

October 26, 2020

Ms. Alice Ritter
General Counsel
Appraisal Subcommittee
Federal Financial Institutions Examination Council
Suite 500
1325 G Street, NW
Washington, DC 20005

Via e-mail: Alice@asc.gov

Dear Alice:

We are currently performing a review of the publishing cycle and pricing of the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the accompanying USPAP courses. Appraisal Subcommittee staff has periodically advised us that it has received comments regarding the USPAP publishing cycle and its pricing.

In order to ensure that we are aware of these comments, we are requesting these documents under the provisions of the Freedom of Information Act (FOIA). Specifically, our FOIA request is for the following: any documents (correspondence, e-mail, phone call notes, internal memoranda, etc.) received or generated by the Appraisal Subcommittee since January 1, 2018 relating to:

- the publication cycle of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- the pricing of the paper or electronic copies of USPAP.
- the USPAP license fee for on-line course offerings.

Thank you in advance for processing this request and assisting us in our review.

Best Regards,



David S. Bunton
President

cc: Jim Park (Jim@asc.gov)
Tim Segerson (SEGERSON@NCUA.gov)
John Schroeder (John.Schroeder@cfpb.gov)

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

November 24, 2020

Via Email

Mr. David Bunton
President
The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005

Dear Mr. Bunton:

This is in response to your October 26, 2020 request under the Freedom of Information Act (FOIA) in which you requested "...any documents (correspondence, email, phone call notes, internal memoranda, etc.) received or generated by the Appraisal Subcommittee since January 1, 2018 relating to:

- the publication cycle of the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- the pricing of the paper or electronic copies of USPAP.
- the USPAP license fee for on-line course offerings."

Staff searched ASC records and found documents that are responsive to your request. I have determined, however that some documents contain exempt information (personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy under 5 U.S.C. §§ 552(b)(6)). Accordingly, page eight under "USPAP Exposure Draft Comments" has personal information redacted. ASC staff highlighted relevant language in some of the documents. We have also withheld nine documents considered confidential (trade secrets and commercial or financial information from a person and privileged under 5 U.S.C. §552(b)(4)), of which the Appraisal Foundation is also a custodian.

If you consider any of the above to be an improper denial of your request, you may, under 5 U.S.C. 552 (a)(6) and 12 CFR part 1102, subpart D (which incorporates 12 CFR §1101.4(b)(3)(iii)), appeal to the ASC's Chairman, c/o Jim Park, Executive Director at the address on this letterhead. The appeal must be made within 30 days of the date of this letter.

Any appeal should be filed with us in writing and should state the circumstances and reasons or arguments in support of the appeal, the date of the original request and the date of this initial ruling.

Sincerely,

A handwritten signature in black ink that reads "Alice M. Ritter". The signature is written in a cursive style with a large, prominent initial "A".

Alice M. Ritter
General Counsel

Attachments

Response to Appraisal Foundation
October 26, 2020 FOIA Request

State Compliance Reviews

Missouri Final Compliance Review – 08.10.2018

Oregon Final Compliance Review – 12.03.2018

Arkansas Final Compliance Review – 07.07.2020

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

August 10, 2018

Ms. Vanessa Beauchamp, Executive Director
Missouri Real Estate Appraisers Commission
3605 Missouri Boulevard
Jefferson City, MO 65109

RE: ASC Compliance Review of Missouri's Appraiser Regulatory Program

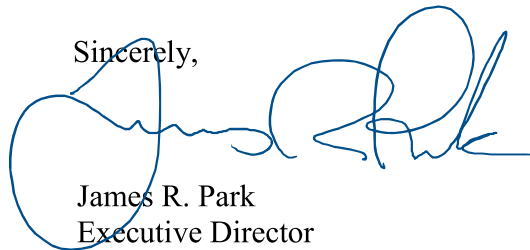
Dear Ms. Beauchamp:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Missouri appraiser regulatory program (Program) on June 25-27, 2018, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." An area of concern that was identified is being addressed by the Program. Missouri will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



James R. Park
Executive Director

Attachment

cc: Ms. Katie Steele Danner, Division Director

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ¹	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

¹ An ASC Finding of “Poor” may result in significant consequences to the State. *See* Policy Statement 5, *Reciprocity*; *see also* Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Findings
Final Report

Missouri Appraiser Regulatory Program (State)

Missouri Real Estate Appraisers Commission
(Commission)

PM: N. Fenochietti

ASC Compliance Review Date: June 25-27, 2018

Review Period

Umbrella Agency: Department of Insurance, Financial Institutions and Professional Registration
(Department)

Number of State Credentialed Appraisers on National Registry: 2,045

Review Cycle

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:			X				
States must require that appraisals be performed in accordance with the latest version of USPAP. (12 U.S.C. § 3331; 12 U.S.C. § 3347; Policy Statement 1.F.)				The State's statutes have not been amended to adopt the 2018-2019 edition of USPAP.	On August 7, 2018 the State provided ASC staff a copy of the amended Rules effective August 17, 2018.	The State should develop a process that ensures timely adoption of each new version of USPAP.	During the next review cycle, the State should be in particular attention to USPAP XI and ASC P
Temporary Practice:	X			No compliance issues noted.	N/A	None	
National Registry:	X			No compliance issues noted.	N/A	None	
Application Process:	X			No compliance issues noted.	N/A	None	
Reciprocity:	X			No compliance issues noted.	N/A	None	
Education:	X			No compliance issues noted.	N/A	None	
Enforcement:	X			No compliance issues noted.	N/A	None	


Appraisal Subcommittee
Federal Financial Institutions Examination Council

December 3, 2018

Ms. Dori Davis, Chair
Appraiser Certification and Licensure Board
200 Hawthorne Avenue SE, Suite C-302
Salem, OR 97301

RE: ASC Compliance Review of Oregon's Appraiser Regulatory Program

Dear Ms. Davis:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Oregon appraiser regulatory program (Appraiser Program) on July 16-18, 2018, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Oregon Appraiser Program is attached.

The ASC identified the following areas of non-compliance:

- States must have funding and staffing sufficient to carry out their Title XI-related duties;¹ and
- States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances.²

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Oregon will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



Arthur Lindo
Chairman

Attachment

cc: Ms. Gae Lynne Cooper, Administrator

¹ 12 U.S.C. § 3347; Policy Statement 1 B.

² 12 U.S.C. § 3347; Policy Statement 7 B.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ¹	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

¹ An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Findings
Final Report

Oregon Appraiser Regulatory Program (State)

State Board Title: Oregon Appraiser Certification and Licensure Board (Board) PM: V. Metcalf ASC Compliance Review Date: July 16-18, 2018 Review Period:

Umbrella Agency: Department of Administrative Services (Department) / Semi-Independent Number of State Credentialed Appraisers on National Registry: 1,487 Review Cycle:

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:			X				
States must require that appraisals be performed in accordance with the latest version of USPAP. (12 U.S.C. § 3331; 12 U.S.C. § 3347; Policy Statement 1 F.)				The State had not adopted the 2018-2019 edition of USPAP.	On October 11, 2018, the State responded that proposed amendments adopting USPAP should become final in November 2018.	The State should continue the process to amend its rule and develop a process that ensures timely adoption of each new version of USPAP.	During the n... attention to... Policy Stater
Statutes, Regulations, Policies and Procedures continued:		X					
States must have funding and staffing sufficient to carry out their Title XI-related duties. (12 U.S.C. § 3347; Policy Statement 1 B.)				The State's lack of sufficient staff and legal resources resulted in the Program's failure to timely resolve complaints. Complaints assigned to the Assistant Attorney General often take more than a year to resolve.	On October 11, 2018, the State reported its efforts in providing resources to support the Programs Title XI related duties. They: (1) Sent the Assistant Attorney General to 3 Investigator Training courses; (2) Implemented a streamlined conditional dismissal process; and (3) Approved a second investigator position.	The State must continue to explore ways to achieve and maintain the necessary resources to perform their Title XI-related duties.	During the n... particular att... XI and ASC P
Statutes, Regulations, Policies and Procedures continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				While the regulations in §161-020-0150 establish that up to 50% of the required CE may be obtained via teaching, no such limitation is set forth in the regulations for program development, textbook authorship and other non-traditional activities.	On October 11, 2018, the State reported that its staff is drafting a proposed amendment to bring the regulation into compliance.	The State should continue the process to amend its rules to bring them into compliance with AQB Criteria and provide the ASC staff with a copy of the rules once finalized.	During the n... particular att... XI and ASC P

ASC State Appraiser Program Compliance Review Report

ASC Findings
Final Report

Oregon Appraiser Regulatory Program (State)

State Board Title: Oregon Appraiser Certification and Licensure Board (Board) PM: V. Metcalf ASC Compliance Review Date: July 16-18, 2018 Review Period:

Umbrella Agency: Department of Administrative Services (Department) / Semi-Independent Number of State Credentialed Appraisers on National Registry: 1,487 Review Cycle:

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	
	YES	NO	AC				
Temporary Practice:	X			No compliance issues noted.	N/A	None	
National Registry:	X			No compliance issues noted.	N/A	None	
Application Process:	X			No compliance issues noted.	N/A	None	
Reciprocity:	X			No compliance issues noted.	N/A	None	
Education:	X			No compliance issues noted.	N/A	None	
Enforcement:		X		No compliance issues noted.	N/A	None	
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 66 outstanding complaints of which 22 were unresolved for more than 1 year and 9 were unresolved for more than 2 years, without the exemption for special documented circumstances.	On October 11, 2018, the State reported its efforts in improving the resolution of complaints. They: (1) Sent the Assistant Attorney General to 3 Investigator Training courses; (2) Implemented a streamlined conditional dismissal process; and (3) Approved a second investigator position.	The State must submit quarterly complaint logs to ASC staff. Staff will analyze each log. If progress is not made, the ASC may place additional requirements upon the State.	Through off-Compliance to this area f

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Appraisal Subcommittee
Federal Financial Institutions Examination Council

July 7, 2020

VIA EMAIL

Mr. Cary Matthews, Board Chair
Arkansas Appraiser Licensing and Certification Board
101 East Capitol Avenue, Suite 430
Little Rock, AR 72201

RE: ASC Compliance Review of Arkansas' Appraiser Regulatory Program

Dear Mr. Matthews:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Arkansas appraiser regulatory program (Appraiser Program) on March 3-5, 2020, to determine the Appraiser Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

The ASC considered the preliminary results of the Review and the State's response to those results. The Appraiser Program is given an ASC Finding of "Needs Improvement." The final ASC Compliance Review Report (Report) of the Arkansas Appraiser Program is attached.

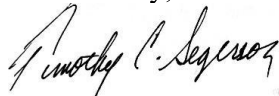
The ASC identified the following area of non-compliance:

- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought.¹

ASC staff will confirm appropriate corrective actions have been taken through off-site monitoring and during the next Review. Arkansas will remain on a two-year Review Cycle.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,



Timothy Segerson
Chairman

Attachment

cc: Ms. Diana Piechocki, Executive Director, diana.piechocki@arkansas.gov

¹ 12 U.S.C. § 3347; Policy Statement 4 B, C.

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor ²	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

² An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 12, *Interim Sanctions*.

ASC State Appraiser Program Compliance Review Report

ASC Findings
Final Report

Arkansas Appraiser Regulatory Program (State)

Arkansas Appraiser Licensing and Certification Board (Board)	PM: K. Klamet	ASC Compliance Review Date: March 3-5, 2020	Review Period
Umbrella Agency: Department of Labor and Licensing		Number of State Credentialed Appraisers on Appraiser Registry: 865	Review Cycle

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:			X				
States must require that appraisals be performed in accordance with the latest version of the Uniform Standards of Professional Appraisal Practice (USPAP). (12 U.S.C. § 3331; 12 U.S.C. § 3347; Policy Statement 1 F.)				The State's Administrative Rules have not been amended to adopt the 2020-2021 edition of the USPAP.	On May 15, 2020, the State reported that the Administrative Rules are in the promulgation process and are expected to be effective July 31, 2020.	The State should continue the process of amending its Administrative Rules, develop a process that ensures timely adoption of each new version of USPAP, and provide ASC staff with a copy of the Rules once finalized.	During the n particular att and ASC Poli
Temporary Practice:	X						
				No compliance issues noted.	N/A	None	
National Registry:	X						
				No compliance issues noted.	N/A	None	
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought. (12 U.S.C. § 3347; Policy Statement 4 B, C.)				The State issued an appraiser credential without verifying the applicant passed the examination for two of the required courses.	On May 15, 2020, the State reported that the trainee appraiser applicant did not pass the examination for two qualifying courses. The State advised that the appraiser is retaking both courses.	Within 60 days, the State must provide ASC staff sufficient documentation to show that the appraiser met all the requisite qualifying education; or that the State took appropriate action.	Through off- Compliance to this area f Statement 4
Reciprocity:	X						
				No compliance issues noted.	N/A	None	
Education:	X						
				No compliance issues noted.	N/A	None	
Enforcement:	X						
				No compliance issues noted.	N/A	None	

Response to Appraisal Foundation
October 26, 2020 FOIA Request

Concept Document

(relevant language highlighted by ASC Staff)

Appraiser Modernization Key Concepts – 05.17.2018

CLARIFICATION: This document was mistakenly attributed to REVAA which is not correct.
The Concept Document was developed by the Appraisal Institute.

Appraisal Modernization Key Concepts

- Repurpose the Appraisal Subcommittee to:
 - Establish a cloud-based nationwide licensing platform for appraiser and AMC licensing and registration or contract with an existing entity that provides such services
 - State appraiser regulatory agencies shall utilize the licensing platform for credentialing management;
 - States shall utilize common license and registration application and renewal processes and procedures (including standards for removing an appraiser/AMC for discipline; and
 - Serve as a backstop federal authority should states fail to comply with program criteria (modeled after the SAFE Act & NMLS)
 - Serve as a Negotiated Rulemaking Committee for
 - Appraisal guidelines for establishing consistency appraisal guidelines for eligibility for sale/guarantee by agencies, enterprises, and financial institution appraisal requests, including appraisal needs of the FHA, VA, RHS, GSEs and future housing finance entities. This shall include evaluations to be prepared by appraisers.
 - Common reporting forms, including gap products
 - Federal loan guarantee agencies shall be authorized to development supplemental requirements tailored to specific and unique characteristics of their program.
- Financial institutions shall be encouraged to engage professionally designated appraisers who exceed minimum AQB criteria in appraiser engagements
- Oversight of the Appraisal Foundation
 - USPAP shall be published/modified on a stabilized basis, not to exceed every four years unless a change is requested by the ASC. Stakeholder organizations shall have the opportunity to appeal to the ASC to request changes.
 - Appraisal Standards Board and Appraiser Qualification Board shall be required to regularly engage nationally recognized professional appraisal organizations and users of appraisal services on standards and qualifications projects
 - A functional electronic version of USPAP shall be made available for free to the public and allowed to be used for appraisal coursework. Hard copy versions and derivative works shall remain available for sale.
 - Grant funding for ASB and AQB activities would be authorized by the ASC on an as-needed basis
 - All organizations referenced in statute shall carry limitations consistent with SAFE Act, NARAB II (no qualifying and continuing education to regulated parties), except for standards education.
 - ASC shall conduct a review of USPAP (every two years) to ensure it is relevant, understandable and applicable to current market conditions.
- Consumer Disclosure
 - Closing Disclosure forms shall require separate disclosure of AMC and Appraisal Fees to consumers.

Response to Appraisal Foundation
October 26, 2020 FOIA Request

Industry Articles

(relevant language highlighted by ASC Staff)

Valuation Review Newsletter – 01.29.2018

Appraisers are at a Crossroads – Scotsman Guide – 11.09.2018



VALUATION REVIEW

January 29, 2018
Volume 16, No. 18

INSIDE

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Preparing for appraisal reviews in audits, litigation

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One company tackling female appraiser shortage issue

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Fee appraiser 'assess' the situation

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Metro-West earns woman-owned certification

Page 10

Florida judge dismisses lawsuit against property appraiser

Page 11

NAHB confident market will expand in 2018



AI's new president discusses 2018 goals

The Appraisal Institute (AI) welcomed a new president effective Jan. 1. **Jim Murrett**, in his role as leader of the appraisal organization, expressed excitement in helping guide appraisers and all in the valuation profession toward a path to success.

