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Real Estate Commissioner

September 17, 2003

Steven D. Fritts  
Appraisal Subcommittee  
2000 K Street, NW - Suite 310  
Washington DC 20006

Dear Chairman Fritts

Thank you for your letter of August 14, 2003, announcing the ASC's decision on the recent field review it conducted of our Agency's operations. As usual Ms. Ledbetter and Mr. Greene conducted their work thoroughly and professionally. Ms. Ledbetter suggested that our Board may want to:

1. seek an amendment to O.C.G.A. Section 43-39A-22 to permit investigations of appraisals more than three years old because (a) some appraisals do not come into question until foreclosure occurs and that may not be within three years and (b) USPAP already requires appraisers to keep data for at least five years;

*(Our review of the relevant statute suggests that we need not change it in order to address Ms. Ledbetter's concern. The current wording allows the Board to investigate allegations of fraud without regard to the three year limit. Other provisions of the statute require appraisers to keep records for five years or for two years after litigation whichever is longer.)*

2. seek a change to Rule 539-3-.01 (3)(d) which only requires sales data in a residential appraisal for one year prior to the appraisal instead of the new three year requirement in USPAP;
3. improve the data it submits to the National Registry on persons sanctioned by the Board since some of the data currently submitted suggests a sanction when there may not be one and vice versa; and

*(Our review of this issue suggests no problem at this time. However, if one does exist, it may be related to the fact that the ASC maintains multiple records on individual appraisers rather than a single record.)*

4. use the National Registry instead of individual state certifications to verify the license history of applicants for non-resident classification or temporary practice since the Registry has data on all states in which the applicant may have held a classification, not just the state of current classification or residence.

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The Board voted to move forward toward implementing recommendations 2. and 4. as soon as possible and to consider acting on 1. and 3. if further response from your agency indicates a need to do so.

The Board requests that the ASC not post the August 14 letter you sent to it (or other similar letters you send to other jurisdictions) on the ASC's web site. Publication of such findings (even if favorable) without the opportunity for formal hearing seems inappropriate. Your Agency has a long history (a) of secrecy and non-disclosure in its proceedings operations and (b) in deleting from documents supplied under Freedom of Information Requests information that your agency believes may reflect negatively on individuals associated with The Appraisal Foundation. Thus, we see no reason why you should treat your dealings with state agencies with any less secrecy than you do your own and Appraisal Foundation operations.

In preparing for the recent field review, we reviewed each of the ASC's Statements thoroughly. Statement 2: Appraiser Classifications asserts in part:

Any State or Federal agency or other user of appraisal services may impose additional appraiser qualification requirements if they consider such qualifications necessary to carry out their responsibilities under Federal statutes and regulations. *Additional State imposed requirements, however, must not unduly restrict the ability of persons to become State certified or licensed appears.* (emphasis added)

The Board notes that the ASC has paid the Appraisal Foundation millions of dollars to nearly double the qualification criteria for certified and licensed appraisers. Thus, it pays a private entity taxpayer dollars to do what its Statement 2 would deny a lawfully created entity the right to do. Therefore, the Board recommends that the ASC either (1) change its Statement or (2) preferably stop funding the Appraisal Foundations' effort to impede entry into the profession.

For the Board

  
Gary L. Bernes  
Chair