

HB

276

HB 276

Tape #

Date

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COMMITTEE REPORT

JUDICIARY

HOUSE

Mr. Speaker:

Date _____

The Committee on COMMERCE has had HB 276

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR 276 AND THAT

CS FOR 276 DO PASS *is included*

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u><i>A.S. Bradley</i></u>	<u><i>Freeman</i></u>	_____
<u><i>John M. Smith</i></u>	<u><i>Tom J. Kelly</i></u>	_____
<u><i>W. B. Phoad</i></u>	<u><i>Paul H.</i></u>	_____
<u><i>Kenneth Kelly</i></u>		_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

A.S. Bradley Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Commerce Committee

To: _____ HOUSE BILL No. CSHB 276

SENATE BILL No. _____

PAGE: 3

LINE: 7

Line 7, Page 3

After the words "financial institution" add the words
"except those employees who are engaged in appraising
for public acquisition."

POINT No. 1

COST OF ADMINISTERING THE BILL

SEC. 08.89.030 STATES THAT THE COMMISSIONER OF COMMERCE IS TO BE THE EXECUTIVE SECRETARY OF THE COMMISSION. UNDER SECT. 08.89.020, HIS POWERS AND DUTIES WOULD REQUIRE NOT LESS THAN TWO PEOPLE TO KEEP SUCH AN OFFICE OPEN TO THE PUBLIC AND KEEP THE REQUIRED RECORDS. BY A HEAD COUNT OF FIRMS AND INDIVIDUALS WHO ARE MEMBERS OF ALASKA APPRAISAL ORGANIZATIONS AND OTHERS, SUCH AS REALTORS; IN TOTAL, IN THE STATE OF ALASKA, WE ARE TALKING ABOUT 75 OR LESS PERSONS. IT DOESN'T REQUIRE MUCH MATH TO FIGURE THAT THE INCOME FROM SUCH A BILL WOULD ONLY PRODUCE ABOUT \$7,500 THE FIRST YEAR AT \$100.00 EACH; \$3,700 PER YEAR PLUS NEW LICENSES AND EXAMINATION FEES. THIS CAN NOT POSSIBLY START TO OFFSET THE COST OF \$20,000 TO \$25,000 PER YEAR TO ADMINISTRATION.

MR. CHAIRMAN AND COMMITTEE MEMBERS: I THANK YOU FOR ALLOWING ME TO BE HEARD ON HB 276.

I AM LEWIS W. STURGES REVIEW APPRAISER FOR THE DEPARTMENT OF HIGHWAYS, BUT I APPEAR BEFORE YOU AS AN INDIVIDUAL, NOT A REPRESENTATIVE OF THE HIGHWAY DEPARTMENT. I HAVE SEVENTEEN YEARS OF APPRAISAL AND REVIEWING EXPERIENCE.

I WOULD LIKE TO MAKE FOUR POINTS AGAINST THE PASSAGE OF THIS BILL.

POINT No. 2

RESTRICTION AND ERADICATION OF PUBLIC AGENCIES EMPLOYMENT OF STAFF APPRAISERS AND THEIR CONTINUING EDUCATION OF PROPER APPRAISAL PRACTICES.

SEC. 08.89.060 OF THIS BILL IS SELF SERVING TO ELIMINATE PUBLIC AGENCIES FROM HAVING THEIR OWN APPRAISAL STAFFS, AND TO FORCE THESE AGENCIES TO HIRE FEE APPRAISERS AT AN INCREASED COST TO THE STATE OR AGENCY.

TO QUOTE:

SEC. 08.89.060. EXEMPTION. THE REQUIREMENTS OF SECTION 50 OF THIS CHAPTER DOES NOT APPLY TO REAL ESTATE APPRAISERS WHO ARE SALARIED EMPLOYEES OF THE UNITED STATES, THE STATE, OR POLITICAL SUBDIVISION OR MUNICIPALITY OF THE STATE, OR OF FINANCIAL INSTITUTIONS, EXCEPT THOSE EMPLOYEES WHO ARE ENGAGED IN APPRAISING FOR PUBLIC ACQUISITION.