"It's certainly an honor to serve the Appraisal Institute's nearly 19,000 professionals in almost 60 countries and to represent the real estate profession," Murrett told *Valuation Review*. "Our profession faces numerous opportunities and challenges, and I'm pleased to help our organization address them during a crucial time in the profession's history."

AI is committed to the development and enhancement of strategic plans and concepts further strengthening the organization's reputation and leadership abroad.

Murrett anticipates these plans, that also include educational opportunities, will flourish during 2018.

"In May 2016, the Appraisal Institute announced a three-year strategic plan to address challenges and opportunities facing the organization and the real estate valuation profession," he said. "We are continuing to implement that plan. AI also continues to enhance its reputation and leadership across the country and around the world by expanding its thought leadership.

"We do that by offering education, publications and designations, and by attending

Continued on Page 3

ABOUT US

Valuation Review is a production of October Research, LLC specializing in business news and information for the valuation industry and real estate appraisal professionals, and is published 24 times a year.

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Volume 16, Number 18
ISSN: 1937-3864 (print) 1937-3872 (online)

EDITOR'S NOTE



VALUATION REVIEW
There is no comparable

Open minds might close door to negative perceptions

Dear Readers,

It may be time for the appraisal profession, when assessing the overall state of its industry, to start viewing things by way of an old adage—the one that asks if you see the glass being half-full or half empty.

There are specific mechanisms in place that some believe will only enhance the valuation industry, while others feel such methods will most assuredly spell doom in terms of appraisal survival. In particular, the usage and acceptance of Automated Valuation Models (AVMs) and trainees continues to cause concern. The notion is both of these “enhancements” might prove to be as toxic to the appraiser as kryptonite is to Superman.

With AVMs, the questions begin to surface on whether or not appraisers will even be needed to provide the data necessary to perform a compliant assignment. But many experts feel that AVM technology is not here to replace appraisers, it is here to help them. Recently, *Valuation Review* spoke with First American Mortgage Solutions President **Kevin Wall** about his company’s technological tool. “Smart valuations will help appraisers become more efficient, while also improving the integrity of their valuations,” Wall told us. “The new technology assists the appraiser in both research and reference data, and the collective workflow helps take care of the prep work involved in property inspection, so appraisers can focus on providing expert analysis.”

The appraiser taking on trainees remains a very touchy subject that moves the needle on the emotional meter quite significantly. Reasons why appraisers don’t want to take on trainees range from not being financially advantageous to the belief that trainers might be training their future competition, while other concerns are constantly bantered about the discussion table.

In an upcoming story, we will introduce you to **Shelley Bogenhagen**, a Colorado appraiser, who gladly accepts the opportunity to train new people for entry into the profession. She shared with us a statistic that the average age of an appraiser in Colorado is 59, while the U.S. average age of appraisers is over 55.

“We have to get people trained and out there,” Bogenhagen told us.

So, what is one to do? The answer may lie with one’s own perception. It might just come down to how appraisers are seeing the amount of liquid inside that glass. Let me know about other topics of interest to you. We are here to help you and your business.

Your valued editor,

Mike Holzheimer
Editor
mholzheimer@octoberresearch.com



OCTOBER RESEARCH
L.L.C. KNOWLEDGE...
THE COMPETITIVE ADVANTAGE

Continued from Cover

and speaking at real estate industry events in North America, Europe, Asia and elsewhere,” Murrett added. “And, of course, we also host the Appraisal Institute Annual Conference, which will be held July 30-Aug. 1 in Nashville, Tenn.”

AI is also keeping a close eye on the many regulations and policies affecting appraisers. Some considered a bit “archaic” and clearly not keeping up with the changing times and appraisal environment have been widely addressed and officially discussed by way of direct testimony before Congress.

But the wheels of progress sometime will grind slowly when it comes to how politicians perceive certain topics, and how fast they should move toward a remedy.

“While it’s impossible to predict what will happen in Washington, the Appraisal Institute is optimistic that Congress will address regulatory modernization this year,” Murrett told us. “Perhaps now more than ever, we see the need for an overhaul of the current U.S. appraisal regulatory structure as appraisers are crushed by a stack of growing, outdated rules and regulations. Regulatory modernization is an opportunity to fix a broken system.”

The idea of “appraisal quality” and maintaining specific benefits available to appraisers within AI was discussed last year by past president **Jim Amarin** when speaking with *Valuation Review*.

Murrett shared his thoughts on these matters as well.

“As a profession, we need to figure out an across-the-board method to enhance appraisal quality,” he said. “And we need to ensure that appraisal standards are not overly prescriptive but instead provide enough flexibility for clients to get the products and services they need from appraisers.”

Amarin also discussed a big misconception within the valuation profession that appraisers

can do only one thing. This year’s president suggests appraisers bring an array of knowledge and skills to the table.

“Too many clients and users of appraisal services still think appraisers can offer only ‘point in time’ appraisals,” Murrett said. “In fact, qualified and competent appraisers can provide a wide range of valuation services, such as providing litigation support, feasibility and market studies.

“Of course, to be qualified and competent for those kinds of assignments, appraisers must ensure they’re well educated and informed about a particular area of practice. The Appraisal Institute’s education and publications can help appraisers seeking to expand their business,” Murrett added.

Technology continues to be a key element regarding the enhancement of the appraisal profession. There are so many technological tools available to the appraiser today that many say it is simply unwise to not use such devices to help with assignments, or to ignore them altogether.

AI keeps it focus on introducing appraisers to as many devices inside that toolbox as possible to help make better use of their time leading to both more productivity and an increase in assignments.

More focus is on letting appraisers know and convincing them that technology is not here to replace you, it is here to help you.

“The use of so-called big data is a continuing trend that keeps growing, and appraisers who can take advantage of it can have a leg up on their competition,” Murrett said.

“Whether it’s new hardware or emerging software, it’s vital that appraisers stay on top of technological developments. That’s especially true as competing products – such as AVMs and BPOs – continue to threaten the valuation profession, particularly on the residential side.”

Murrett also revealed what he believes are the top challenges facing the appraisal industry heading into 2018.

“Far and away the biggest challenge facing appraisers is excessive regulation,” he said. “Fixing that problem would fix many others. Another challenge is the aging appraiser population, which continues to shrink without an influx of new appraisers. And a third is the growth of threats to the use of appraisals, whether that’s appraisal waivers or competing products, like AVMs (automated valuation management tools) and BPOs (Broker Price Opinions).”

The AI president also outlined four specific goals he has for the New Year and what he feels appraisers aren’t prepared for upon entering the profession.

“In 2018, the Appraisal Institute will focus on advancing the profession by seeking to modernize the appraiser regulatory structure; working to halt appraisal waivers; attracting new appraisers to the profession; and focusing on the needs of residential appraisers,” Murrett said.

“Basically, too many appraisers – especially those just entering the profession – don’t know what they don’t know,” he added. “That is to say, there are many potential pitfalls when developing an opinion of value, and it’s important to know what they are in order to avoid them. Working with an experienced mentor can help new appraisers know what to look out for.”

“Perhaps now more than ever, we see the need for an overhaul of the current U.S. appraisal regulatory structure as appraisers are crushed by a stack of growing, outdated rules and regulations.”

Jim Murrett,
president
The Appraisal Institute

Preparing for appraisal reviews in audits, litigation

A successful appraisal review requires the proper preparation. For financial statement audits, proper preparation typically includes a site inspection, along with documentation supporting your opinions. While a written narrative usually accompanies the analysis, it is well-organized, documented work papers that usually lead to a successful audit review.

"It's not about what the appraisal looks like, it's about how the appraisal was done and the substance of the numbers provided," Ernst & Young's **Bob Stall** told conference attendees at the American Society of Appraisers joint conferences in Houston. "If there is no documentation behind your appraisal report, then there is no appraisal. You must support that report with facts. If you cannot produce the comps involved, then there were no comps."

In litigation, in addition to well-organized work papers, the ability to convey your conclusions in a well-written narrative report supported by clear, concise testimony (hopefully) leads to a successful appraisal review.

Appraisals of machinery and equipment prepared for financial statement audit review must be performed by qualified personnel knowledgeable of the relevant and appropriate valuation methodologies. In addition, the analysis must include supportable assumptions and be properly documented.

The relevant and appropriate methodology Stall referred to deals with the cost approach considering all forms of physical deterioration as well as functional and economic obsolescence. If multiple approaches are utilized for the same asset, the value indications must be reconciled based on supportable information. The market participant view of value in-use versus value in-exchange must also be addressed.

As for what is different in litigation, there are four multiple levels of review including the client's attorney (an advocate), multiple witnesses (for and against), opposing counsel

(an advocate against your client) and trier of fact (impartial).

"Litigation settings tend to be more confrontational than an audit review," Integrity Valuation Managing Director **Robert Svoboda** said. "An audit review is a peer review with the goal of complying with GAAP. In litigation, you are the expert and the review involves other experts, opposing counsel and a trier of fact with the goal to resolve a dispute in accordance with applicable laws or regulations. In litigation, you are the expert and typically held to a higher standard of review."

The first level, the client's attorney, your attorney has three options to review your appraisal. The first is the appraisal report ensuring that the expert has prepared an appraisal that renders an opinion of value considering the law, generally accepted valuation principals and that the accompanying work papers are organized and readily accessible.

Direct testimony is the second level of review which can vary by venue in that it may be written, orally delivered, or both. The direct testimony must be thorough and include all conclusions with a sufficient description of the analyses to convince the factfinder that your conclusions are supported. The goal of direct testimony is twofold: presenting your conclusions in a clear and concise manner and being able to convince the trier of fact that you are a credible witness.

"Rebuttal testimony (third level) offers the opportunity to present evidence that contradicts evidence presented by the other side," Svoboda said. "In preparing for rebuttal, you will only be able to prepare after the 'case in chief' has been presented to the trier of fact. Your counsel should advise as to whether you or another expert rebuts contradictory evidence, while in situations where there are many technical issues, your client's counsel will often retain other experts to provide testimony prior to the case

beginning. Rebuttal testimony is a 'game time' decision as to whether or not those individuals actually take the stand. Opposing counsel has four opportunities to review your appraisal. Discovery, depositions, cross examination and again, rebuttal."

Discovery, according to Svoboda, varies by venue. Typically, the attorney will provide guidelines for discovery. As an appraiser, you need to fully understand the rules, and prepare the report and work papers consistently with the rules. To illustrate, Svoboda cited two property tax examples: in California, there is typically no discovery, while in New York; the appraisal report needs to include all relevant work papers and communications that influence the valuation and is provided in its entirety as part of discovery.

Svoboda also pointed out that although discovery rules do vary by venue, it is always safe for the expert to assume that everything in the expert's files will be requested and made available to the other side which would include all communications with the client and counsel, all analyses and draft reports.

Opposing counsel's second opportunity for review occurs during depositions. "A deposition is simply a fact-finding exercise whereby the expert witness is questioned by the opposing side prior to trial," Svoboda said. "It typically occurs after the opposing side has reviewed documents you have provided. The purpose of the deposition is twofold in allowing the other side to learn what you know and 'freeze' the testimony."

Cross examination, opposing counsel's third review opportunity, "occurs when your direct testimony is completed and opposing counsel has the opportunity to 'quiz' you," Svoboda added. "The keys to effective cross examinations include not underestimating opposing counsel, maintaining a professional demeanor and maintaining your composure. Expect to be provoked but keep that composure. Your risk of losing the case

increases considerably if you lose your temper.”

One should expect that during cross, opposing counsel will be aware of your work in this case, and in prior cases. Svoboda suggests not being afraid to say “I don’t know,” if in fact you don’t know. Caution, though, is advised in that too many “I don’t know” answers may work against you as far as credibility is concerned. Svoboda’s advice is to discuss cross examination issues with your attorney. This may include how to handle weakness in your valuation and how to handle situations where you don’t have instant recall on a specific question, but the answer is in your work papers.

“The trier of fact has multiple opportunities to review your work,” Svoboda said. “You first need to know your audience which may be a judge, jury, review board and others, such as arbitrators or mediators. Your counsel will offer guidance as to the background and experience of the individuals hearing your case. The trier of fact will always listen to the evidence and may be proactive in questioning you and your work.”

The primary purpose of the trier of fact is to impartially judge the merits of the case. Regarding the appraiser, a trier of fact is judging your credibility throughout the litigation process including during both discovery and testimony.

The key to a successful appraisal review is proper preparation. If you prepare for and pass a financial statement audit review, chances are your analysis is sufficient for litigation as long as you prepare your analysis in accordance with appropriate experience/expertise, valuation methodologies and rules and regulations governing the venue, the presenters said. In addition, provide a well-written comprehensive narrative addressing the issues set forth regarding the analysis; clearly and concisely articulate that analysis and conclusions under oath and defend your analyses and conclusions under cross examination.

One company tackling female appraiser shortage issue

Women largely hold managerial and operational roles within the appraisal industry, but women are not equally represented at the appraiser level, according to a report from a Toledo, Ohio-based valuation company, Valuation Partners. The commercial industry has many female professionals, but there are only a small percentage of women on the residential side.

Valuation Partners sent several employees from its female leadership to the “Women’s Initiative of the United Way” located within the confines of the company’s residency to participate in the program’s celebration of the professional advancement of women in the workplace.

“It’s a cause of immense importance to us, as we have always been an advocate for female appraisers in an industry that is traditionally dominated by men. But it’s time we do even more,” Valuation Partners co-founder **William Fall** told us. “The appraisal industry is still, in many ways, a men’s club. But the truth is it is not an easy business to break into, male or female.”

In fact, according to Fall, the Appraisal Institute (AI) states that women make up just 25 percent of all appraisers, while according to

the National Association of Realtors (NAR), 63 percent of all Realtors are women. It’s clear that women know the real estate market, yet still they remain outnumbered in the appraisal industry compared to men working in the profession.

Compared to the real estate and mortgage industries, there are many more challenges to becoming a qualified, licensed appraiser.

“Getting an appraiser’s license should not be so easy that just anyone can do it, but changes are needed to bring more candidates to the industry,” Fall said. “Over the past decade, we have seen a large drop in new appraiser numbers for both women and men. Meanwhile, aging appraisers have left the industry due to changing requirements and guidelines.

“New training and licensing standards should help level the playing field, and changes are currently being discussed. However, appraisal companies need to do a better job recruiting women candidates, and our industry should do a better job attracting women to the profession,” Fall added.

And according to Fall, there has never been a better time to do so than right now. NAR’s figures would indicate that there’s no shortage

of female housing experts, many of whom may find appraising a more challenging career. Yet there’s a good chance that many women haven’t discussed or considered appraising as a profession because no one ever reached out to them. This is unacceptable and must change.

“In the meantime, Valuation Partners remains committed to hiring more female appraisers and encouraging women who are considering a career in the appraisal industry to take the plunge. Our industry could sure use their help,” Fall said.

“The appraisal industry is still, in many ways, a men’s club. But the truth is it is not an easy business to break into, male or female.”

William Fall,
co-founder
Valuation Partners

Fee appraiser 'assesses' the situation

As defined by The Complete Real Estate Encyclopedia, a fee appraiser is one who furnishes appraisals of real property for a fee. This is in contrast with a review appraiser who is typically an employee of a financial institution or institutional investor who reviews work of fee appraisers.

An assessor, as defined by Vocabulary.com Dictionary, is a person whose job involves determining how much a house or building is worth. After an assessor establishes the value of a property, it can be taxed appropriately.

Additionally, according to the source, an assessor is sometimes called a "tax assessor," working for a city or county, aiding the process of collecting taxes from people who own property there. In order to figure out how much someone owes, an assessor compares the person's house to the others in the neighborhood and tallies up things like square footage, number of rooms, and acres of land.

At the Appraisal Summit & Expo in Las Vegas, *Valuation Review* attended a session where a fee appraiser working in the Clark County (Nevada) Assessor's Office told conference attendees about the differences between fee appraisers and assessors.

