

## ARE YOU AWARE?

That a Unification Team, comprised of members from the AI, American Society of Appraisers (ASA—business valuers, machinery & equipment, etc) and ASFMRA (rural appraisers) have been working for years on a plan for the true unification of the appraisal profession in the U.S? And

- that the AI leadership opened discussions with NAR in 2007—without notifying our own members on the Unification Team or the other organizations' members, knowing that re-affiliation was a “deal killer” for unification of the valuation profession and probably for Valuation for Financial Reporting (VFR)?
- that the AI Board of Directors made a decision in 1999 not to re-affiliate with the National Association of Realtors (NAR), because they deemed it in the best interest of their members to be a major player in the Valuation Profession instead of a minor player in the real estate trade?
- that member input regarding the re-affiliation with NAR, a real estate trade organization that we left years ago, has not been sought?
- that the Unification Project Team presented their plan to the boards of the three organizations in the Fall of 2007 for dissemination to their members for consideration, but that only the AI leadership decided not to do so?
- that after the above decision, the AI put forth a press release asserting that they continued to support unification, while the other two organizations put forth press releases stating that the AI had turned the unification efforts down?
- that the 2007 President fired the AI members of the Unification Project Team on December 31, replacing them with the 2008 AI officers without consultation with the 2007 Executive Committee?
- that in January 2008, the AI officers told the ASA and ASFMRA that the profession could not afford to create a new consolidated organization, but that the AI would proceed only if ASA and ASFMRA were assimilated into the AI?
- that the ASA and ASFMRA declined and believe they were misled by the AI leadership, thus severely damaging AI's long-standing relationship with these well-respected professional associations?

That the AI has had a Valuation for Financial Reporting (VFR) project team for seven years and that VFR was considered the #1 priority of prior Boards, but was not listed in the Strategic Plan in 2006-7? And

- that a VFR Team representing AI, ASA, and AI Canada wrote the outlines for 10 VFR seminars in 2004, but that because of budget and staff cutbacks and undisclosed changes in the leadership's priorities, only one is essentially complete?
- that these courses were designed to include real estate appraisers, personal property appraisers, business valuers, accountants and corporate CFOs to meet the requirements of the Financial Accounting Standards Board (FASB)?
- that members of the VFR Project Team have told the Board that for AI to be successful in VFR the valuation profession must be united, and the education material envisioned in the 10 VFR seminars must be finished on a multidisciplinary basis?

- that FASB's members believe that a unified profession is necessary if appraisers' inputs are to be fully considered and respected?
- That the AI leadership unilaterally scrapped the previously approved VFR plan, originally developed with AI, ASFMRA, ASA, IVSC and FASB input, and substituted their own plan with limited input from the VFR team members who have worked on this project for the past seven years or more?
- that the current AI leadership has now decided that only two seminars are necessary to prepare our members and that working with the other valuation disciplines is not necessary?

That the current and immediate past Chief Appraisers of the Department of Justice, each acting in his capacity as a member of the Appraisal Institute, reviewed the new seminar on Conservation Easements, criticized the inclusion of Public Interest Value in said seminar? And

- that both members were then excluded from further review or activities?
- that the cosponsor of the Conservation Easement seminar, the ASFMRA, continues to complain about the concept of Public Interest Value included in the materials or added by instructors?
- that the AI President failed to have incorrect materials removed that he had promised ASFMRA would be removed?
- that, nevertheless, another proposed seminar on Green Buildings also contains the same types of Public Interest Value concepts?

That the Chief Appraiser of the Department of Justice recently sent a letter to the AI President raising issues of appraiser competency and expressing the Department's concern about extreme divergences in appraisals prepared for litigation, and the AI's administration of standards?

That the State of California, after a lengthy study by state agencies, publicly concluded that two MAIs had seriously violated USPAP and related requirements? And

- that this was despite a letter from the Appraisal Institute's Director of Ethics and Standards Counseling that found no problem with their appraisal?
- that the AI took no apparent steps to respond to the State of California's concerns about this matter?
- that the case has subsequently been cited in a California Legislative Analyst's report calling for reforms in appraisal legislation and in the above-cited letter from the Chief Appraiser of the United States Department of Justice to 2008 President Pugh?

That the Business Enterprise Value seminar is being continued and is now being revised for future offerings? And

- that this seminar was discontinued years ago when governments in the U.S. and Canada threatened to sue the AI, because of materials contained in the seminar and when complaints were received from the American Institute of Certified Public Accountants and business valuers that the concepts in the course were counter to USPAP, as well as accounting and business value standards?
- that after raising the above issues, two members who raised them were dropped from the Business Enterprise Value seminar team?

That the nominee selected by the national nominating committee (LDNC) to be the next Vice President of the Appraisal Institute in July was not elected by the Board of Directors? And

- That six members of the Board of Directors challenged the nominee's selection and re-nominated the other candidates, although a reading of the Bylaws provides that only one additional nomination can come from the Board?
- that the vast majority of the petitioners may have written letters of endorsement to the LDNC for the candidate who was finally selected by the Board, but not chosen by the LDNC?
- that the LDNC was forbidden by the AI officers to discuss the situation with the Board, Past Presidents, the Regions and AI members?

That the Board of Directors was instructed *not to allow discussion* of the proceedings of the LDNC at the Regional meetings, but only the credentials of the four candidates? And

- that the 2007 Immediate Past President (2006 President), a member of the Executive Committee and Chair of LDNC, *was not allowed to discuss* the election process at the Regional meetings when asked, in spite of many inquiries on this subject?
- that the 2007 President, who traditionally only votes in case of a tie, and two of the candidates who were also members of the Board, were allowed to vote in the selection of the new vice president, whereas the other two candidates, not current members of the Board, could not vote?
- that the Board is now recommending changes to the bylaws that would strip the LDNC of their nominating responsibility and replace them with members rolling off the Board of Directors?

That more than 10 Past Presidents of the Appraisal Institute had written to the officers and the Board that they were in support of the original nominee and were not in favor of the nomination being overturned? And

- that many of these Past Presidents personally asked the Board not to overturn the election process?
- that outside legal counsel was of the opinion that the AI legal counsel was in error on the legality of the proceedings, requiring the Board in its fiduciary capacity to discuss the issue in order to ensure compliance with the bylaws, yet the Board and our members were not provided this information?
- that this opens the AI to threat of legal action relating to the election processes?

That all four 2008 officers are from one geographical section of the U.S? How does this speak to the need for diversity, a major consideration by LDNC, to ensure representation of all qualified men and women who are members?

Don Dorchester  
Spence Powell  
Brian Glanville

Bernie Fountain  
Ken Nicholson  
Bruce Kellogg

Dick Petrowitz  
Joe Stanfield

Dick Sorenson  
Woody Hanson