

**FFIEC-APPRAISAL SUBCOMMITTEE  
PUBLIC MEETING MINUTES  
DECEMBER 16, 2009**

**ATTENDEES**

**ASC MEMBERS:** FRB - G. Gibbs  
FDIC – S. Gardner  
NCUA – J. Lee  
OCC – R. Parson  
OTS – D. Merkle

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

**OBSERVER(S):** D. Bunton – Appraisal Foundation  
J. Brenan – Appraisal Foundation  
C. Johnson – Appraisal Foundation  
G. Taylor – Appraiser Qualifications Board (AQB)  
S. Guilfoil – Appraisal Standards Board (ASB)  
P. Reed – Wells Fargo Bank

The meeting was called to order at 10:30 a.m. by G. Gibbs.

**<PUBLIC SESSION>**

**1. Opening Remarks**

G. Gibbs and J. Park welcomed the Appraisal Foundation staff and the other public attendees to the meeting.

**2. Approval of Minutes**

- November 18, 2009 Public Minutes – D. Merkle moved for approval of the November 18<sup>th</sup> public minutes with edits. J. Lee seconded and all members present voted to approve.

**3. Appraisal Foundation September 2009 Grant Reimbursement Request**

- A. Ritter presented the grant reimbursement request. A question was raised on allocation of staff hours for a particular meeting. A clarification was made by the

Foundation staff present that the time was split between working for the AQB and ASB. After discussion, D. Merkle moved to approve the September reimbursement request as presented in the amount of \$108,801. J. Lee seconded and all members voted to approve.

#### **4. Appraisal Foundation 2010 Grant Request**

- D. Bunton made the 2010 grant presentation for the Appraisal Foundation. He noted that the request is approximately \$315,000 less than the 2009 grant award. The Board of Trustees has earmarked \$100,000 for a joint conference with the Association of Appraiser Regulatory Officials, the Appraisal Foundation and the Appraisal Subcommittee to be held in the fall of 2010. Because of the success of the State Investigator Training held this year, the Foundation plans to hold two entry level courses similar to this year's courses and two advanced level courses. The AQB will continue working on the following projects and programs: implementation and monitoring of the AQB Real Property Appraiser Qualification Criteria, continued development of the question bank for the National Uniform Licensing and Certification Examinations, the Course Approval Program, improving USPAP education, and the University Graduate Degree Review Program. The AQB is using teleconferencing and web boards for some of their meetings now which will decrease the travel costs. The Foundation will not request funding for the hours of the General Counsel this year; they will pay the expense from their own funds.

G. Taylor, Chair of the AQB, gave a summary of proposed AQB activities for 2010. He said that a third set of examinations will be ready for 2010. They will consider potential future revisions to the Real Property Appraiser Qualification Criteria that would become effective in 2014 or 2015. The anticipated revisions should not be as extensive as the changes that became effective in 2008. The ASC asked the Foundation to explain the reasons for changing the Criteria. G. Taylor responded that the AQB continues to look for ways to improve the profession. For example, most foreign countries require an appraiser to have a 4-year degree. He also noted that the Criteria need to be continually updated to accommodate changes in the appraisal industry. The Interpretations that have been adopted will also become part of the Criteria. The ASC asked if the Federal Housing Administration's (FHA) exclusion of Licensed Appraisers from the FHA Appraiser Roster will affect the Licensed Criteria. G. Taylor explained that the AQB will still maintain the license criteria as most states will offer this credential but noted that many licensed appraisers are upgrading to the certified residential classification. D. Bunton noted that the early drafts of Title XI did not include a Licensed Classification. It was added later at the urging of the National Association of Realtors.

S. Guilfoil, Chair of the ASB, gave a summary of proposed ASB activities for 2010. She said that one of big issues will be addressing communication between an appraiser and client, including before accepting an assignment, while performing an assignment, and upon completion of an assignment. There is currently no guidance on this and the ASB is determining whether it should be addressed in the 2012 USPAP.

They are considering two options: either allowing preliminary or draft reports under certain lesser requirements, or effectively not allowing these types of reports at all. In either case, a Communications Rule will be exposed that provides additional requirements for appraisers in all types of appraiser client communications. The ASC asked what action by an appraiser would trigger the implementation of this rule. S. Guilfoil responded that the rule would be very broad. When a person is acting as an appraiser they need to be honest and ethical in all phases of the appraiser-client relationship. J. Brennan added that USPAP already prohibits false or misleading advertising. It was suggested that if an Exposure Draft is issued for comment on the Communications Rule, it should be done in January after the holidays. The Ethics Rule, Competency Rule and Jurisdictional Exception Rule as well as Standard Three were updated in the 2010 USPAP. The USPAP for Non-Appraisers publication could be released by this summer. D. Bunton noted that no grant money was involved in this project.

The ASC questioned the indirect rate calculation as it appears to account for 25 percent of the grant amount. C. Johnson noted it was prepared in accordance with Office of Management and Budget Circular A122. The salaries for the Foundation staff were questioned by the ASC. C. Johnson responded that those numbers reflect actual salaries for the staff including a three percent increase for 2010. A salary cap has been established and the Foundation cannot bill salaries to the grant that exceed the salary cap. She added that the Foundation executive salaries may make their portion of the grant seem disproportionate. D. Bunton noted that salaries were not cut from the grant proposal; only program and travel costs were decreased so the indirect costs did not decrease. He said that he would look at previous grants to see what the indirect cost rate was. The ASC asked the Foundation to revise the monthly financial statements that are submitted with its grant reimbursements to include a historical trend analysis. The ASC asked the ASC staff to work with the Foundation staff on developing revisions to the reports.

R. Parson made a motion to move to the closed session and S. Gardner seconded; all members present agreed. The Foundation staff thanked the ASC for its time. Additional attendees exited the meeting at the close of the public session.

**<CLOSED SESSION>**

- 1. Discussion and approval of 2010 Appraisal Foundation Grant Request**
- 2. Approval of Minutes**
  - November 18, 2009 minutes – Private
- 3. Compliance Review Reports – Contents and Findings**
  - **Alaska**
  - **Guam**
  - **Northern Mariana Islands**

**4. Items for discussion only**

- Puerto Rico Update
- State Watch List

**5. Executive Director's Report**

**6. New Business**

The meeting adjourned at 12:45 p.m.; the next meeting is scheduled for January 13, 2010.