be completed in the next 30-60 days; and the ASC staff has tentatively scheduled a webinar with States on May 14<sup>th</sup> to discuss the revised ASC Policy Statements and the 2015 AQB Criteria. (D. Benhart joined the Meeting.)

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews approved by the Chairman under delegated authority since the December ASC Meeting. Iowa and Kansas were awarded a finding of "Excellent" and will remain on a two-year Review Cycle. Rhode Island was given a finding of "Good" and will remain on a two-year Review Cycle. Montana and Wisconsin were awarded a finding of "Needs Improvement" with Follow-up Reviews scheduled for later this year.

- **2013 Financial Report**

G. Hull reported that the ASC FY13 audit was issued with a clean opinion. FY13 expenditures were under budget while revenue was over projections. D. Benhart asked if restricted funds are included in the reserve amount and G. Hull responded "no."

1. **Summary Agenda**

- **December 11, 2013 minutes – Open Session**

A. Bohorfoush made a motion to approve the December 11<sup>th</sup> open session meeting minutes as presented. D. Benhart seconded and all members present voted to approve.

- **Notation Vote on ASC Advisory Committee Charter**

L. Schuster reported that the notation vote on the ASC Advisory Committee Charter passed by a 7-0 vote on January 14, 2014.

## 2. Discussion Agenda

- **Compliance Reviews**

### **Illinois Compliance Review**

D. Graves reported that Illinois has made significant improvements to its program since the November 2011 Review. Based on findings from the September 2013 Compliance Review, ASC staff is recommending that Illinois be given a finding of “Needs Improvement” and placed on a two-year Review Cycle with continued off-site monitoring. A. Lindo exercised discretion on the delegation to sign the Illinois Compliance Review Report to bring it before the ASC in order to recognize progress made by the Illinois Program. M. Marshall motioned to approve the Illinois Compliance Review Report and letter as presented. A. Bohorfoush seconded and all members present approved.

- **Revised ASC Rules of Operation (Rules)**

A. Ritter said section 3.06(e) in the Rules has been amended to reflect the ASC’s decision to hold ASC Meetings at least bi-monthly. M. Marshall made a motion to approve the revised Rules. R. Witt seconded and all members present voted to approve. A. Ritter said a notice would be published in the Federal Register noting this change to the Rules which will go into effect immediately.

- **ASC Advisory Committee Balanced Membership Plan (Plan)**

A. Ritter said the Plan is intended to provide membership to the Advisory Committee (Committee) as required by the Dodd-Frank Act. ASC staff is recommending that Appraisal Management Companies (AMCs) also have representation on the Committee. The ASC Executive Director will forward his recommendations to the ASC Chairman. The ASC Chairman, in consultation with ASC members, will designate representatives to the Committee. D. Benhart asked how nominations would be solicited. J. Park responded that he will contact various States to ensure a mix of geographic location, State size, and appraiser population. He will also contact several trade organizations for possible recommendations. ASC members further discussed the make-up of the Committee and revised the Plan to indicate the following approximate representation: 7 States, 3 lenders (large, small and non-bank), 3 appraisers, 2 AMCs, 1 real estate agent and 1 consumer advocate member. A. Lindo said he will notify the FFIEC of the revised plan. D. Benhart made a motion to approve the plan as amended. A. Bohorfoush seconded and all members present voted to approve.

The Open Session adjourned at 11:30 a.m. into a Briefing and the observers left the Meeting. The next scheduled Meeting is April 9, 2014.