

October 27,1999

Appraisal Subcommittee
2000 "K" Street, NW
Suite 310
Washington, DC 20006

To Whom it May Concern

I am forwarding along to you a complaint I have made to the State of Michigan, Department of Consumer and Industry Services, Financial Institutions Bureau. Any comments would be appreciated.

The Uniform Standards of Professional Appraisal Practice (USPAP) ethics rule, of which I am bound, states that, whenever an appraiser develops an opinion of value, it is unethical for the appraiser to accept compensation in developing that opinion that is contingent upon:

1. the reporting of a predetermined value, or
2. a direction in value that favors the cause of the client, or
3. the amount of the value opinion, or
4. the attainment of a stipulated result, or
5. the occurrence of a subsequent event directly related to the value opinion.

Payment of professional appraisal services rendered is being withheld and denied because the value estimate did not reach a desired amount.

I am an independent fee appraiser, licensed by the State of Michigan and under contract to provide appraisal services for Abercrombie Appraisal Company. I have over twenty years of real estate experience including fourteen years specializing in real estate appraisal. As well as a licensed appraiser, I hold a valid builders license and a real estate brokers license since 1986. I am also a state certified assessor. I have ample valuation education and experience and comply with mandatory continuing education for all licenses held.

[DELETION], represented by [DELETION], senior mortgage consultant, ordered an appraisal on an income producing property in Ann Arbor, Michigan on [DELETION] from [DELETION]. A copy of the appraisal order is enclosed and subject to your review. Note that the value estimate, as determined by the loan representative, is [DELETION].

An appointment was made and the property was inspected on [DELETION]. The property owner was present during the inspection and was helpful in answering questions pertaining to the improvements completed, current rental rates, leases in effect, expenses and other information necessary for the appraisal process which was not supplied by the mortgage consultant.

The appraisal was completed and delivered in accordance with the Uniform Standard for Professional Appraisal Practice, (USPAP) on April 23, 1999. [DELETION] was billed three times for these services over a period of five months without a commentary, explanation or payment. Finally the enclosed letter arrived addressing the issue of non-payment of fees for services rendered. The letter indicates the appraisal was unacceptable to the mortgage consultant because it did not meet the value that she wanted or expected. The loan representative makes a ridiculous argument about adjustments not taken for items she deemed to be worthy of value as well as making her own estimates of market conditions. She concludes the letter by informing me that another, more accurate, appraisal was subsequently obtained. That "*more accurate*" appraisal was 4.3% higher in value than the appraisal that I completed for her some five months earlier.

In my opinion this letter is most enlightening and incriminating. Not only does it negate her invalid, unfounded arguments but also it defends the subsequent appraisal in a pretentious manner solely because it resolved a 4.3% higher value estimate for the subject property. The letter concludes by declaring the subsequent appraisal, *more accurate*, based entirely upon the higher value estimate and somehow rendering my appraisal unworthy of compensation.

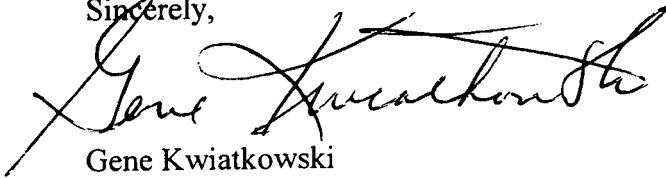
Without the benefit of a law degree I conclude that this is an illegal action. There were no complaints on the six previous appraisals I have completed for this company over the last year. Payment was usually late but never withheld. Appraisal services were always provided in a prompt and professional manner and never contingent in any way upon a predetermined or anticipated value. The senior mortgage consultant did contact this office after receiving the appraisal and voiced her displeasure by offering inappropriate and unacceptable arguments for a higher value determination similar to those she expressed within her letter for denial of payment. Another conversation was held with [DELETION], believed to be the president or owner of the corporation, concerning the same appraisal.

Appraisers are licensed by the state and required to comply with professional standards which includes moral and ethical behavior. Are mortgage companies and loan representatives licensed by the same state subject to any kind of ethical, moral or professional standards? The practice of withholding appraisal fees because an estimated value is less than anticipated can not and will not be tolerated. I fully intend to inform others in my profession both locally and on a national level of this disgusting and foul action by this company as well as seek legal remedies for just compensation. My complaint is for the lack of payment for services rendered. The margin of difference between the two appraisals discussed is well within an acceptable range for any appraisal completed by two different appraisers on the same property. The quality of the work, judged by an unqualified individual should never be in question in reference to the compensation earned. Imagine a world where it was.

I am personally annoyed that I have to go through this or any process in order to get paid for a job completed. Similar to the building trades, laws should be enacted that will insure the prompt payment for services rendered. In my opinion there is little difference between the actions of this mortgage broker and the stealing off the grocery shelf. Severe penalties are clearly warranted and in order. One can only imagine others in a similar situation who can not take the time or expense to make the proper complaints to the proper authorities. All too often I am urged and sometimes harassed to complete my work at a rapid pace only to be left waiting months for the proper compensation to arrive. If the request has come from out of state lenders I have few options available to me to secure any late or delinquent payments.

All too often I am subject to innuendoes about anticipated value conclusions from poorly trained and inexperienced mortgage consultants apparently without ethical, moral or professional character. I do not care to have my professional or personal integrity compromised often at the risk of losing a client or future business. At least in this case I have written documentation that describes in no uncertain terms, why the check is not in the mail.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Kwiatkowski". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

Gene Kwiatkowski
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