

**FFIEC-APPRAISAL SUBCOMMITTEE
MEETING MINUTES [PUBLIC]
December 11, 2008**

ATTENDEES: G. Gibbs (FRB), S. Gardner (FDIC Voting Alternate), D. Ledbetter (OCC Voting Alternate); D. Merkle (OTS). **Permanent staff:** V. Ledbetter (Acting Executive Director), D. Graves (Deputy Executive Director), and A. Ritter (General Counsel). Other: Bob Parson, OCC.

ABSENT: P. Gillispie (HUD), L. Fazio (NCUA), S. Fritts (FDIC), V. Price (OCC), L. Schuster (Administrative Officer), R. Seward (Information Management Specialist), K. Klamet (Appraisal Policy Manager), and J. Tidwell (Appraisal Policy Manager).

Visitors: David Bunton, Appraisal Foundation President, Gary Taylor, Appraiser Qualifications Board Chairman, Sandy Guilfoil, Appraisal Standards Board Chairman, and Cathy Johnson, Director of Finance and Administration.

The meeting was called to order at 10:45 a.m. by G. Gibbs.

<PUBLIC SESSION>

The meeting opened with G. Gibbs welcoming the visitors who were present to discuss the 2009 Appraisal Foundation grant request.

D. Bunton introduced the Appraisal Foundation representatives and provided a summary of the 2009 grant request. He explained the financial and other challenges the Appraisal Foundation is facing, and procedural and operational changes being implemented in response. He recognized that the grant amount was significantly larger than that requested in the past. He attributed the additional funding request to increases in staff salaries, travel, meeting expenses and special projects previously approved by the ASC.

S. Guilfoil provided an overview of the ASB activities during 2008 and an explanation of her expectations for 2009 initiatives. V. Gibbs and S. Gardner discussed their desire to have the USPAP include more direction on appraisal methodology. D. Bunton expressed a concern that encroaching on areas like methodology and instruction could potentially be viewed as "mission creep," particularly by Appraisal Foundation sponsoring organizations. S. Gardner stressed the need to venture into these areas to improve on concerns the ASC member organizations are seeing in the appraisals provided to their member banks and institutions. S. Guilfoil requested assurance that the ASC would support ASB efforts in this regard. S. Gardner provided the assurance and indicated the ASC would issue a letter, if necessary, with its specific request for this change in USPAP.

G. Taylor provided an overview of the AQB activities during 2008 and an explanation of his expectations for 2009 initiatives. He reported that the conversion to the 2008 AQB criteria requirements was surprisingly uneventful. He attributed the smooth transition to the intensive implementation courses provided all across the country during 2007, as well as the

implementation DVD produced by the Appraisal Foundation as a reference tool for the states. He explained the National Uniform Examination creation and maintenance process, and noted that in 2009 the final phase of the process will begin. This will involve the creation of another test for all credential levels and complete the population of the questions for the question bank. He provided an update on examination performance nationally thus far, and stated that he expects the pass ratios to improve as the number of individuals being tested will have completed all of their education in accordance with the new AQB criteria.

The Appraisal Foundation representatives answered questions about specific line items in the grant request and how consulting hours and fees are established. D. Bunton noted that the Appraisal Foundation actually pays each Board Chair and the other Board members more than the amount reimbursed under the grant. The amounts in excess of \$71.60 are covered by the Appraisal Foundation. G. Gibbs raised a question about meeting locations for the various boards and committees, and that costs should be minimized. D. Bunton explained how meeting locations are selected and that cost is a major decision factor. D. Bunton stated that the Appraisal Foundation is currently working on interactive teleconferencing options for board work sessions and committee meetings, which would decrease travel and face-to-face meeting time and expenses.

V. Gibbs thanked the Appraisal Foundation representatives for coming. S. Gardner moved to adjourn the public session and enter into executive session to discuss the grant request. D. Merkle seconded the motion and all members present agreed. The Appraisal Foundation representatives departed.

<EXECUTIVE SESSION>

- Executive session to discuss the grant request.

<PUBLIC SESSION>

ADMINISTRATIVE MATTERS

- **Appraisal Foundation 2009 Grant** – After further discussion in executive session, S. Gardner moved to approve the grant for \$1,965,857, with a future request for receipt of Board of Trustee Oversight Committee reports, ASC staff participation in ASB and AQB conference calls, and an explanation of the consulting fee rate. D. Ledbetter seconded and all members present agreed. S. Gardner clarified for the record that the 2009 grant request, while significantly more than the \$1,110,355 awarded in 2008, includes approximately \$488,000 for special projects intended to benefit the state appraiser regulatory agencies with their complaint investigation processes, evaluation of education courses offered by colleges and universities, and administration of accurate and relevant examinations.
- **Notation Vote on California Field Review Letter** – The vote was passed 6-0 on December 1, 2008.

- **Appraisal Foundation September 2008 grant reimbursement requests** – V. Ledbetter presented the reimbursement request. After discussion, D. Ledbetter moved to approve the September request in the amount of \$111,156. S. Gardner seconded and all members present agreed.
- **Appraisal Foundation September 2008 reimbursement request for testing company and related travel expenses** – D. Merkle moved for approval of the request in the amount of \$12,472. D. Ledbetter seconded and all members present approved.
- **Appraisal Foundation special project grant reimbursement requests** – V. Ledbetter presented the reimbursement request. After discussion, S. Gardner moved to approve the September request in the amount of \$2,667. D. Merkle seconded and all members present agreed.
- **Meeting Minutes** – V. Ledbetter presented for approval the November 13, 2008 minutes. After discussion, D. Ledbetter moved to approve the minutes with edits. D. Merkle seconded and all members present agreed, except S. Gardner who abstained.

<CLOSED SESSION>

- **Two State Field Reviews**
Michigan and Colorado.

<DISCUSSION>

- **State Watch List**
- **Hiring Process Update**
- **Other Matters** –The meeting adjourned at 1:45p.m. The next ASC meeting will be held on January 8, 2009 at 10:30 a.m.