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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

January 15, 2002

Charles Clark  
Real Estate Commissioner  
Georgia Real Estate Appraisers Board  
Suite 1000  
229 Peachtree Street, NE  
Atlanta, GA 30303-1605

Dear Mr. Clark:

This letter responds to your November 30, 2001 letter, which we received by Internet email and discussed at our December 2001 meeting. In your letter, you provided comments for the Appraisal Subcommittee (“ASC”) to consider in our deliberations on whether to increase the frequency of field reviews of state appraiser regulatory programs. We appreciate your comments and will consider them.

Your letter also contained a number of disturbing comments. You stated that, “Clearly, your agency has failed to [strictly adhere to the scope and limitations of federal law] in its dealings with the Appraisal Foundation.” As an example, you stated that the ASC has allowed the Appraiser Qualifications Board (“AQB”) “to use taxpayer money to conduct business that you believe is not authorized under Title XI. Furthermore, you stated that the AQB implemented mandatory programs or approvals, such as standards for instructor training and examination approvals, which may constitute violations of The Sherman Antitrust Act.

You also made several statements regarding the AQB’s authority under Title XI. You contend that the AQB, and by extension the ASC, is acting in violation of Title XI. You also stated that the ASC “compounds the problem” by requiring States to comply with the “illegally established criteria.” We disagree, but we acknowledge your right to these opinions. We request that you consult with your Attorney General’s office and identify any specific violations of Title XI, by the AQB or the ASC, and provide a legal analysis to the ASC to support your opinions.

We also strongly disagree with your statement that the ASC “compounds the problem by participating in hiding how the Foundation and its Boards expend the . . . dollars in individual grants . . . that your agency doles out to them.” You stated that the Foundation and its Boards “have denied our requests for information on how much federal money [the AQB and ASB] use to promulgate standards or criteria.” You asked, “Is there something to hide here?”

We take exception to your allegation that the ASC is “hiding” how Appraisal Foundation grant funds are spent. The documents that we have regarding the Foundation’s grant requests are available under the Freedom of Information Act (FOIA). Appraisal Foundation representatives informed us that, when contacted by Georgia, they recommended that Georgia contact the ASC, as grantor, for grant-related information. To my knowledge, you have never requested any such information from the ASC. Please inform me if I am mistaken.

Briefly, let me share with you our Appraisal Foundation grant approval and disbursement process and how we judiciously guard the National Registry fees entrusted to us. Annually, we review the Foundation's request, its deliverables and business plans, and its oversight of the AQB and Appraisal Standards Board (ASB). During the year, ASC staff also monitors the activities of the AQB, ASB and Foundation Board of Trustees. Monthly, the Foundation submits to the ASC a funding request with supporting documentation, and staff reviews it. Then, the ASC considers the request at its next meeting. Finally, the ASC funds an annual review of the Foundation by an independent accounting firm to verify that the Foundation and its two Boards used grant funds in an appropriate manner. We fund only Title XI related work completed in accordance with the grant. And in anticipation of the obvious question, yes we have refused to fund grant requests when a board, for example, failed to provide deliverables or meet deadlines.

We look forward to reviewing your Attorney General's legal analysis. With this analysis, we will consult with the Legal Advisory Group of the Federal Financial Institutions Examination Council concerning the claims you have made. We should then be able to satisfactorily resolve the differences of opinions that exist. If you need to contact me, I am available through the ASC at (202) 872-7520 or directly at (202) 874-3817 or 874-5170.

Sincerely,

Thomas E. Watson, Jr.  
Chairman

cc: A. Melton Black, Jr.  
President, AARO