"Fair and equitable, those are the words assessors live by," Clark County Deputy Assessor and Property Appraiser **Carolanne Doherty** said. "Appraisers don't look at the unique aspects of properties the way fee appraisers do. It is also important to remember that the assessor's estimate of taxable value is not equal to current market value."

Doherty spent a significant amount of time as a commercial appraiser, working on many property types for various client types. She said it was a great job.

But a few years ago, things changed regarding fees going down and client demands going up, so she decided to make a career change.

Having worked as an independent fee

appraiser on a Clark County project a few years prior and getting to meet the staff there, Doherty thought it would be a good place to work, applied for the position of assessor, and started working there almost two years ago.

She broke down work as an assessor versus work of a fee appraiser.

"There is significant overlap between the two jobs, but with many distinctions," Doherty said. "Both jobs, though, are the same in that both have state license requirements for certification, and both assessors and appraisers care about market trends.

"As for differences, in the assessor's office we do mass appraisals as defined by law, determining fair and equitable values for all properties in our jurisdiction. That is basically our mission statement," Doherty added. "Assessors don't look at unique factors about the property. We look at rigid and objective measures such as the square footage or age of the property."

Another difference, Doherty said, is that assessors may estimate the value of an entire neighborhood or property type all at once, which is called a "mass appraisal." Assessor valuation dates are static in that they become effective Jan. 1 of each year in most jurisdictions. It is the only valuation date assessors go by, which can simplify matters.

Assessor work also is team-oriented where conversely fee appraisers do things their own way. Doherty says there are 66 appraisers and data collectors in her office in Nevada.

"As a team when we start a new project or property to be added, we start with a meeting where different forms of expertise are brought together," she said. "We discuss who can implement an idea. The purpose of the assessor's office is to provide a basis for collecting taxes to meet the annual budget. Each state has its own laws with Nevada having real and personal property taxes, but no income taxes," Doherty said. "Our No. 1

concern is to comply with Nevada law and produce fair and equitable valuations on properties."

There are more than 760,000 parcels in Clark County, and Doherty's office values these annually prompting her to quip, "boy, I need a raise."

Assessors use statistics and broad assumptions as well as computer programs in making their valuation determinations. Assessors also utilize mass appraisal techniques, something fee appraisers do not use.

Doherty also emphasized another mantra during her presentation.

"Taxable value is not equal to market value," she told conference attendees "as defined by fee appraisers or text books. The taxable valuation date is based on Jan. 1 and it reflects data prior to that date. We, as assessors, never use projections or speculative approaches to determine value. We use cold, hard facts with value estimates as defined by Nevada law.

"For fee appraisers, it doesn't make sense to equate tax assessment value to market value in a fee appraisal; it's not comparable," Doherty added. "Assessors don't care about things like a special view or a special interior finish where fee appraisers do. Values we estimate are driven based on application of laws written by legislation, not by the market."

Nevada law requires taxable value to be based on the cost approach analysis. As for how assessors use market and income value estimates in Clark County, Doherty said they test the reasonableness of cost estimates. The cost estimate should not exceed the property's value based on a comparable sale or an income approach.

"Fee appraisers have a big role in the property tax arena," Doherty said. "They are valuable to the jurisdiction because they are ahead of the game as far as knowledge

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of appraisal techniques. In most assessing jurisdictions, there is a need for knowledge in all areas of property value. Fee appraisers are used to prepare reports in appeal work. Fee appraisers are often hired as outside consultants for special projects and research.

“We want to develop cost values for properties, based on factors such as construction, location and age,” Doherty added. “We run programs comparing that value against sales data and income data to ensure that the cost method is not higher than the income method value.”

The Nevada assessor also pointed out some misconceptions regarding government-related jobs. The idea of working with people who, shall we say aren't very motivated, is not the case. Doherty found her government appointment within Clark County to be a very pleasant experience, discovering many interesting things about the job on a daily basis.

“Taxpayers are our customers,” she said. “We do our best to answer questions, and find

answers to help the customer. Once a year we do go through an appeal process for the taxpayers pertaining to something that may have gotten overlooked, and where their opinion of their property value is different than ours.

“Sometimes, the owner may not have an appraisal to go with their appeal,” Doherty added, “but we still address their issues in the assessor's office. We will prepare our evidence stating why we think our assessment is correct, or recommend an adjustment.”

An assessor also finds out about new construction to add it to the tax rolls. For additions, owners need to get a permit, including permits to demolish buildings. Assessors will monitor a percentage of when buildings under construction will be completed. This gets put on the tax roll when the building is 30 or 40 percent completed.

“Revaluation is the time in our annual cycle when we do corrections, reclassifications and fix errors we find,” she said. “This period is

like a free-for-all time to do what you need to do and make changes that need to be made to ensure the records are correct and current. We sketch buildings because every property is required to have one, per Nevada law. In my years as a commercial fee appraiser, we didn't sketch anything because of the liability factor. An appraiser may measure a building and make a mistake, either underreporting or overestimating the area, which will make the clients unhappy.

“Condominiums are a very complex area pertaining to the legal structure and how the land is owned. It makes condominiums tough to assess,” Doherty added. “An assessor here in Las Vegas also evaluates casinos and looks at the income generated. We reduce taxable value as estimated by the cost approach where warranted based on their reported income.”

At the end of the day, when assessing property it's all about the one thought Doherty emphasized to her audience – that the results need to be fair and equitable.

AI book addresses subdivision valuation practices

Subdivision analysis is a challenging area of appraisal practice because of the complex timeline concepts and value estimates involved, according to a new book published by the Appraisal Institute (AI). “*Subdivision Valuation*,” second edition, by **Don M. Emerson, Jr.**, provides a comprehensive overview of the methodology used in valuing existing and proposed single-unit residential subdivisions. Market and neighborhood analysis, highest and best use, profit and timeline concepts, land value, yield, line-item profit and discounting procedures are described in detail and new

case studies are presented to illustrate lot presales, mortgage financing, bulk sale forecasts and the time-zero profit dilemma.

“This second edition of *Subdivision Valuation* provides a comprehensive overview of the methodology used in valuing single-unit residential subdivisions,” Appraisal Institute past president and acting CEO **Jim Amarin** wrote in the book's foreword.

This book will further address developer risk reduction strategies, lot sales to potential

homeowners, proposed construction performance bonds and super pad sites. Additionally, areas of weakness in subdivision appraisal reports are examined to provide guidance on how to avoid common valuation errors.

“*Subdivision Valuation*,” second edition is a 293-page softcover book. It is available for \$60 (\$50 for Appraisal Institute professionals).

Call 888-756-4624 or order online.

We're bringing NS3 to Detroit! Join us June 6-8 for the industry's leading event.
Registration is open now at NS3TheSummit.com

FHFA publishes Fannie, Freddie's 'Duty to Serve' program

The Federal Housing Finance Agency (FHFA) published Fannie Mae's and Freddie Mac's "Underserved Markets Plans for 2018-2020 under the Duty to Serve" program. The plans became effective Jan. 1, 2018, according to a release by the FHFA.

FHFA issued a final rule Dec. 13, 2016 to implement the "Duty to Serve" provisions mandated by the Housing and Economic Recovery Act of 2008. The statute requires the enterprises to serve three specified underserved markets – manufactured housing, affordable housing preservation and

rural housing – by increasing the liquidity of mortgage financing for very low-, low- and moderate-income families, the FHFA release said.

The rule requires each enterprise to adopt a three-year Underserved Markets Plan to fulfill this mandate. The activities proposed by the enterprises to achieve the objectives in their plans will continue to be subject to FHFA review and approval to ensure compliance with the enterprises' charter acts, safety and soundness and other conservatorship and regulatory requirements.

"I congratulate Fannie Mae, Freddie Mac and FHFA staff for the work they have done to reach this significant milestone," FHFA Director **Melvin L. Watt** said in the release.

"The tough challenges associated with implementation are still ahead. However, to ensure that the plans meet affordable housing needs in underserved markets around the country, FHFA looks forward to working with Fannie Mae, Freddie Mac and stakeholders to ensure that the plans serve their statutory purposes and do so in a safe and sound manner."

Clarocity retains committee

Clarocity Corp. announced that it has retained Keefe, Bruyette & Woods (KBW), Inc., an investment bank, as part of the company's previously announced strategic alternatives review.

KBW provides certain financial advisory services to Clarocity's Strategic Alternatives Committee in connection with certain

potential strategic transactions, the company announced in a release.

"There can be no assurance that the company's strategic alternatives review will result in the consummation of any transaction or, if a transaction is undertaken, as to its terms, structure or timing," the release said.

"The company does not expect to disclose

further developments during this process unless and until Strategic Alternatives Committee and the company's Board of Directors have approved a specific transaction or otherwise determined that disclosure is appropriate. Any potential transaction will be subject to receipt of all necessary approvals including acceptance by the TSX Venture Exchange," Clarocity added.

Dart Appraisal celebrates 25th anniversary

Dart Appraisal is celebrating its 25th anniversary this year. In a marketplace where the majority of competitors were established following the real estate crash of 2008, Dart Appraisal is proud to have been providing full-service appraisal management solutions since 1993, the company announced in a release.

"Very early on, I realized how much pressure was put on appraisers if they did not have a referee," Dart Appraisal founder and CEO **Darton Case** said in the release. "I believed that an appraisal management company should create transparency between the lender and appraiser, cultivating a process that brings out the best in both parties."

The company grew from mainly operating in Michigan to a nationwide business by 1998. Dart Appraisal employs thousands of independent contractor appraisers across the country, providing its lender clients county-level coverage in every state. It remains an independently owned and operated company.

"We are incredibly proud of this milestone anniversary," Dart Appraisal President **Michael Dresden** said. "Twenty five years is something to celebrate in any industry, but even more so in the AMC space where less than 50 percent of our competitors were even established before the 2008 real estate crash. Our longevity is a testament not only to our

company's integrity, but also the quality of our appraiser panel, top-notch technology and excellent customer service."

Case elaborated on what experiences he wanted appraisers to have and benefit from.

"When we started this company 25 years ago, I wanted to provide our customers, team members and appraisers an experience that was, above anything, reliable and consistent," he said. "That vision remains the same for the next 25 years and beyond, and I want to thank everyone who has been a part of our company, whether as an employee, client or appraiser."

Metro-West earns woman-owned certification

Metro-West Appraisal Co. LLC celebrated its 30th year in business earlier this year by announcing it has obtained a Woman-Owned certification.

Joan Rousseau, owner of Metro-West, has been the active president of the firm for the last five years. Rousseau made it a goal for the company to be acknowledged by the Women's Business Enterprise National Council (WBENC), the largest third-party certifier of businesses owned and operated by woman. "Becoming a part of the WBENC community

of women-owned businesses has been a very rewarding recognition in our overall mission," Rousseau said in a release. "Our company as a whole agrees with the mission and goals for which WBENC stands: to fuel economic growth globally through access to opportunities, by identifying, certifying and facilitating development of women-owned businesses.

"Diversification is not only at the core of our company culture, many of our clients have vendor diversity goals that Metro-West Appraisal

can help them obtain," Rousseau added.

The WBENC website says "diversity promotes innovation, opens new channels of revenue and creates partnerships which provide opportunities that fuel the economy."

With WBENC's certification, Metro-West expects to be seen as a growing and stable company within the expanding demand for diversity in today's business environment, the release said.

Assurant appoints industry veteran

Assurant, Inc., a premier global provider of risk management solutions, announced the appointment of **Scott McGregor** as managing director of American Title, Inc. (ATI), one of the industry's top alternative title, valuation and settlement services companies.

McGregor will oversee the ATI product lines and lead strategy and innovation while strengthening the Assurant subsidiary's presence in key markets, the company said in a press release.

"Scott has a proven track record of leading teams to operational excellence while maintaining a strong client-centric approach," Assurant Mortgage Solutions Senior Vice President **Dan Hoppes** said in the release.

"His ability to successfully collaborate at all levels makes him the right leader for ATI, and I am confident he will play an important role in helping expand our capabilities in strategic markets."

Valuation Review reached out to McGregor, who has nearly two decades of leadership experience in mortgage lending and services. He joined ATI in May 2008 as vice president of Title Service Operations and assumed his most recent role as COO in 2013.

We asked how he sees his role affecting appraisers as far as the utilization of initiative products.

"In concert with ATI's strong collaboration amongst appraisers, industry experts and lenders, I am excited to continue our efforts to develop solutions for an ever-evolving landscape in the valuations industry," McGregor told us.

He also had a 2018 market forecast appraisers should keep an eye on.

"While there is still a high sensitivity in the regulatory environment, the focus is moving toward innovation and efficiency. We anticipate an increase in alternative solutions that not only leverage technology but are developed to improve turn-times and customer experience while being fully compliant," McGregor said. "These are some of the factors that drove the development of our latest offering, Assurant Hybrid Appraisal which is a compliant solution for lower risk scenarios that brings speed, efficiency and cost benefits to all parties."

ATI has been recognized twice with Best Place to Work Awards during his tenure, reflecting his passion for building and maintaining a highly engaged team. Prior to ATI, McGregor

served in multiple capacities as an operations manager at Wells Fargo with a focus on building and centralizing operational functions, according to the release.

"I look forward to working closely with Assurant's Mortgage Solutions leadership to provide our clients with innovative products and an exceptional customer experience," McGregor said. "This is an exciting time at Assurant, as we collaborate to develop increasingly cohesive solutions across the mortgage lifecycle."

McGregor will be based in Omaha, Neb. and will replace **Mike Mackintosh**, who announced his plans to leave Assurant in December.

"I am excited to continue our efforts to develop solutions for an ever-evolving landscape in the valuations industry."

Scott McGregor,
managing director
American Title, Inc.

Florida judge dismisses lawsuit against property appraiser

A year-long, \$25 million lawsuit filed against Alachua County's (Florida) property appraiser, tax collector, clerk of the court and a number of their employees have been thrown out by a judge. The case centered around a property said to be owned by Pastor **Walter Jenkins**, who claims he lives there and that it is also a church that holds religious gatherings — making it exempt from property taxes, [The Gainesville Sun](#) reported.

The property appraiser's office refuted the claim and in 2012 mailed Jenkins a \$13,000 bill for back taxes from 2002 through 2011, stating that no one lived on the property, and that the property was not a church.

In 2016, the 69-year-old Jenkins sued property appraiser **Ed Crapo** and a pair of employees saying he shouldn't have to pay. Over the last year, however, Jenkins' complaint grew from eight claims against three defendants to 20 claims against 11 defendants, totaling \$25

million, the newspaper reported.

Jenkins sued for trespassing, violation of right to privacy, fraud, coercion, mail fraud, extortion, financial damages, emotional stress and pain, and tampering with or fabricating evidence. Defendants listed in the case were Crapo, Crapo's lawyers, former Clerk of the Court Buddy Irby, Tax Collector John Power, Alachua County and County Commissioner **Robert Hutchinson**.

After disputing the issue for five years, Jenkins said he is fed up. Court records show the case closed Oct. 24.

"My journey through the court system shows me that the entire system is corrupt," Jenkins told *The Gainesville Sun*.

Jenkins, who served as his own legal counsel, claimed Crapo's employees conducted an unauthorized field visit to the southeast

Gainesville property and scattered trash and beer cans in his yard.

Jenkins was not home at the time, but had "no trespassing" signs posted around the property, including one on his locked gated that he claims was broken.

The signs, according to Jenkins, indicate that trespassers will be subject to a \$5,000 fine. The signs have since been changed, and now demand \$100,000 from unwelcome visitors. The property is also equipped with several security cameras. Crapo, who denied all claims, said the property is not a church and did not have electricity for some time, proving Jenkins doesn't live there and doesn't qualify for a homestead exemption.

"It went on forever," Crapo said. "It's one of those things you wonder if it's going to show back up."

Illinois brothers charged for fraud against AMC

The U.S. Attorney's Office in Chicago has charged two suburban mortgage brokers with fraudulently operating a purportedly independent appraisal management company (AMC) to control property valuations, and brokering fraudulent loans to finance real estate transactions between themselves and nominees, according to a release from the U.S. Attorney's Office of the Northern District Court of Illinois.

