



George R. Harrison, Ph.D.
President

November 6, 2002

Mr. Steven D. Fritts
Chairman
The Appraisal Subcommittee (FFIEC)
2000 K Street NW, Suite 310
Washington, DC 20006

Dear Mr. Chairman:

The Columbia Institute and the Appraisal Subcommittee exchanged correspondence recently on several issues. Mr. Snyder's September 11th letter was particularly appreciated inasmuch as it was comprehensive, courteous, and seemed truly sincere. The purpose of this letter is to express an alternative to the requested personnel action in my August 13th letter, and to bring to the attention of the ASC certain Foundation actions that could have very serious ramifications for both education providers and individual appraisers if not acted on soon.

Let me address the latter issue first. As indicated in my August letter, I have deep concerns about the AQB's USPAP Instructor Certification Program. I consider it to be not only inconsistent with the provisions of Title XI, but also a violation of fair trade rules and an unlawful tax on education providers. The tax is levied by the Foundation and enforced by the state regulatory agency and the ASC. This must be corrected. More urgently, however, is the issue of the pending shortage of instructors. Contrary to recent statements by representatives of the Foundation, there will *be* a shortage of instructors effective January 1, 2003 if the AQB's program goes into effect on that date. Only half of the instructors taking the AQB instructor certification course are passing it. The examination was described in a letter to me from the AQB chairman as "rigorous" and "meant to be." Considering the abysmal rate of failures, it might be described as "onerous" and abusive.

As concerns the number of certified appraisers available, a November 5th review of the Foundation's website revealed that fully half of the states and the six other affected entities have fewer than three instructors. Texas, Georgia and Florida are three states having some of the highest numbers of appraisers in the country,

yet they have only five to seven certified instructors each. Texas, for instance, has six, with only one in the entire Houston area, and only two in the Dallas-Fort Worth metroplex. This is insufficient, but some states are in worse shape. In fact, some states have none-this includes Alaska, Hawaii, Nevada, Puerto Rico and the Virgin Islands. The ASC must take action prior to January 1st to avoid major disruptions in these and other states.

On a related issue, in Mr. Snyder's letter he indicated that the ASC had received complaints only from Lee & Grant. I can tell you that the ASC must have a file at least an inch thick of complaints addressed to the Foundation-or to one of its boards-with an information copy provided to the ASC. Information copies are sent to the ASC under the assumption that the ASC would review them. In addition, I'm sure that there would be even more complaints if many of those affected were not prohibited from complaining because of their relationship with the Foundation. Organizations and individuals affiliated with the Foundation are prohibited from publicly criticizing the Foundation because of its "gag rule." The ASC must consider the "reasonableness" of the Foundation's gag rule and whether or not is an arbitrary rule contrary to the public interest.

On the ASC staffing issue, it is respectfully requested that the ASC give its full support to its executive director. It appears to an outsider that he does not sense that he has his board's full support. It could be that a previous chairman had a closer relationship with AQB members and that relationship may have undermined the executive director's confidence. Whatever the situation, it should be clear that the ASC and its staff must distance themselves from the organization that it is charged to oversee- the Appraisal Foundation- if it is to effectively exercise its oversight responsibility.

Many of us have the distinct impression that the Foundation is careening out of control. For the ASC executive director to exercise his oversight responsibilities effectively he must have confidence that both he and his staff have the full support and encouragement of the ASC.

Sincerely,

A handwritten signature in black ink, appearing to read "George R. Harrison". The signature is fluid and cursive, with a long horizontal stroke at the end.

George R. Harrison, Ph.D.

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