

**FFIEC-APPRAISAL SUBCOMMITTEE
MEETING MINUTES [PUBLIC]
SEPTEMBER 11, 2002**

ATTENDEES: J. Snyder (FDIC), L. Lamar (HUD), A. Lustig (FRB Voting Alternate), J. Price (OTS), T. Watson (OCC) H. Yolles (NCUA). **Permanent staff:** B. Henson (Executive Director), D. Greene (Appraisal Policy Manager), L. Schuster (Administrative Officer), R. Seward (Information Management Specialist) M. Weinberg (General Counsel). **Other:** S. Fritts (FDIC), J. Jackson (HUD), J. Leitner (FDIC)

ABSENT: G. Gibbs (FRB), K. Gearheard (Senior Appraisal Policy Manager), V. Ledbetter (Appraisal Policy Manager).

ADMINISTRATIVE MATTERS

- L. Lamar introduced J. Jackson of the HUD Atlanta Office to the staff and members.
- The meeting was called to order at 11:00 a.m.
- **Meeting Minutes** – J. Price moved for approval of the August 14th minutes, with edits, and L. Lamar seconded. All members present approved.

ACTION

- **ASC FY'03 Budget and the Appraisal Foundation 2003 Grant proposal** – J. Snyder commented that he thought the budget documents were very complete and informative. He asked B. Henson to present the highlights. B. Henson noted that the number of appraisers on the National Registry has remained fairly constant the last couple of years. We have seen a very slight growth nationwide, even though California's numbers continue to decrease. Therefore, he expects revenue to remain very close to the FY'02 level of \$2,150,000. He reported that expenses for FY '03 are projected to be slightly lower than FY '02. This results from a couple of "non annual" projects in FY '02. He further reported that disbursements for the Appraisal

Foundation grant had exceeded original budget estimates for FY '02 because of the two supplemental grants approved by the ASC for the psychometric study and costs associated with developing the Certified USPAP Instructor course and examination. Both the psychometric study and the Instructor program development are non-recurring items. H. Yolles wanted to clarify that, while we will fund \$800,000 of the Appraisal Foundation grant request for 2003, we found the entire grant request (approximately \$859,000) to be Title XI-related. In addition, he stated that we were restricting funding to \$800,000 due to budget limitations only. B. Henson responded that this was correct. J. Snyder said that the Appraisal Foundation can request a supplemental grant from us at a later date, and the ASC would consider funding it, depending on FY '03 operating income and expenses. B. Henson recommended approval of the FY '03 budget proposal.

Before voting, J. Snyder asked B. Henson to discuss the ASC's financial reserves. B. Henson noted that we have approximately \$3,750,000 in unrestricted reserves in our Treasury account. This is not an interest bearing account. He reported that our auditing firm recommends that we maintain adequate reserves to operate for 6-12 months without income. He stated that, taking a conservative position, this means we should maintain approximately \$2,000,000 in unrestricted reserves. (T. Watson joined the meeting.) B. Henson stated that he plans to submit a "white paper" to the ASC within the next 3-4 months discussing project ASC income, expenses, unrestricted reserves, Foundation grant funding, and related items. This paper should

provide the ASC with information necessary to consider the ASC's approach to future Foundation grant funding.

~~A. Lustig asked if the impact the possible move of the FFIEC operations staff was included in our FY'03 budget. J. Snyder noted that because the FFIEC had not made any decisions at this point, nothing was included in our FY '03 budget. B. Henson noted that should a relocation occur that affected the ASC's operating expenses, he would prepare a budget amendment for ASC consideration.~~

H. Yolles moved for approval of the ASC FY'03 budget, as presented, and the Appraisal Foundation's 2003 grant proposal in the amount of \$800,000. J. Price seconded, and all members present approved.

- **Appraisal Foundation June 2002 grant reimbursement request** – B. Henson presented the June 2002 reimbursement request in the amount of \$69,544. T. Watson moved to approve payment of the request, and H. Yolles seconded. All members present approved.

OTHER

- ~~**Letter from Charles Clark of the Georgia Real Estate Appraisers Board concerning ASC plan to add a data element to the National Registry and ASC Web site that will reflect whether an appraiser conforms to AQB Criteria**~~ – B. Henson gave a short briefing on the background of the ASC's

~~decision to add the new data element. The ASC's discussion focused on the facts that we were simply presenting more meaningful data to the public to reduce potential misconceptions and to allow users of appraisal services to make more informed decisions. The ASC members stated that they believed this action supported the purpose of Title XI and did not infringe on any personal privacy or legal rights of appraisers. B. Henson noted that, should a State document that its providing the requested information would be contrary to State law, we would work with the State to accommodate its needs and restrictions. J. Snyder instructed B. Henson to draft a response thanking Georgia for its input and interest in ASC operations.~~

- ~~**State Watch List** — B. Henson noted that the D.C. Mayor has appointed and confirmed members for the D.C. Real Estate Appraiser Board, and the Board had resumed having meetings.~~
- ~~**Letter to Columbia Institute** — H. Yolles asked about the status of the ASC's response letter. J. Snyder responded that he had received notification from FFIEC LAG chairman Kroener that LAG had no further comments regarding the ASC's draft response, and we should send the letter. J. Snyder stated his intentions to sign the response letter following the ASC meeting and asked if there were any objections. No one objected to his signing and releasing the response letter.~~
- The meeting adjourned at 12:30 p.m. The next meeting is scheduled for October 9, 2002.