

# ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

13200 Strickland Road  
Suite 114-264  
Raleigh, NC 27613  
Telephone: (919) 235-4544 – Fax: (919) 870-5392  
Web Site: [www.aaro.net](http://www.aaro.net)

February 24, 2009

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

**Neva Conway**, Alabama  
President  
100 N. Union Street  
Suite 370  
Montgomery, AL 36104  
Phone: 334-242-1308  
Fax: 334-242-8749  
E-mail: [Neva.Conway@reab.alabama.gov](mailto:Neva.Conway@reab.alabama.gov)

**Bruce Fitzsimons**, Kansas  
President Elect

**Ami Milne-Allen**, Vermont  
Vice President

**Don Rodgers**, North Carolina  
Secretary/Treasurer

**Bob Keith**, Oregon  
Immediate Past President

#### Directors At-Large:

**Nikole Avers**, Tennessee  
**Dennis Badger**, Kentucky  
**Sherry Bren**, South Dakota  
**Jodie Campbell**, North Dakota  
**Larry Disney**, Kentucky  
**Henry Faircloth**, North Carolina  
**Loni Hillyard**, Wyoming  
**Deborah Pearson**, Arizona  
**Rod Stirman**, Oklahoma  
**Craig Zell**, Oregon

#### Managing Director

**Brent Jayes, CMP**  
13200 Strickland Road  
Suite 114-264  
Raleigh, NC 27613  
Telephone: (919) 235-4544  
Fax: (919) 870-5392

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

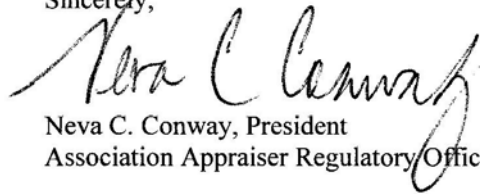


Honorable Timothy Geithner  
February 24, 2009  
Page Two

(5) Appraiser licensing agencies are consumer protection agencies and have responsibility to protect the public and to protect the integrity of appraisals used by the financial market.

To reiterate, we are very concerned that using valuation products (such as BPO's) prepared by unqualified individuals who are not accountable to any valuation oversight entity, and who are not held to any valuation standards of professional practice, is dangerous to the mortgage bailout program, to the financial and banking industry and to the consumer.

Sincerely,



Neva C. Conway, President  
Association Appraiser Regulatory Officials

cc: Honorable Chris Dodd, Chairman, Senate Committee on Banking, Housing  
and Urban Affairs  
Honorable Richard Shelby, Ranking Republican, Senate Committee on  
Banking, Housing, etc  
Honorable Barney Frank, Chairman, House Committee on Financial Services  
Honorable Spencer Bachus, Ranking Republican, House Committee on  
Financial Services  
Honorable James Lockhart III, Director, Federal Housing  
Finance Agency