THIS IS CLEARLY AIMED AT THE DEPARTMENT OF HIGHWAYS WHO TRAINS AND MAINTAINS A STAFF OF APPRAISERS. IT WOULD ALSO SERIOUSLY CRIPPLE IF NOT ELIMINATE THE TRAINING PROGRAM THAT THE HIGHWAY DEPARTMENT HAS DEVELOPED AND OPENED TO ALL PUBLIC AGENCIES OVER THE LAST FIVE YEARS.

ONE OTHER LARGE ITEM IN TRAINING AND ADVANCEMENT OF THE APPRAISAL PROFESSION THAT SEEMS TO HAVE BEEN FORGOTTEN BY THE PEOPLE PROMOTING THIS BILL IS THAT WITHOUT THE SUPPORT OF THESE SAME PUBLIC AGENCIES; THE EDUCATION SCHOOLS AND SEMINARS OF THE PAST WOULD HAVE BEEN VIRTUALLY IMPOSSIBLE TO FINANCE.

POINT No. 3

EXCESSIVE REQUIREMENTS

SEC. 08.89.120 EXCEPTION FO REQUIREMENTS. (GRANDFATHER CLAUSE)

(A) FOR SIX MONTHS FOLLOWING THE EFFECTIVE DATE OF THIS CHAPTER, THE COMMISSION SHALL WAIVE THE REQUIREMENTS OF EXAMINATION FOR A RESIDENT APPLICANT

(B) FOR SIX MONTHS FOLLOWING THE EFFECTIVE DATE OF THIS CHAPTER, THE COMMISSION SHALL WAIVE THE REQUIREMENTS OF EXAMINATION FOR A RESIDENT APPLICANT FOR A GENERAL APPRAISER LICENSE;

I HAVE NO QUARREL WITH THIS SECTION OF THE ACT EXCEPT AS IT ALUDES TO THE CONTENTS OF THE EXAMINATIONS FOR BOTH RESIDENTIAL AND GENERAL REAL ESTATE APPRAISER.

SEC. 08.89.100(A)(5) ON THE RESIDENTIAL EXAMINATION STATES THAT:

KNOWLEDGE OF THE LAW APPLICABLE TO REAL ESTATE IN ALASKA.

AND (B)(4) ON THE CONTENTS OF THE EXAMINATION FOR GENERAL REAL ESTATE APPRAISER LICENSE, STATES THAT:

KNOWLEDGE OF REAL ESTATE FINANCING IN ALASKA INCLUDING LEGAL RAMIFICATIONS OF FINANCIAL DOCUMENTS NORMALLY USED, KNOWLEDGE OF ALASKA USURY LAWS, AND KNOWLEDGE OF STATE CREATED FINANCING AGENCIES INCLUDING KNOWLEDGE OF THEIR LOAN QUALIFICATIONS, LIMITS, AND INTEREST RATES.

THESE TWO SUBSECTIONS HAVE NO BUSINESS IN AN APPRAISAL LICENSING BILL.

ATTACHED TO THIS PAPER ARE STATEMENTS OF CONDITIONS AND ASSUMPTION WHICH ARE A PART OF APPRAISALS SUBMITTED BY FOUR PROMOTERS OF THIS ACT WHICH BY THEIR OWN WRITING THEY ARE NOT RESPONSIBLE FOR:

(A) TITLE; (B) BOUNDRIES OF THE PROPERTY; (C) ENCUMBRANCES;

(D) ENCROACHMENTS; (E) EASEMENTS; (F) MATTERS OF A LEGAL NATURE;
(G) WHETHER TAXES AND ASSESSMENTS HAVE BEEN PAID; (H) OR OWNERSHIP
OF THE PROPERTY APPRAISED.

