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November 1, 2004

R. Keith Pedigo  
Director  
Loan Guarantee Service  
United States Department of Veterans Affairs  
810 Vermont Avenue, Room 525B  
Washington, DC 20006

Dear Mr. Pedigo:

As the Department of Veterans Affairs (VA) endeavors to increase the VA Appraisal Panel with an additional 1,400 appraisers over the next year, we are confident that you will want to take all appropriate steps to ensure that only fully qualified appraisers are approved. This being the case, we encourage the Department to recognize designations conferred by professional appraisal organizations when reviewing applications for the VA Panel. Designated appraisers, most who have been in practice for years, have education and experience that exceed the minimum licensing requirements established by states.

We understand that VA regional offices do not recognize professional designations because of a belief that lenders no longer look to professional designations or because certain designations apply only to appraisal of commercial real estate. We disagree with this view.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 prohibits lenders from discriminating against appraisers because of membership (or lack of membership) in any particular appraisal organization. This provision has long been misunderstood to mean that membership in a professional organization cannot be used as one of the selection criteria. This is not the case.

Despite the confusion created by this provision of FIRREA, lenders can and do use designations as a factor in determining the appraiser's qualifications for an assignment. We believe the VA should do the same. The fact that designated appraisers have spent hundreds of hours in the classroom, devoted thousands of hours gaining relevant experience, and submitted themselves to a peer review process is something that should be considered favorably by the VA.

Many designations conferred by professional appraisal organizations indicate that an appraiser has knowledge and experience to appraise all types of real estate, including residential real estate. With this, concerns that a particular designation may not address residential appraisal concerns are unfounded. Additionally, some professional appraisal organizations confer designations specifically for appraising residential properties. We believe these individuals are the most qualified to serve on

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the VA Appraisal Panel, as they have attained higher levels of experience and education than minimally licensed appraisers.

We believe the Department should recognize that participation in professional appraisal organizations is relevant for purposes of selecting members of the VA Panel. We urge the Department to adjust its selection policies accordingly.

If you have any questions or need further information please contact Don Kelly, Vice President of Public Affairs, Appraisal Institute at 202-298-5583 or [dkelly@appraisalinstitute.org](mailto:dkelly@appraisalinstitute.org), Ted Baker, Executive Vice President, American Society of Appraisers at 703-733-2109 or [tbaker@appraisers.org](mailto:tbaker@appraisers.org), or Steve Runyan, Government Relations Chair, American Society of Farm Managers and Rural Appraisers at 661-747-6458 or [srunyan@bak.rr.com](mailto:srunyan@bak.rr.com).

Sincerely,

Appraisal Institute  
American Society of Appraisers  
American Society of Farm Managers and Rural Appraisers