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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 23, 2001

Appraisal Standards Board
The Appraisal Foundation
1029 Vermont Ave., NW, Suite 900
Washington, DC 20005-3517

Dear Appraisal Standards Board:

The Appraisal Subcommittee (“ASC”) staff is pleased to provide comments regarding your Second Exposure Draft of proposed changes to the 2001 Edition of the Uniform Standards of Professional Appraisal Practice (“USPAP”). We will address each of the four major topics.

Supplemental Standards

We concur with the proposed revision to the definition of Supplemental Standards. We agree that only requirements from an appropriate governmental agency or entity that establishes public policy should be considered a supplemental standard to USPAP. This approach is consistent with government regulatory structure.

Confidential Information and Privacy Regulations

We concur with the ASB’s view of confidential information and its relationship to privacy. Clearly, “confidential information” is not a term unique to USPAP or appraisal practice. We do not believe that making an arbitrary distinction between USPAP’s confidentiality provisions and the privacy provisions established by the Gramm-Leach-Bliley Act and the Federal Trade Commission’s implementing regulation would be in the public’s interest or in concert with established public policy. Also, we concur with the ASB’s handling of the peer review issue that we addressed in our previous letter.

Given the July 1, 2001 effective date of the agencies’ implementing regulations, we believe the ASB should make its confidentiality revisions effective July 1, 2001. The USPAP changes are informative rather than burden imposing. We do not see any need to delay the effective date for this revision until 2002.

Statement on Appraisal Standards No. 5 (SMT-5)

We concur with removing SMT-5 at this time. The ASB may wish to develop a revised statement regarding confidentiality and privacy, after the issues have had more time to mature.

Statement on Appraisal Standards No. 8 (SMT-8)

We concur with removing SMT-8 at this time. We also concur that the ASB needs to revisit this issue. The ASB should determine first whether it needs to address this issue or is it adequately handled in the marketplace. If the ASB determines that it does need to address this

issue, it should attempt to structure its guidance in a general fashion to provide for ever-changing technology.

We appreciate the opportunity to provide comments regarding this issue. If you have any questions regarding our comments, please let me know.

Sincerely,

Ben Henson
Executive Director