

# ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

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February 24, 2009

Honorable Timothy Geithner  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

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Dear Mr. Secretary:

The Association of Appraiser Regulatory Officials (AARO) is an organization whose members are real estate appraiser licensing agencies of U. S. States and Territories; it was 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 possess the education and experience requirements promulgated by The Appraisal Foundation; and, they oversee compliance, by appraisers, with the Uniform Standards of Professional Appraisal Practice (USPAP) and other standards of professional conduct.

The AARO Executive Committee wishes to express concerns to you about federal regulations and policies that would allow Broker Price Opinions (BPOs) to be used in establishing real property collateral values for mortgage modifications. Our concerns are as follows:

- 1) BPOs are unreliable and real estate appraisals are far more likely than BPOs or AVMs (Automated Valuation Models) to produce accurate opinions of the fair market values of single family collateral properties;
- (2) Individuals performing BPOs lack meaningful (or sometime, any) valuation qualifications, may not be objective and unbiased or even independent of the transaction for which they're opining a value, and are not properly accountable to anyone for their BPO work;
- (3) Permitting real estate agents and/or brokers to provide valuations for the millions of loan modifications predicted, would severely weaken the Congressionally established system of state appraiser certification and licensing which - while not perfect - is operating effectively throughout the country to oversee appraisal practice, to protect the safety and soundness of mortgage loans and provide consumers who buy homes with an important, independent source of information on the actual market values of their properties;
- (4) There is an ample supply of appraisers (the Appraisal Subcommittee's Registry of appraisers indicates almost 120,000) who can perform appraisals quickly and reliably; and



