



TAFAC Meeting Minutes
Doubletree Hotel, Washington, D.C.
February 6, 2009
9:00 a.m.

1 **Members Present**

- 2 Chris Rosenthal, American Institute of Certified Public Accountants
3 Sandie Tropper, American Society of Appraisers
4 Stephanie Coleman, Appraisal Institute
5 Bob Keith, Association of Appraiser Regulatory Officials
6 Casey Mulqueen, Association of Machinery & Equipment Appraisers
7 Ted Baker, Centre for Advanced Property Economics
8 John Hentschel, Counselors of Real Estate
9 Rick Kriebel, Equipment Appraiser Association of North America
10 Roger Cramer, Farm Credit Council
11 David Snook, Federal Agricultural Mortgage Corporation
12 Ed Kosola, Federal Highway Administration
13 Elisabeth McCarry, Freddie Mac
14 Jay Koepf, General Service Administration
15 Billy Cook, Institute for Professionals in Taxation
16 Ivan Canino, Instituto de Evaluadores de Puerto Rico
17 Howard Kanter, Internal Revenue Service
18 Phyllis Lilly, International Right of Way Association
19 Christine Corbin, International Society of Appraisers
20 Beth Riedel, Maryland Association of Appraisers
21 Lorrie Beaumont, Massachusetts Board of Real Estate Appraisers
22 Lynne Heiden, Mid-West Appraisers Association
23 William Renner, National Association of Home Builders
24 Mark Munizzo, National Association of Independent Home Builders
25 Sam Henderson, National Association of Master Appraisers
26 John Councilman, National Association of Mortgage Brokers
27 Ray Carlisle, National Association of Real Estate Brokers
28 Vic Knight, National Association of Realtors
29 Jane Campbell-Chambly, National Auctioneers Association
30 Chuck Hagedorn, National Council of Real Estate Investment Fiduciaries
31 Charles Tansey, NeighborWorks America
32 Doug Winner, North Carolina Professional Appraisers Coalition
33 Clarence Snyder, USDA, Farm Service Agency
34 Brenda Bintz, USDA, Rural Development
35 Patrick Murphy, US Dept. of the Army

36 Milton Corson, US Dept. of Housing and Urban Development
37 Kathryn Gearheard, US Dept. of Interior
38 Eric Chiapponi, US Dept. of Justice
39 Mary Ardnt, US Dept. of the Navy
40 Mariam Lamech, Worldwide ERC

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42 **Staff Present**

43 David Bunton, President
44 Arika Cole, Council Administrator
45 Magdalene Vasquez, Qualifications Administrator

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47 **ASB Present**

48 Sandra Guilfoil

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50 **AQB Present**

51 Gary Taylor, Chair

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53 **Observers**

54 Lee Robinette, American Society of Appraisers
55 Bill Garber, Appraisal Institute
56 Denise Graves, Appraisal Subcommittee
57 Neal Fenochietti, Appraisal Subcommittee
58 Brian Block, Association of Machinery & Equipment Appraisers
59 Nate Arnold, Association of Machinery & Equipment Appraisers
60 Tony Whaley, BOT Oversight
61 Steve Stephens, Farm Credit Council
62 Lisa Musial, National Association of Independent Fee Appraisers
63 Donna Blake-Bolton, National Auctioneers Association
64 Steve Byrnes, TAFAC Representative to the BOT
65 Thomas Ale, USDA, Rural Development
66 Helen Honse, US Dept. of Interior

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68 **1. Call to Order and Roll Call**

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70 The meeting was called to order at 9:00 a.m.

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72 **2. Minutes**

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74 **Motion** by Snyder, seconded Baker: To approve the September 5, 2008 Meeting
75 Minutes as amended

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77 Motion carried.

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79 **3. Report of the Chair**

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81 Rosenthal thanked Arnold for his service as Chair in 2008. He stated that Arnold has
82 been a great mentor to him. He thanked the Executive Committee for their guidance
83 and support and thanked the Committee Chairs as the process was not as smooth this
84 year in organizing the Committees. He welcomes the Committee Chairs' input and what
85 can be done better in 2009. He reported that there was a New Member Orientation at
86 the Foundation office yesterday morning and thanked Bunton for hosting the meeting.
87 He also thanked Cole and staff for all of their help.

88

89 Rosenthal reported that the Membership Committee will be assigning mentors to all
90 new members to understand the process of TAFAC. He continued to report that he
91 attended the ASB Public Meeting at the end of last year to report on behalf of TAFAC
92 and will be attending the BOT in May to provide the TAFAC report to oversight.

