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SOCIETY OF  
FARM  
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APPRAISERS



**To:** State Appraiser Board Chairs & Lead Staff Contacts

**From:** Appraisal Institute  
American Society of Appraisers  
American Society of Farm Managers & Rural Appraisers  
National Association of Independent Fee Appraisers

**Re:** Commercial Broker Opinions of Value

**Date:** April 20, 2010

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Our purpose in writing is to bring to your attention the possibility that real estate agents and brokers in your state may be providing broker opinions of value (BOV) of commercial real estate without appropriate appraiser credentials. If true, such performance blatantly disregards numerous state statutes that require appraiser credentialing for opinions of value of real estate. We strongly urge you to take aggressive enforcement action against any provider of a BOV who does not hold an appropriate appraiser credential.

There are several entities in existence that offer training programs for agents and brokers who wish to provide BOV services. These training programs allege that upon successful completion, an agent or broker will be appropriately trained in areas such as: 1) the income approach to value; 2) how to apply a capitalization rate to a net operating income stream; and 3) the elements of cash flow based valuation. Further, these programs state that brokers will be compensated for providing such valuation services, and even provide sample ranges for valuation fees. Performance under these conditions would likely constitute a direct violation of many state laws that strictly prohibit compensation for valuation services to individuals who have not met rigorous education, experience and testing requirements as certified and licensed real estate appraisers.

We are aware of at least one state (Nevada) that has taken enforcement action against agents and brokers who provided opinions of value without an appraiser credential. We strongly encourage your Board to review your state's laws regarding who may provide an opinion of value, and to thoroughly investigate and initiate disciplinary action (including referral to your Attorney General or state real estate licensing board) against individuals offering opinions of value if an appraiser's license or certificate is required to perform this service.

Further, we urge the state Appraiser Board to bring this issue to the attention of the board responsible for the licensing and regulation of real estate agents and brokers, so they may investigate and take appropriate enforcement action against any agent or broker who is performing a BOV for an unauthorized purpose.

Memo to State Board Chairs & Executive Directors  
April 20, 2010  
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Thank you in advance for your prompt attention to this important issue. If you should have any questions, or if we can be of any assistance, please do not hesitate to contact Bill Garber, Appraisal Institute Director of Government and External Relations, at (202) 298-5586 or [bgarber@appraisalinstitute.org](mailto:bgarber@appraisalinstitute.org), or Peter Barash, Government Relations Representative, American Society of Appraisers, at (202) 466-2221 or [peter@barashassociates.com](mailto:peter@barashassociates.com).