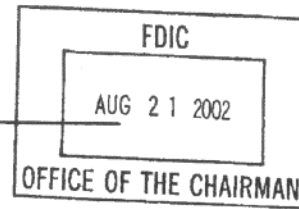




George R. Harrison, Ph.D.
President

August 13, 2002



Mr. Donald E. Powell, Chairman
Federal Financial Institutions Examinations Council
c/o Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429-9990

Dear Sir:

Reference is made to a separate Columbia Institute letter to you, dated this date, requesting a review of activities of the Appraisal Subcommittee. The letter provided a copy of correspondence to the Federal Trade Commission complaining of actions by the Appraiser Qualifications Board and the apparent failure of the ASC to exercise its oversight responsibilities. The hope is to restore confidence in the ASC.

This letter is provided as a more discreet document to request a specific action involving an appointed member of the ASC - Mr. Tom Watson of the OCC. Mr. Watson was ASC chair when the issue of AQB instructor certification and a corresponding mandate that all (real property) standards courses must be taught by AQB-certified instructors and must use the Foundation's own proprietary materials. From its first proposal in May 2000 this program was challenged on issues of constitutionality, fair trade - FIRREA Title XI authorization. During this period the ASC stubbornly refused to seek a legal opinion, and I am told that when the Georgia Board requested that the ASC do so, Mr. Watson advised them to seek an opinion from the Georgia attorney general.

I do know that when an opinion was finally requested - some eighteen months late - it was signed by Mr. Watson. This request avoided entirely the issue of the Instructor certification program and focused solely on Title XI with wording that many consider to be too narrow and intentionally misleading.

What I have personally witnessed was Mr. Watson's presentation at the October 2000 annual conference of the Association of Appraisal Regulatory Officials (AARO) in Washington. During that presentation Mr. Watson made wholly inappropriate and abrasive remarks. These remarks could only be construed as disrespectful of appraisers in general and of appraisal educators and state regulatory boards specifically.

His presentation was an indictment of all three groups and was in marked contrast to statements by representatives of FannieMae, FDIC and OTS.

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Specifically, concerning education, he stated that "all they (appraisers) do in (continuing education class) is read newspapers." As an educator who has taught such courses throughout the US, plus Canada, Puerto Rico, Russia and Bulgaria, I was deeply offended by such an outlandish and false statement.

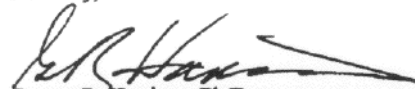
Regarding appraisers, he stated that he had recently seen two appraisals of automobile dealerships in Georgia that were unacceptable. It should be noted that members of the Georgia Board were seated on the front row. A primary problem with both appraisals according to the ASC chairman was that the appraiser had included a statement that he (the appraiser) was not an expert in environmental issues and assumed that there were no adverse environmental conditions on the site. This is a very common statement for appraisers to include, and probably could be classified as typical practice, but Mr. Watson found serious fault.

After stating this example he then stated that examiners had reported many (other) incidents of appraisal report shortcomings. Several members of the audience responded that their respective boards received no complaints from any examiners. To this he responded that examiners say that they don't report offenses to state boards "because the boards never do anything"

As I hope you can see, these statements were inappropriate, unfounded and inflammatory under such circumstances. One could only wonder what might be stated in less formal surroundings. This letter should have been written immediately following the AARO meeting; and was considered, but expected that others would take action. The ASC representatives of both the FDIC and OTS were on the dais and witnessed the presentation.

It is hoped that you will either forward this to the appropriate party within OCC or whatever other disposition you deem appropriate. Please understand that I am in no way questioning Mr. Watson's abilities as a National Bank Examiner, only that his presence on the ASC undermines confidence in the ASC:

Sincerely,



George R. Harrison, Ph.D.
GH/2

cc: AARO