

# ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

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The Honorable **Barney Frank**  
Chairman  
House Financial Services Committee  
United States House of Representatives  
2252 Rayburn House Office Building  
Washington, D.C. 20515-2104

Dear Chairman Frank,

The Association of Appraiser Regulatory Officials (AARO) is an organization whose members are real estate appraiser licensing agencies of U.S. States and Territories; created after Congress passed the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989. AARO membership includes forty-eight of the fifty-six jurisdictions mandated by FIRREA to create appraiser licensing agencies. These agencies issue appraiser licenses and certifications to those individuals who satisfy the minimum education and experience requirements promulgated by The Appraisal Foundation's Appraiser Qualifications Board; and they oversee compliance, by appraisers, with the Uniform Standards of Professional Appraisal Practice (USPAP).

The AARO Executive Committee wishes to offer our support as an organization to the appraisal provisions of HR 1728 (now Title V, Subtitle C of H.R. 4173). As an organization that consists of and represents appraiser licensing agencies, we are particularly interested in the provisions which deal with enforcement.

State appraiser regulatory agencies are working hard to oversee and enforce existing appraiser licensing requirements. The May 2003 GAO 03-404 report on Regulatory Programs stated appraiser regulatory agencies had disciplined 4,360 appraisers nationwide, including 856 revocations, since FIRREA was enacted. I am certain that number has increased significantly since 2003.

Still, as successful as our efforts have been, many state appraiser regulatory agencies face significant resource constraints, inhibiting the ability to conduct oversight and enforcement. Absent adequate resources, some states are struggling to process complaints against appraisers in a timely manner. In fact, the Appraisal Subcommittee, the federal oversight agency for state appraiser regulatory agencies, has consistently identified this as an area of concern for many years.

The most significant area of need is hiring investigative and prosecutorial staff. Without such expertise, oversight and enforcement is difficult to conduct. Unfortunately, particularly in today's economic circumstances, state appraiser regulatory agencies are facing severe budget constraints, like other agencies.



It is for these reasons, we support the appraisal provisions found in H.R. 4173. Specifically, this legislation would authorize state appraiser regulatory agencies to be eligible to receive grant funding for oversight and enforcement purposes. This funding is much needed and would be put to good use by state appraiser regulators.

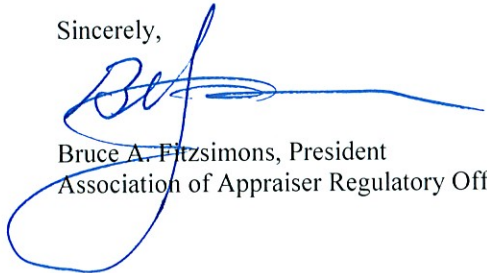
We would also suggest that you consider specific funding for a dedicated investigator per jurisdiction as this is an area of great weakness and effective investigation is critical to the enforcement and regulation of USPAP.

We also request that you consider adding a provision with conditions for receipt of federal funds by looking at the history of funding by state. The Appraisal Subcommittee (ASC) could review the historical performance of the state in providing sufficient funding to state appraisal board operations/enforcement, while reviewing the grant request in order to avoid having state funds replaced with federal funding.

A related emerging issue that we would like to bring to your attention is Appraisal Management Company (AMC) registration. There is much discussion on where to house such a registration program. To date, six states have enacted AMC registration laws, requiring registration with the state appraiser regulatory agency. It has been suggested by some that a proper place for AMC registration is with the state bank supervisors, but as appraisal regulators, we disagree. AARO believes this is an endeavor best left to appraisal regulators, but again, funding is the key. With the resources provided by the pending federal legislation, AARO would have no difficulty taking on the task of AMC registration.

AARO would be willing to work with you to support HR 1728/HR 4173 and to develop and/or find additional sources of revenue for enforcement and regulation.

Sincerely,



Bruce A. Fitzsimons, President  
Association of Appraiser Regulatory Officials

cc: The Honorable Paul E. Kanjorski  
United States House of Representatives  
2188 Rayburn House Office Building  
Washington, D.C. 20515-3811

