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Appraisal Subcommittee

Federal Financial Institutions Examination Council

December 15, 2002

George R. Harrison, Ph.D.
The Columbia Institute
8546 Broadway; Suite 237
San Antonio, TX 78217-6340

Dear Dr. Harrison:

Thank you for your November 6, 2002 letter, which is a follow-up to previous correspondence between the Appraisal Subcommittee ("ASC") and yourself. In your November 6th letter, you raised several issues.

You stated that "there *will* be a shortage of [certified USPAP] instructors effective January 1, 2003 if the AQB's [Appraiser Qualifications Board] program goes into effect on that date." Currently, approximately 300 instructors have taken the Certified USPAP Instructor's Course and passed the examination. Additional courses and exams are being given in 2003. Given pass/fail rates (59% passing), it appears that there should be around 350 certified instructors by the end of February 2003. It is unclear whether this number of instructors is adequate for the near term, however, States and appraisers have until December 31, 2005, to meet this new continuing education provision. We will monitor the adequacy of the number of instructors over the three-year time period to determine if the AQB needs to modify its program.

You stated that, "The ASC must consider the 'reasonableness' of the [Appraisal] Foundation's gag rule and whether or not it is an arbitrary rule contrary to the public interest." We are unaware of an Appraisal Foundation gag rule regarding organizations and individuals affiliated with the Foundation. If you can provide information documenting the existence of such a rule, we will review it for its reasonableness.

Lastly, you recommended that the ASC give its full support to its executive director. The Appraisal Subcommittee fully supports its executive director, as well as the rest of the ASC staff.

I hope the letter has addressed the issues raised in your letter.

Sincerely,

Steven D. Fritts
Chairman