



November 16, 2009

The Honorable David Obey
Chairman
House Appropriations Committee
2314 Rayburn House Office Building
Washington, DC 20515

The Honorable Jerry Lewis
Ranking Member
House Appropriations Committee
2112 Rayburn House Office Building
Washington, DC 20515

Gentlemen:

On behalf of the 35,000 members of our respective professional organizations, we write with concern regarding a statement found in your Committee's Conference Report for the 2010 Interior Appropriations Bill.

The Conference Report states:

The conferees continue to be concerned about the delays in obtaining adequate appraisals for acquisition of Federal lands. Consistent with the language included in the House report, the conferees direct the Department of the Interior to revisit the Department-wide appraisal services consolidation and immediately address the undue delays in obtaining appraisals for Federal land acquisition projects.

We are specifically concerned about the statement regarding "delays in obtaining adequate appraisals for acquisition of Federal lands." Our organizations are unaware of any evidence that that would indicate the performance of the Appraisal Services Directorate (ASD) (as measured through turn-around times) is worse than the previous system where appraisal management was scattered throughout individual bureaus. In fact, our understanding is that tracking data from the ASD shows that the length of time between ordering an appraisal and the final review has declined since fiscal year 2005, despite decreasing appraisal staff.

Two independent audits have been performed by the Government Accountability Office (GAO) the past four years. A 2006 audit identified inefficiencies with some ASD operations, including the lack of a system for ensuring that it meets realistic time frames for appraisal delivery and a significant percentage of appraisals that failed to comply with industry appraisal standards. However, this audit also acknowledged that the quality of appraisals had improved since ASD's inception.

A 2007 audit identified the same two problems as the 2006 report – realistic timeframes and non-conformance with appraisal standards – but reported that the formation of the ASD was, "a substantial move in the right direction to help ensure the independence of the appraisal function." Further, in this report, GAO indicated that the Department had taken "encouraging steps to address our recommendations," such as implementing a compliance inspection program for appraisals that are considered "high risk" to help ensure that such appraisals comply with recognized appraisal standards. Since the 2007 GAO report, the ASD has completed two cycles of the compliance inspection program, and we understand the GAO has closed this as an item of concern given the strong level of performance and improvement.

As the Committee reviews this issue, we respectfully suggest it recognize that delays can be caused by factors outside of the appraisal process including contracting, which ASD has no control over, and the realty function. As

Appraisal Services Directorate
November 13, 2009

such, a review of the responsiveness should be undertaken in a comprehensive manner, exploring all aspects of valuation request, including the Bureau realty function, contracting, and the ASD.

Further, we urge the Committee vigilance in assessing the effectiveness of the ASD strictly on turnaround time. While responsiveness is an important factor, what is far more important is that the Department of Interior obtains quality appraisal reports from professionally trained, certified, and accredited real estate appraisers. Given that significant taxpayer funding is involved with ASD projects, it is our belief that quality should reign over quantity in assessing any critical risk management and control and audit function like that conducted by ASD. Further, the appraisal assignments of the ASD are oftentimes extremely complex, and due diligence is required of the appraiser – and the ASD – to ensure the highest quality of work.

As appropriators, we respectfully suggest you review the facts surrounding the responsiveness of the ASD, performing any assessment in greater context of the Department's programs and operations. Should the result of that review indicate slow performance, as appropriators, we urge you to appropriate additional federal funding to strengthen the ASD to ensure it has adequate staff, leadership, and contracting authority to do its job.

Thank you for your consideration. We would be pleased to meet with you to discuss these and any other concerns that you may have. If you would like to arrange a meeting, please contact Bill Garber, Director of Government Relations for the Appraisal Institute, at 202-292-5586 or bgarber@appraisalinstitute.org, or Peter Barash, Government Relations Consultant, American Society of Appraisers at (202) 466-2221 or peter@barashassociates.com.

Sincerely,

Appraisal Institute
American Society of Appraisers
American Society of Farm Managers and Rural Appraisers
National Association of Independent Fee Appraisers