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94 **4. Report of the President**

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96 Bunton reported on the Foundation's major initiatives for 2009. He reported that the
97 Foundation has partnered with AARO to offer investigator training to state appraiser
98 regulatory officials. The training sessions will be offered once per quarter in 2009. The
99 sessions will be offered at no cost to the states, as a result of a grant to the Foundation
100 from the ASC. Each training session will be presented over a two-and-a-half-day period
101 and focus on USPAP from a state regulatory perspective, as well as offer recommended
102 investigative and interview techniques. The first session will be held in Phoenix, Arizona
103 in March. Additional sessions will be held in Dallas, Washington, D.C. and Chicago.

104

105 Bunton reported that as a result of the current economic crisis, Congress will be
106 focusing on significant revisions to our current financial institution regulatory structure.
107 During this process, Title XI of FIRREA will most likely be reviewed and quite possibly
108 revised. The Foundation is in a unique position to offer its observations and
109 recommendations on how to improve the current real property appraiser regulatory
110 system. Therefore, the Foundation will be developing a white paper on the issue. The
111 major elements of our recommendations will be circulated to the Foundation advisory
112 councils for input. Upon completion, the white paper will be circulated to all appropriate
113 Congressional and government leaders.

114

115 Bunton reported that the appraisal profession does not have an enforceable set of best
116 practices or core principles regarding appraisal methodology. In addition, the ASC has
117 expressed its strong concern to the Foundation that there is a current lack of timely
118 guidance to appraisers in the area of best practice issues. It was the decision of the
119 Foundation leadership that a special task force composed of key stakeholders be
120 convened to develop recommendations on how timely guidance can be made available
121 to all state credentialed appraisers. The task force will be composed of representatives
122 from the Foundation, ASC, AARO, AQB, ASB and the Appraisal Sponsors. David Wilkes
123 will Chair the task force.

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Bunton continued to report that the Supervising Appraiser Task Force, Chaired by Heiden, presented a white paper to the BOT at its fall meeting on the results of its survey of the states and its findings to date. The Task Force now has a second charge; to develop a set of “best practices” for supervising appraisers which can be incorporated into a course. The course will be offered by the Foundation on a wholesale basis to educational providers and it would be up to each state to decide if it is required.

Bunton reported that given the Foundation’s current financial situation, the focus has now turned to the efficiency of the organization’s structure. Are the Foundation’s Boards and Advisory Councils organized in the most efficient and cost effective manner? Can we make better use of web-based meetings to reduce travel expenses? Is the staff structure appropriate for our growing and changing needs? He stated that these questions and many others will be addressed by a task force, which will be chaired by Gene Kaczowski.

Bunton reported that there are several vacancies on the Foundation’s Boards this year. There will be four vacancies on the BOT and two on the ASB and AQB. The deadline for applications is August 7th and the finalists will be publicly interviewed at the fall BOT meeting in Phoenix on October 30th. He further reported that this year the Foundation will produce two new publications. *USPAP for Non-Appraisers* will be available for sale this summer. The publication will provide an overview of USPAP from the user’s perspective, with an emphasis on accountants, attorneys and lenders. A complimentary brochure entitled *Why You Should Engage a Professional Appraiser* will be available this spring. The brochure outlines what distinguishes an individual as a professional appraiser.

5. Report of TAFAC’s Representatives to the Board of Trustees

Byrnes reported that he attended the Fall BOT meeting and is pleased to report that the presence of TAFAC and its contribution to the Foundation was very visible and highly recognized. Several representatives from TAFAC were recognized in one form or another. First, Past Chair Barry Shea was appointed to the ASB for a two-year term. Long-term TAFAC representative, John Rasmus, was honored by BOT Chair Shawn McGowan with the prestigious Chairman’s Award. Rasmus was noted for his involvement with TAFAC from its inception, a past Chair of TAFAC and a member of the BOT.

Byrnes reported that 2008 TAFAC Chairman Arnold presented his report and the recommendation from TAFAC requesting the BOT undertake an effort to better inform real property appraisers of their responsibility to adhere to USPAP and due diligence. The BOT voted to take the recommendation under advisement for further study, being mindful of the mission of the Foundation and its responsibility to the various sponsors and other education providers. In concert with the recommendation, there was a strong

168 call to recognize that the Foundation represents many disciplines other than real
169 property.