WHEN COMPARED WITH SEC. 08.89.100(B)(4), THIS IS ESSENCE IN
HIPPOCRACY, AND INFRINGES ON THE LEGAL PROFESSION.

ALSO ATTACHED ARE EXCERPTS FROM THE TEXTS USED BOTH BY THE INSTI-
TUTE OF REAL ESTATE APPRAISERS AND THE SOCIETY OF REAL ESTATE APPRAISERS,
ALUDING TO EXCLUSION FROM THE APPRAISAL MATTERS OF TITLE, LAW, ETC., .
FROM APPRAISALS.

POINT No. 4

LICENSING IS OPPOSED BY THE SOCIETY OF REAL ESTATE APPRAISERS, SEE ATTACHED APPRAISAL BRIEF DATED MAY 30, 1973. NOTHING HAS COME TO MY ATTENTION REVERSING THIS POLICY STATEMENT, AND I AM A REGULAR SUBSCRIBER TO THIS NEWS BRIEF.

A REVIEW OF THIS PROPOSED BILL; IT IS:

1. COSTLY TO THE STATE
2. RESTRICTIVE AND CRIPPLING TO THE STATE'S TRAINING PROGRAM
3. DISCRIMINATORY AND SELF SERVING
4. DOES NOT CONFORM TO THE NATIONAL POLICY OF THE MAJOR APPRAISAL ORGANIZATIONS OR ENHANCE PROFESSIONAL LEARNING

THANK YOU FOR YOUR INDULGENCE ON THIS PRESENTATION.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. Reproduction of this report or distribution to other than associates of the client, financial institutions or to attorneys in condemnation cases is prohibited without written permission of the authors. Distribution, for instance to promote a sale of the property, is permitted only after the appraiser has edited the report to eliminate certain comparable information of a confidential nature, and provided that use of the entire, edited report is required, with no alterations.
2. Disclosure of the contents of this report is further governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the American Institute of Real Estate Appraisers or the M.A.I. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the authors.
3. This report bears an effective date of appraisal, and is based upon data known at that time, or reasonably construed to have been available at that time, and events since that date most probably have changed Subject value, sometimes radically in our present economy.
4. The property is appraised as if free and clear unless noted otherwise, with no responsibility assumed for title and legal matters.
5. All information supplied or found through available records and sources is assumed correct unless noted otherwise. If errors are found, the right is reserved to modify the conclusions.
6. The data and conclusions embodied in this appraisal are a part of the whole valuation. Any part of this appraisal may or may not stand alone, is not to be used out of context, and constitutes only part of the evidence upon which a value judgement of the whole is based.
7. The appraisal does not imply the right to court testimony on the part of the appraisers without mutually satisfactory arrangements.
8. Fair Market Value is defined as the highest price estimated in terms of money which a property will bring if exposed for sale in the open market, allowing a reasonable time to find a willing purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used.

ASSUMPTIONS AND LIMITING CONDITIONS

1. It is assumed that title to the property appraised is good and marketable.
2. Value is estimated without regard to questions of title, boundaries, encumbrances or encroachments unless otherwise stipulated in the individual reports.
3. No responsibility is assumed for matters of a legal nature.
4. It is assumed that all taxes and assessments have been paid.
5. Value is reported in dollars on the basis of the currency prevailing on the date of the appraisal.
6. That where the valuations of the land and the improvements thereon are shown or itemized separately, the value of each is segregated only to serve as an aid to better estimate the value of the whole ownership and what each contributes to the market value of the entire property, and the individual itemized amount for each component part is not intended for use by itself as it may or may not be its correct market value as a separate entity.
7. It is assumed that the data, statistics, estimates, and opinions furnished by others as indicated in the appraisal report are correct, and no responsibility for their accuracy is assumed by the appraiser.
8. That this appraisal is made in conformance with all laws of the State of Alaska known by this appraiser; and the regulations, procedures, policies and instructions of the State of Alaska, Department of Highways, which are applicable to and commensurate with the appraisal of right of ways, and to the best knowledge of this appraiser, no valuation, opinions or conclusions are assigned or reported which may not be compensable under the laws of the State of Alaska or which may be contrary to the opinions of its Attorney General.
9. That in the event of any future required court appearance of testimony of any kind in connection with this appraisal, this appraiser reserves the right to make any alterations, changes or corrections which may be felt necessary in order to recognize any possible change in market conditions or revisions in the engineering or construction plans of this proposed highway project which may arise between the date of the appraisal and the date of the taking of right-of-way or the date of such court appearance or testimony.
10. That no minerals, mineral rights or mineral interests are appraised, except as directly affecting the surface rights of ownership or land use of the subject property.

