

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
SEPTEMBER 22, 2010**

ATTENDEES

ASC MEMBERS: OTS – D. Merkle
 FDIC – S. Gardner
 FRB – G. Gibbs
 HUD – P. Gillispie
 NCUA – V. Vieten

ASC STAFF: Executive Director – J. Park
 Deputy Executive Director – D. Graves
 General Counsel – A. Ritter
 Administrative Officer – L. Schuster
 Information Management Specialist – R. Seward

OBSERVERS: Eric Dawes and Alfred Pollard – Federal Housing Finance Agency (FHFA)

The meeting was called to order at 10:30 a.m. by D. Merkle. V. Vieten attended via telephone.

<OPEN SESSION>

1. Opening Remarks

D. Merkle welcomed the observers and members of the public to the meeting. Observers and members of the public were reminded that they would not be involved in deliberations; nor would the ASC accept public comment at today's meeting. She introduced Vincent Vieten as the new ASC representative for the National Credit Union Administration.

J. Park reported that since the last ASC meeting on July 22nd, ASC staff has attended an Appraisal Standards Board meeting, a special meeting of the Board of Trustees and an Appraisal Foundation Advisory Council meeting. Seven State Compliance Reviews have been initiated over the same time period. Staff continues to review the Dodd-Frank Reform Act and will keep the ASC members apprised. The joint ASC/Appraisal Foundation/Association of Appraiser Regulatory Officials Conference will be held in Washington DC from October 1-5.

2. Summary Agenda

- **July 22, 2010 minutes – Open Session**

G. Gibbs moved for approval of the July 22nd open session minutes with no discussion and S. Gardner seconded. All members present voted to approve, with the exception of V. Vieten who abstained from voting since he was not an ASC member at the time.

3. Discussion Agenda

- **Appraisal Foundation 2010 Grant Reimbursement Requests for May and June**

J. Park presented the grant reimbursement requests. He noted a 30-minute charge towards work on the Yellow Book in this reimbursement request. This amount along with a similar charge in the April request will be deducted from the July reimbursement request. S. Gardner moved to approve the May and June reimbursement requests as presented in the amounts of \$96,388 and \$134,407 respectively, with the understanding that the April and May charges towards work on the Yellow Book will be deducted from the July request. G. Gibbs seconded and all members voted to approve.

- **Appraisal Foundation 2009 Grant Reprogramming Request**

J. Park presented the grant reprogramming request in the amount of \$32,673. If approved as is, the Foundation will not use \$396,711 of the approved and budgeted 2009 grant of \$1,965,000. G. Gibbs moved to approve the reprogramming request and P. Gillespie seconded. All members present voted to approve, with the exception of V. Vieten who abstained from voting since he was not an ASC member in 2009.

- **Proposed Fiscal Year 2011 ASC Budget**

J. Park noted that the ASC staff is proposing a budget with a deficit due to decreases in National Registry fee income and increased expenses. The deficit is expected to be approximately \$1.7 million. He noted that the amount in the budget for the Appraisal Foundation 2011 grant is a placeholder in the amount given for the 2010 grant. Once the Appraisal Foundation determines its business plan and approves a budget for calendar year 2011 at its October 2010 Board of Trustees meeting, the Appraisal Foundation will submit a grant proposal for the ASC's consideration. The ASC and staff addressed the potential need to use reserve funds to cover expenses in the event revenue continues to decrease. ASC asked staff to review the budget closely to see if any non-fixed expenses can be reduced.

The FDIC advocates that the ASC Board work diligently toward a balanced budget. For a number of years, the FDIC recognized the need to increase the National Registry fee to offset rising operating expenses. The annual National Registry fee has remained unchanged at \$25 since its inception in 1992 and, if the fee was adjusted for inflation, it would exceed \$43. FDIC encourages the Board to implement the provisions in the Dodd-Frank Reform Act to increase the National Registry fee as quickly as feasible. The FDIC also encourages the ASC staff to continually look for ways to reduce operating expenses through more effective processes while maintaining the quality of the ASC's oversight function. All ASC members concurred with the FDIC statement. G. Gibbs moved for approval of the ASC Fiscal Year 2011 budget as presented noting that this is not approval of the Appraisal Foundation 2011 grant. She also asked that staff prepare a budget update in four to five months showing actual versus projected expenses. All members present voted to approve.

The open session adjourned and members of the public, with the exception of FHFA staff observers, left the meeting.