



MAY 10

May 10, 2002

Mr. Ben Henson
Appraisal Subcommittee
2000 K Street, NW Suite 310
Washington, DC 20006

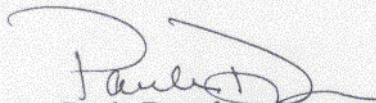
Re: Appraiser Certification/Temporary Practice Permit Procedure

Dear Mr. Henson:

Enclosed is correspondence dated April 12 and April 22, 2002 addressed to The Appraisal Foundation from Michael Burroughs in reference to problems with the Temporary Practice Permit Procedures.

We thought that a response from the Appraisal Subcommittee was more appropriate and we have taken the liberty of forwarding the attachment to you. Mr. Burroughs has been informed of our actions and is awaiting a response.

Sincerely,



Paula Douglas
Executive Administrator
The Appraisal Foundation

Enclosed

HealthCare Property Appraisers OF AMERICA, INC.

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Hwy. 64 E., Laurel Terrace, 2nd Floor
Cashiers, North Carolina 28717
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J. MICHAEL BURROUGHS, MAI, SRA
PRESIDENT



April 2, 2002

Ms. Paula Douglas
Appraisal Foundation
1029 Vermont Avenue, NW, Suite 900
Washington, DC 20005-3517

Dear Ms. Douglas:

As a follow up to our discussion, I would like to offer some insight into what I believe is a serious failing of the current appraiser certification system -----ie, the Temporary Practice Permit procedure. Because of the somewhat unique nature of my practice I have an unusual opportunity to continually work with the various state certification offices. As a specialist appraiser (healthcare & senior housing properties), I must work throughout the entire United States In the last 10 years, I have performed approximately 800 appraisals most of which were not in my home state My experience in obtaining these 800 Temporary Practice Permits has brought me to the conclusion that our current system is inefficient, responsive to its users, and redundant. I believe it serves primarily to provide certain states with the legal means to protect their in-state appraisers from competition by out of state appraisers. It is apparent that many state **certification** boards use their power to raise hurdles and impediments to out of state appraisers simply to restrict entry into their market.

I have never been refused a Temporary Practice Permit for lack of experience, education or credentials. I am an MAI, with 35 years appraisal experience, and 10 years working exclusively with healthcare & senior housing properties. As such I am one of the nations most experienced appraisers in my field of specialty, healthcare & senior housing. I have, however, been refused a TPP because of such reasons as 1) having already done one appraisal in that state in the preceding 12 months, 2) the state not having a TPP system in place, and 3) the subject property not being covered by FIRREA (non-lending situation).

If refused a TPP my only alternative is to apply for a full certification the total cost of which will approach a thousand dollars This usually, also requires sitting for an exam in that state, ' submission of all experience for 10 years, and a complete log of all continuing Education Courses (most of which are rejected as they were taken in another state) and ultimately requires many weeks for approval The additional work required t simply maintain multiple state

certifications is overwhelming. Once certified by multiple states, the appraiser must obtain Letters of Good Standing from each state for every single TPP application, a huge job in itself. Furthermore, keeping up with the CE credits in multiple states is impossible. Each state must approve each course and naturally each state has its own forms of the exact size and color to prove credit for each course. All of these hurdles serve to make a full certification in multiple states unfeasible. By limiting TPP's to only one or two per year (with the only alternative being a full certification application) many states have effectively excluded the specialty appraiser from working in their state.

On many other occasions, although my TPP was eventually issued, it was initially rejected and delayed for various bureaucratic reasons by the state certification office because the state office:

- 1) had changed their application and the one on their website was no longer accepted
- 2) required its own application rather than the uniform application many states accept
- 3) decided that our client (one example being, the US Dept of Housing & Urban Development) was not considered to be covered under FIRREA
- 4) rejected one of our forms as it was the wrong color
- 5) rejected one of our forms because it was the wrong size (required a special size available only from their state office - via US Mail only)
- 6) rejected our CE courses as they were not approved by their state, even though the course may be taught by the Appraisal Institute or other recognized institution
- 7) rejected my state's Letter of Good Standing as it was not mailed **directly** to them but rather came through my office (as permitted by all other states).

Of equal concern is the tremendous amount of time, repetitive paperwork, and fees necessary to simply obtain a TPP to work. Over the past 10 years, I have paid out approximately \$85,000 in TPP fees (and mine is a small office).

It is my belief that the TPP program effectively restricts or excludes our most skilled specialty appraisers from being commissioned to appraise our most difficult and complex property types and often our largest properties. The subsequent affect on the quality of the appraisal the bank eventually receives, caused by this exclusion of the specialists, is obvious. The current TPP system also serves as a continuing deterrent to those excellent appraisers who might like to specialize and develop special knowledge for those most difficult properties. A specialty appraiser must work nationally and be willing to endure the TPP system. Many excellent appraisers who might specialize choose not to do so rather than continually fight the state bureaucracies simply seeking the right to work.

There are several measures that might improve the situation:

- 1) ideallyeliminate the TPP system altogether. If an appraiser is licensed in one state, he should be accepted by the others, just as we do a driver's license. However, if we must keep the system. Then....
- 2) extend reciprocity between the states to the TPP system. Currently reciprocity is only allowed for the full certification. A couple of states do this already voluntarily.
- 3) make all states use the same rules and not permit some states to limit the appraiser to only one

or two TPP's per year.

4) eliminate the cumbersome Letter of Good Standing paperwork by requiring the state check to check the appraisers current status on the website instead. Many states do this already.

5) require that the uniform application currently available on the website be accepted, eliminating considerable paperwork. Many states do already.

6) enforce the 5 day turn around requirement (having the state office wait 30 days and then backdating the TPP to the 5th day should not be acceptable)

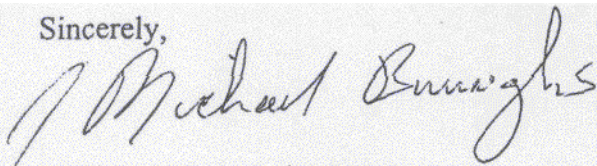
7) make the TPP available for ALL appraisal assignments ... not just those covered by FIRREA

8) consider creating a special level of experience, professional certification (MAT?), number of properties of this type appraised, number of TPP's issued, etc that would make the TPP automatic.

Over the past 10 years, I have completed and had evaluated (usually by clerks with absolutely no appraisal experience) 800 TPP applications. I submit that is approximately 799 too many. What can possibly be gained by the continuing repetitive paperwork and the additional 799 examinations?

As the Appraisal Foundation, the Appraisal Sub Committee, and the GAO are examining the current certification/licensing situation, I sincerely hope they will address the TPP part. I believe it unfairly penalized all appraisers who regularly work across state lines. This contributes to the lowering of quality in appraisals on some of our most complex properties which often support the largest loans. If I can assist in any way in understanding these issues please feel free to contact me.

Sincerely,



J. Michael Burroughs, MAI
President