

Memo

To: Chapter Presidents and Members
From: The Appraisal Institute
Date: February 25, 2008
Subject: Update on Possible AI-NAR Affiliation

Last summer officers of the Appraisal Institute (AI) were approached by representatives of the National Association of Realtors (NAR) to discuss informally whether the AI might become an affiliate organization of the NAR. The premise of those preliminary discussions was that such an affiliation could serve the public interest and directly benefit the members of both associations.

Following several informal conversations, it became clear to the AI's leadership that the level of discussion required the formation of a project team to continue meeting with NAR representatives on this subject and to address specific matters of concern regarding affiliation. The two sides met in Chicago on October 1 and 2, and again on November 27, to discuss further the possibility of the AI affiliating with NAR. Several key points were acknowledged during these meetings.

Because this would be an affiliation, rather than a merger, it was acknowledged that the AI would retain certain autonomy within the NAR structure under the terms of this new relationship. Another key acknowledgement pertained to ownership of appraisal designations. As an affiliate, the AI would retain ownership of its designations and exercise sole authority to confer the MAI and SRA designations.

Armed with these understandings, the AI project team made its report to the Board at the February 4-5, 2008, Board meeting in Chicago. After receiving and considering this report, the AI Board of Directors approved a motion recognizing potential benefits to AI members of affiliation with NAR. Thus, the Board concluded that enough substance was in place to bring the matter before the membership and directed the project team to seek member input and feedback on the idea of AI affiliation with NAR.

To accomplish soliciting this input and feedback from the members, the Board directed the project team and AI staff to do the following:

1. Identify in writing the major terms and conditions of the proposed affiliation;
2. Prepare a full analysis of the financial and legal impact of affiliation on both the Appraisal Institute, as an organization, and on Appraisal Institute members;
3. Determine the status and potential impact of any litigation to which NAR is a party;
4. Prepare a full list of the “pros” and “cons” of affiliation with NAR; and
5. Conduct any other due diligence, as necessary and appropriate.

The due diligence will include soliciting the membership’s views through extensive surveys, meetings and dialogue with all 92 chapters through the AI’s 10 regions. Once this information is gathered, the project team is to report its findings to the Board of Directors for its consideration and review at its next meeting in Austin, TX, June 24-25, 2008.

Please be assured that as we move ahead with this process, the Board of Directors will continue to seek out the membership’s opinions and thoughts on this important matter.

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