The U.S. Attorney's Office charged the suburban mortgage brokers with fraud for allegedly controlling property appraisals in a scheme to defraud lenders. **Steven L. Garcia** and his brother **Michael R. Garcia** operated American Financial Mortgage Services Inc., a licensed mortgage brokerage in Schaumburg, Ill. According to criminal information filed in federal court in Chicago, the brothers

fraudulently caused lenders to make mortgage loans brokered by American Financial by falsely representing that the supporting property appraisals were performed by independent appraisers.

The facts, though, are that Steven Garcia, 45, of Schaumburg, Ill., and Michael Garcia, 43 of Streamwood, Ill., along with American Financial employees, selected the appraisers, managed the appraisal process, influenced property valuation and paid the appraisers. The brothers are charged with one count of mail fraud and one count of wire fraud, the court stated.

According to the release, the charges were announced by **John R. Lausch, Jr.**, U.S. Attorney for the Northern District of Illinois; **Brad Geary**, special agent-in-charge of

the U.S. Department of Housing and Urban Development's Office of Inspector General in Chicago; and **Jeffrey S. Sallet**, special agent-in-charge of the Chicago office of the Federal Bureau of Investigation.

The charges stem from the fact that Federal Housing Administration (FHA) regulations prohibit mortgage brokers from having substantive communications with appraisers relating to valuation of properties, including ordering or managing an appraisal assignment, and from paying appraisers. Lenders rely on independent appraisals conducted within FHA regulations.

According to the charges, Steven and Michael Garcia bypassed FHA regulations by controlling a purportedly independent appraisal firm – Residential Appraisal Management

Market Watch

Company Inc. (RAMCI) – through a nominee. The Garcia brothers fraudulently used RAMCI to steer appraisals to hand-picked appraisers, including a relative of the accused brothers, who would provide an appraised value sufficient to support a proposed loan, while falsely representing to lenders that RAMCI selected appraisers based on experience and skill, the information states.

“Steven and Michael Garcia also fraudulently caused lenders to make mortgage loans to

finance fraudulent real estate transactions in which they and their nominees purchased and re-sold residences at inflated prices to unqualified nominees who then defaulted on the loans, the information states,” the court said.

“The Garcia brothers furnished lenders with false employment and income information to support the nominees’ loan applications, and then provided the nominees with the money to make the purchases, the information

states. The accused brothers also fraudulently obtained approximately \$1.9 million that was disbursed at the closings of the fraudulent real estate transactions, and another \$274,000 in commissions from those deals, the information states,” the court added.

Each count in the information is punishable by up to 30 years in prison. If convicted, the court must impose a reasonable sentence under federal statutes and the advisory U.S. Sentencing Guidelines.

Homeowners, appraisers more in agreement

The views of homeowners, and those who appraise their properties, are continuing to move closer together. Home appraisals were an average of 0.5 percent lower than what owners expected in December, according to the National Quicken Loans Home Price Perception Index (HPPI) report.

These two data points have moved closer together since November, when appraised values were 0.67 percent lower than homeowners’ estimates, and far improved from one year ago when there was a full 1 percent difference in valuation.

Increasing equity continues to be another source of good news for homeowners. The

National Quicken Loans Home Value Index (HVI) reported the average appraisal value climbed 0.65 percent higher from November to December, and jolted ahead 6.17 percent compared to the previous December, the report said.

“Appraisers and real estate professionals evaluate their local housing markets daily. Homeowners, on the other hand, may only think about their housing market when they see ‘for sale’ signs hit front yards in the spring or when they think about accessing their equity,” Quicken Loans Capital Markets Vice President **Bill Banfield** said in the release.

“This is reflected in the HPPI. The housing

markets that are rising quickly, like those in the West, are having appraisal values increasing above owner estimates because owners don’t realize just how quickly those markets are advancing.”

The Quicken report also states that the gap between the two numbers was narrower in December than it has been since March 2015. The current narrowing trend is in its seventh-straight month. While perceptions vary between metro areas, they are improving at the metro level. A negative value, which indicates that appraiser opinions are lower than homeowner perceptions, was only indicated in a quarter of metro areas measured by the HPPI.

NAHB confident market will expand in 2018

Builder confidence in the market for newly-built single-family homes increased five points to a level of 74 in December on the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) after a downwardly revised November reading. This was the highest report since July 1999, over 18 years ago, according to the NAHB report.

“Housing market conditions are improving partially because of new policies aimed at providing regulatory relief to the business community,” NAHB Chairman **Granger MacDonald**, a

home builder and developer from Kerrville, Texas, said in the report.

NAHB Chief Economist **Robert Dietz** emphasized that the demand for housing is on the rise.

“The HMI measure of home buyer traffic rose eight points,” Dietz said. “With low unemployment rates, favorable demographics and a tight supply of existing home inventory, we can expect continued upward movement of the single-family construction sector next year.”

Derived from a monthly survey that NAHB has been conducting for 30 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

Technology Corner

Online dispute resolution product aiding solutions

Tyler Technologies, Inc. announced that it has signed an agreement with the Ohio Court of Claims for Tyler's Modria online dispute resolution (ODR) solution. Modria will soon be integrated with Tyler's existing solutions used by the Ohio Court of Claims, including Odyssey Case Manager and Odyssey File & Serve, the company announced in a release.

In 2016, the Ohio legislature passed a law granting the court statewide jurisdiction over public records requests. With one physical court location in Columbus, the Ohio Court of Claims realized they needed support to handle these requests that could potentially be generated from any of the 88 counties in the state, the release said.

"Our experience with Tyler's Odyssey Case Manager and eFiling solutions

makes us confident Tyler will leverage their court implementation track record as well as Modria's 20 years of ODR expertise to deliver a strong software solution," **Mark Reed**, clerk of court for the Ohio Court of Claims, said. "Online dispute resolution will help us manage our case load, and provide self-represented litigants across the state improved access to justice. We also look forward to streamlined workflows gained from integration between Modria and Odyssey."

According to the release, the Ohio Court of Claims selected Tyler's Modria solution to provide an easy, online process for managing mediations resulting from public records requests. Modria provides online dispute resolution for courts with an efficient, automated way to handle large volumes of disputes. It helps to reduce the number of cases that need to be

heard, allowing courts to deploy valuable resources to more complex cases. Tyler acquired Modria in May 2017 to complement its courts and justice and appraisal and tax solutions.

"The Ohio Court of Claims took a mandate from the legislature and turned it into an opportunity to better serve their community. Through Tyler's Modria online dispute resolution software, the court will be able to automate mediations and create efficiency for their entire court staff," Tyler Technologies Online Dispute Resolution General Manager **Jamie Gillespie** said in the release. "We look forward to implementing Modria and are excited that the Ohio Court of Claims recognizes the enormous benefits of having Tyler's three Odyssey solutions working together, helping them manage their public records requests in the most efficient way possible."

Global DMS integrates with Black Knight's technology

Global DMS, a leading provider of cloud-based valuation management software, announced that it has integrated with Black Knight's LoanSphere Exchange platform, an online, collaborative technology that connects more than 25,000 mortgage industry service and solution providers. This integration provides a gateway that helps support easy, secure lender access to Global DMS' comprehensive eTrac valuation management platform from their loan origination system (LOS), such as Black Knight's LoanSphere Empower and LoanSphere LendingSpace LOS, which are integrated with LoanSphere Exchange, the

companies announced in a release.

Global DMS' integration with LoanSphere Exchange enables lenders to order, check the status in real-time, review and upload completed appraisal files into the LOS. The bi-directional integration streamlines data exchange and facilitates ease of communication between the platforms.

This eliminates the re-entry of data from initial ordering through review, thus reducing errors, ensuring compliance, cutting costs and dramatically speeding up the appraisal process.

Black Knight's Exchange technology provides integration, data management, support and workflow management to

facilitate transactions between lenders and their service providers through a single, secure online platform.

"Through this integration, we significantly extend our reach to lenders that use Black Knight technology," Global DMS President/CEO **Vladimir Bien-Aime** said in the release. "As a result of constantly changing legislation and higher origination costs, an increasing number of lenders are looking for an easy, cost-effective way to bring the appraisal function in-house. With Exchange, lenders essentially now have plug-and-play LOS integration to eTrac, which completely supports an in-house appraisal panel model, automates the entire valuation management process, and requires little-to-no IT resources to maintain."

Residential (/Residential/)

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Appraisers Are at a Crossroads

There is a growing need for a better regulatory system for the appraisal industry

By James L. Murrett, president, Appraisal Institute | [bio \(/Residential/Articles/2018/11/Appraisers-Are-at-a-Crossroads/#bio\)](#)

Home sales have steadily increased in the country in the last several years, which means there also has been an increase in the need for appraisals. All signs point to this trend continuing.

To keep up with this demand, everything should be done to make it as seamless as possible for appraisers to provide opinions of value that meet the needs of lenders and borrowers alike. Unfortunately, the regulatory system in place for the nation's valuation profession is full of outdated, inefficient and duplicative rules and requirements that run completely counter to that goal.

The current regulatory system forces appraisers to overcome multiple, complex layers of regulation by making use of a redundant federal oversight agency to audit state licensing agencies, which in turn set up their own specific licensing requirements for appraisers.

Ideally, federal oversight would come in the form of some type of nationwide multistate licensing system (NMLS), similar to the NMLS structure used now for mortgage originators. Under the current system, there is no national platform for states to coordinate licensing, which makes it extremely inefficient for appraisers to work across state lines.

The appraisers who safeguard home purchases for borrowers and reduce risk for lenders are being overburdened by current regulations that ultimately hurt their ability to serve their clients. The situation calls for appraisal-regulatory modernization.

Red tape

Indicative of the challenges facing the appraisal industry, a 2017 study conducted by the National Association of Realtors found that excessive regulation is one of the most common reasons for appraisers wanting to leave the profession – among appraisers who say they are likely to leave the industry within five years. Standards and associated required coursework for the profession change every two years, for example, causing appraisers to devote additional fees and significant time for minute, inconsequential updates.

Because most appraisers operate as small businesses, these regulatory requirements become a significant burden. To put it simply, appraisers are inundated with unnecessary, tedious requirements that change often and may not be recognized outside of the state where they practice.

This aging regulatory structure, which has been in place for nearly 30 years, has layers of federal rules and regulations that are duplicative and unnecessary while adding time and costs without additional lender and borrower benefit. This structure is unlike any in the federal system and has no comparable model – not for land surveyors, insurance agents, real estate brokers or mortgage originators.

In fact, the two most prominent parties that meet with homebuyers – real estate agents and mortgage originators – do not have direct federal oversight of their licensing functions. Instead, what mortgage originators do have is an efficient multi-state licensing program that can serve as a model for appraisal-regulatory modernization.

Good model

The real estate valuation profession should be able to adopt a structure based on this NMLS now in place for mortgage originators. Such a system would maximize efficiency through improved coordination among state regulators, lower cost burdens, and expand lender and consumer benefits. Lessening burdensome regulations also can potentially counteract the negative sentiment about over-regulation of the profession among appraisers.

In fact, updating the 1989 Financial Institutions Reform, Recovery, and Enforcement Act by developing and integrating a multistate licensing system like the NMLS was recently highlighted by the U.S. Department of Treasury in a report on technology and harmonizing state licensing laws in the financial services industry.

“ While all stakeholders don't necessarily recommend the same solutions, they do see the same problems. ”

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The report recognizes the benefits of the NMLS structure for other professions – which has been “to reduce duplicative regulatory requirements, promote greater information sharing and coordination, and maintain consumer protections and the strength and resilience of regulated firms.”

The report recommends efforts to build a more unified licensing structure and supervisory system across the states. This approach also would help to reduce inconsistencies across state laws and regulations.

Patchwork process

Creating an NMLS-like structure for the appraisal industry would provide better coordination among regulators and allow for simpler flow of information by providing a single stop to access data. Regulators could use one uniform database for appraisers across states. In contrast, in the current regulatory structure, in each state operates with different systems and requirements.

Many states now require background checks for appraisers, for example, without a central-processing or management system. While the mortgage originators’ NMLS features one-stop shopping for background checks, appraisers – who often work in more than one state – are forced to navigate a patchwork process that increases costs for lenders, consumers and appraisers.

Recognizing the growing need to address the regulatory obligations and challenges of the current system and its inefficiencies, one proposed solution has been to waive the appraisal process altogether. This does not address the inherent structural problems, however, and creates more risk for lenders and end-consumers by not having fair market valuations in cases of default.

Appraisal waivers

Recently, North Dakota became the first state to ask for waivers for required independent appraisals in federally related transactions. Citing several factors, including a 12 percent increase in the state’s population, North Dakota Gov. Doug Burgum and Lisa Kruse, commissioner of the Department of Financial Institutions, requested the temporary waiver to allow banks to do their own property valuations.

While meant to meet the demand for appraisals in the state, this temporary waiver is certainly not in the interests of mortgage lenders or the homebuyers they serve, and it does not address the underlying issues of overregulation and inefficiencies that have led to the current situation. This is an example where being able to seamlessly operate across state lines would be the optimal solution.

Offering waivers, rather than increased appraiser access, is a short-sighted approach that exacerbates the negative impact on lenders and consumers by putting them at even greater risk by not having a quality appraisal performed by a designated professional. Solutions should focus instead on the long-term by recognizing the inefficiency of the current regulatory structure and emphasizing the need for an NMLS-like structure.

Streamlined structure

Instituting an NMLS-like regulatory structure would benefit appraisers, mortgage lenders and homebuyers by making the appraisal process more efficient and allowing more appraisers to work and share information across states. In turn, this would increase access to qualified, licensed appraisers and decrease costs for appraisers, many of which are small businesses.

A streamlined structure could prevent some of the looming problems that lenders and consumers may have to face if housing demand continues to rise, but the regulatory system and its burdensome, duplicative requirements are not addressed. Appraisers are not the only profession calling for appraisal modernization. Real estate brokers, mortgage lenders, homebuilders and others have expressed to Congress the need for a change to the federal regulatory structure.

Specifically, these groups have asked Congress to examine the current appraisal-regulatory framework, appraisal-information systems, the impact of recent regulatory reforms on the valuation profession and the availability of qualified appraisers – particularly in rural areas. While all stakeholders don’t necessarily recommend the same solutions, they do see the same problems. They acknowledge that Congress is well-placed to address the need for appraisal modernization head-on to reduce the burden on the real estate and finance industries.

Time is of the essence, however, as more buyers and sellers enter the housing market. Mortgage originators deserve the highest-quality appraisals to protect their interests and the interest of homebuyers through a fair value analysis.

• • •

Lenders, originators and consumers should not have to face losing access to quality appraisals, which increases risk for all of them. Ultimately, quality appraisers and appraisals add value to the homebuying process for lenders and homebuyers, as well as the originators that serve both.

To reduce these challenges and provide benefits that reach well beyond the appraisal profession, it’s critical that Congress move toward adopting a structure like the NMLS for appraisers.

<https://www.scotsmanguide.com/pdfs/Article/MurrettRES11>

[Appraisal \(/Residential/Articles/ListByTag.aspx?t=45097156742\)](#) | [Compliance \(/Residential/Articles/ListByTag.aspx?t=38654705693\)](#) | [Regulations \(/Residential/Articles/ListByTag.aspx?t=38654705809\)](#)



James L. Murrett of Hamburg, New York, is the 2018 president of the Appraisal Institute, the nation's largest professional association of real estate appraisers. He serves this year as chair of the organization's executive committee and chairs its policy-setting board of directors. Since 2009, he has been in management roles with Colliers International Valuation & Advisory Services, currently as the executive managing director of compliance and quality assurance, where he is responsible for the general oversight of appraisal quality for Colliers. Reach Murrett at jmurrett@appraisalinstitute.org (<mailto:jmurrett@appraisalinstitute.org>).