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ASSUMPTIONS AND LIMITING CONDITIONS

11. That in computing and itemizing the final estimate of value of the total ownership, the remainder and the right-of-way to be acquired, the figures have been adjusted to the nearest significant amounts.
12. Unless otherwise specified within the report, it is assumed that the utilities to the remainder will be unchanged, or that if during the construction process certain utilities are relocated, the remainder will be provided with an alternate connection that is as functional and convenient as were the utility connections before the taking.
13. That the methods, procedures, and techniques employed in making this appraisal are in conformance with recognized standards of appraisal practice and code of ethics as advocated by the American Institute of Real Estate Appraisers.
14. Neither all nor any part of the contents of this report may be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the author of this appraisal report.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No legal questions are considered in this analysis, such as titles, encumbrances, etc.. The property is considered as if free and clear.
2. All dimensions and legal descriptions are assumed to be correct, as furnished.
3. All information, as found in data furnished, is deemed to be reliable. If any errors are found, the right is reserved to modify the conclusions reached.
4. No study has been made to determine whether structures may have an infestation, such as termites or dry rot. In the absence of such study, it is assumed the property is free of such problems.
5. While various "approaches to value" and various mathematical calculations have been used in estimating value, these are but aids to the formulation of the opinion of value expressed by the appraiser in this report. In these calculations, certain arithmetical figures are rounded off to the nearest significant amount.
6. The data and conclusions embodied in this appraisal are a part of the whole valuation. No part of this appraisal is to be used out of context; and, by itself alone, no part of this appraisal is necessarily correct, as being only part of the evidence upon which final judgment as to value is based.
7. Employment to make this appraisal does not require testimony in court, unless mutually satisfactory arrangements are made in advance.
8. This appraisal is made in accordance with the standards of the American Institute of Real Estate Appraisers.
9. Fair Market Value is defined as "the price it (the real estate) will bring between a willing buyer and a willing seller, with equity to both.
10. This report is delivered subject to the stipulation that neither all nor any part of the contents shall be conveyed to the public media through advertising, public relations, news, sales or any other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser, his firm, or any reference to the American Institute of Real Estate Appraisers.

STATEMENT OF CONDITIONS AND ASSUMPTIONS

→ 1. It is assumed that title to the property appraised is good and marketable.

→ 2. Value is estimated without regard to questions of title, boundaries, encumbrances, or encroachments.

→ 3. No responsibility is assumed for matters of a legal nature.

→ 4. It is assumed that all taxes and assessments have been paid.

5. Value is reported in dollars on the basis of the currency prevailing on the date of the appraisal, May 15, 199.

6. That where the valuations, of the land and the improvements thereon, are shown or itemized separately, the value of each is segregated only to serve as an aid to better estimate the value of the whole ownership and what each contributes to the market value of the entire property, and the individual itemized amount for each component part is not intended for use by itself as it may or may not be its correct market value as a separate entity.

7. It is assumed that the data, statistics, estimates, and opinions furnished by others as indicated in the appraisal report are correct, and no responsibility for their accuracy is assumed by the appraiser.