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171 Byrnes reported that TAFAC was recognized by the Strategic Planning Committee of the
172 BOT for the amount of input that this Council provided and how much was actually
173 adopted into the draft. He thanked Rasmus and Riedel for their leadership in SLRPOC
174 and providing the input to the Council for consideration and forwarding the comments
175 to the BOT. Byrnes also reported that TAFAC member, Instituto de Evaluadores de
176 Puerto Rico has been approved as a new sponsor of the Foundation. He indicated that
177 Heiden finished her last term on the BOT and thanked her for representing TAFAC well
178 the past few years.

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180 Heiden thanked TAFAC for allowing her to serve on the BOT for the last six years.
181 Although the commitment required many hours of personal service to Foundation, the
182 rewards and individual growth far exceeded the time spent. It provided the opportunity
183 to make friends and develop friendships which will last forever. Heiden stated that she
184 is looking forward to continuing to serve the Foundation as Chair of the Best Practices
185 for Supervising Appraisers Task.

186
187 Heiden reported that she participated on the Executive Committee, Trustee Nominating
188 Committee, Best Practices for Supervising Appraisers Task Force and the Officers
189 Nominating Committee. The Executive Committee and the full BOT met in Newport,
190 Rhode Island on November 1, 2008. The Committee Chairs gave reports specific to the
191 Board responsibilities. A complete meeting summary is available on the Foundation's
192 website.

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194 Heiden reported that the Trustee Nominating Committee reviewed 33 applications for
195 the three At-large vacancies on the BOT for 2009. The committee conducted phone
196 interviews and selected a slate of six candidates to interview on May 2, 2008 at the BOT
197 Meeting in Lake Tahoe, California. A slate of candidates was then submitted to the full
198 BOT for vote. She reported that the Officers Nominating Committee was charged with
199 selecting the trustees eligible for officers and submitting a slate to the BOT for
200 ratification at the fall BOT meeting.

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202 Riedel reported that the BOT will not have their first meeting of 2009 until May 16th. She
203 reported that she was appointed to the Business Plan, Publications and Ethics
204 Committees. The Business Plan Committee has met once via conference call and
205 another call is scheduled for this afternoon. She stated that she is looking forward to
206 working with the BOT.

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208 **Motion** by Munizzo, seconded by Tropper: To accept the report of TAFAC's
209 Representatives to the Board of Trustees

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211 Motion carried.

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6. Report of the AQB

Taylor reported the AQB will be working on updating the Instructor Recertification Course (IRC) for online development. Currently, 600 instructors will need to take the IRC. In the future, instructors will be on two-year cycles. The online IRC will be available beginning October 1, 2009 and will need to be completed by March 31, 2010. Instructors cannot teach the new versions of the USPAP courses until they have taken the IRC.

Taylor reported that the AQB has entered year three in exam development. The results for 2008 were pretty low; however in the past few months pass rates have increased as more people with the requisite education are taking the exam. The AQB ran statistics and saw that individuals with pre-2008 education have much lower pass rates. The AQB is continuing to monitor the exam and build a database of questions.

Taylor reported that the AQB issued an Interpretation and a Guide Note in September 2008 and received all positive comments. The Interpretation and Guide Note amend some education regarding graduate degrees in real estate. Individuals should have some education count toward criteria requirements. With graduate degrees, individuals still have to qualify for experience and pass the examination; however, in 2009 the Board will probably release another Interpretation clarifying university degrees.

Motion by Baker, seconded by Munizzo: To accept the Report of the AQB

Motion carried.

7. Report of the ASB

Guilfoil reported that the ASB will release a third exposure draft on Monday, February 9, 2009. She stated that she has received comments from the ASB Issues Committee and has forwarded the comments to the Board. The adoption of the proposed changes in the exposure draft is scheduled for April 3, 2009, at the New Orleans public meeting in efforts to have enough time to make USPAP changes and course changes by October 2009. Most of the Board's work will be done by June.

Guilfoil reported that the ASB will be working really hard on the Scope of Work Rule and readers are likely to see changes. The Board will continue to look to the Councils regarding USPAP issues. The Board will try to get information out by Q&As. The way the exposure draft process works the ASB cannot add new information during the 3rd draft and there is not enough time to have a 4th exposure draft. She indicated that comments from the exposure drafts are posted on the Foundation website. She indicated that most of the changes have been well received but not a lot of comments on clarification.