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Response to Appraisal Foundation

October 26, 2020 FOIA Request

Exposure Draft and Discussion Draft Comments

(relevant language highlighted by ASC Staff)

D. Wiley Comment on 2020-21 USPAP 3rd Exposure Draft – 2018

J. Cento Comment on 2020-21 USPAP Discussion Draft – 02.15.2018

Anonymous Comment on 2021 USPAP Discussion Draft – 02.19.2018

M. Eustace Comment on 2020-21 USPAP 1st Exposure Draft – 06.21.2018

P. Rogerson Comment on 2020-21 USPAP 1st Exposure Draft – 06.21.2018

R. O’Grady Comment on 2020-21 USPAP 1st Exposure Draft – 06.21.2018

J. Friess Comment on 2020-21 USPAP 2nd Exposure Draft – 09.09.2018

J. Key Comment on 2020-21 USPAP 2nd Exposure Draft – 09.11.2018

V. Musselman Comment on 2020-21 USPAP 2nd Exposure Draft – 10.08.2018

American Guild of Appraisers Comment on 2020-21 USPAP 2nd Exposure Draft – 10.09.2018

M. Campos Comment on 2020-21 USPAP 2nd Exposure Draft – 10.09.2018

J. Schultz Comment on 2020-21 USPAP 3rd Exposure Draft – 01.23.2019

D. Weiler Comment on 2020-21 USPAP 3rd Exposure Draft – 02.04.2019

G. Hatch Comment on 2020-21 USPAP 4th Exposure Draft – 04.04.2019

ASFMRA Comment on 2022-23 USPAP 1st Exposure Draft – 03.25.20

Appraisal Institute Comment on 2022-23 USPAP 1st Exposure Draft – 03.27.2020

D. Towne Comment on 2022-23 USPAP 2nd Exposure Draft – 05.28.2020

T. Shields Comment on 2022-23 USPAP 2nd Exposure Draft – 06.07.20

J. Cento Comment on 2022-23 USPAP 2nd Exposure Draft – 06.17.2020

Appraisal Institute Comment on 2022-23 USPAP 2nd Exposure Draft – 07.13.2020

M. Small Comment on 2022-23 USPAP 2nd Exposure Draft – 07.25.2020

C. Dettling Comment on 2022-23 USPAP 2nd Exposure Draft – 07.27.2020

To: Appraisal Standards Board

From: Danny Wiley

RE: Third Exposure Draft

Enclosed are comments related to the Third Exposure Draft for the 2020-2020 version of USPAP. These are my personal comments, and they should not be taken as the view of any organization or entity that I am affiliated with.

General observation – The volume of change is significant. Detailed study and comment on an Exposure Draft exceeding 100 pages requires more time than many can spend and more effort than many will expend.

Section 1

General Comments on Single Report Option

I strongly support the idea of a single reporting option. I just as strongly object to the proposal in the Third Exposure Draft. In simple terms, the proposal is to eliminate the Restricted Report option and adopt the Appraisal Report as the only option. While this is not the literal change, it is the effective change. I urge you in the strongest possible terms, please DO NOT ADOPT this.

If a single reporting option is to be adopted, that option MUST reflect the very minimum standard (not the minimum standard for regulated lending). The fact that Restricted Reports have been used in the market place for 20+ years is prima facia evidence that the current Restricted Report is a more appropriate minimum standard than what is proposed.

The proposed SR 2-2 requires far more information than currently required in a Restricted Report. This is a major change. It would affect any user and any appraiser who currently uses Restricted Reports. The proposal effectively eliminates a concept that has been in USPAP (and in use in the market) for over two decades. A report that provides only the results without showing the work that led to the results would no longer be allowed. Yet, market forces have demonstrated demand for such a report for over twenty years. The reporting rules in USPAP are based on the concept of public trust and user needs, yet user needs seem to be ignored by the proposed changes.

Removing the option for a “results only” report with so little public notice would be a PR nightmare for the appraisal profession, the ASB and The Appraisal Foundation.

It would be better to keep the current two options than to adopt the single option that is proposed.

You are proposing elimination of the wrong one. Rather than eliminating Restricted and adopting Appraisal Report, you should adopt something very similar to what is currently in 2-2(b) as the minimum and allow expansion as needed based on the intended use.

If you do decide to adopt what is proposed, you must do so with at least two years of notice to allow users and providers to adjust to such a major change.

Comments on Specific Edits in Section 1:

Lines 22-25, page 117. I do not support deletion of this text. It provides the fundamental basis for the AQB's requirement for continuing education for appraisers. Deletion of this text does not clarify USPAP, nor does it promote public trust in appraisal practice.

Line 35-37, page 11. Moving these comments to the COMPETENCY RULE is logical, and it helps simplify the USPAP. Note that in social media some have noted the deletion, but have not noted the move to another section in USPAP.

Lines 42-43, Page 12. Although this requirement is stated in the ETHICS RULE, I favor leaving it in the Standards Rules as well rather than deleting it. While it is repetitive, it is also a key concept that is worth retaining and even restating.

Lines 122-123, page 14. Market analysis must be based on data and not be purely subjective or based on assumption(s). I favor retaining this text rather than deleting it and relying on the ETHICS RULE.

Line 213, page 17. I do not understand the addition of, "in the context of its intended use" to this requirement. An intended user, based on his/her level of knowledge, either will or will not understand the report. And, while the intended use might affect the content, it is unclear how the intended use relates to understandability of the report by the intended user

Line 234-235, page 17. While I understand why the language related to supplementing forms is good, practical advice that is very germane to a large segment of appraisers. I urge retention of these comments.

Line 731-736, page 32. Given the great pains that have been taken to attempt to remove requirements from the Comments, why the proposal to have this significant requirement in a Comment?

Section 2

The Disclosure Obligations section of this Rule should be retained, as proposed. No additional comments on this section.

Section 3

I support this proposed change in this section. The text in 2333-2335 is a general principle. As such, including it in the COMPETENCY RULE is more appropriate than having it in the Standards Rules.

Section 4

General Comments – The text of definitions should be limited to the actual definition of the term. Comments should **not** be moved into the definition just to eliminate Comments. I understand, and agree with, not including requirements in Comments. But, commentary is more correctly placed in a Comment; not in the main body of a definition. The main body of a definition should contain multiple

sentences only when there are multiple meanings (such as Appraisal being both an adjective and a noun)

It seems that in editing the definitions there was no template or master plan. There is great inconsistency in content structure from definition to definition. I would prefer a more consistent presentation.

Comments on Specific Definitions

Appraisal – I would prefer to retain the current definition and the current Comment. The current comment is explanatory; it does not add any additional requirements. The Comment that an appraisal must be numerically express is axiomatic; it does not introduce any requirements.

If the ASB is set on adopting the structure proposed, then “which” in line 2383 should be edited to “that” in order to be grammatically correct.

Appraisal Review – In this case, I think the existing language is preferable to the proposed edit. The Comment that the subject of a review may be all or part of a report is just that, a comment. It is not an integral part of the definition of Appraisal Review.

Assignment Results – Again, I prefer that the observation that physical characteristics are not assignments results be retained as a comment. The fact that it is included as a second sentence in the proposed text is a defacto indication that it is not a key element of the definition itself.

At The Time of the Assignment – The mere fact that a definition is proposed for this phrase is an indication of a problem elsewhere. The last change to the definition of “assignment” was not well thought out, in my view, and that is why there is a perceived need for defining this phrase. This is a band aid for another problem. Please do not set the precedent of defining such a phrase.

Credible – Please do not delete the critical comments in lines 2461-2462. I prefer retaining the definition in its current form. If you feel compelled to edit, then edit to:

Worthy of belief because of support by relevant evidence and logic

“Worthy of belief” in and of itself does not address the need for support. One might argue that something was “worthy of belief” just because the work was done by an ASB member, for example 😊

Effective Date – Line 2464 is a comment about the definition. So, make it a Comment

Extraordinary Assumption – All that is needed in this definition is, “An assignment-specific assumption.” All other text could refer to any assumption, not just an extraordinary assumption.

Hypothetical Condition – The first sentence is all that is needed. The rest is commentary. So, if you wish to keep it, then keep it as a Comment

Inspection – This definition is not well constructed. The proposed definition contains too much commentary. It also does not solve the problems around this term, it merely changes the debate to focus on the meaning of “in-person” rather than “inspection.”

This is a key term, and you don’t have it quite right yet.

“...physical observation” Is there any other kind of observation?

Misleading – This term is used as both an adjective and a verb, yet only one definition is proposed.

Physical Characteristics – Again, there is commentary in the text of the definition.

Price – Commentary in the definition. Just keep the commentary in the Comment. That IS the purpose for Comments.

State/Summarize – The phrase “in a report” is unnecessary in these definitions

Valuation Services – In my view, the proposed edits make the concept much less clear, and it is already confusing to many

Value – too much commentary in the definition. Don’t be afraid to use Comments when they are appropriate.

Section 5

Given that the ASB struggled for years and could never provide a definitive answer to what constitutes completion of an assignment, it is VERY surprising that the ABS is now proposing definition that includes a phrase that the ASB itself could never clarify.

If the ASB has reached consensus on what it means to complete and assignment, are there plans to share that as well?

Section 6

I have no comments related to the proposed edits, which are related to the proposed reporting changes.

I would like to see this AO edited to include comments that were exposed during the last USPAP cycle, clarifying that analyzing a prior sale does not include reconciling the price sale price with the current

value. A statement to that effect was included in the Summary of Changes when SR 1-6 was created, but there remains significant misunderstanding related to this issue. Many users continue to think that reconciling a prior sale with a current value opinion is required by USPAP, even though USPAP itself has previously stated that is not the case.

Section 7

I do not follow the logic of this edit, found starting at line 2897 on Page 104.

If the appraiser relies on inspection information from a third party (e.g., photographs, aerial footage, inventory, etc.), and the information constitutes significant appraisal assistance, the inspector need only be identified as having provided significant appraisal assistance if the inspector is an appraiser.

The conditional portion of the sentence contains the phrase, “..and the information constitutes significant appraisal assistance..” This makes the last part of the sentence unnecessary. Only one acting as an appraiser can provide significant appraisal assistance. Hence, lines 2897-2900 are from the Department of Redundancy Department.

Section 8

The deletions at lines 3053-3055 are logical. That text introduces requirements that are above what USPAP actually requires, which is not appropriate in an AO.

Discussion Draft - 2020-21 USPAP - #08

From: John Cento [mailto:John@indianaba.com]
Sent: Thursday, February 15, 2018 3:57 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Comment on 2020-21 standards

Dear ASB members,

I appreciate the work you do toward the profession, but it has been on my mind for a long time that the biennial changes to USPAP are burdensome and counterproductive. Please consider that at almost all times, appraisers are either having to learn the new standards or comment on proposed changes. This is too much. Further, the standards have been revised so many times that the yield of benefits does not, I repeat, does not outweigh the regulatory burden. I would ask you to seriously consider lengthening the time between revisions so that Congressional intervention is not needed.

Thank you,
John Cento

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The more I study nature, the more I stand amazed at the work of the Creator. - Louis Pasteur

Discussion Draft - 2020-21 USPAP - #10

From: [REDACTED] b6
Sent: Monday, February 19, 2018 11:26 AM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Proposed Changes

I read through the changes None of them are needed
Leave things the way they are
You should make any changes every 5 years not 2
My license renews in February . Some years it has been almost impossible to take an update class to meet the
deadline. Something needs to be done about it. For instance make changes effective several months in the future to
give providers enough time to offer the courses.

Please do not publish my name

First Exposure Draft - 2020-21 USPAP - #24

From: Mike Eustace <mikeustace@hotmail.com>

Sent: Thursday, June 21, 2018 7:47 PM

To: ASB Comments <asbcomments@appraisalfoundation.org>

Subject: Comment - First Exposure Draft

Been in this business since 1986, before there was even a USPAP. In my opinion, the constant tweaking of USPAP is mostly make work type actions and a reason to have new course material every 2 years. The best thing that could be done for this profession is to simplify and streamline USPAP and then leave it alone. Constantly changing and tweaking it only leads to more confusion and uncertainty among us practicing appraisers.

First Exposure Draft - 2020-21 USPAP - #16

From: Pete Rogerson <p.rogerson@comcast.net>

Sent: Thursday, June 21, 2018 4:01 PM

To: ASB Comments <asbcomments@appraisalfoundation.org>

Subject: Comment - First Exposure Draft

Thanks for all your hard work. I know that there is always room for improvement but sometimes change is simply made for change's sake, like an appraisal reviewer who rejects a report just to look busy and useful. Sometimes stability is very good thing as well.

Pete Rogerson

Sent from [Mail](#) for Windows 10

First Exposure Draft - 2020-21 USPAP - #15

From: O'Grady, Richard (FHWA) <richard.ogrady@dot.gov>
Sent: Thursday, June 21, 2018 3:58 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Comment - First Exposure Draft

I think the world will perceive the single reporting option as another attempt to water down the rules.

I don't think there is anything wrong with the current options. Changing the reporting options every time you publish a new version of USPAP just keeps everyone confused and confusion leads to a lack of trust.

R. Kevin O'Grady

Chief Appraiser

USDOT | FHWA | Office of Real Estate Services

Phone: (202) 366-2030

Email: richard.ogrady@dot.gov

https://www.fhwa.dot.gov/real_estate/index.cfm

Second Exposure Draft - 2020-21 USPAP - #09

From: Julie Friess <sedonaappraiser@gmail.com>
Sent: Saturday, September 8, 2018 8:05 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Exposure Draft #2 comments

Dear ASB, AQB, Board of Trustees and TAF as a whole;

I have read and studied over the past two plus years every single exposure draft, comments and all the changes that took place to USPAP from 1998 to the present. I ***memorized every single one***, and researched each one line by line. This was completed over the past 2 years and 5 months in conjunction with a litigation consulting assignment I have been engaged and contracted for.

Following this study and research, I read, studied, researched and analyzed multiple court cases, white papers, published journal articles, magazine articles that have recently and in the past been written, newspaper articles and comments, blogs, forums, plus I sat through online and on-site ASB/AQB meetings and more recently ASB/AQB interviews for new Board members.

While doing this, there was an "ah-ha" moment approximately a year and a half ago where I understood WHY there were USPAP Updates every two years. For the first time, I knew that USPAP was being updated to make it easier to understand, and it made sense to make the changes to it that were being made. Some of the changes consolidated portions of it and others retired parts of it. In some cases, certain things were explained better, and some ideas were introduced or removed because they were unnecessary or confusing. However, suddenly there started to appear a problem in the Updates, some time around after 2008, and there is a big problem now. The problem started to occur when certain items were consolidated from one area to another, and then their explanations were either lost, or just not properly included as they were moved, or their significance became lessened even though that was not the purpose of the changes at the time. This began a watering down of the Standards and also the focus of the importance of these Standards and what their purpose is began to get lost when the ASB began spending more time than necessary on issues that lack relevance, instead of Standards 1 & 2.

For example; The Supplemental Standards Rule was retired, but it was retired because it is considered to be a part of the Scope of Work Rule, and therefore it is no longer needed because it is repetitive. The importance of the Scope of Work Rule could not be underestimated, however, appraiser's have no idea what it means and they put boiler plate definitions and descriptions in their reports. The ASB retired the Supplemental Standards Rule and also removed the Departure Rules because of how important it is for an appraiser to understand how to identify the problem in each assignment, be competent enough to do this and define the appropriate Scope of Work needed to complete the assignment properly. Appraisers think that the pre-printed Scope of Work on a Fannie Mae form is what their Scope of Work is when this is not what this means and to add to this problem, when the ASB retires the Supplemental Standards Rule and Departure Rule, ***but does not continue to define or enforce the underlying elements within these Rules, whatever relevance they once had are completely forgotten. The Departure Rule was very confusing, but understanding the REASONS for departing, or the reasons for when each approach is applicable or not, is an extremely important part of appraising.***

So the ASB removes these Rules and combines all the elements of them into the Scope of Work Rule. Then people like a well known AQB certified USPAP Instructor who will not be named here, write and publish articles about USPAP in review and other areas that make completely inaccurate and incorrect statements about USPAP because they have not completed their research and looked up the origination of the removal of these rules and where they went, etc. Since the ASB has literally removed the definitions of Supplemental Standards, and does not repeat its meaning and purpose, but should be because per the USPAP Update 2008-2009, it has not been removed, it has just been combined into this new Rule, it is now thought that none of what was originally defined within this Rule is part of the Standards any more. This is not true per USPAP. It is just true per the ASB just ignoring their own Updates and processes. And this occurs over and over again, which is NOT the process of changing USPAP or altering it. Then, when this incorrect

information along with additional incorrect information by AQB certified USPAP instructors is disseminated to the appraiser's publicly, and then **allowed by The Appraisal Foundation, what it even the point?**

To be direct and honest, the TAF has been watering down their own Boards with people who are not the most qualified to sit on them, but are the most politically connect and liked. When I asked a very close friend and former ASB, and Board of Trustees Chair if I should apply **again** for the ASB or AQB (I have wanted to be on the ASB for a long time but not after he said this) he just laughed at me. He said I would never get a position on any Board even though I was the most or one of the most qualified. The reason? No one likes me or can tolerate me politically. I say what no one else will, just like this! For this reason alone the powers that be (and everyone knows who you are) would make sure it would never happen ever and that is very sad. I know that I would be an asset along with many others who will not be chosen because less qualified people are being placed on these boards.

