



October 19, 1999

Ben Hensen  
Administrator  
Appraiser Subcommittee  
2000 K Street NW No. 310  
Washington, DC 20006

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RE: Oregon Real Estate Appraiser Board

We would respectfully like to report a problem involving the above Real Estate Appraiser Board involving approval of appraisal education courses that could create substantial problems in the future.

We were proud to be a part of the group of appraiser Sponsors who created and paid for a new course module for the teaching of the USPAP, which is now being marketed by The Appraisal Foundation. If individual states feel that the course is suitable for presentation, we have no objection to their approval of the course material through the usual channels.

What could be a serious problem, is the effort to require this course and its materials as the only acceptable course for USPAP credit.

The Oregon Appraiser Certification & Licensing Board has now changed their rules making this course the only approved USPAP course. I have enclosed a copy of the rules recently provided us. We seriously object to this change for the following reasons:

1. The Rule does not give sufficient notice to national providers of appraisal education, by requiring compliance by January 1, 1999. Our notice arrived in mid-October, and it would be impossible to change our national schedule on such a short notice. A notice of six months should be the minimum provided, and in some cases a one year notice would be preferable.
2. The Rule requires all course providers to use specific course publications prepared by a private publisher to teach a Uniform Standards of Professional Practice (USPAP) course in this state, by requiring the use of the "Appraisal Foundation's National USPAP course module." Rule (3), (f) states: The Appraisal Foundation's National USPAP Course is the only acceptable course for this category. We object to allowing only one publisher provide course materials for teaching the USPAP.

3. The Rule indicates that all USPAP courses previously approved by this Board will be denied on January 1, 1999, without an administrative hearing on the denial, or opportunity to present evidence that the previously approved course is equal to or superior to the new required course curriculum.

The Appraisal Foundation (TAF) is a private publisher of educational material and a private school, an Illinois non-profit corporation. The TAF has a Federal grant that provides support for the Appraiser Qualifications Board and the Appraiser Standards Board. It is a private publisher of appraisal information.

4. By selecting this course from a private publisher as the only acceptable course, such action will effectively preclude other publishers of similar course materials from creating and selling their products in this state. A number of excellent writers are currently producing credible USPAP course modules, and this action will also chill the efforts of these writers to continue writing course modules.

5. To teach the National USPAP course module, the TAF will require education providers to use and purchase its Student Manual at a price to insure a reasonable profit from the sale of its publications. This adds an additional expense to the course providers.

6. To teach the National USPAP course module, the TAF will also require education providers to use and purchase its Instructor Manual and final exam questions at a price to insure a reasonable profit from the sale of its publications. This adds an additional expense to the course providers.

7. In the case of the Appraisal Sponsors of TAF who agree to present this course, the Sponsors will also be required to pay the TAF a royalty of \$5 for each student enrolled in these courses. This adds an additional expense to the course providers.

8. Assuming this state has reciprocal agreements regarding appraisal education with neighboring states, a resident of this state attending a USPAP course in the neighboring state that does not have a similar law, may find that the course will not be acceptable by his home state. This places an unreasonable burden on the student to determine if the provider is using the proper course manual and will create great confusion in the industry.

9. The Appraisal Subcommittee (ASC) has taken the **apparent** position that states should not erect barriers to the practice of appraisal. We feel that considerable confusion may arise over acceptance of appraisal education nationwide if Appraisal Boards are permitted to implement this Rule. We feel that states should

avoid highly specific restrictive regulations as the practice of appraisal is now a nationwide with considerations beyond state boundaries. We find that 25%-30% of students attending our classes are from out of state.

10. The Rule indicates that All instructors must be qualified appraisers. It is not clear what "qualified" means. Does it include Registered Appraisers, Appraisers Assistants, and those who are Certified? If the instructor holds a professional designation from an association a Sponsor member of TAF, is he "qualified." We need to know what body creates a "qualified" appraiser and how do you become a "qualified" appraiser. Does the instructor have to be "qualified" in this state, or any other state? This rule will cause considerable nationwide confusion.

In our case, a large majority of our USPAP instructors reside out of state. This rule could make it difficult to use superior professional out of state instructors.

If this line is construed to mean that all instructors must be licensed or certified appraisers, it creates an unreasonable limitation on the rights of education providers. We feel that the USPAP is a legal document, outlining the rights and obligations of the parties and the consumer. We have successfully used attorneys and CPA's as instructors, who do not hold appraiser certifications. Merely holding an Appraisal Certification has little to do with the competency of the instructor and the ability to teach adults.

11. The Oregon Rule states (i) Instructors who are real property appraisers must be state residential or general certified. One could easily read this line as: "Instructors **who happen to be real** property appraisers, must be state residential or general certified." This will cause confusion.

12. The Oregon Rule states (iii) Instructors who appraise other than real or personal Property. I know of no definition of property that is "other than real or personal property." Most authorities feel that all property not real estate is personal property.

13. The Oregon Rule states (C) The Instructor must have attended a National USPAP course instructor training seminar within two years\*\* There is no definition for a "National USPAP course training seminar." We have provided an instructor training seminars for our instructors for fifteen years and would hope that our seminars would qualify for this requirement.

In the event this item is construed that the only acceptable training

seminar is the one course provided by the TAF, as the Mississippi Board has done, we take serious objection. It would be unreasonable to require us to send our 51 instructors to such a school in addition to our own training seminar. As a proprietary school the TAF will require attendees to pay a price that insures a reasonable profit from the presentation of the course. This adds an additional expense to the course providers.

It is highly unlikely that TAF will provide one of its instructors training seminar in more than three or four states during the next year, creating a special burden on resident instructors who must travel out of state to obtain this class.

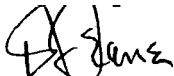
14. Included in the TAF requirements for the use of its Course Module, is specific requirements for advertising the USPAP course, which is different from all current state education advertising rules. This will cause a conflict with state regulations and private regulations and cause considerable confusion.

**Summary:**

We are concerned that there is a movement to have all states create a monopoly for this work which has serious legal considerations.

We feel that the consumer will be the one to suffer from the implementation of these rules, as they will increase the cost of presenting such courses to the providers and the eventual increase in the cost to the consumers.

We believe there are sufficient questions in these proposed regulations for you to act, and have your Attorney General representative take a serious look at the possible problems involved.



**Marvin T. Deane, J.D.**

**MTD:4**

**Encl:**

**Copy of letter to Oregon Appraiser Board dated October 15, 1999.**

**Copy of Memorandum from Linda Riddell and OR Administrative Rules.**

**Copy of Fax to all state appraiser regulators requesting universal approval.**

**Copy of TAF Instructor Policy for USPAP course.**