

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
NOVEMBER 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: AARO – Larry Disney
Appraisal Foundation – Kelly Davids
Appraisal Foundation – Cathy Johnson
Farm Credit Mid-America – Dennis Badger
FDIC – Timothy Millette
FRB – Ginny Gibbs
FRB – Carmen Holly
FRB – Kevin Wilson
Kelly Group – Don Kelly
OCC – Bob Parson

The Meeting was called to order at 10:40 a.m. by D. Benhart. A. Lindo attended via telephone.

<OPEN SESSION>

REPORTS

- **Chairman**

D. Benhart welcomed the observers to the Meeting.

- **Executive Director**

J. Park reported on ASC staff activities since the ASC's September 10th Meeting. He and D. Graves attended three Appraisal Foundation Board Meetings: the Appraiser Qualifications Board (AQB) Meeting on September 18-19, the Appraisal Standards Board (ASB) Meeting on October 16-17, and the Board of Trustees (BOT) Meeting on October 30-November 1. At the AQB Meeting, Exposure Drafts regarding background checks and a proposed Interpretation which would provide an extension of time to complete the requirements of the 2008 Criteria for those members of the Reserves who were called to active duty between December 1, 2011 and December 31, 2014 were discussed. At the ASB Meeting, proposed changes to the 2016-17 USPAP were discussed. At the BOT Meeting, two additional members were added to both the AQB and ASB bringing the membership of each Board to eight and the Foundation's 2015 budget was approved. J. Park and D. Graves also participated in several conference calls of the Appraisal Foundation Boards.

ASC staff attended and participated in the Association of Appraiser Regulatory Officials (AARO) Fall Conference. Most of the AARO Conference focused on proposed Appraisal Management Company (AMC) regulation and the 2015 AQB Criteria changes. J. Park also acknowledged S. Gardner from the FDIC and C. Holly from the FRB for their participation at AARO.

J. Park outlined some goals from the FY15 Operating Plan: Staff aims to complete 26 Compliance Reviews; complete Advisory Committee Meetings and terminate the Committee; initiate rulemaking as needed; develop a project plan to build and maintain the AMC National Registry; and make enhancements to the Appraiser National Registry.

- **Delegated State Compliance Reviews**

D. Rhoads reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's September 10th Meeting. There was one State Compliance Review finalized and approved by the Chairman under delegated authority. Massachusetts was awarded a Finding of "Needs Improvement" and will remain on a two-year Review Cycle with a Follow-up Review. There were six State Compliance Reviews finalized and approved by the Executive Director under delegated authority. Colorado was awarded a finding of "Excellent" and will remain on a two-year Review Cycle. (A. Lindo joined meeting.)

Nevada, North Dakota, Oregon, South Dakota and Vermont were each awarded a finding of “Good” and all will remain on a two-year Review Cycle.

- **Financial Report**

G. Hull provided a preliminary update of the ASC FY14 financial status for the year ending September 30th. The ASC recognized 97.5% of the budgeted FY14 revenue (\$3.81M vs. \$3.91M) and ASC revenue did increase by 10% over FY13 revenue. Of the revenue received in FY14, \$1.66M was deposited into the ASC restricted funds account. 25% of this amount, or \$415,933 will remain as unavailable PAYGO funds. The remaining 75% of the \$1.66M will be transferred back into the ASC’s operating account. ASC FY14 expenditures were 95.2% of the total FY14 budget (\$3.34M vs. \$3.51M). The excess of revenue over expenditures was \$472,201. Expenditures increased 10.3% over FY13. The ASC reserves increased by 10.5% over FY13 (\$4.55M vs. \$4.12M). The ASC is still operating under a 7.2% budget reduction as per the sequestration mandate by the President.

G. Hull also updated the ASC on Appraisal Foundation grant reimbursements processed since the September 10th ASC Meeting. The May request for \$76,769 covered personnel costs to support the activities of the AQB, Investigator Training and the Level I Investigator Training Course held in Baltimore, MD. The June request for \$60,523 covered personnel costs related to AQB activities, the ASB Meeting in Sacramento, CA and the Level II Investigator Training Course held in Dallas, TX. The July request for \$22,216 covered personnel requests related to the activities of the AQB, Investigator Training and costs for the National Exam consultant.

- **Appraisal Subcommittee Advisory Committee (ASCAC)**

L. Schuster reported that the ASC Advisory Committee met on October 15-16 in Arlington, VA. The discussion at the Meeting focused on the draft recommendations to the ASC. Generally, ASCAC has arrived at a consensus regarding issues. However, there is some disagreement among ASCAC members regarding public vs. private information on the ASC National Registry and the ASCAC Chair intends to include the opinions of all members in the final recommendations to the ASC. The Chair was very open in the discussions allowing comment from observers throughout the Meeting.

The next ASCAC Meeting will be held on February 12-13, 2015 in Washington, DC at the Hilton Garden Inn located at 815 14th Street, NW in Washington, DC. This location is adjacent from the ASC office and the McPherson Square Metro station. It is the ASCAC Chair’s intention for this to be the last Meeting of the ASCAC before recommendations are submitted to the ASC.

ACTION ITEMS

- **September 10, 2014 minutes – Open Session**

M. Marshall made a motion to approve the September 10th open session meeting minutes as presented. A. Bohorfoush seconded and all members present voted to approve. D. Benhart abstained from voting since he was not at that Meeting.

- **Notation Vote to approve the FY14 Appraisal Foundation supplemental grant request in the amount of \$43,400.**

L. Schuster reported that the notation vote to approve the FY14 Appraisal Foundation supplemental grant request in the amount of \$43,400 passed by a 7-0 vote on September 30, 2014.

- **FY15 Appraisal Foundation Grant Proposal**

J. Park said that ASC staff recommends a grant in the amount of \$250,000 to defray the grant-eligible costs of the AQB and the ASB. R. Miller moved to approve the FY15 Foundation grant totaling \$250,000. A. Bohorfoush seconded and all members present voted to approve.

- **FY15 State Grant Proposal**

J. Park said the Foundation is requesting \$319,000 to administer the State Investigator Training Program. This represents an increase of \$39,940 above the original estimate of \$279,060 that was presented at the September 10th ASC Meeting. The justification for the additional funding is based on additional costs for: (1) provision of lunches at \$15,000; (2) update of materials, authors/instructors meetings at \$19,500; and (3) added event and contract management costs of \$5,440. There will be three courses taught in the series, with one offering of each course to be held during the year. Each course is expected to accommodate 40 students and will be held across the U.S. D. Benhart asked what makes up the indirect cost of \$28,000. C. Johnson said that is based on the indirect rate calculated several years ago. She added that it covers items such as overhead and personnel costs for employees. A. Bohorfoush moved to approve the request in the amount of \$319,000. T. Segerson seconded and all members present voted to approve.

- **Staff Service Recognition**

J. Park recognized C. Brooks and N. Fenochietti for their 5 years of ASC service and D. Graves for her 10 years of service. D. Benhart recognized J. Park for his 5 years of service to the ASC.

The Open Session adjourned at 11:15 a.m. The next ASC Meeting will be January 14, 2015.