Why is this so sad? Because in general real estate appraiser's don't understand the meaning of Credibility and the importance of the Standards. As I studied and studied everything month after month, I knew also that almost all the Chief Appraisers, Risk Analysts, Valuation Officers, Compliance Officers, USPAP "people" out there pretending to protect the AMC's and lenders, the lenders, the people who do Quality Control, and those in a position to try to make sure that the public is protected, DON'T understand USPAP either. How can this INDUSTRY have such important ROLES within this PROFESSION while having so responsibility and control over the welfare of the public and future of our nation's economy, with no understanding or proper enforcement of the industry standards? **Is it because TAF has made sure that no one understands what they mean?**

Within the federal litigation case I have been privileged to work on, there were almost 100 defendants, of which most have now settled. The remaining 20+ defendants hired appraiser "expert" witnesses to respond to the expert reports put out by our team. The Scope of Work was only USPAP compliance and credibility, not value at all. Not a single one of these "expert" witnesses understood how to gauge or respond to the Scope of Work appropriately. Not a single one of these "expert" witnesses is not an experienced MAI & SRA with at least 20-30+ years of appraisal and appraisal instructing experience. Along with the expert witnesses, they have AQB instructors working on their teams and other appraiser's yet they still could not do anything but continually avoid USPAP and respond inappropriately with market value only commentary, while making new USPAP violations all at the same time. They continued again and again to ask the questions of why isn't "the VALUE" the most critical element and they are showing it is correct from their standpoint and reasoning. The lack of rationale and understanding of the Standards is abhorrent. To complete our goals and the Scope of Work of this assignment, I had our team weigh the Standards carefully throughout every single report. Each violation was researched, analyzed, studied over and over again and then it one was explained in detail and the impact of it on the development of the appraisal, or lack thereof was explained. The AARO matrix, plus a plethora of court cases, investigator charts and grids that are used throughout the country that came from every State regulatory program we could get our hands on, etc., were used to determined credibility and compliance for each individual report, one at a time. The task was grueling and we were not harsh either. Not one expert witness defendant responded appropriately or even used the Standards at all. Each one made statements that USPAP was not relevant in any of these cases. Each one, if they actually did address the Standard, they did so one at a time, individually, not understanding that they impact the report as a whole most of the time, and not alone. Random statements are made such as the work files were needed to help them understand the report, and then when they felt like it, the expert witness appraiser made things up, and literally just filled in the blanks, so-to-speak, where the original appraiser did not explain or summarize anything at all.

I could keep going but I will not. After scrutinizing over 1,000 appraisal reports from almost every state in this country from 1998 to 2011, I know for a fact that most appraiser's do not understand the importance of the neighborhood analysis and trends, the highest and best use analysis, accurately reporting and understanding the zoning, legal and legal non-conforming use issues, functional adequacies, economic life, the way the approaches all work together or even that they do, or how the entire report works as a whole. There is zero understanding about absorption rates, how prior sale analysis is relevant, what it means and how they connect to the neighborhood trends and analysis or other parts of the report. They certainly have no understanding why they are providing an analysis of the sale contract, or even what they are looking for to analyze in the first place. The reason why the listing history is important is just another black hole and choosing comparable sales for anything, but for new construction that represent what the subject will sell for tomorrow,

as opposed to what the subject is being sold for today, with every incentive and concession, is a complete mystery to the appraiser's and this is just the beginning. These are not appraisers, the ones completing the lending reports who do not understand these things and do not even want to. These are the ones that should either be removed from the mix, or re-trained properly, but these are the ones that TAF and the lenders WANT completing the assignments. You have to ask yourself why? (If you are asking yourself why I say that, I say that because if TAF and the lenders WANTED the appraisers to understand what they were doing, THEY WOULD MAKE SURE THEY DID BUT THEY DON'T.)

Standard 1 and Standard 2 are simple so why don't appraiser's understand them and what they mean? Why don't they understand the simplicity of an extraordinary assumption and hypothetical condition and why do we have USPAP instructors writing articles saying that sometimes it's okay to "take what you like and leave the rest of the Standards at the wayside."

Here is a great suggestion for the next Update. How about instead of "Updating and changing" USPAP again, when at this moment is NO REASON TO make any changes and all the proposed UPDATES do not serve to enhance USPAP or serve the public welfare in any way whatsoever? Why not go back to our roots and the reason why THE APPRAISAL FOUNDATION was formed in the first place? To protect the public.

Teach the licensed and certified appraisers what Standards 1 and 2 actually mean. Teach them how to BUILD a credible appraisal and not to cut corners and complete valuations with zero meaning and relevance. Real estate agents can do those. We are either professional certified appraisers or we have no reason to exist. If the purpose of the Appraisal Foundation is now to dumb down the professional appraiser and make them glorified real estate agents, then just do it. The fight over fees, and licensing is irritating and this is overdue. You either WANT trained professional appraisers protecting the public or you don't. Right now, as it stands, it appears as if you definitely don't.

Why would anyone suggest getting rid of Appraisal Report and Restricted Appraisal Report. Current appraisers don't understand what this means to begin with. Are appraiser's are too stupid (is that what you're thinking?) to understand the Standards so you have decided to make **the minimum requirements** even stupider? Lower the bar even more? Is this supposed to help reach the ultimate goal, which is what? Isn't the goal to teach or instruct appraiser's on how to write CREDIBLE appraisal reports? Where and when was this goal derailed?

Was it derailed when someone decided to rewrite the definition for the Competency Rule in the exact same definition using synonyms for the prior definition? Or was it derailed when someone was paid off to help bankrupt the nation again? People are counting on appraisers even if they don't know they are. **People are looking at you, the ASB, and thinking you know something they don't. Raise the bar and act accordingly. My children and grandchildren have to live here long after I am gone. Don't yours?**

Julie Friess SRA, AI-RRS, MA

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*Certified Residential RE Appraiser AZ;20957, FL;RD7879
AQB Certified USPAP Instructor, Federal/State Compliance Expert Witness & Consultant*

Appraisal Institute (AI) Appraisal Journal Editorial Board; Loss Mitigation Appraisal Analyst & Repurchase Demand Negotiator;

*National Diversity Panel; S Florida AI Board Director;
AI Region X Representative*

“Be who you are and say what you feel, because those who mind don't matter, and those who matter don't mind.”

— Bernard M. Baruch

Second Exposure Draft - 2020-21 USPAP - #10

From: Jeff Key, MAI <jeff.key@herronco.com>
Sent: Tuesday, September 11, 2018 6:45 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Comments on Proposed USPAP revisions

Good afternoon:

I would like to make a few brief comments about the proposed revisions as presented in the August 23 Second Exposure Draft.

Having a standardized USPAP-derived structure to what is required in an Appraisal Report is important when an appraiser performs work for many different lenders. If the level of detail for a report becomes a continuum to be decided on a case by case basis, we will have chief credit officers and reviewers from dozens of lenders all with their own specific opinion about what is needed. Each bank could have its own version of what is an acceptable report. Unless we have approved samples on file with each lender (and each lender will need to negotiate with many appraisal firms) the process of engagement will be made much more cumbersome. It will be terrible to have to work out new details of minimum report requirements with dozens of lender clients.

We used to have the 3 options of Standard Rule 2-2. It got simplified to 2 options, omitting the self contained report effectively. Now it is proposed to go to having many many variations and options-- not infinite options but it could feel like that when I'm dealing with 50 different detailed sets of report requirements from 50 lenders.

I would instead keep the two options, possibly adding a more prominent emphasis that a client can add supplemental standards to an assignment, in which case it would be up to the client to clarify how the report should deviate. This would reduce the huge number of places where client and appraiser might have different ideas about scope in the report.

You could also consider whether there are parts of an appraisal report that, with agreement of both parties, can be simplified (info stated vs summarized or described) or omitted altogether in some instances-- but still basing it on the Appraisal Report standard as a starting point.

In addition, it seems that the Restricted report should be an option in certain instances where additional users besides the client are involved. You could require that appraiser and client agree that use of a restricted report does not put anyone at risk of misunderstanding (such as when secondary users are not decision makers without the control of the client-- or when the other users are well familiar with the property). In such cases, it might be agreed that the appraiser will add some extra detail beyond "stating" details for the benefit of the other users. So, if an assignment uses a Restricted Report format but has additional intended users, Client and appraiser agree to what additional detail is needed to ensure nobody is misled by the Restricted Report. It could still include the use restriction, written as appropriate to the situation.

Finally, it would be very helpful to have longer than 2 years between USPAP revisions. In the early years there was much to be learned and fine tuned in the process, so regular revisions have been helpful. Now, many years later, we hopefully are at a better level of stabilized operation, or "equilibrium," and such frequent changes are not necessary.

Thank you for your consideration. Feel free to contact me with any questions.

Respectfully,

Jeff Key, MAI

Jeff Key, MAI

jeff.key@herronco.com

949/654-5110

Second Exposure Draft - 2020-21 USPAP - #21

From: Victor Musselman <mussapfor@yahoo.com>
Sent: Monday, October 8, 2018 5:00 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Second Exposure Draft of Proposed Changes for the 2020-21 USPAP

Hello,

As a long time Certified General Appraiser I have watched with more and more concern over the constant fine tweaking that has been occurring with each new USPAP issuance every two years. It really has appeared that sometimes changes were being made just for the sake of change and to perhaps justify the existence of the Appraisal Standards Board.

However, the proposed changes for 2020-2021 are at a whole new level of "tweaking" and, in my opinion, involve changes that will be detrimental to the practice of real estate appraisal. I am particularly concerned about the proposed changes to Standard 2. As it is currently written, the detailed use of report labels, detailed language by report type and the specificity of the two reporting options work well to describe measurable standards by which an appraisal can be judged for accuracy and clarity. The current language also provides a clear direction from which it can easily be determined that an appraisal report has or has not been properly completed.

If the new Standard 2 is adopted as proposed, all this clarity will be lost! I am of the opinion that implementation of this proposed language will overall lower the quality of an appraisal report. With less specificity, it will be much easier for an overworked appraiser to complete a lower standard of report which will ultimately lead to a lowering of the status of the appraisal profession in the eyes of the public.

I urge the ASB to not adopt these proposed changes to Standards 2, 8, and 10 and respectfully ask that the ASB consider adopting a policy of only adjusting USPAP every four years, and then only when noted changes in the appraisal profession indicate that a change is needed.

Thank you very much for taking the time to read my comments!

Victor Musselman
WA Certified General Real Estate Appraiser #1100379

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The American Guild of Appraisers

Guild #44 OPEIU / AFL-CIO

Michael Ford, Chairman National Appraiser Peer Review Committee; Vice President Special Projects
1(714)366 9404 cellular

5

October 9, 2018

6
7
8 Appraisal Standards Board
9 Ms. Margaret Hambleton, Chair
10 The Appraisal Foundation
11 1155 15th St., NW, Suite 1111
12 Washington, DC 20005
13
14

15 RE: Second Exposure Draft of proposed changes for the 2020- 21 edition of the Uniform Standards of
16 Professional Appraisal Practice

17
18 Dear Chairperson Hambleton:

19
20 The opening lines of your 8/23/2018 letter inviting comments to the above referenced issue states in
21 part: "The goal of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote
22 and maintain a high level of public trust in appraisal practice by establishing requirements for
23 appraisers."
24

25 It goes on to say "With this goal in mind, the Appraisal Standards Board (ASB) regularly
26 solicits and receives comments and suggestions for improving USPAP. **Proposed changes are**
27 **intended to improve USPAP understanding and enforcement**, and thereby achieve the goal of
28 promoting and maintaining public trust in appraisal practice."

29 The phrase "*promoting and maintaining public trust*" as well as the term preserve and promote public
30 trust appear in both your forward and virtually every *state* law regarding the implementation of
31 FIRREA at the state levels.

32 **Oddly, there is no definition of the phrase "promoting and maintaining public trust" in USPAP.**
33 It has become nothing more than hyperbole while The Appraisal Foundation does the opposite
34 through its unnecessary biannual USPAP changes.

35 Page 80 1st paragraph of the second draft states "This exposure draft proposes to include USPAP
36 terms that differ from or are not found in popular English dictionaries and also, in a few instances, to
37 indicate which popular dictionary definition is meant to be used if there are multiple definitions.

38 *While we believe that there is not one single necessary change contained in the draft for Standards*
39 *Rules 1; 2; 3 or 4 nor most other real estate related changes*, if a change is to be made then defining
40 what specifically TAF means by "promoting and maintaining public trust" needs to be included.

41 If you make no other changes beyond that where real estate appraisal is concerned it is our sincere
42 belief that you will have made great strides *toward reestablishing that trust in USPAP* (and TAF itself)
43 that has been eroded or completely lost over the past 25 years due to your frequent gratuitous, and
44 frequently damaging changes.

45 **The only other change we recommend is to separate USPAP for real estate appraisal from all**
46 **other disciplines.** None of the other disciplines were mandated by FIRREA. Congress passed law
47 directing that American Real Estate appraisal be regulated by USPAP. They did not say American
48 Real Estate and *any other discipline TAF can find* that uses the terms appraisal or valuation or fair
49 market value.

50 Rather than hyperbolic language telling us how you achieve your stated goal, please identify
51 unequivocally *what you believe the stated goal means*. Define the phrase *promote a high level of*
52 *public trust*.

53 In reading appraiser's public blogs or magazine comments today, it's clear that USPAP is generally
54 held in low esteem. In changing what used to be crystal clear rules and common English language
55 terms, TAF itself has introduced levels of confusion at all levels of use.

56 **State regulators don't appear to be capable of uniform USPAP enforcement.** In fact, without
57 AARO to explain or misinterpret USPAP to them (or how to circumvent it), it doesn't appear most
58 state regulators can even read it. Otherwise the metrics for determining USPAP compliance would be
59 as written in USPAP itself, rather than in what AARO and TAF apparently teach can be 'proven'
60 through prosecutorial sophistry, exaggeration and outright deception.

61 **Appraisers with over 15; 20 and even more years are confused.** Read any appraisers forum
62 today and it's clear that USPAP language that used to be very clear has become so convoluted that
63 compliance has become an arguable exercise rather than a clear roadmap.

64 **The Public whose trust TAF is supposed to preserve or promote doesn't have a clue** as to why
65 USPAP is critical. If TAF had done its job adequately over the past 25 + years, the public would
66 understand the difference between a real appraisal; a spurious evaluation, computerized "Big Data"
67 guesstimates, fraud inducing hybrids and phony automated valuation processes that do not remotely
68 achieve an acceptable level of quality. If they did, then neither they nor regulators at any level would
69 tolerate such services as "Upraze.com; Zillow, or any of the other spurious valuation 'systems' hyped
70 by FHFA, Fannie Mae, CoreLogic, First American (PACE PRO) Clear Value, Clarocity, AMROC, etc.

71 IF TAF were doing its job and preserving trust, then "the public" would understand that USPAP are
72 the *minimum standards* for meaningful professional appraisal and that systems, processes and
73 magical 'proprietary valuation algorithms' developed from stolen appraisers' data and reports *fall far*
74 *short of minimum standards*.

