

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

**ATTENDEES**

**ASC MEMBERS:**   OTS – D. Merkle  
                          FDIC – S. Gardner  
                          FHFA - G. Garner  
                          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 – C. Brooks  
                          Administrative Officer – L. Schuster  
                          Policy Manager – V. Ledbetter-Metcalf

**OBSERVERS:**     D. Bunton – Appraisal Foundation  
                          C. Johnson – Appraisal Foundation  
                          B. Rodgers – Appraisal Institute  
                          T. Lyon – FDIC  
                          M. Mellon – FDIC  
                          S. Fifer - FHFA

The meeting was called to order at 10:50 a.m. by D. Merkle. V. Vieten and V. Ledbetter-Metcalf attended via telephone.

**<OPEN SESSION>**

**1. Opening Remarks**

D. Merkle welcomed the observers to the meeting. J. Park reported the following. Since the last ASC meeting, staff attended the Appraiser Qualifications Board (AQB) and Appraisal Foundation's Board of Trustees meetings. The AQB will release, in mid-January, a Second Exposure Draft on potential changes to the AQB Real Property Appraiser Qualification Criteria. The Board of Trustees reported on the business plans for the Foundation's Boards for 2011. J. Park also reported that the Government Accountability Office (GAO) contacted staff to schedule a kick-off meeting on GAO's study on the ASC, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act). The ASC members noted that the GAO contacted their respective agencies to schedule meetings as well.

## **2. Summary Agenda**

- **December 8, 2010 minutes – Open Session**

G. Gibbs moved for approval of the December 8<sup>th</sup> Open Session minutes and P. Gillispie seconded; all members present voted to approve.

## **3. Discussion Agenda**

- **Appraisal Foundation (Foundation) September 2010 Grant Reimbursement Request**

J. Park noted that, among other expenses, the reimbursement request covered a State Investigator Training Course, as well as the AQB, Appraisal Standards Board, and The Appraisal Foundation Advisory Council meetings in Washington, DC. These meetings were held in conjunction with the Association of Appraiser Regulatory Officials' Fall Conference. P. Gillispie moved to approve the September 2010 reimbursement request in the amount of \$157,650. G. Garner seconded; all members present voted to approve.

- **2011 Appraisal Foundation Grant Request**

In discussing the ability of the ASC to fund the 2011 grant request, J. Park reported National Registry fees will most likely continue to decline, and that the \$40 registry fee increase does not go into effect until January 2012. He added the ASC's operating costs will continue to increase as we implement the requirements of the Act. ASC staff is recommending funding \$1.1 million of the \$1.589 million requested by the Foundation. ASC members were in agreement that staff should specify the tasks that will be funded, including the State Investigator Training in the amount of \$233,356, as detailed in the Foundation's grant proposal. ASC members sought clarification of, and discussed with staff, the process through which the Foundation would amend the grant request to identify how the remaining \$866,644 would be allocated among the Foundation's Title XI-related activities, consistent with the pending grant request. ASC staff confirmed that they would request a revised grant request from the Foundation due by mid-February. An ASC member confirmed that upon approval of \$1.1 million, the ASC budget deficit for Fiscal Year 2011 would be approximately \$1 million. D. Bunton added that since the grant request was submitted, the Foundation has been working on a third-level State Investigator Training course. This course will be videotaped and be available on the Foundation's website. Since this will be a web-based course, no additional funding is being requested. P. Gillispie moved to approve funding the 2011 Appraisal Foundation Grant Request in the amount of \$1.1 million with the

requirement that the State Investigator Training be funded in the full requested amount of \$233,356. S. Gardner seconded; all members present voted to approve.

- **Determination as to Whether an Appraisal Complaint National Hotline Exists: Pursuant to Section 1473(p) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act)**

As background to the discussion, J. Park provided an overview on the Act's provision. Section 1122 of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (Title XI) was amended by Section 1473(p) of the Act. The Act requires the ASC to make a determination six months after the date of enactment as to whether a complaint hotline exists to receive:

- Complaints of noncompliance with appraisal independence standards and the Uniform Standards of Professional Appraisal Practice; and
- Complaints from appraisers, individuals or entities concerning the improper influencing or attempted improper influencing of appraisers or the appraisal process.

After researching the matter, J. Park reported that the staff's conclusion is that no complaint hotline presently exists that satisfies the Act's requirements. Further, he noted that he did not believe that such a complaint hotline will exist prior to the expiration of the six-month timeframe for an ASC determination as set forth in the Act.

The ASC asked what the next steps would be once the determination is made and suggested staff pay particular attention to what transpires at the other regulatory agencies affected by the Act, including the Bureau of Consumer Financial Protection, which is also required to establish and operate a consumer complaint hotline. J. Park recommended that the ASC issue a press release and publish a notice in the Federal Register announcing the ASC's determination. An ASC member asked if the draft press release and draft Federal Register document would be circulated to members for review. A. Ritter responded the ASC can either delegate authority to the Chair, or it could be sent out for notation vote to be approved by all the members. An ASC member asked for confirmation that other federal agencies' consumer hotlines are for specific constituencies and will not meet the requirements of the Act. J. Park responded that staff research confirmed this is the case. ASC members acknowledged the need to discuss options and move forward with meeting the requirements of the Act. G. Gibbs made a motion that the ASC determine no hotline exists that meets the requirements of the Act, and further, to direct ASC staff to work on the requirements for creating a hotline. P. Gillispie seconded; all members present approved. The ASC will work with the staff to draft a press release and a notice for the Federal Register, delegating final approval to the Chair.

- **Oregon Compliance Review Report and letter**

Staff noted Oregon has no areas of concern and recommends it remain on a two-year Review Cycle. G. Gibbs moved for approval of the Oregon Compliance Review Report and letter, noting Oregon is in substantial compliance with Title XI. S. Gardner seconded; all members present voted to approve.

The Open Session meeting adjourned into the Closed Session meeting at 11:30 a.m. The observers, with the exception of FHFA and FDIC, left the meeting.