

**AMERICAN
SOCIETY OF
APPRAISERS**



NATIONAL HEADQUARTERS • P.O. Box 17265, Washington, DC 20041-0265 • (703) 478-2228 • Fax (703) 742-8471 • http: www.appraisers.org

January 8, 2001

Mr. Ben Henson, Executive Director
The Appraisal Subcommittee
2000 K Street, NW, Suite 310
Washington, DC 20006

Dear Mr. Henson:

It has recently come to the attention of the American Society of Appraisers (ASA) that a petition signed by appraisers around the country has been circulating regarding the ongoing problem of lender pressure upon appraisers. This petition is asking the Appraisal Subcommittee (ASC) to take action to require lenders to "cease and desist" such activities.

For years lenders have been pressuring appraisers in single-family residential transactions to deliver appraisals that meet or exceed a predetermined value. Recently, the number of such pressure has dramatically increased. **While** many reports **are** anecdotal, there are documented cases of engagement letters that instruct appraisers not to perform the appraisals in question if they are unable to value the properties at the selling price. Many appraisers have lost business by refusing to be coerced by lenders into agreeing to these unethical terms. While this issue has been a concern of ASA members, it has grown to such an extent that ASA's annual colloquium on April 20, 2001, will focus on this topic.

ASA believes that:

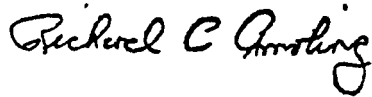
1. All lenders (the parties responsible for engaging appraisers) should be educated in the Uniform Standards of Professional Appraisal Practice (USPAP).
2. The lender should be required to sign a certification similar in content to that required by USPAP of the appraiser, stating: *Our engagement and compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*

The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

3. Any lender who engages in this type of activity should be subject to penalties similar to those faced by appraisers.

The ASC is given broad oversight responsibilities by Title XI and, as a subcommittee of the Federal Financial Institutions Examination Council, is in a good position to work with bank regulators and others on this problem. We request that the ASC undertake a study of this problem and inform the appraisal community of the study results and proposals recommended by the ASC to cure this problem.

Sincerely,

A handwritten signature in cursive script that reads "Richard C. Amoling". The signature is written in black ink and is positioned above the typed name.

Richard C. Amoling, ASA
President

cc: The Appraisal Foundation
The Association of Appraiser Regulatory Officials