

Appraisal Subcommittee
Federal Financial Institutions Examination Council

May 9, 1996

Mr. W David Snook, Chair
The Appraisal Standards Board
The Appraisal Foundation
1029 Vermont Ave. NW, Suite 900
Washington, DC 20005

Dear Mr. Snook:

This letter is in response to your April 8, 1996, Requests For Written Comments on: (1) A Proposed Advisory Opinion on *Fair Housing Laws and Appraisal Content*; (2) A Proposed Statement on *Identification of "Intended Use" in Appraisal, Consulting, or Review Assignments and Reports* and Proposed Definitions of "Client", "Intended Use" and "Intended User;" and (3) Proposed Revisions to Standards Rule 1-3(a) of the *Uniform Standards of Professional Appraisal Practice* ("USPAP"). The following are comments from the Appraisal Subcommittee.

1. A Proposed Advisory Opinion on *Fair Housing Laws and Appraisal Content*.

We believe that on the whole this proposed advisory is an improvement over the previous drafts. We would suggest, however, that the majority of situations illustrated in the Competency section are problems with all appraisals and, with the exception of the comment on line 105 ". . . designed to suit the needs of a protected group" do not specifically represent "fair housing" situations. The ASB should consider illustrations more specific to the issue, such as newly developed housing in an older, significantly deteriorated inner city neighborhood.

2. Proposed Statement on *"Identification of "Intended Use" in Appraisal, Consulting, or Review Assignment and Proposed Definitions of Client", "Intended Use" and "Intended User."*

We believe that the Proposed Statement is a positive step and should help clarify the situation. We would however make the following comments. Throughout the Statement you use the terms "appraisal, consulting or review assignment" and "assignment results." We suggest that in the beginning of the Statement you make it clear that "assignment" in this Statement encompasses all three assignment types and that "report" in this Statement is the assignment result of all three assignment types. This clarification will make the Statement shorter and clearer, and avoid requiring a future definition of "assignment results."

Additionally, we believe that the clarification of "Intended Use" and "Intended User" should allow the Standards Board to readdress the language in Advisory Opinion AO-12 (and wherever else it exists) which states:

"the Restricted Appraisal Report may be useful when:

- only the client is expected **to receive** or rely on the report." (Emphasis added.) We suggest removing the words "**to receive**."

3. Proposed revisions to Standards Rule 1-3(a) of the *Uniform Standards of Professional Appraisal Practice* (USPAP)

The ASC has no comments on these revisions.

Thank you again.

Sincerely,

Diana L. Garmus
Chairperson