

**APPRAISAL SUBCOMMITTEE  
OPEN SESSION MEETING MINUTES  
MARCH 15, 2011**

**ATTENDEES**

**ASC MEMBERS:**   OTS – D. Merkle  
                      FDIC – S. Gardner  
                      FHFA – S. Fifer  
                      FRB – G. Gibbs  
                      HUD – P. Gillispie  
                      NCUA – V. Vieten  
                      OCC – R. Parson

**ASC STAFF:**       Executive Director – J. Park  
                      Deputy Executive Director – D. Graves  
                      General Counsel – A. Ritter  
                      Administrative Officer – L. Schuster

**OBSERVERS:**     D. Badger – Dennis Badger & Associates  
                      D. Kelly – REVAA  
                      B. Rodgers – Appraisal Institute

The meeting was called to order at 10:35 a.m. by D. Merkle.

**<OPEN SESSION>**

**1. Opening Remarks**

D. Merkle welcomed the observers to the meeting. J. Park reported that since the last ASC meeting, ASC staff attended the Appraiser Qualifications Board (AQB) meeting. The AQB will release a Third Exposure Draft on potential changes to the *Real Property Appraiser Qualifications Criteria* (AQB Criteria) in the next 30-60 days. Any changes that are adopted will become effective January 1, 2015. An ASC member commented that if the AQB changes require appraisers to meet the experience and education requirements before taking the exam, this could be a barrier for trainees if they are not able to meet the experience requirement. Staff responded that appraisers currently have 24 months to meet the experience requirement after they take and pass the exam based on the 24-month exam validity period. However, enforceability has been problematic because the AQB Criteria are not clear on the 24-month exam validity period. The proposed change would eliminate this issue. An ASC member noted that employers of appraiser trainees may only hire a trainee who has passed the examination. An ASC member asked what type of background checks would be conducted on appraisers. Staff responded the AQB has not determined what type of

criminal background check would be done, or if a financial background check would also be required. The AQB is also recommending appraisers take the 7-hour National USPAP Update Course within six months of the revised USPAP going into effect. The current Criteria require that the 7-hour course or its AQB-approved equivalent be taken every two years. Therefore, an appraiser could take the 7-hour course the day before the course expires, which results in appraisers not having the benefit of the training offered in the new edition of the 7-hour USPAP course for nearly two years.

J. Park also reported ASC staff responded to the U.S. Government Accountability Office (GAO) request for information, Engagement Code 250571. The response and attachments have been uploaded to a File Transfer Protocol website that can be accessed by ASC members via a user name and password previously provided.

J. Park briefed the ASC on a recent change by Illinois to its Administrative Rules which state that an appraiser shall identify an appraisal management company (AMC) as the client if the AMC is engaging the appraiser. If an AMC is acting as an authorized agent for a financial institution, the appraiser shall identify the financial institution as the additional intended user. Additionally, if a financial institution is identified as an additional intended user, the appraiser shall ascertain the relationship between the client/authorized agent and the financial institution by obtaining a copy of the agreement between the client/authorized agent and the financial institution; having the client/authorized agent write a letter to the appraiser in which the agent sets forth its level of responsibility and authority; or contacting the financial institution to determine the scope of the appraisal assignment. The appraisal will also need to prominently display the appraisal fee received by the appraiser from the AMC.

J. Park also reported that the Government-Sponsored Enterprises (GSEs), at the direction of the FHFA, are engaged in a joint effort to standardize mortgage loan data delivered to the GSEs by the party that sells or delivers the loan to the GSE. An integral part of the program is the Uniform Appraisal Dataset (UAD). The GSEs will be requiring that all appraisals conform to a uniform dataset and be delivered to the GSEs through a new Uniform Collateral Data Portal. These new requirements are mandatory for loans delivered to the GSEs on or after September 1, 2011. He added that he has concerns about the implications of UAD for appraisers and mortgage lenders.

## **2. Summary Agenda**

- **February 9, 2011 minutes – Open Session**

R. Parson had a question regarding the minutes. S. Gardner made a motion to move the February 9<sup>th</sup> Open Session minutes to the Discussion Agenda. G. Gibbs seconded and all members present voted to approve.