8. That this appraisal is made in conformance with all laws of the State of Alaska, known by this appraiser; and the regulations, procedures, policies and instructions of the State of

Alaska, Department of Highways, which are applicable to and
commensurate with the appraisal of rights of way; and to the
best knowledge of this appraiser, no valuation; opinions or
conclusions are assigned or reported which may not be compensable
under the laws of the State of Alaska, or which may be contrary
to the opinion of its Attorney General.

9. That in the event of any future required court appearance or testimony of any kind, in connection with this appraisal, this appraiser reserves the right to make any alterations, changes or corrections, which may be felt necessary in order to recognize any possible change in market conditions, or revisions in the engineering or construction plans of this proposed highway project, which may arise between the date of this appraisal and the date of the taking of right of way, or the date of such court appearance or testimony.

10. That no minerals, mineral rights or mineral interests
are appraised, except as directly affecting the surface rights
of ownership or land use of the subject property.

11. That in computing and itemizing the final estimate of value, of the total ownership, the remainder and the right of way to be acquired, the figures have been adjusted to the nearest significant amounts.

12. That the methods, procedures and techniques employed in making this appraisal are in conformance with recognized standards of appraisal practice and code of ethics, as advocated by the American Institute of Real Estate Appraisers.

Contingent and Limiting Conditions

If there are not too many limiting conditions, they may be stated somewhere in the letter of transmittal, or the combined letter and certification, or in the section which identifies the property. Although these are negative statements, for the appraiser's protection and for the information and protection of the client and others using the report, appropriate contingent and limiting conditions should be set forth. A complete statement might be as follows:

THIS APPRAISAL IS SUBJECT TO THE FOLLOWING LIMITING CONDITIONS:

The legal description furnished us is assumed to be correct. We take no responsibility for matters legal in character nor do we render any opinion as to the title, which is assumed to be good. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

The sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

We believe the information which was furnished to us by others to be reliable, but we assume no responsibility for its accuracy.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or the applicant and then only with proper qualification.

We are not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefor.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

Qualifications of the Appraiser

A statement of the diversified qualifications of the appraiser usually is included in the appraisal report as evidence that he is qualified to make such an appraisal. Such statements include facts about the appraiser's education, technical training, type and years of experience, trade and professional organizations of which he is

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4. Make a preliminary estimate of the time, labor, and expense involved in the completion of the appraisal assignment, and secure a written request for the appraisal services in which should be stated the fee agreed on for services to be rendered.
5. Plan the appraisal, assign the work details, and assemble the essential appraisal data.
6. Make a study of the general economic, social, and political influences which bear on the value of the property to be appraised.
7. Analyze the appraisal data, and reach a value conclusion under each of the following approaches to value: cost, market, and income.
8. Correlate the value findings.
9. Submit an appraisal report.¹

The first and most important step in the process is to determine the appraisal problem. Some owners, buyers, or investors are not only interested in ascertaining an accurate estimate of value but also expect information regarding ownership or title interests, rights of tenants, property encroachments, claims of mortgagees and other lienors, conditions shown by accurate survey, tax liens, violations, and so forth. The appraiser should not accept the valuation assignment unless the client clearly understands the limits of the appraiser's professional responsibility and the area of study to which his specialized knowledge is confined. The appraiser, in essence, practices in the field of economics—for value is in fact the heart of economics. The appraiser should not consider himself a lawyer, architect, builder, engineer, surveyor, or title abstractor. If his client requests information in these specialized fields, authority should be secured to engage such qualified experts as the problem necessitates, arranging for independent compensation of the outside firms or individuals called on for the specified service. Unless otherwise stated, the appraiser must assume (1) that the title is held in fee simple and that no legal claims, easements, restrictions, or other rights affect the title or use of the property except those stated to the appraiser by the applicant; (2) that the title and his valuation are subject to corrections which an accurate survey of the property may reveal; (3) that the sale of the property will be on a cash or cash equivalent basis, since good or cumbersome financial arrangements do affect the price at which the property may sell in the market; and (4) that no responsibility can be taken by the appraiser for matters legal in character.