75 The current proposed changes introduce even further levels of ambiguity into real estate appraisal.
76 Yet another layer of verbiage carefully parsed over 25 years is being modified to allow less
77 compliance with sound standards.

78 The standards themselves are being neutered to facilitate alternative and exceptionally risky practices
79 that are designed specifically to ultimately end professional real estate appraisal in favor of fully
80 automated systems (see MISMO Collaborative talking points attachment).

81 Currently, there is little publicized legislation proposed by Congressman Jeb Hensarling (R TX) to end
82 the GSEs and replace them with a private alternative and to make all the stolen data held by GSEs
83 available to the public.

84 None of the proposed changes have any relevance under such a new system. In fact, if GSEs are to
85 be eliminated, the very definition of a federally regulated transaction will have to be redefined or at
86 least restated.

87 The following is the actual language currently in use in USPAP as well as applicable laws: FIRREA
88 doesn't say protect or promote public trust at all. What it does say (Title XI below) is that Federal
89 financial and public policy interests in real estate related transactions will be protected...It also states
90 that the competency and conduct of appraisers will be subject to effective supervision. Something
91 TAF and states along with ASC have fallen woefully short of.

92
93 *"The purpose of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote
94 and maintain a high level of public trust in appraisal practice by establishing requirements for
95 appraisers. It is essential that appraisers develop and communicate their analyses, opinions, and
96 conclusions to intended users of their services in a manner that is meaningful and not misleading."*
97 [italics added]

98 **The above statement appears in the Preamble to USPAP 2018-2019.**

99 **"TITLE XI—REAL ESTATE APPRAISAL REFORM AMENDMENTS SEC. 1101. PURPOSE. 12**
100 **USC 3331.** *The purpose of this title is to provide that Federal financial and public policy interests in*
101 *real estate related transactions will be protected by requiring that real estate appraisals utilized in*
102 *connection with federally related transactions are performed in writing, in accordance with uniform*
103 *standards, by individuals whose competency has been demonstrated and whose professional*
104 *conduct will be subject to effective supervision."* [italics added]

105 **The statement above is what the FEDERAL LAW says.**

106 I see no real conflict between the two statements except that the first is more of a vague or
107 ambiguous warm and fuzzy objective rather than something indicative of specific policy. It also
108 rephrases what the law says. That can lead to confusion.

109 SEC. 1120. VIOLATIONS IN OBTAINING AND PERFORMING APPRAISALS IN 12 USC 3349.
110 FEDERALLY RELATED TRANSACTIONS. (a) VIOLATIONS.—Except as authorized by the Appraisal
111 Subcommittee in exercising its waiver authority pursuant to section 1119(b), *it shall be a violation of*
112 *this section— (1) for a financial institution to seek, obtain, or give money or any other thing of value in*
113 *exchange for the performance of an appraisal by a person who the institution knows is not a State*
114 *certified or licensed appraiser in connection with a federally related transaction; and (2) for the*

115 *Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the*
116 *Resolution Trust Corporation to knowingly contract for the performance of any appraisal by a person*
117 *who is not a State certified or licensed appraiser in connection with a real estate related financial*
118 *transaction defined in section 1121(5) to which such association or corporation is a party. (b)*

119 PENALTIES.—A financial institution that violates subsection (a)(1) shall be subject to civil penalties
120 under section 8(i)(2) of the Federal Deposit Insurance Act or section 206(k)(2) of the Federal Credit
121 Union Act, as appropriate. (c) PROCEEDING.—A proceeding with respect to a violation of this
122 section shall be an administrative proceeding which may be conducted by a Federal financial
123 institutions regulatory agency in accordance with the procedures set forth in subchapter II of chapter
124 5 of title 5, United States Code.

125 From Sec 1121. Definitions:

126 (4) **FEDERALLY RELATED TRANSACTION.**—The term "federally related transaction" means any
127 real estate-related financial transaction which— (A) a federal financial institutions regulatory agency
128 or the Resolution Trust Corporation engages in, contracts for, or regulates; and (B) requires the
129 services of an appraiser. (5) **REAL ESTATE RELATED FINANCIAL TRANSACTION.**—The term "real
130 estate-related financial transaction" means any transaction involving— (A) the sale, lease, purchase,
131 investment in or exchange of real property, including interests in property, or the financing thereof; (B)
132 the refinancing of real property or interests in real property; and 103 STAT. 518 PUBLIC LAW 101-
133 73-AUG. 9, 1989 (C) the use of real property or interests in property as security for a loan or
134 investment, including mortgage backed securities.

135 (10) **WRITTEN APPRAISAL.**—*The term "written appraisal" means a written statement used in*
136 *connection with a federally related transaction that is independently and impartially prepared by a*
137 *licensed or certified appraiser setting forth an opinion of defined value of an adequately described*
138 *property as of a specific date, supported by presentation and analysis of relevant market information.*

139 **TAF and USPAP** have diverged from the federal law's definition of what a written appraisal is. Their
140 definition appears to be 'less than' that spelled out in federal law above:

141 **"APPRAISAL:** (noun) the act or process of developing an opinion of value; an opinion of value.
142 (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal
143 services.

144 Comment: An appraisal must be numerically expressed as a specific amount, as a range of numbers,
145 or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical
146 benchmark (e.g., assessed value, collateral value)." [USPAP Definitions, Lines 59-63]

148 **12 us code 3351. SEC. 1122. MISCELLANEOUS PROVISIONS**

149 (d) **OTHER REQUIREMENTS.**—A corporation, partnership, or other business entity may provide
150 appraisal services in connection with federally related transactions if such appraisal is prepared by
151 individuals certified or licensed in accordance with the requirements of this title. An individual who is
152 not a State certified or licensed appraiser may assist in the preparation of an appraisal if— (1) the

Second Exposure Draft - 2020-21 USPAP - #24

From: marc@camposabb.com <marc@camposabb.com>

Sent: Tuesday, October 9, 2018 5:19 PM

To: ASB Comments <asbcomments@appraisalfoundation.org>

Subject: comments on First Exposure Draft of the 2020-21 edition of USPAP

I approve of the proposed changes with the exception of section 5. The SR 2-3 certification says, "no one provided significant real property appraisal assistance to the person signing...." I prefer this broader language than the limited suggested language in A0 31 which implies the person signing the report only has to tell the reader if another appraiser provided assistance. If you allow the change than it appears an appraiser could use a non-appraiser staff person to provide significant appraisal assistance and not have to state that in their certification.

There is a typo on page 11 line 99: communicates should be communicate.

Please extend the time period between changes to five years instead of two.

Sincerely,

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AQB Certified USPAP Instructor
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JOHN CARL SCHULTZ, JR.

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To: The Appraisal Standards Board

From: J. Carl Schultz, Jr. carl.schultz@ngkf.com or 404-520-0024

Re: 3rd Exposure Draft; 2020-21 USPAP

January 23, 2019

It is obvious the Board spent an inordinate amount of time with the extensive edits to the next edition of USPAP. I am not going to nitpick the movements of a number of comments to the Standards Rules. However, if all of them were not able to be moved, I question why move any of them?! I am also concerned by the movement of items from the Standards to a Rule.

I am glad to hear there are others concerned about the movement to a single report option, even recognizing that clients can demand more than the new minimum requirements of the proposed Appraisal Report requirements. What I am pretty sure of is that many lenders will demand only the minimum requirements with lower fees and even shorter turn times! Do you really think the typical appraiser is going to tell the client that the minimum requirements must be expanded due to the intended use or intended user? I truly hope you recognize that these changes will place more control with the client. The client will prevail or go to the next appraiser.

These changes to Standard 2 will, in my opinion, have two major impacts on appraisers and their clients. The first is that without the current Restricted Appraisal Report, there will be a further movement of lenders using real estate brokers. The second is that the lowering of the bar from the current to the proposed Standard 2 requirements will further diminish the credibility (reliability) of appraisals. Do you really believe that all appraisers will complete the development process in the same detail when they do not have to report these findings in a report? The current Restricted Appraisal Report is restricted to use only by "the client(s)". The proposed Appraisal Report is only slightly more than a Restricted Appraisal Report, yet it will allow multiple other users. Not good, in my opinion. I have often heard that the unregulated appraisers have wanted the requirements lowered. I sure hope this is not the reason for this change. If they want to lower their standards let them change Standards 7-10 not 1 and 2. I would hope that the regulators are against the current ASB proposal.

I do hope no one on the Board is offended by my remarks, but I feel very strongly that the best solution is to leave the two current report options essentially as-is in the 2020-21 USPAP. If not, many clients may still want more comprehensive analysis and reporting and will be forced to adopt their own standards. That will be a nightmare for real property appraisers. However, should you decide to retain the two report options, please do not change the Restricted Report restriction of being for the client(s) only. I know some would have liked this report option to be able to travel, my definition of allowing multiple users. I strongly believe that this report, which requires very little of the support and/or analysis to be reported, should be strictly limited to the client(s). If not, many clients would shift to this less credible report format, demanding lower fees and thus lower quality!

Another concern is that appraisers and some users will reach out to the state appraiser boards to set different state standards rather than USPAP!! In some cases, they could permit reports with more lenient requirements and others stricter requirements. And I bet some of the professional associations will be promoting different standards. Won't that be a quagmire for appraisers. Please think hard and long before passing some of your

proposals in the 3rd exposure draft. And you really think appraisers should state their analysis of prior sales rather than summarize? That really means they basically only have to report a prior sale.

Obviously, I am concerned; otherwise I would not have been so blunt. If you finally decide to go through with the proposed changes to Standard 2, I pray I am wrong!

Third Exposure Draft - 2020-21 USPAP - #24

From: Detlef Weiler <dhw@weilerappraisal.net>

Sent: Monday, February 4, 2019 2:38 PM

To: ASB Comments

Subject: Third Exposure Draft of proposed changes for the 2020-21 edition of the Uniform Standards of Professional Appraisal Practice

I am AGAINST the proposal to eliminate the current reporting requirements under Standard 2. The current Standards provide sufficient flexibility for various reporting options ranging from an evaluation to what was formerly a self contained report. The system is NOT broken and does NOT need to be modified. Appraisers can readily compete in all aspects of the valuation market under the current USPAP.

The most important aspect in retaining the current Standard 2 format is that the client is assured some minimum standard of report content. That should be the function of Professional Standards!!!! Appraisers provide opinions of market value in the form of an appraisal report. The revised Standard 2 is COMPLETELY USELESS!! It is totally misleading to state that the new proposal provides more flexibility, as that flexibility already exists. Instead the revisions will weaken appraising as a profession. Clients will no longer be assured of a minimum quality of appraisal report content and explanation. Instead, the focus will be shifted even further to LOW FEES, which in turn results in the shortest reports possible, with no regard to the quality of the report. The goal of USPAP is stated to be "to promote and maintain a high level of public trust in appraisal practice." You are delusional if you think completely diluting the reporting requirements does anything to "promote and maintain a high level of public trust in appraisal practice" You might as well take the word "professional" out of USPAP as well, when the product/service we provide (Appraisal Reports) no longer has meaningful standards.

Detlef H. Weiler MAI
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Hatch, George
04/2019
4th Exposure Draft Comments

From: Hatch, George
Dated: 04/04/2019
To: asbcomments@appraisalfoundation.org
Subject: RE: Fourth Exposure Draft

First things first - let's consider for a moment the scope creep the ASB has going with this exposure draft. The entirety of the primary source document (USPAP itself) only runs 62 pages, and that's including the cover page and the preliminaries in the front. The entire USPAP + AOs + FAQ publication only runs 360 pages. So when the ASB is proposing revisions in an exposure draft document that runs 142 pages then maybe it's appropriate to ask where the fire is. Are we to expect such extensive changes to every future edition of USPAP from the ASB going forward? Because if so those critics who argue that the ASB acts just to act on a make-work basis are going to cite this example as Exhibit A.

The principles, concepts and applications involving the expectations of appraiser conduct and for which USPAP is being used to express far precede USPAP itself. We got to where we are today in our understanding and expression of these expectations as the result of long evolution over many years. Much of the current material was added to USPAP by the ASB in response to those issues previously surfacing as we came to better understand the material and its applications. Our profession itself asserts that problem identification comes before and indeed drives the scope of work decision.

When it comes down to proposing revisions to USPAP, problem identification comes first just the same as any other appraisal problem. That being the case, we must ask: what are the problems we are trying to solve and how crucial is it to solve these problems that it warrants 142 pages of them in this late-breaking exposure draft?

Secondly, any changes to the DEFINITIONS should always come first because that's where everyone goes for the answers when there's a controversy. When people come up with a dumb idea about USPAP they always get forced to circle back to dorking the existing DEFINITIONS which generally stand in the way of their furtherance of that dumb idea. The RULES come next starting with the big two

(ETHICS, COMPETENCY) first and then going with the others. THEN we devolve to the SRs which are the extensions of the big two.

So please do us all a favor and set your future exposure drafts up the same way. Don't bury the changes to the definitions - upon which many of your other revisions will rely - in the middle of your exposure draft. Sections 1-4 of this exposure draft should have been presented in the reverse of how they were presented - DEFINITIONS, COMPETENCY, SOWR, and then the SRs.

SECTION 4 - DEFINITIONS

I notice that the "rationale" provided in this exposure draft for making these revisions to these definitions only conveys how these items came up for revision and the process for changing them, not the "why" of these revisions. "Why" are we making these changes? What problems are the old versions causing and how will these changes resolve those conflicts?

Lines 2457-2459; this is a good explanation for what these definitions are intended to do, but as long as you're at it this would be a good place to add the clarification in Appraisal Practice that is being removed (lines 2474-2477) about "the use of other nomenclature does not exempt an appraiser from compliance with USPAP" because that applies to all the definitions in USPAP. "Use of other nomenclature" is the go-to ploy that all the donkeys resort to when they want to say one thing and do another.

Line 2466 (APPRAISAL); "is" vs "must be"; Okay, that's fine if the ASB has reason to believe "must be" has been causing a problem. Because if the only reason for this edit is to solve a problem that doesn't actually exist then that doesn't speak to the necessity of adding this edit to a 142pg exposure draft.

Moving some of the explanatory Comments into their respective Definitions is fine, but I don't see what problems they were creating as Comments.

Lines 2487-2489 (APPRAISER): **I oppose** removing this clarification from this definition because that line gets quoted *a lot* whenever there's a debate about who is doing what. I think removing this clarification it will actually cause confusion that up to now the Comment has been helping to resolve.

Lines 2497-2499 (ASSIGNMENT CONDITIONS): I don't have an issue with this removal because this clarification is already addressed in the SOWR. (although I will also note that "other conditions" referenced in this concept could bear additional elaboration in the SOWR because many appraisers don't realize what those other conditions are).

Lines 2504-2515(ASSIGNMENT RESULTS); the comments were more explanatory in the longer format, so if the ASB is going to move them then move them in their entirety.

Lines 2522-2526 (CLIENT); okay to move the comment, but again - why now?

Lines 2531-2533 (COST) ; Okay to change the definition itself but that comment has helped to resolve a lot of arguments related to the meaning of Cost and removing it will make that harder to do. I favor keeping the comment.

Lines 2539-2543 (EXPOSURE TIME); changing "estimate" to "opinion" is good, but "supported by market data" speaks to the process not the definition itself. And again, I think it's a mistake to remove the explanatory comment because we use it a lot to explain the term.

Lines 2569-2583 (MARKET VALUE) good edit; if there's going to be any reference at all in USPAP to market value (and I'm still not sure why this type of value bears any more attention in USPAP than any other type of value) then focusing on the point that these references are to a type of value is sufficient; the specifics will be addressed in the definition used itself.

Lines 2590-2596 (PERSONAL INSPECTION) Clearly an enforceability issue but the clause "without any special testing or equipment" could end up opening a can of worms when it comes to an appraiser

operating an aerial or terrestrial or submarine drone and camera. Or when an appraiser is driven or flown or otherwise transported over a property in a specialized vehicle of some sort. I can see where we're trying to cut off the "inspection by proxy" so maybe focus on the appraiser's actions themselves with a specific reference to the appraiser in the definition; such as

"PERSONAL INSPECTION: An inspection performed by the appraiser of the property being appraised to assist in identifying relevant characteristics in a valuation service.

