

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
OCTOBER 12, 2011**

LOCATION: Office of the Comptroller of the Currency, 250 E Street SW, Room 7C/7CA,
Washington, DC 20219.

ATTENDEES

ASC MEMBERS: OCC – D. Merkle
FDIC – S. Gardner
FHFA – S. Cooper
FRB – G. Gibbs
HUD – P. Gillispie

ASC STAFF: Executive Director – J. Park
Deputy Executive Director – D. Graves
General Counsel – A. Ritter
Administrative Officer – C. Brooks
Administrative Officer – L. Schuster
Policy Manager – V. Ledbetter-Metcalf
Policy Manager – J. Tidwell

OBSERVERS: D. Bunton – Appraisal Foundation
C. Johnson – Appraisal Foundation
C. Schultz – Appraisal Foundation
B. Rodgers – Appraisal Institute
D. Badger – D. Badger & Associates
P. Sanford – Consumer Financial Protection Bureau (CFPB)
M. Love – NCUA

The meeting was called to order at 10: 35 a.m. by D. Merkle.

<OPEN SESSION>

1. Opening Remarks

D. Merkle welcomed the observers to the meeting.

2. Summary Agenda

- **September 21, 2011 minutes – Open Session**

G. Gibbs moved for approval to place the September 21st minutes on the Discussion Agenda. S. Gardner seconded and all members present voted to approve.

3. Discussion Agenda

- **September 21, 2011 Open Session Meeting Minutes**

S. Gardner had suggested edits for the Open Session Meeting Minutes. After discussion, P. Gillispie moved for approval of the September 21st Open Session minutes with edits. G. Gibbs seconded and all members present voted to approve; S. Cooper abstained.

- **Appraisal Foundation June 2011 Grant Reimbursement Request**

J. Park presented the June 2011 grant reimbursement request in the amount of \$66,908. An ASC member asked ASC staff if they had spoken with the Foundation regarding the level of detail provided in Appraisal Foundation board member consulting time reimbursement submissions. J. Park responded yes and we should start to see an improvement with the July reimbursement request. Clarification was provided by ASC staff concerning some charges in the June request. P. Gillispie moved to approve the June 2011 grant reimbursement request in the amount of \$66,908. S. Cooper seconded; all members present voted to approve.

- **Oklahoma Request for Extension of National Registry fee increase**

J. Park presented the request from the Oklahoma Real Estate Appraiser Board (Board) for an extension of the National Registry fee increase to January 1, 2013. Based on the presented extenuating circumstances, staff recommends granting the extension to Oklahoma. An ASC member asked what the loss of fees would be to the ASC. ASC staff responded it would be just less than \$10,000. The ASC member also asked about the possibility of Oklahoma needing an extension beyond January 1, 2013. An ASC staff member noted that ASC Bulletin 10-1 refers to only one extension and the ASC Board would need to take additional action if a State requests additional extensions. J. Park noted ASC staff will closely monitor the Oklahoma Board to ensure that they are making progress on enacting the statute change. An ASC member asked if policies and/or procedures are in place to show the process taken to grant an extension. J. Park said we do not have written policies and procedures for this process but could develop them if needed. Another ASC member suggested ASC staff give the ASC members a quarterly update on the progress being made by States who have been granted an extension. An ASC member asked if ASC staff is aware of any other State who may request an extension before the October 31st deadline. J. Park said a request from the New

York Department of State has been received and may be on the November 9th ASC Open Session meeting agenda for action. An ASC member asked what the repercussions would be if a State does not ask for an extension and does not pay the modified National Registry fee after January 1, 2012. J. Park said the affected appraisers in that State would be listed as inactive on the National Registry until the fee is paid in full. P. Gillispie made a motion to approve Oklahoma's request for a one-year extension of the National Registry fee increase to January 1, 2013 and the notification letter to the Board, with edits, delegating authority to the ASC Chair to review and sign the letter. G. Gibbs seconded and all members present voted to approve.

- **District of Columbia (DC) Compliance Review**

D. Graves presented the DC Compliance Review Report and transmittal letter with staff's determination that DC is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Title XI). An ASC member asked ASC staff what the term of the contract is for the contractor who assists the DC Real Estate Appraiser Board with application processing. ASC staff responded that we will follow up with the State on this question. G. Gibbs moved for approval of the DC Compliance Review Report and letter, noting DC is in substantial compliance with Title XI and will remain on a two-year Review Cycle. P. Gillispie seconded and all members present voted to approve.

- **Mississippi Compliance Review**

D. Graves presented the Mississippi Compliance Review Report and transmittal letter. An ASC member asked if the areas of concern were unresolved from a previous Review. ASC staff responded that some were but not all. Another ASC member asked how Mississippi could be in compliance with Title XI when there are so many areas of concern. ASC staff responded that an area of concern is used to identify those areas that need improvement but are currently in substantial compliance. This member also asked if ASC staff is developing a rating system to be used for Compliance Reviews. Staff responded that a rating system is currently under development by the staff. S. Gardner moved for approval of the Mississippi Compliance Review Report and letter, noting the State is in substantial compliance with Title XI and will remain on a two-year Review Cycle. P. Gillispie seconded and all members present voted to approve.

- **Rhode Island Compliance Review**

D. Graves presented the Rhode Island Compliance Review Report and transmittal letter. G. Gibbs moved for approval of the Rhode Island Compliance Review Report and letter, noting they are in substantial compliance with Title XI and will

remain on a two-year Review Cycle. P. Gillispie seconded and all members present voted to approve.

- **Virginia Compliance Review**

D. Graves presented the Virginia Compliance Review Report and transmittal letter. ASC staff has determined that Virginia is in substantial compliance with Title XI. S. Cooper moved for approval of the Virginia Compliance Review Report and letter, noting they are in substantial compliance with Title XI and will remain on a two-year Review Cycle. S. Gardner seconded and all members present voted to approve.

- **Wyoming Compliance Review**

D. Graves presented the Wyoming Compliance Review Report and transmittal letter. ASC staff has determined that Wyoming is not in substantial compliance with Title XI. G. Gibbs moved for approval of the Wyoming Compliance Review Report and letter, noting the State is not in substantial compliance with Title XI and will remain on a two-year Review Cycle. P. Gillispie seconded and all members present voted to approve.

D. Merkle asked C. Schultz, Chair of the Appraisal Standards Board (ASB), to update the ASC members on ASB activities. C. Schultz said the ASB has been working on updates to the USPAP courses, Frequently Asked Questions, and other documents as a result of the changes to USPAP for 2012-13. The ASB is also preparing a discussion draft regarding appraisal reporting including interim communications between an appraiser and client. He also reported that they are looking at appraiser independence, and the possible removal of USPAP Standards 4 and 5. An ASC member thanked the ASB for addressing appraiser independence and said the regulatory agencies are working on the issue in Regulation Z of the Truth in Lending Act.

The Open Session adjourned at 11:30 a.m. into Closed Session. The observers, with the exception of CFPB and NCUA, left the meeting. The next ASC meeting is scheduled for November 9, 2011.