Some valuation problems, too, require special owner or tenant cooperation or aid from neighboring property owners or users. Where such is the case, the assignment must be accepted contingent on the cooperation of the parties involved. Only when the problem is clearly defined, and its

¹ Alfred A. Ring and Nelson L. North, *Real Estate Principles and Practices* (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 6th ed., 1967), Chapter 23.

Society Will Not Support Model Bill

The Society has adopted a new policy statement that strengthens its opposition to licensing of real estate appraisers.

The new position is that the Society is "opposed to the licensing of appraisers in any form," including licensing under the provisions of a model bill once prepared by the Society and the American Institute of Real Estate Appraisers.

The bill was drafted for support in states where licensing was "imminent."

Now under the new policy statement, chapters in a state where licensing has been proposed could not actively support the model bill, though they could submit it for review of legislators who are drafting licensing bills.

The executive committee of the Society adopted the newer, stronger policy statement with the authority of the Board of Governors. Committee members agreed that to be opposed to licensing while in favor of model bill was basically an inconsistent policy.

They were also influenced to adopt a stronger policy by recommendations of the New York State commission on eminent domain to its legislature, which were published in *Appraisal Briefs*, (April 4).

A commission report said that licensing would not remedy the complaints of the court that testimony of expert witnesses was often partisan, poorly prepared and unsupported, nor eliminate disparity between appraisals of the same property.

It pointed out that the standards and techniques within the profession were rapidly improving. Summarizing the report, the New York commission said:

"We personally do not see, however, that State licensing is likely to accomplish the goal of insuring that real estate experts appearing in condemnation cases be truly qualified. The result could be to freeze or dignify mediocrity.

"The appraisal field, as mentioned, is a youthful and developing field that has made great strides in upgrading its own profession through work of its various societies. It is quite possible that many appraisers who would otherwise embark on a difficult and demanding, disciplined program of training, examination and demonstration now required by one of

several of these major societies will consider State licensing sufficient evidence of his expertise."

In several states where licensing has been proposed, the objections of designated appraisers have been centered on the level of educational requirements, and so-called "grandfather" clauses which

would permit the waiver of examination and other requirements for applicants who could show they are practicing appraisers.

Governors and Vice Governors have been asked to report the action of legislators on bills introduced in their states.

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appraisal briefs

WEEKLY NEWSLETTER OF THE SOCIETY OF REAL ESTATE APPRAISERS



At Atlanta Conference

Former Governor on Residences

An Indianapolis SRPA, who is also former Governor of his district, shares teaching duties at the Residential Workshop scheduled for the Society's Conference in Atlanta this summer.



Mr. White . . . houses at the conference, July 29-Aug. 1.

Mr. White, an MAI and a member of the American Right of Way Association,

is an independent fee appraiser with offices at 704 Union Title Building. The author of several articles on real estate appraising, he has also taught appraisal courses.

Mr. White, a graduate of Purdue University, is a member of the Society's SRA-SRPA Admissions Committee and past president of Indianapolis (Ind.) Chapter # 5.

At this conference, for the first time, all workshops will be repeated four times. Others offered are Apartment Appraisals, discussion of a case study of appraising an apartment; The Appraiser's Edge, an explanation of the instant mortgage-equity technique; and Neighborhood Shopping Centers, a case study of the development and appraisal of a neighborhood shopping center.

SHORETT & RIELY
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April 21, 1975

File

HB 276

Honorable Bob Bradley
601 North Bragaw
Anchorage, Alaska 99504

Dear Representative Bradley:

I am writing in regards to bills which were introduced in the State House and Senate on March 27, 1975, providing for the licensing of real estate appraisers. Specifically, these are Senate Bill No. 331 and CS for House Bill No. 276.

In order that my comments might be placed in proper perspective let me first tell you something about myself. I am a real estate appraiser who, in January, moved to Anchorage for the purpose of opening a branch office for the firm of Shorett & Riely, real estate appraisers and consultants based in Seattle, Washington. Three members of our firm, including Mr. Shorett and Mr. Riely are members of the American Institute of Real Estate Appraisers. Two other members of the firm including myself are candidates for membership in the institute.

