

**APPRAISAL SUBCOMMITTEE
PUBLIC MEETING MINUTES
MAY 12, 2010**

ATTENDEES

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

ASC STAFF: Executive Director – J. Park
 Deputy Executive Director – D. Graves
 Administrative Officer – C. Brooks
 Administrative Officer – L. Schuster
 Information Management Specialist – R. Seward
 Appraisal Policy Manager – J. Tidwell

OBSERVERS: R. Leonard – NCUA
 D. Badger – Dennis Badger & Associates

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

<PUBLIC SESSION>

1. Opening Remarks

D. Merkle welcomed Dennis Badger and Rob Leonard to the meeting.

2. Approval of Minutes

- April 14, 2010 Public Minutes – G. Gibbs moved for approval of the April 14th public minutes with edits. P. Gillispie seconded and all members present voted to approve.

3. Appraisal Foundation 2010 Grant Reimbursement Requests

- January
J. Park presented the grant reimbursement request. S. Gardner moved to approve the January reimbursement request as presented in the amount of \$81,714. P. Gillispie seconded and all members voted to approve.

- February
J. Park presented the grant reimbursement request. S. Gardner moved to approve the February reimbursement request as presented in the amount of \$114,182. G. Gibbs seconded and all members voted to approve.

4. Executive Director's Report

- **Appraisal Standards Board (ASB) Meeting**

J. Park said he and D. Graves attended the ASB Meetings in San Diego. The ASB is working on the Exposure Draft for 2012 USPAP changes and it should be distributed for comment by the end of May.

- **Association of Appraiser Regulatory Officials (AARO) Spring Conference**

J. Park said approximately 140 persons attended the Conference. Twenty-five States were represented. There was also representation from the appraisal trade associations and appraisal management companies.

5. Request for information by Dennis Badger

Dennis Badger, from Dennis Badger and Associates, who is also an Investigator with the Kentucky Real Estate Appraisers Board, requested to speak to the ASC about Section 1119 of Title XI on recognition of State certified and licensed appraisers. He said that in Kentucky, less than four percent of the complaint cases submitted to the Board are from federal financial institution regulatory agencies or regulated institutions. An ASC member asked if the States have access to the Suspicious Activity Reports (SARs) maintained by Financial Crimes Enforcement Network (FinCEN) of the Department of the Treasury. J. Park responded that the States' appraiser regulatory programs and the ASC staff do not have access to the SARs database. He added that access to the SARs database and SARs filings would be helpful to ASC staff and the States. Federal financial institutions may be filing SARs on an appraiser but not filing an appraiser complaint with the State. In the discussion that followed, an ASC member noted that because States do not use a uniform complaint form, it hinders the filing of a complaint by a financial institution that operates in multiple States. While guidance issued by the federal financial institution regulator agencies directs an institution file a complaint directly with the State, an institution may just remove an appraiser from its approved appraiser list or place the appraiser on an exclusionary list rather than filing a complaint with the State. This may be due in part to the perception that the States will not act on the complaint in a timely or meaningful fashion. Financial institutions are also concerned about the legal liability due to the lack of a safe harbor for these filings. ASC staff said that if a uniform complaint form were to be used by the States, it would make the process easier for lenders and other users of appraisal services to file a complaint. HUD

sends a notice to States when an appraiser has been taken off the FHA Appraiser Roster, but does not file a formal complaint.

D. Badger thanked the ASC for their time and left the meeting at 11:10. The meeting went into closed session.

<CLOSED SESSION>

1. Items for ASC Action

- April 14, 2010 minutes – Private
- Notation Vote to approve the ASC Rules of Operation
- Compliance Reviews
 - Alabama
 - Montana
 - New Mexico

2. Items for Discussion

- Congressional inquiries to ASC staff

3. Executive Director's Report

- Appraisal Standards Board Meeting
- Association of Appraiser Regulatory Officials Meeting
- Recent IT upgrades

4. New Business

The meeting adjourned at 12:30 p.m. The next meeting is scheduled for June 9, 2010.