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July 18, 2007

Ben Henson
Executive Director
The Appraisal Subcommittee
2000 K Street - Suite 310
Washington DC 20006

RE: The Appraisal Subcommittee's (ASC) June 18, 2007, letter regarding its July 18-19, 2006, Field Review of the Georgia Real Estate Appraiser Board's (GREAB) activities under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (Title XI)

Dear Mr. Henson

The GREAB has reviewed the above referenced letter with its statement of the ASC's views resulting from its Field Review and its subsequent follow-up communications and visit. The GREAB has three comments regarding that letter and the Field Review.

First, regarding the two actions the ASC calls for the GREAB to take in order to achieve "substantial compliance with Title XI:"

Adopt Regulations - When a new law is enacted in Georgia, that new law voids any agency regulation to the contrary. Thus, when Senate Bill 114 became law to be effective July 1, 2007, the Board's regulation allowing reinstatements of lapsed classifications for up to ten years became invalid. Effective July 1, 2007, the Board implemented procedures that allow reinstatements only for classifications that have lapsed for up to five years provided the applicant has met any missed continuing education requirements. The Board is in the process of amending its old regulation solely to avoid confusion among appraisers. The ASC will receive notice of that amendment in the normal course of business as it does all Board rule changes.

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Investigative Logs - Assuming the GREAB receives from the ASC written confirmation that the ASC will observe the investigative confidentiality provisions of Georgia's Appraiser Act, the GREAB will supply the quarterly reports that the ASC requested in the June 18 letter. The GREAB recommends a schedule for the 15th day of January, April, July, and October of each year to begin in October of this year. If the ASC prefers a different schedule, please indicate the quarterly dates the ASC would prefer that the GREAB consider.

Second, on October 20, 2006, the GREAB made its first written response to the ASC's allegations in a letter to Chair Virginia H. Gibbs. As a part of that response in Exhibit 6, the GREAB made specific recommendations to the ASC for methods to improve appraiser regulation (see attachment). The ASC's "Field Review" (audit) program primarily simply documents its views of the various States' implementation efforts. The GREAB believes that the ASC can adopt programs that have more significant, positive impact on appraiser regulation. The GREAB urges the ASC at least to consider its proposals. The GREAB would appreciate a written response from the ASC indicating its views on those recommendations.

Third, the June 18 letter persists in using language that asserts that the GREAB is not in "substantial compliance" with Title XI. Such language is, at best, only unwarranted hyperbole of the ASC's "findings." At worst, such language reflects arbitrary and capricious reasoning. No independent third party would raise to the level non-compliance with Title XI such "findings" that the GREAB had (a) a few processing errors and (b) a few investigations that did not meet the ASC's arbitrary timeline for completion. Thus, the GREAB remains convinced that Georgia's appraisal regulatory program has been, is, and will continue to be in compliance with Title XI.

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For the Board



Charles Bramlett
Chair



Jeffrey T. Ledford
Real Estate Commissioner

EXHIBIT 6

GREAB RECOMMENDED PLAN OF ACTION

Rationale

When our colleagues from other states have impugned the quality of the ASC's "field reviews" of their work, we have taken their remarks with a grain of salt. After reading the ASC's allegations in its September 25 letter regarding its "field review" of Georgia's regulatory program, we now understand how well founded their remarks were. By not properly analyzing the requirements of Title XI and the AQB and the data its reviewers gathered in Georgia, the ASC has inaccurately represented both federal requirements and our regulatory operations.

Title XI calls for the ASC to "monitor" state regulators. Other than the National Registry's program for fee collections, "field reviews" appear to be the ASC's sole method of "monitoring." However, given the content of the ASC's letters to State regulators after conducting "field reviews," those "field reviews" are actually more of a "gotcha" exercise than "monitoring." Effective monitoring can take many forms that are not nearly as intrusive and abusive as "field reviews" and are less costly.

Each year the GREAB sends the ASC a comprehensive Annual Report of our regulatory activities, The GREAB suspects that most other state regulatory agencies prepare or can prepare similar reports that will let the ASC handle its "monitoring" responsibilities less intrusively, more comprehensively, at less cost, and without the deleterious side effects that its "field review" program engenders.

Apparently, the ASC has little appreciation for the negative financial impact of its "field review" program on States with limited resources. The staff resources States have to expend to get ready for and to recover from that "field review" could be far better used to, for example, work on older investigative cases. While "field reviews" may have initially provided useful data to the ASC, they no longer result in constructive improvement of regulation. The ASC's plan to increase their frequency will only further sap the meager resources and energies of State regulatory agencies. The types of allegations the ASC makes from the data it gathers in "field reviews" will only increase ill-will for the ASC among State regulators.

The ASC administers a law that suffers from serious constitutional problems, and it works in a federal-state regulatory effort with no precedent. That enabling statute, the ASC's granting almost every request for money the Appraisal Foundation makes, the ASC's blacking out names of apparent wrong-doers when it supplies requested copies of audits of

its grants to the Appraisal Foundation, and the actions of the ASC in publicly condemning state regulators - all reinforce the image of the ASC as simply a financing tool of The Appraisal Foundation, rather than a regulator.

Yet, the ASC should be making a major regulatory difference. To do so will require drawing on the imagination and effectiveness the ASC demonstrated in getting the whole appraisal regulatory scheme in place in the 1990s. That was a good start, not an end.

PLAN

I. The ASC:

- a. abandons its policy of “field reviews” and
- b. ceases funding the AQB to fly around the country to meet in closed session in order to generate anti-competitive and monopolistic criteria designed primarily to protect and promote the financial interests of existing practitioners and The Appraisal Foundation.

II. The ASC redirects all of the financial resources previously devoted to the activities in I. above into investments to:

- a. develop computer programs that support effective regulatory practices and offering them cost free to the States,
- b. identify effective model regulatory programs and encourage (not force) all States to consider implementing them,
- c. provide and fund training programs for investigators, and
- d. develop a strike force of investigators to be made available to States at their request when a State is hit unexpectedly by large numbers of complaints or unusual practices.

If the ASC believes that Title XI will not let it pursue possibilities such as those we outline above, then the ASC should find a way to get that authority.