Prior to moving to Alaska, I acquired two years of experience in real estate appraisal with Shorett & Riely after having been involved professionally with other types of real estate activity. During the course of my two years in Seattle with Shorett & Riely, I have written full narrative appraisal reports on several types of major real properties in Washington State as well as in Alaska. Virtually all of my appraisal reports have been co-signed by either Mr. Shorett or Mr. Riely as members of the Appraisal Institute and we have continued this practice in the operation of our branch office here in Anchorage.

When it came to my attention that legislation had been introduced providing for the licensing of real estate appraisers, my immediate reaction was favorable. It is my understanding that throughout most of the lower 48 states, appraiser licensing laws do not exist, apparently due to adequate self-regulation by the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. However, due to the geographical separation of the State of Alaska from the lower 48 and the tremendous amounts of real estate development currently being experienced, governmental regulation of the appraisal profession appears to be necessary to insure that the quality of the appraisal work done in the State of Alaska meets the highest standards. In principal, then, I agree with the overall purpose of the appraisal licensing which has been introduced as well

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as the requirements for the proposed general and residential licenses which correspond to a large degree to the requirements of the Appraisal Institute.

In going over the bills which have been introduced in the legislature, I have found one material difference between them. The Senate Bill has provision for issuance of a non-resident license to an appraiser who otherwise meets the qualifications of the legislation, who maintains a regular place of business in the state of his domicile and a registered agent in the State of Alaska upon whom process may be served. The House Bill has no such provision for issuance for non-resident licenses.

Should the appraiser licensing bill become law as set forth in the House Bill, it would no longer be possible for me to continue to appraise in the state of Alaska for our firm under the present arrangement since I do not have adequate experience to allow me to take the general real estate appraiser examination at this time and there are no plans for members of our firm who do qualify to take the examination to move to Alaska.

It is obvious, then, I and other members of our firm have substantial professional interest in the final outcome of the proposed appraiser licensing legislation. The only way that we would be able to continue to conduct business in this state is if the law as finally passed contains a provision for licensing of non-residents of Alaska. There are, however, further considerations which I feel would make it in the best interests of the State to provide for licensing of non-resident appraisers.

Currently, there is a substantial amount of appraisal work done in the State of Alaska by non-resident appraisers for clients both within and outside of the state. Many of these appraisers are highly qualified and do excellent appraisal work and as is the case in any profession, some do not. There are, of course, also many highly qualified appraisers residing within the state and some who are not. It is my opinion that without provision for issuance of non-resident appraisal licenses, the temptation to a qualified appraiser from outside of the state of Alaska who has been hired by a non-Alaskan client who perhaps may not be aware of the licensing law would be great to come to Alaska and gather information about a property and return to his home state to write the appraisal report. I know, from personal experience, that it is possible to gather much of the information possible for an appraisal report without the knowledge of virtually all of the members of the local real estate community. I believe that enforcement of the requirement for an appraisal license to appraise within the state in this type of a situation would be quite difficult. The temptation for a qualified non-resident appraiser to appraise in the state of Alaska on this basis would be substantially removed by availability of a non-resident license.

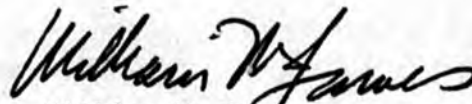
In summary, then, it is obvious that it would be in the best interests of our firm if the proposed appraiser licensing legislation contained a provision for issuance

Honorable Bob Bradley
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of non-resident licenses as included in the Senate Bill. I believe that such a provision would also be in the best interest of the Alaska appraisal industry as well as the state in general. Any efforts you are able to make in this regard would be greatly appreciated. If there is any further information that we could provide or anything else that we could do to promote this cause, please let me know.

Most sincerely,



William M. James
Appraiser-Manager

WMJ:pw