### **3. Discussion Agenda**

- **February 9, 2011 minutes – Open Session**

After discussion addressing questions raised, G. Gibbs moved to approve the February 9<sup>th</sup> Open Session minutes. V. Vieten seconded and all members present voted to approve.

- **Appraisal Foundation November 2010 Grant Reimbursement Request**

J. Park noted that, among other expenses, the reimbursement request covered a Level One State Investigator Training Course, which received very favorable ratings from the participants. This request also covers expenses for the Appraisal Standards Board Meeting in Miami, FL. An ASC member asked for clarification of items AQB members charged against the grant for time spent working on a hearing. Staff responded the items were related to an appeal hearing for a USPAP Course Instructor. G. Gibbs moved to approve the November 2010 grant reimbursement request in the amount of \$67,957. P. Gillispie seconded; all members present voted to approve.

- **North Carolina Compliance Review Report and letter**

Staff presented the North Carolina Compliance Review Report and letter. North Carolina is in substantial compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI). North Carolina had one area of concern; however, the Program was not out of compliance in this area. Staff recommends North Carolina remain on a two-year Review Cycle. G. Gibbs moved for approval of the North Carolina Compliance Review Report and letter, noting North Carolina is in substantial compliance with Title XI. P. Gillispie seconded; all members present voted to approve.

- **Proposed Bulletin 2011-01 to State Appraisal Regulatory Officials on Certain Mandates in the Dodd-Frank Act**

J. Park presented a proposed Bulletin notifying States of the self-enabling provisions of the Dodd-Frank Act. Staff proposed two different effective dates as certain provisions may require the States to amend their rules or regulations. The effective dates represent when the ASC's State Compliance Review process would include an assessment of the State's compliance with a particular Dodd-Frank Act provision. These provisions include changes to:

- Reciprocity – States will be required to have in place a policy for issuing a reciprocal certification or license in accordance with provisions set forth in FIRREA Title XI as amended by the Dodd-Frank Act.

- Qualification requirements for State licensed appraisers – Minimum qualification criteria issued by the AQB are now mandatory for State Licensed Appraisers (if the State has such a category).
- Minimum requirements for trainee appraisers and supervisory appraisers – Minimum qualification criteria issued by the AQB are now mandatory for Trainee Appraisers and Supervisory Appraisers (if the State has such a category).
- Course approval program of the Appraisal Foundation’s Appraiser Qualifications Board – The ASC is required to encourage the States to accept courses approved by the AQB Course Approval Program.
- ASC monitoring of funding and staff resources available to State appraiser regulatory programs. The Dodd-Frank Act also provides the ASC with additional authority to monitor State agencies for funding and staffing.

J. Park recommended the issuance of a press release and Federal Register Notice if the Bulletin is approved by the ASC, and noted staff had not circulated the Notice and press release in advance of the meeting.

An ASC member asked if staff is comparing the State appraiser regulatory agency budgets to the number of appraisers in the State. Staff responded that the budget information is being requested by ASC staff from States as part of the Compliance Review process. An ASC member asked whether ASC staff recommends that the Bulletin and draft Federal Register Notice have identical wording. Staff responded that although the draft documents are not identical, the substantive items were copied from the Bulletin to the Notice. After some discussion, the ASC members were in agreement that the documents should be identical. S. Gardner moved to approve the Bulletin, with edits and delegating authority to the Chairman to work with the staff to draft a Federal Register Notice and press release and approve the documents. P. Gillispie seconded and all members present voted to approve.

- **Vice Chairman Vote**

The ASC Chair explained that V. Gibbs’ one-year term as Vice Chair expires on March 31<sup>st</sup> as noted in the ASC Rules of Operation and provided some background on the ASC’s rationale for creating the position in 2010. G. Gibbs nominated P. Gillispie for the Vice Chairmanship effective April 1<sup>st</sup>. V. Vieten seconded and all members present voted to approve. P. Gillispie thanked the ASC for their support, and at the request of the Chairman, offered his professional experience information, including his current position with HUD and past positions within the government and the private sector as a credentialed appraiser.

The Open Session meeting adjourned into the Closed Session meeting at 11:45 a.m.  
The observers left the meeting.