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CHARLES CLARK  
Real Estate Commissioner

April 25, 2002

BY E-MAIL & FAX

Jesse O. Snyder  
Chairman  
The Appraisal Subcommittee  
2000 K Street NW - Suite 310  
Washington DC 20006

Dear Chairman Snyder

Thank you for your letter of April 8, 2002, in behalf of the Appraisal Subcommittee (ASC) responding to four of the issues the Board raised in its letter of February 20, 2002. The Board has the following comments and questions on the four responses.

Response # 1 - The April 8 letter appears to suggest that information about the Appraisal Subcommittee (ASC) can be found almost anywhere ("not only in libraries, but via the Internet"). Yet, that same letter says that the ASC will not supply any information "without first receiving a written FOIA request." The Board's February 20 letter asked for information and concluded by asking the ASC to supply any other requirements it might have to enable the Board to get to the information. The ASC's April 8 letter does not make clear any specific requirements or directions. Your suggestion that we come to Washington to view the documents before we make a request is unrealistic for the Board or any requestor who is not located in the O. C. area.

The Board requests under the FOIA that the AS C supply the Board with copies of the independent financial audits that your letter indicates have been conducted on each of its grants to the Appraisal Foundation.

Response # 2 - The April 8 letter states that "the National Registry fees that we collect and our allocation of those funds through grants to the Appraisal Foundation do not involve 'taxpayer funds'." Since a licensed or certified appraiser must pay the "fee" to conduct business in federally related transactions and since the money collected pays for the operation of a governmental agency, the "fee" would appear to be a "tax" in the ordinary meaning of that word. Our appraisers certainly view the "fee" as a "tax" and label themselves "taxpayers."

Response # 3 - The information published on the ASC web site raises several concerns:

1. Is there a schedule for updates to the site or must one visit and scroll through it daily to remain abreast of developments? The ASC has no regular schedule for updates, why not include at least a "last updated" date or a "date entered" date for each entry?
2. The site publishes no detailed analysis of the Appraisal Foundation's use of its grants, which are apparently an annual expenditure of \$500,000.00-\$1,000,000.00 by the ASC and for which the ASC has no bid process to help control costs. The information about grants to the Appraisal Foundation on the site:
  - a. is dated (the latest correspondence we found concerned a proposed 2000 grant);
  - b. is incomplete (several letters reference spreadsheets and other attachments that were not available; we found no data or correspondence on the site for grants before 1997 or after 1999; and the ASC minutes seem to record only votes taken with minimal details of discussion or documents reviewed); and
  - c. provides inadequate data from which to draw appropriate conclusions about the efficacy of the grant approval process and the effectiveness of the Appraisal Foundation's work
3. Why would the ASC publish its allegations of improper activities by state regulatory boards when those allegations have not been subjected to systematic proof and yet not publish an accounting of how the recipient of its largest expenditures uses that money? The Board urges the ASC to publish only verified allegations against state regulatory agencies and to publicize grant data more comprehensively through posting grant requests, grant authorizations, and grant audits as each of those documents is filed.

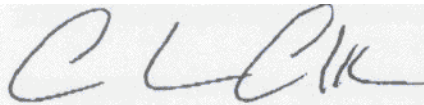
While the ASC may not be required "to provide the public with an opportunity to evaluate or comment on these grant-related determinations or on oversight matters involving grantees," the lack of competitive bidding for the grant funds makes having public comment even more important in helping to control costs. The ASC should seek and encourage that comment. Nothing that the ASC has cited in the law prevents open procedures.

The April 8 letter indicates that the ASC publishes audited financial statements in its Annual Report to Congress. The only accounting for grants to the Appraisal Foundation that we found in those annual reports was a total dollar figure for the grant. We found no details on the content of the grant request nor any accounting for the expenditures the recipient made by even major accounting object classes.

The web site to which your letter referred the Board for the OMB Circular A-133 simply had a shell form. There was no data available about the ASC's finances.

Response #4- While the ASC "is not required to have public meetings," why does it not do so? It has no data on bank deposits. It has no trade secrets. It has no arrest powers. It has no national security responsibilities. Why not build the public's confidence in the judgement of the Subcommittee's members and their decisions by having the members deliberate on public policy issues in open meetings where the public is welcomed?

Your letter's closing paragraph noted that the ASC is seeking advice of the Federal Financial Institutions Examination Council's Legal Advisory Group on the scope of the ASC's and the AQB's authority. Why did the ASC wait eleven years to seek a legal opinion on such a vital issue as the scope of its authority? Why has the ASC given millions of taxpayer's dollars (or appraiser's fees as the ASC describes such funds) to the private AQB without first determining its scope of authority under Title XI? Why is the ASC not now seeking that opinion from independent counsel instead of agency counsel?



Charles Clark  
Real Estate Commissioner

cc: Subcommittee Members  
Ben Henson  
Mel Black