256 **Motion** by Munizzo, seconded by Snook: To accept the Report of the ASB

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258 Motion carried.

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260 **8. Committee and Working Group Reports**

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262 **Membership Committee**

263 Arnold reported that Lehmann sends her regrets as she could not attend today's
264 meeting. Arnold reported that the committee did not meet yesterday but the mentoring
265 program will be implemented this year. He stated that the committee needs to go out
266 and find organizations to bring to TAFAC. He indicated that if anyone is interested in
267 working with the committee to contact Lehmann.

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269 **Motion** by Keith, seconded by Munizzo: To accept the Report of the Membership
270 Committee

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272 Motion carried.

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274 **Strategic, Long Range Planning and Oversight Committee**

275 Riedel reported that since September, 2008 she and Rasmus reviewed the 2008
276 Membership and Leadership Manuals to incorporate administrative and
277 technical changes so as to bring the manuals current with the 2009 structure and
278 operation of TAFAC. In particular, this includes the 2009 listing of TAFAC officers and
279 representatives to the Board of Trustees. The updated manuals were provided to Cole in
280 early December, 2008 and will be available by e-mail to representatives and alternates
281 at the time of the first TAFAC meeting of 2009. New representatives and alternates,
282 however, will be provided printed copies at the 2009 orientation meeting to be held the
283 day prior.

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285 Riedel reported that the Chair of the Business Plan Committee of the BOT acknowledged
286 at the Board's November 1, 2008 meeting the quality contribution TAFAC made in its
287 suggestions submitted to his committee relating to the new Strategic Goals of The
288 Foundation. The Board adopted the plan as recommended by the Business
289 Plan Committee that included many of TAFAC's recommendations. She stated that
290 SLRPOC members worked diligently to review the proposed goals and prepare its
291 recommendations for TAFAC at their last meeting and their efforts are greatly
292 appreciated.

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294 Arnold stated that IAC and ECAFS commended TAFAC on the manuals at the BOT
295 meeting and will model the manuals for their Councils.

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297 Renner thanked Riedel and Rasmus for creating the TAFAC manuals.

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299 **Motion** by Renner, seconded by Munizzo: To accept the Report of the Strategic, Long

300 Range Planning and Oversight Committee

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302 Motion carried.

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304 **Emerging Issues Committee**

305 Winner reported that the Emerging Issues Committee met yesterday afternoon and
306 discussed the ongoing issues on the Emerging Issues Chart, and new issues to add to the
307 chart. Winner discussed the September motion regarding the Foundation being
308 proactive on encouraging appraiser independence.

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310 Bunton stated that the Foundation cannot advocate for appraisers but the Foundation is
311 in the process of writing a white paper which was discussed earlier.

312

313 Discussion ensued regarding the advocacy of appraisers.

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315 **Motion** by Baker, seconded by Henderson: To accept the Report of the Emerging
316 Committee

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318 Motion carried.

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320 **Motion** by Winner, seconded by Bintz: That the TAFAC Chair appoint a workgroup to
321 explore the viability of The Appraisal Foundation facilitating the establishment of a
322 nationwide organization to advocate the interest of appraisers and if feasible, make
323 recommendations to TAFAC for consideration for communication to the BOT.

324

325 Motion carried.

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327 **Motion** by Munizzo, seconded by Hentschel: That the TAFAC Chair appoint a workgroup
328 to explore the feasibility of forming a third independent board of The Appraisal
329 Foundation to address the "Best Practices" of the appraisal profession.

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331 Motion carried.

332

333 **Motion** by Winner, seconded by Hentschel: That TAFAC request that the ASB confer
334 with HUD and the Federal Reserve Board to determine if a third party payment is
335 allowed under regulation Z, Truth in Lending, kick-back regulations, RESPA or other
336 relevant rules or regulations, in the procurement of appraisal services in a real estate
337 sales transaction. Following such inquiry, for the ASB to consider issuing an advisory as
338 to the results.

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340 Motion carried.

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342 **AQB Issues Committee**

343 Henderson thanked Riedel for Chairing the meeting in his place yesterday afternoon.

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Riedel reported that last year's committee chair, Bob Keith, provided an overview of the committee's 2008 activities that included considerable deliberation over exposure drafts relating to Guide Note 6, verification of experience, interpretation of what constitutes 24 months for the 7 hour USPAP CE requirement, and USPAP and USPAP education – more specifically consideration of an "intro to USPAP" class and the concept of Qualifying Education taken in a specified sequence. The Committee's efforts ultimately resulted in a number of TAFAC recommendations to the AQB, many of which have been incorporated.

