

The Chicopee Group

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MAY 14 1999

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

May 10, 1999

Dear Mr. Henson;

As you are aware, the Appraisal Foundation, through its sponsoring organizations, has developed a standard course module for USPAP courses. We previously communicated our concerns regarding the possible restraint of trade issues on independent course providers this module could present. As we previously stated, if unchecked, this system of preferential approval will spread to qualifying credit and then on to continuing education credit. This module will set the precedent for professional organization domination. We believe that two very important concerns are still not addressed.

1. The Appraisal Foundation has stated that this will be the ONLY USPAP course they will approve through the AQB's "Course Approval Program". In effect, ensuring that only the instruction and points of view of the "Sponsors" will be expressed.

The Sponsors will benefit by the acceptance of the module in several ways. It is believed that their sponsorship contribution will be re-structured and based upon usage of the module. A contribution to the Foundation per attendee. Obviously, they will not be bound by any copyright of these materials. Also, if the module is the only accepted USPAP course in the states, they will be free to charge whatever amount they choose. Most independent course providers will no longer offer USPAP courses. The appraisers will be required to continuously retake USPAP in the 15 or 7 hour format which will continue the flow of funds to the Foundation.

2. For this module to be permanently entrenched nationally, it requires acceptance by all the states. Here is where an important issue of impartiality exists. Enclosed please find a letter to AARO regarding a "grant/loan" approval from the Foundation to AARO.-Additionally, AARO has stated that they received computers and technical computer support from the Foundation as recently as a few months ago.

All of this may be quite appropriate, however, it certainly diminishes the appearance of impartiality while the states are being asked by the Foundation to approve their course module. Even the timing of this activity raises suspicion. The grant/loan appears to have a termination date of 12/31/99, which affords AARO time to conduct two conferences and various committee meetings. Surely the states would have a concern about an appraiser's impartiality if he or she accepted a non-recourse loan, and computers from a client for whom the appraiser must develop unbiased and impartial value opinions.

Moreover, AARO has agreed to conduct their July 2000 conference in conjunction with a conference for the 7 Appraisal Foundation Sponsors, which is NOT open to by independent course providers. These Sponsors are also actively exerting influence, in conjunction with the AQB, on the states for their position on temporary practice issues. It is apparent that AARO's independence is suspect. These sponsors acting in unison with the Foundation could drive the regulation process and control the appraiser education profession.

Most states already have a different approval track for courses approved by the AQB from those who comply with the AQB guidelines, but lack the certification of the AQB. Courses approved by the AQB are mostly approved by the states without further review and often without the typical and usual fees. Since we were the first course providers through the AQB program, we have experienced the biased and often prejudicial requirements necessary for approval. (Not to mention the excessive fees)

3. In general, it appears there is a need for an "Appraisal Foundation Review Board". Members could serve 3 year terms with a maximum of two terms. Decisions of the Board would require a 2/3 majority. Members would serve without compensation, but would be entitled to common expense reimbursement. This Board could consist of 6 members.

3 - appraisers - only one may be a designated member and the other two must not have held membership in an appraisal organization in the past 5 years.

1 - state regulator (there are many former regulators from which to recruit)

1 -public member (many state boards have public members)

1 - lender representative (no comment)

The Board could determine whether the appraiser's mandated fees should be made available to the Foundation (grant) and whether a rule/regulation adopted by the AQB or an USPAP change by the ASB, warrants implementation/enforcement by the ASC. The Board would report to the Director of the ASC. The Director may override the Board's decision, but only with sufficient cause. This could free up the Appraisal Policy Managers to focus on state compliance with TITLE XI, and other issues.

Once again, we regret the length of this correspondence, and the fact that it was necessary in the first place. The concerns presented here are genuine and pressing. The overall demeanor of the ASB and AQB appears to be moving in a more deliberate direction of assertiveness towards usurping any independent authority (ASC). It is becoming more difficult to separate truly needed enhancements to the appraisal profession from busy work created for grant approval.

As always, thank you for your time.



Carl Dutch