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April 14, 2015

Honorable Maria Contreras-Sweet
Administrator
Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Re: Delay In Release of Revised SOP

Dear Administrator Contreras-Sweet:

The American Society of Appraisers (ASA)¹ seeks your help in preventing further protracted delays in the agency's official release of the latest revisions to SBA's Standard Operating Procedures (SOP).² One of these revisions – which clarifies who is qualified to perform going concern appraisals in the 7(a) Loan Guaranty Program – is of great importance to our real estate and business valuation members and to the smooth functioning of the 7(a) program.³ We have reason to believe that this much needed and long overdue clarification (and virtually all other pending revisions to the SOP) are noncontroversial but have been held up for many months because of 11th hour attempts by some to squeeze several additional changes into the revised SOP. In short, it appears that the release of agreed-to changes to the SOP that are extremely important to many stakeholders is being stymied by a very few possibly controversial changes. Accordingly, we respectfully urge you to end this unfortunate and problematic logjam by authorizing an immediate official release of the revised SOP.

When we brought our concerns about the ambiguity of the current SOP provisions regarding the qualifications necessary for appraisers to perform going concern appraisals in SBA-related transactions, your Office of Capital Assets was extremely attentive to those concerns and we commend that Office for its responsiveness. The senior leadership of the Office of Capital Assets worked with us over a period of many months to modify the relevant SOP provisions in a way that would respond to our concerns and, more importantly, improve the smooth functioning of SBA's loan guaranty process when collateral valuations are required to protect the agency's guaranty program in the event of borrower default. While we have not been permitted to see the changes in the relevant SOP provision, we have been advised that it has indeed been modified to eliminate existing ambiguities as to who is qualified to provide going concern valuations.

¹ ASA is professional appraisal organization which teaches, tests and credentials highly qualified individuals in business valuation, residential and commercial real estate appraisal practice and in the valuation of tangible and intangible personal property such as machinery and equipment and "good will".

² Specifically, SOP 50 10 5(E).

³ Evidence of the importance of this issue – beyond the many letters and calls ASA receives weekly from our members seeking guidance on whether they are qualified to perform SBA-related going concern valuations – is that many Members of Congress have written to you about it; and, we recall, a Senator asked you about it during your Senate confirmation hearing.

Notwithstanding the fact that we brought our specific concerns on this issue to SBA exactly a year ago and that a corrective revision to the SOP has been in place for many months, ASA's members (and appraisers from other professional appraisal organizations) continue to be frustrated by the absence of an official rollout of the revised SOP. This delay is causing severe economic hardship to hundreds of our real estate members who have historically provided SBA-related going concern valuations but who, under the controversial and ambiguous terms of the current SOP, are prevented from continuing to provide those services. As the leadership of your Office of Capital Assets knows, ASA (and other professional appraisal organizations) have waited quite patiently for many months for the revised SOP provision to become official; and, we are still waiting with no certainty whatsoever as to when the changes will be published.

As stated above, we are writing to respectfully urge your intervention to break the existing log jam and we request a meeting with you, at your earliest opportunity, to pursue this important objective. Thank you for your consideration of our requests. Our Government Relations representatives will be calling your office to arrange a meeting at your earliest convenience. In the meantime, if you have any questions or if additional information is needed, please contact Peter Barash, Government Relations Consultant to ASA at 202-466-2221 or peter@barashassociates.com, or John D. Russell, Director of Government Relations for ASA at 703-733-2103 or jrussell@appraisers.org.

Sincerely,
ASA