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Appraisal Subcommittee

Federal Financial Institutions Examination Council

January 30, 2004

BDO Seidman, LLP
7101 Wisconsin Ave., Suite 900
Bethesda, Maryland 20851

Dear Sir or Madam:

We are providing this letter in connection with your audits of the financial statements of the Appraisal Subcommittee as of September 30, 2003 and 2002, and the related statements of operations and changes in net position, and cash flows for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, operation and changes in net position, and cash flows of the Appraisal Subcommittee in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of November 7, 2003 the following representations made to you during your audits:

- (1) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all assets and liabilities under the entity's control.
- (2) We are responsible for adopting sound accounting policies, establishing and maintaining internal control to, among other things, help assure the preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, and preventing and detecting fraud.
- (3) We have made available to you all:
 - (a) Financial records and related data; and
 - (b) Minutes of the meetings of the Appraisal Subcommittee or summaries of actions of recent meetings for which minutes have not yet been prepared.

- (4) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (5) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the audit have been recorded. There are no unrecorded financial statement misstatements that are material, either individually or in the aggregate, to the financial statements taken as a whole.
- (6) We have no knowledge of any:
 - (a) Fraud or suspected fraud involving management or employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others.
- (7) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position balances.
- (8) The following, where applicable, have been properly recorded or disclosed in the financial statements:
 - (a) Related-party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - (c) We believe that we have properly identified all derivative instruments and any embedded derivative instruments that require bifurcation.
 - (d) Guarantees, whether written or oral, under which the Appraisal Subcommittee is contingently liable.
 - (e) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, Disclosure of Certain Significant Risks and Uncertainties. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.

(f) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5, including:

- Written or oral guarantees, endorsements, or unused letters of credit;
- Unusual guarantees; or
- Labor claims or negotiations.

SFAS No. 5 requires loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed if the loss is reasonably possible or the loss is probable but the amount of loss cannot be reasonably estimated.

(g) Commitments, such as:

- Major fixed asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pensions plans, or severance pay; or

(h) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(9) There are no:

- (a) Violations or possible violations of laws or regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
- (10) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (11) The Appraisal Subcommittee has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (12) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- (13) No discussions have taken place with your firm's personnel regarding employment with the Appraisal Subcommittee.

- (14) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (15) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.
- (16) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
 - We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
 - Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events, have occurred subsequent to the statement of financial position date and through the date this letter is signed that would require adjustment to or disclosure in the aforementioned financial statements.

Very truly yours,

Ben Henson, Executive Director

Date

Marc L. Weinberg, General Counsel

Date

Accountant

Date