

EXHIBIT NO. 3

DATE 2/14/05

BILL NO. SB 422



Dear Senator,

This letter is to express my opposition to Senate Bill 422. My name is Keith O'Reilly, I am a General Certified Appraiser in the State of Montana, and want to make it clear I am also a member of the Board of Real Estate Appraisers.

I will cut straight to the facts regarding Senate Bill 442 and the effects it will have on protecting the public interest in the State of Montana. As you are all aware in the Summer of 2004 the Board of Real Estate Appraiser instituted a training rule that was intended to help prospective real estate appraisers get their licenses. In the process of instituting the training program the appraisal board held several hearing to guide the board through the rule process. All active appraisers in the state had the opportunity to give the board input and guidance.

One of the major concerns of appraisers in the metro areas of Missoula, Bozeman, Helena, Butte, Great Falls and Kalispell was the fact that there were numerous licensed appraisers throughout the state that were sending inexperienced and unlicensed appraisers to other markets to complete appraisal in which they were not geographically competent. Even at the time of the hearings there were appraisers that wanted the rule named after certain individuals blatantly rubber stamping appraisals; obviously this was not going to happen.

After the hearings took place we received numerous complaints from commercial and ranch appraisers that this was not a realistic limit as many of them consistently traveled throughout the state for appraisal assignments and would be mentoring trainees. Like we should, we listened to the input from the appraisers and public and placed no mileage limitations upon commercial and agricultural oriented appraisers.

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Residential is a whole different business, I know because I have completed both commercial and residential assignments for approximately 13 years. You have to look at the business side of the industry to understand that it would be very difficult and even burdensome to train a residential apprentice in a market over 100 miles away. First let's look at the fee involved, typical fees for a residential appraisal range from \$300 to \$400. How is a mentor going to pay himself and a trainee to travel from Great Falls to Billings, quite possible spending the night unless they plan on a 16hr day, join the Billings MLS collect pertinent data and travel back to Great Falls and prepare the appraisal report. It is financially unfeasible. Therefore, what was happening before the trainee rule came into effect was the fact the Mentor did not travel to the other town, did not inspect the subject property or comparable property and were not geographically competent to complete an appraisal that conform to the Uniform Standards of Professional Appraisal Practice, Consequently rubber stamping an appraisal and collecting the fee.

I listened to the testimony of Senator Ken Hansen (Bill Sponsor) regarding SB5 last Wednesday in front the Senate Finance and Claims Committee. He testified that in his opinion that the State of Montana would have to issue less than FIVE provisional licenses. I ask you then is it really that difficult to find a mentor in the State of Montana if as Senator Ken Hansen has estimated that less than FIVE provisional licenses will be issued?

Senator Hansen also testified to Senator Trudi Schmidt when asked if he tried to discuss the provisional trainee Bill with the Board of Real Estate Appraiser prior to introduction. His answer was yes he did, and in fact the Board was adamantly against a revision of its Trainee Rule. This is absolutely false; I am on the Board and have never in my life heard from Ken Hansen or any other appraiser in the state in regards to revisiting the trainee rule. In fact I urge you to look at the sign in roll sheets and agendas from any of the Board or Real Estate meeting and find one Senator or appraiser in the State of Montana who wanted to discuss the Trainee Rule.

Senator Hansen was also posed the question by another Senator, why would an applicant for licensure be denied a license? His reply was and I quote was "Grammar". This answer was so erroneous it shows that the Senators proposing these Bills have not even taken the time to investigate how the Board or the appraisal practice functions.

The fact is our board and industry, like probably every other board and industry has a handful of licensees that cause problems for the majority.

Why did the Senators intruding Bills 442 and 5 not once make it a point to attend an appraisal board meeting or visit with our board and help us solve the problems we deal with and the problems they deal with? Issues like this can be worked out and both sides can come up with solutions that will protect the interest of the public.

I have discussed the issue of the 100 mile trainee rule in great depth with our Board Chair, Tim Moore. Tim and I are both in favor of revisiting the rule, conducting hearing

and trying to amend the rule so we can assist appraisers in the rural part of the state that the 100 mile radius is locking out.

I urge you to vote no on SB 442, and would relish the opportunity to work with Senators and Representatives and Real Estate Board Members to reasonable support one another and resolve issues that benefit and protect the public in the State of Montana

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