



May 28, 2007

To Whom It May Concern:

For the past two years, as a public service, I have provided the members of the media with my monthly report of Bakersfield Single Family Market Conditions. As most of you know, for the past year I have been involved in research of real estate sales with suspicious activity. My primary motivation was to protect my clients by insuring that I did not use a fraudulent transaction as a comparable sale, thus artificially skewing my valuations. I have performed this function “pro bono” and have not received any remuneration for these services. As a result of my cooperation with the media, my business has suffered greatly. My conclusion is that industry insiders (Realtors ©, Lenders, Underwriters) “don’t want to hear the truth”. As long as the market performed at record levels, everyone wanted my information and opinions. Now that the market has entered a “correction phase”, my information and opinions have become less popular. I experienced the same persecution in 1993, when I forecast the real estate recession that lasted from 1993 until 1998.

As evidence of the “fall out” of the recent events:

- I have not received an appraisal assignment from a local lender for over a year. Local lenders have their own “stable” of “preferred” appraisers whose license has been issued in the past four years, and have not experienced a market correction in their professional lives or that are “willing to work with the lender”.
- Out of area lenders, continually request appraisals, “only, if the appraiser can “hit” a predetermined value, a violation of the Uniform Standards of Professional Appraisal Practice.
- Lenders continually use “geographically incompetent” or lesser experienced appraisers as a means to the end goal of “funding the loan”.
- Relocation companies are yielding to the transferees by allowing them to select their own appraisers, instead of “independent third party appraisers” thus assuring themselves of the highest possible buyout.
- Some family law attorneys are requesting values that will tend to favor only the cause of their clients, another violation of USPAP.
- Lenders will not use appraisers that report the true market conditions, for they will be unable to fund loans or have to reduce the loan to value ratios in a declining market, because we have to check the “dreaded” declining values box.

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- Lenders with foreclosed “real estate owned” properties do not want hear that they have been victimized by the funding of a fraudulent loan. And, tend to use the “cheaper” lesser experienced appraisers to perform their REO appraisals, instead of honest, ethical, more experienced appraisers, thus causing the REO Realtor © all sorts of problems in trying to properly market the REO property.
- Local law enforcement agencies are not interested in fraudulent real estate transactions, because “there are no victims”.
- State and federal agencies are too “understaffed” to adequately deal with the fraudulent appraisal, lending and real estate transactions.
- Everyone is interested in information that I have developed after investing over 323 hours of research and thousands of dollars in subscriptions to databases, and office expenses, only if it’s **free**. No one is willing to pay for this information.

An appraiser is one who is expected to perform valuation services competently and in a manner that is independent, impartial, objective and to report valuations to clients that are not misleading and a violation of the public trust. Unfortunately, in today’s society, appraisers are looked on by lenders and others as a necessary evil to accomplish one goal, “to make the deal”, not to act as an independent third party to protect the interests of client or the public trust.

My final conclusion is that **honesty** and **ethics** have been replaced by **greed** and **corruption** in today’s society.

It is with deep regret, that I must inform you that I will no longer provide the media with my monthly market report or any information that I have developed regarding suspicious real estate activity.

I will continue to remain available for the rendering of real estate valuation services and real estate consulting services for my standard fee structure.

Very truly yours,



Gary Crabtree, SRA