

**GEORGIA
REAL ESTATE
APPRAISERS BOARD**

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November 20, 1997

Mr. Herbert S. Yolles, Chairman
Appraisal Subcommittee; Suite 200
2100 Pennsylvania Avenue, N.W.
Washington, D.C. 20037

Dear Mr. Yolles:

The Georgia Real Estate Appraisers Board (GREAB) understands that the Appraisal Subcommittee is contemplating funding a National Uniform Appraiser Examination (NUAE) in order to assure reasonable availability of qualifying examinations across the country at reasonable prices. The GREAB endorses that concept.

However, the GREAB is concerned about the direction of that effort as reflected in a "Report of the National Uniform Appraiser Examination Working Group" (Report) issued in October or November of 1997 by The Appraisal Foundation. We must object to the preparation of an NUAE under the auspices of the Foundation or its subsidiaries, the Appraisal Qualifications Board (AQB) and the Appraisal Standards Board (ASB). The membership of the AQ13 is comprised only of appraisers. The actions of the Foundation and its subsidiaries are not subject to any governmental control. An examination controlled by the AQB has the appearance of the industry's controlling admission to practice, Appraiser candidates and the public must have confidence in the examination and licensing process as impartial and objective. Industry control subverts that goal.

In addition, the GREAB believes that the Foundation has inappropriately profited from examinations administered by Assessment Systems, Inc. (ASI). We understand that it has collected at least \$5.00 from each candidate taking the ASI examination since the examination process began in the 1991. We believe that at a minimum it is a conflict of interest to approve an examination and then collect a fee from a vendor of that examination. In addition, it unnecessarily increases costs for examinees. Ironically, the Report expressed the same concern. The Board can determine no substantive administrative or content contribution that the AQB made to the ASI

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examinations other than its approving them. Even if the AQB had made some substantive contribution to the formulation of the ASI examination, the conflict of interest would still exist.

The development of examination questions must heavily involve practitioners in order to assure content validity. However, examinations should be under the direct review and control of governmental agencies who are answerable to the public for their actions. A readily available examination at reasonable cost should exist. Thus, we would urge that the Appraisal Subcommittee either (1) directly oversee the development of the national examination through a private vendor or (2) work in conjunction with state regulatory agencies to develop it through a private vendor.

The Board recognizes that Title XI requires that the Subcommittee fund standards and criteria adopted by the ASB and the AQ13 and oversee state enforcement of those standards and criteria. We have serious concerns about the constitutionality of governments enforcing standards and criteria promulgated by a private entity. Nevertheless, we acknowledge that you (as we) must comply with your statutory mandate. However, because of the constitutional problems involved in that arrangement, we urge you to interpret your mandate to work with the ASB and the AQB narrowly. For example, you have apparently funded the work of those groups not only in establishing standards and criteria but in interpreting those standards and criteria as well. We do not see that Title XI requires or authorizes funding of interpretations. Therefore, interpretation of standards should be left to the state regulators who enforce them. Interpretations of criteria should also be left to state regulators subject to the review of your agency. Your agency is in a far better position to understand regulatory needs and environment than is the AQB. Neither the AQB nor the ASB has any regulatory experience or expertise. The fact the, they are named in Title XI does not confer regulatory expertise on them.

Because of Title XI we recognize that you must fund ASB standards and AQB criteria. We urge you not to fund their interpretations or their examination involvement. Thank you for considering these views.

Sincerely,

George E. Junnier
Chair

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