

HOEGER-JACKSON & ASSOCIATES

*Real Estate Appraisers and Consultants*

BOZEMAN, MONTANA 59772

406-587-5203 FAX

SENATE BUSINESS & INDUSTRY

REPORT NO. 4

DATE 2/14/05

BILL NO. SB 442

DENNIS C. HOEGER, ARA, MAI  
P.O. BOX 3301  
406-587-5747

ED JACKSON, ARA  
P.O. BOX 4288  
406-586-3660

SB 442

Dear Representative:

This letter is to express my opposition to SB 422; this bill is not in the public interest. My name is Dennis C. Hoeger and I am a General Certified Real Estate Appraiser in the State of Montana. I also have the ARA and MAI professional appraisal designations. I'm from Bozeman and have been working in the real estate appraisal business since 1973.

The federal legislation that spawned appraiser licensing and certification, and required each of the States to establish real estate appraisal boards, was to protect the public from poor quality appraisal practice.

The real estate appraisal board's function is to review appraiser and apprentice work product to see that it measures up to USPAP (Uniform Standards of Professional Appraisal Practice), test candidates, and issue licenses and certifications. When the Board sees that there are problems in appraisal practice, they make rules to address those problems in an effort to protect the public as the original legislation intended.

The 100 mile rule is the answer to a problem that exists with some mentors in the State who have multiple trainees working in far flung parts of the State. Clearly, these mentors can not know the market in all areas of the State their trainees are working in and end up "rubber stamping" the apprentices' appraisals. There is no mentorship going on in these cases. Webster describes a mentor as a "trusted counselor or guide, tutor or coach". It takes time and effort to oversee the work of an apprentice and you must be competent in a given market to be able to guide or tutor the apprentice appraiser.

In a State like Montana, especially the eastern part, there are situations where an apprentice and his mentor may be more than 100 miles apart; there are exceptions to every rule. In speaking with Board members, no apprentice has come to the Board requesting an exception or voicing a complaint that they can't work because of the 100 mile rule. As a result of SB 5, the Board has publicly said that they would revisit the 100 mile rule at their next meeting in March.

The Board has also passed a rule that a mentor can have no more than 2 apprentice trainees. If a mentor is truly doing his/her job in guiding and training the apprentice, two apprentices is certainly the most any one mentor should have; not only does the mentor have to do his own work, but he must also completely review the apprentices work, which includes inspecting the appraised property, the sales and checking the appraisal report in detail.

Although SB 5 is not a part of the hearing today, this too is a piece of proposed legislation that is contrary to the original legislation creating licensing and certification. The real estate appraisal

business, like all other businesses, is subject to supply and demand. If a prospective apprentice cannot find a mentor, it may well be that there is insufficient demand for more appraisers. If apprentices are allowed to practice without a mentor, the resulting work product will be poor and that is contrary to the intent of the original legislation, which was to protect the public interest.

The control of real estate appraisers in the State of Montana should be left to the Appraiser Board, not the Legislature. Both SB 5 and SB 422 will impact only a few apprentice appraisers; in fact, Senator Hanson testified there were only 2 proponents for SB 5, one in Harlem and one in Great Falls.

I urge you to vote against SB 422, a vote in the public interest.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dennis C. Hoeger".

Dennis C. Hoeger, ARA, MAI  
General Certified Appraiser #75  
State of Montana