

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
SEPTEMBER 11, 2013**

LOCATION: Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20024.

ATTENDEES

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

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
Policy Manager – Jenny Tidwell
Administrative Assistant – Brian Kelly

OBSERVERS: Appraisal Foundation – Cathy Johnson
Appraisal Institute – Brian Rodgers
FDIC – Suzy Gardner
FRB – Ginny Gibbs
FRB – Kevin Wilson
OCC – Kevin Lawton
OCC – Bob Parson
RICS – Neal Shah
RICS – Michael Zuriff

The Meeting was called to order at 10:35 a.m. by A. Lindo. He requested that R. Miller conduct the Meeting as Chair pro tem since he was attending via telephone. J. Tidwell also attended via telephone.

<OPEN SESSION>

1. Opening Remarks

R. Miller welcomed the observers to the Meeting.

J. Park reported on ASC staff activities since the ASC's August 14th Meeting. Information Technology (IT) services for ASC staff will be outsourced in FY14 and a vendor should be selected by the end of September. The IT vendor that currently provides maintenance for the ASC website and National Registry has opted to not renew its contract and will work with the new vendor to ensure a smooth transition. The Appraisal Complaint National Hotline (Hotline) continues to operate smoothly. J. Park, R. Parson and others will participate in a webinar on October 2nd to discuss, among other things, the Hotline and ASC Policy Statements. S. Gardner asked if ASC staff has received quarterly complaint referral reports from the member agencies. J. Park stated reports have been received from FDIC, FRB and OCC. J. Park said the reporting process will need to be refined for inclusion in the ASC's 2013 Annual Report. J. Park reported that Indiana's program was found to be In Substantial Compliance. They were reviewed under the old Compliance Review rating system. Maine's program was reviewed under the new Compliance Review rating system and found to be Excellent. (M. Marshall arrived.) J. Park asked for a moment of silence in remembrance of those who lost lives during the September 11, 2001 terrorist attacks and defending the United States since then.

2. Summary Agenda

- **August 14, 2013 minutes – Open Session**

A. Lindo made a motion to approve the August 14th open session meeting minutes as presented. M. Marshall seconded and all members present voted to approve.

3. Discussion Agenda

- **ASC 2014-18 Strategic Plan**

J. Park presented the ASC's 2014-18 Strategic Plan. He noted that the FRB submitted alternate wording for the Mission Statement which was included in the draft sent to ASC members. R. Miller thanked staff for its work on the Strategic Plan. ASC members discussed the Mission Statement and agreed on a newly edited version. A. Bohorfoush moved to approve the ASC's 2014-18 Strategic Plan with edits to the Mission Statement as discussed. T. Segerson seconded and all members present voted to approve.

- **ASC State Grant Policy**

A. Ritter presented the draft ASC State Grant Policy (Policy). She noted that the State Investigator Training Courses (Training) funded and administered through the

Appraisal Foundation grant are considered a grant to the States as the courses benefit State personnel. The training is listed as a separate item in the ASC's FY14 budget request. A. Lindo agreed with the Policy but suggested expanding it to document the process if a State requested additional grant money from the ASC for other projects. A. Ritter responded the Policy is limited to Training but the Policy could be expanded if the ASC wishes. J. Park said States have been pleased with the Training. He added that staff is concerned that a State may cut the appraisal Program's budget if the ASC were to grant money to a State for other items, e.g., computer equipment. He is also concerned that the cost to administer a grant program would be equal to the amount of funds available. A. Lindo and R. Miller suggested the Policy could reflect a broader scope. M. Marshall suggested tabling the Policy and redrafting it to encompass more grant types and also ensure that internal controls would be in place. A. Bohorfoush asked if an expanded Policy would include auditing requirements or possibly tax considerations. M. Marshall said the ASC needs to determine the approach to review and award grants. A. Ritter suggested the grant program could be expanded in the future but the suggested Policy may be effective for the next several years. After further discussion, A. Bohorfoush moved to adopt the Policy and T. Segerson seconded; all members present voted to approve. A. Ritter said the Policy would be posted on the ASC website. States can review the Policy and provide comments to the ASC. She added that the Policy could be amended in the future.

- **FY14 Appraisal Foundation and State Grant Recommendation**

J. Park presented the FY14 Appraisal Foundation (Foundation) grant. ASC staff has determined that all items defined in the grant proposal are eligible for funding. The grant proposal includes \$218,483 for State Investigator Training. The Foundation is planning to do a third-level Investigator Training course in FY14. Staff recommends approval of the grant as presented in the amount of \$803,450. If sequestration occurs in FY14, staff recommends the grant be reduced by \$235,990, and of the remaining grant amount of \$567,460, \$218,483 be used for State Investigator Training with the remaining \$348,977 allocated by the Foundation. A. Bohorfoush moved to approve the FY14 Foundation grant as presented. M. Marshall seconded and all members present voted to approve.

- **FY14 ASC Budget**

J. Park presented the FY14 ASC budget proposal. With the grant being approved in full, the ASC will show a deficit of approximately \$208,350. The ASC has approximately \$4.1 million in net reserves. S. Gardner said the ASC initially had a deficit budget in FY08 due to financial crisis-related issues, the need to address declining markets and to help the Foundation fund the State Investigator Training Courses. At that time, the ASC had approximately \$7 million in net reserves. J.

Park listed the budget line items that would be affected if sequestration occurs. A. Lindo noted that the deficit funding is temporary. J. Park said if sequestration does not occur, then the ASC would not have a deficit position. M. Marshall moved to approve the ASC FY14 budget as presented. T. Segerson seconded and all members present voted to approve.

- **April 2013 Appraisal Foundation Grant Reimbursement Request**

G. Hull presented the Appraisal Foundation's April 2013 grant reimbursement request in the amount of \$32,540. T. Segerson moved to approve the request as presented. A. Bohorfoush seconded and all members present voted to approve.

The Open Session adjourned at 11:45 a.m. into Closed Session and the observers left the Meeting. The next scheduled Meeting is October 9, 2013.