Riedel reported that the comment period for the most recent exposure draft regarding "Interpretation - Graduate Degrees and Qualifying Education" ended in November and its adoption is pending later this month. Because the committee had no objections to the proposed interpretations, no action was taken nor recommendations made. She stated that going forward, Taylor has requested that the Committee's conclusions be conveyed even if just to say "we are in agreement or have no objections."

Riedel reported that although there are no current exposure drafts for the Committee to consider, Taylor provided an excellent overview of the Board's agenda for the coming year which generated excellent discussion amongst the participants. The Committee is extremely appreciative of the AQB's participation in these meetings and would especially like to thank Taylor for his willingness to listen and carefully consider and share differing viewpoint and opinions with the Board. She stated that the Committee is looking forward to another productive year.

Motion by Baker, seconded by Campbell-Chambliss: To accept the Report of the AQB Issues Committee

Motion carried.

ASB Issues Committee

Tropper reported that the ASB Issues Committee met yesterday afternoon. Snook from the Jurisdictional Exception Working Group reported to the Committee that the Working Group was pleased with the language that had been developed for the Jurisdictional Exception Rule in the second exposure draft for the 2009-2010 USPAP. The Committee reviewed some of the changes found in the second exposure draft with Guilfoil after she reported to the Committee on some of the comments that had been submitted.

Tropper reported that Snook suggested that the ASB consider putting the provisions regarding demographic discrimination back into the Conduct section of the Ethics Rule. The Committee discussed whether the provision was necessary taking into account current laws on race, religion, gender, age, etc. discrimination.

388 Tropper indicated that other issues were discussed with suggestions for further
389 clarification to include:

- 390 • The rationale and need for clarification of Standards Rule 3-3(a), including use of
- 391 terms “credible” and “reasonable”
- 392 • The Competency Rule provision regarding the need for appraisers to disclose any
- 393 service regarding the subject property performed by the appraiser within the prior
- 394 six months prior to accepting the assignment
- 395 • The use of hypothetical conditions in appraisal review assignments

396

397 Tropper reported that Guilfoil stated that she would take the comments back to the ASB
398 for review. The third exposure draft is due out in the next few days and the Committee
399 has agreed to meet by teleconference to discuss the draft.

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401 **Motion** by Snook, seconded by Campbell-Chambliss: To accept the Report of the ASB
402 Issues Committee

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404 Motion carried.

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406 **Personal Property Working Group**

407 Tropper reported that there were several issues that have come up in the Personal
408 Property Working Group’s informal meeting. She stated that she and Robinette taught
409 the personal property course and there were comments that the course was geared
410 heavily toward real property. The Working Group would like the AQB to consider a 7-
411 hour Personal Property Course.

412

413 Robinette indicated that the same issues were brought up in the AQB Issues Committee
414 and Taylor will take the comments back to the AQB.

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416 **Motion** by Campbell-Chambliss, seconded by Baker: To accept the Report of the
417 Personal Property Working Group

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419 Motion carried.

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421 **Jurisdictional Exception Working Group**

422 Snook recognized the work of Riedel and Keith for the Working Group. The Working
423 Group has reviewed the Jurisdictional Exception definition and Jurisdictional Exception
424 text in the ASB’s second exposure draft and has no suggested revisions for consideration
425 by TAFAC. The Working Group will continue to monitor the ASB’s response to comments
426 received from the public and recommended the extension of the Working Group until
427 the ASB results.

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429 **Motion** by Cook, seconded by Baker: To accept the Report of the Jurisdictional
430 Exception Working Group

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432 Motion carried.

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434 **Nominating Committee**

435 Arnold reported that the Nominating Committee is still in formation and there will be a
436 committee meeting in June to present the slate of 2010 officers. He asked
437 representatives to send him any recommendations of candidates.

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439 **9. New Business**

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441 Discussion ensued regarding the Home Valuation Code of Conduct (HVCC).

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443 Hentschel suggested that TAFAC have a speaker to discuss the HVCC.

444

445 Rosenthal assigned the issue to the Emerging Issues Committee.

446

447 Winner asked representatives to send their comments to him.

448

449 **Motion** by Hentschel, seconded by Snook: To adjourn the meeting at 12:07p.m.

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451 Motion carried.