Comment: An appraiser's inspection is typically limited to the observation of those elements of the property that are readily and typically visible and examined at or in direct proximity to the property being valued by the participants in the market. Appraisals of some types of property, such as gems or jewelry, may require the use of specialized equipment. "

The aspects about the drone and camera situation that concern me is the potential for abuse by an appraiser sending a runner to travel 500 miles away and operate that camera or drone based on the appraiser's instructions over the phone and calling that a personal inspection.

lines 2605-2607 (PHYSICAL CHARACTERISTICS) this definition should clear up the confusion of whether a 3rd party inspection report observing and measuring and quantifying a property amounts to appraisal opinions and conclusions that merit attribution as appraisal assistance.

Lines 2614-2617 (REAL PROPERTY) That comment clarifies a matter of confusion. I don't see any reason to remove it.

Lines 2618-2619 (RELEVANT CHARACTERISTICS) good definition, long overdue

Lines 2627-2628 (SIGNIFICANT APPRAISAL ASSISTANCE) - Good definition, long overdue

Lines 2629-2630 (STATE, SUMMARIZE) I **oppose** this change. Not just no, but heck no. The use of these terms so far has been to express the difference in the level of detail being conveyed.

Sometimes that level of detail involves "a set of reasons or a logical basis for a course of action or a particular belief" (aka the "why" or the rationale involved) but many other times it's just more detail of the "what" of that thing. The example of zoning used as the illustration of the differences in these expressions in AO-11 doesn't involve any reasoning or logical basis - they just provide different levels of detail.

In my opinion the basis of our usage of these terms in USPAP so far has been functional and readily explained to appraisers and users. I don't think this proposed revision will be as effective for either appraisers or users. If you want to define the two in terms of the level of detail then do that, "state" will be the conclusion and "summarize" will include a brief explanation of that conclusion. Or something to that effect of expansion/contraction of the expression.

Lines 2631-2633 (VALUATION SERVICES); okay edit, but why?

Lines 2635-2636 (VALUE) I think the clarification in the Comment makes more sense in conjunction with the comments about value always being qualified.

Lines 2641-2643 (WORKFILE) **I oppose** this change as written because it's too open-ended. I realize this is an enforcement issue, but once we open the door to include data and information in addition to the documentation in support of the appraiser's opinions and conclusions that becomes the basis for an open ended interpretation for the lawyers and the government to exploit.

The parallel for this is the running gunbattle we had for years over the difference between the so-called self-contained vs summary labels. The argument was that there's no such thing as self-contained - there's always more. That's the argument that's going to come up if we include a requirement for keeping the data and information in the workfile. In real life appraisers routinely refer to info online that they don't print out into their workfile, such as when they thumb through 40 listings in order to pick out the 8 or 10 they think are more relevant. Under "data and information" it could be argued that all 40 support the appraiser's analyses. After all, the appraiser DID analyze those data on at least some level and they DID contribute to the context in which the appraiser judged as more comparable the 8 or 10

they gave more attention to. But nobody prints them all out and keeps them for 5 years. It's enough to know where to go to retrieve them if/when the question later resurfaces.

The appraiser's report to an intended user either hits the benchmarks for meaningful and not misleading to intended users or it doesn't. If it doesn't that's between the appraiser and the user and will either involve an error in fact or an error in methodology, either of which the appraiser should retain the means to resolve.

Section 3: COMPETENCY RULE

Good edits. These concepts apply across the board to all appraisal practice, not just to those addressed in the SRs.

Section 2: SCOPE OR WORK RULE

These are okay edits as an interim step, but sooner or later we're going to need a REPORTING RULE that addresses the process and responsibilities for making reporting decisions in parallel and equal terms as are addressed for the development decisions in the SOWR. These decisions are largely user driven within the context of intended use, and the sooner we acknowledge it in those terms the easier it will be to convey to appraisers and users how much of these expectations are internal to the use/user as opposed to being some arbitrary checklist fabricated out of thin air by the ASB.

Section 1: SRs

SR1 edits - moving Comments into the SRs and in the case of the edits to SR1-3 an expansion of that SR - I see these as mostly being administrative and speaks more to the style than the substance.

Line5-6; I think the first line in that explanatory comment should remain because it does get used to explain the applicability of SR1. "convenient" doesn't serve any purpose so that's a good term to remove.

Lines 44-56 (value) - Again, I don't see why one type of value is given more attention in USPAP than any other. We already have requirements to suss out the definition of value being used including its assumptions. Retaining this reference just perpetuates the mistaken impression many appraisers and users have that there is only Market Value and USPAP is only aimed at mortgage lending.

I think SR1-2.c should be rewritten to a more generic application:

"(c) identify the type and definition of value including the elements and assumptions of effect on the application of that definition of value. "

In real life the definition of market value includes an explicit assumption about reasonable exposure time so that particular definition already explicitly addresses that requirement - reiterating it in SR1-3.c becomes redundant. Not to mention the point that some definitions of market value don't include that explicit assumption.

1-4.e - the lines in the comment being removed speak to the methodology so removing that is a good edit.

Hatch, George
04/2019
4th Exposure Draft Comments

SR2 edits

Lines 203-204; I think we should retain that explanation because we use it.

Lines 247-248; we seem to be assuming the clients are always an intended user of an SR2-2a report. I strongly disagree and think the ASB is making a mistake. In real life sometimes our clients are not among the intended users of an appraisal, just as our intended users are often not the parties who engage us.

For instance, if a borrower is told by a lender to obtain an appraisal from me and then proceeds to engage me, that borrower is not an intended user of the appraisal report, and even if they were their "usage" and what would be meaningful to whatever decisions they're making wouldn't be the same as that of the lender who is the primary intended user and who is using that appraisal for the intended use that is stated in the report.

Sometimes our clients can't even read the language of the report or understand the concepts addressed therein - that doesn't alter the utility of the workproduct within the context of its actual intended use to its actual intended users.

By that same measure, opening up the application of the Restricted Use Appraisal up to other users besides the client does make sense.

Moving the other comments into the SRs is fine but a couple of them are getting abbreviated a bit to become less explanatory. I guess if the ASB has reason to believe the rewording of that material is going to solve some problems then that's great but somehow I get the impression that its a solution for a problem that doesn't exist.

Hatch, George
04/2019
4th Exposure Draft Comments

In my opinion, removing (as opposed to simply moving) explanatory comments is going in the wrong direction. These were added over the years - for cause - in order to expand and explain these issues. I think it's short sighted to ignore how they came to be added to USPAP in the first place.

Now on to SR2-3

Lines 509-519, relying on the work of others. As I see it, the requirements pertaining to "relying" are more appropriately characterized as an element of development, not reporting. Not only should these references be moved to SR1 but they bear reference in the SOWR, too.

SR3 - moving comments into the SRs, more a matter of style than substance.

SR4 - same comments as apply to SR2. If a borrower is told to engage a reviewer to provide a review report to the lender then the fact that they engaged the reviewer doesn't make them an intended user of that review.

I'm not going to examine or comment on the other SRs.

Edits to AO-1 appear to be for clarification

Edits to AO-2 go back to the definition of personal inspection so I've already addressed some of that.

One thing I'd like to see some clarification on is where the line of "significant appraisal assistance" gets crossed when the 3rd party inspection is performed by a non-appraiser who is not developing any valuation analysis of the subject's market area, the subject's neighborhood or even the subject site itself. "Appraise", "Appraiser" and "Appraisal Practice" are all defined terms that become applicable via the actions of the individual and the expectations of the users. Not by the nomenclature being used or the licensure status of the individual.

So for example, even if it's an appraiser licensee performing a property inspection, if that inspection is the ONLY activity performed by that individual then where is the "appraising" occurring? If that individual isn't doing any further research into the subject's legal and economic attributes, isn't concluding to HBU or using that conclusion to research potential comparables or making any comparisons of those comparables to the subject - if the only activity they're engaged in is observe/report the subject's physical attributes - then how is that appraising?

What would we say about it if a licensee was advertising "USPAP-Compliant Inspections"? The ASBs previous instruction on that has been clear. Moreover, the definition for "ASSIGNMENT RESULTS" shows that term as meaning the *appraiser's* opinions and conclusions (not those of an inspector) and then it *explicitly* states that "physical characteristics are not assignment results" which by extension also serves to exclude those physical characteristics as being among the appraiser's opinions and conclusions.

So as I see it, 3rd party inspections are as worthy of disclosure as any other source of data an appraiser might use to develop their appraisals, but the parties providing that information aren't expected to develop any opinions of value of their own and indeed aren't actually developing any opinions of value or any aspect of the subject property beyond it's physical attributes. So I don't see how an inspection-only activity would rise to the definition of significant appraisal assistance that would be subject to that level of disclosure in SR2-3.

In conclusion, I think that most of the edits relating to format rather than substance amount to cosmetics and will not advance the level of understandability or enforceability of these standards. Given the other issues the ASB could be spending their time/effort on - such as writing a REPORTING RULE that would parallel and complement the SCOPE OF WORK RULE, or refining SR2 to a single reporting option that incorporates core requirements + conditional requirements + assignment conditions from the user perspective, such as applies to the development side of the assignment - these are the types of improvements to USPAP that I think would represent a better use of the ASBs time and effort.



**American Society
of Farm Managers
& Rural Appraisers**
THE MOST TRUSTED RURAL
PROPERTY PROFESSIONALS

March 25, 2020

To: The Appraisal Standards Board
From: American Society of Farm Managers & Rural Appraisers
Re: First exposure draft of the 2022-23 edition of USPAP

On behalf of ASFMRA, thank you for considering our previous letter regarding the use of the term “evaluation.” We also appreciate the willingness of Mr. John Brennan to join our leadership on a conference call to discuss the first exposure draft of the 2022-23 edition of USPAP.

In our January 20, 2020, letter to The Appraisal Standards Board (ASB) we stated that if the difference between an “appraisal” and an “evaluation” was simply semantics, we were in favor of a mid-cycle rewrite of the 2020-21 edition of USPAP to allow our members to perform “evaluations.”

According to the first exposure draft, it appears that the 2022-23 edition addresses that issue by allowing the terms (appraisal, evaluation, analysis, valuation, etc.) to be used interchangeably. While we appreciate ASB’s hearing our concerns and demonstrating a willingness to adjust the terminology to the current marketplace, we believe that waiting 20 months for the changes to take effect is still too long.

The marketplace is quickly evolving, and appraisers need the ability to serve their clients. ASB recognizes that more clients are beginning to request “evaluations” rather than “appraisals.” Clearly, ASB is in favor of allowing appraisers to perform evaluations. Still, by the time we are allowed to do so according to USPAP, many of our members’ clients may have already begun sending assignments to unlicensed evaluators. We do not want our members to lose this segment of their business. Therefore, ASFMRA still requests that a mid-cycle rewrite of the 2020-21 USPAP be considered. If that is not possible, then perhaps ASB can issue a statement or addenda to the 2020-21 USPAP that would serve as an exemption or waiver, stating that “evaluations” may be performed in compliance with how they are proposed in the 2022-23 USPAP edition.

Additionally, please reconsider the definition of an evaluation in the 2022-23 version. As proposed, it states that an evaluation is “an appraisal with a narrow scope.” We need to be careful not to confuse the public and regulators by giving the appearance that a licensed appraiser is the same as, and provides the same level of product as, a non-licensed evaluator.

We thank you for your consideration, time, and efforts. If we can be of further assistance, please contact ASFMRA President Paul Moore, ARA, RPRA, at paulemoore@windstream.net, or EVP Brian Stockman at bstockman@asfmra.org.

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March 27, 2020

Wayne R. Miller, Chair
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Email: asbcomments@appraisalfoundation.org

RE: First Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice

Dear Mr. Miller:

On behalf of the Appraisal Institute, the Professional Standards and Guidance Committee ("PSGC") submits the following comments to the ASB's First Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice.

General comment – Reporting Standards

The Appraisal Institute has long been a proponent of a single reporting option that sets minimum reporting requirements. In the First Exposure Draft the ASB is proposing a move in that direction. However, the rationale indicates that the ASB's move is being driven largely by the ASB's desire to "minimize the differences between the evaluation content suggested in the *Interagency Appraisal and Evaluation Guidelines (IAEG)* and what USPAP requires in an appraisal report", not by a desire to establish a set of minimum reporting requirements. This focus on evaluations has resulted in proposals that do not fully solve the issue of reporting options or the issue of evaluations. As USPAP applies to a wide range of valuation work, not only to valuation work performed for lenders, USPAP's requirements need to be relevant and appropriate for non-lending work as well.

Reporting Options

The Appraisal Institute has noted in previous comments that:

[As long as] the reporting Standards

- require that a report clearly and accurately set forth the appraisal in a manner that will not be misleading; contain sufficient information to enable the intended users of the appraisal to understand the report properly; and clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment; and
- set minimum reporting requirements;

clients and other intended users will receive the reports that they need and the public trust will be protected.

(Appraisal Institute Response to USPAP Survey, October 6, 2016 and Appraisal Institute Comment Letter on Discussion Draft – Potential Areas of Change for the 2020-21 edition of USPAP)

The proposed revisions in the First Exposure Draft include requirements that exceed the requirements for what is now the restricted appraisal report format. The Appraisal Institute believes that creating minimum reporting Standards that exceed the current requirements for a restricted appraisal report will cause confusion among appraisers and stakeholders as it will end the availability of services and reports that the marketplace for valuation services has relied on for some 25 years:

The Restricted Appraisal Report option is what currently allows appraisers subject to USPAP to provide a variety of services relied on by users of valuation services in the manner and at pricing relied upon by market participants, including, but not limited to pre-listing appraisals on homes, a service now frequently used by listing agents, restricted format appraisals for monitoring existing loans ordered by lenders, appraisals for knowledgeable investors seeking second opinions, valuations for financial reporting (VFR) and portfolio valuations. In addition, many appraisers and their clients use the Restricted Appraisal Report format as a Phase 1 communication tool for certain intended uses. This permits the client to make a practical decision regarding requesting an Appraisal Report. This essential Phase 1 tool provides the parties a mutually beneficial and cost-savings mechanism. Such a change in USPAP could not be more inopportune for users of our services.

(Appraisal Institute Comment Letter on the Third Exposure Draft of Proposed Changes for the 2020-21 edition of USPAP, January 28, 2019)

The Appraisal Institute also notes that the proposed inclusion of multiple “either/or” standards - (Exposure Draft Lines 72-74 and Lines 83-85) – will create further confusion. One result of this confusion would be appraisers facing an increased risk of unfounded regulatory actions. In addition, if USPAP is to represent minimum standards it’s not logical to have either/or choices.

Evaluations

The Appraisal Institute has previously proposed both short-term and long-term solutions to the issue of evaluations.

The Appraisal Institute’s suggested short-term solution was that the ASB

...revise Advisory Opinion 13 to include:

- report templates for evaluations (one residential, the other non-residential), and
- clarification that if applicable law or regulation states that one who prepares an evaluation in accordance with the IAEG is not "acting as an appraiser", USPAP does not apply.

Advisory Opinion 13 could be revised and issued immediately, as advice from the ASB does not require a public comment period. The report templates would be an expansion of existing advice. The second point above is merely a clarification of what is already a reality.

...Appraisers have been unsure how to shift gears from providing the type of appraisal report they are used to providing to providing an evaluation. They also fear their state enforcers do not interpret requirements the same way. Clarification from the ASB would be most helpful to all....

The Appraisal Institute notes that since its short-term solution was offered the ASB has developed report templates for evaluations. The Appraisal Institute urges the ASB to take the next step of revising Advisory Opinion 13. A benefit of the Appraisal Institute’s proposed short-term solution is that it can be

implemented long before the 2022-23 edition of USPAP would become effective.

The Appraisal Institute's suggested long-term solution was that the ASB:

... consider the Optimization Concept we proposed at our joint TAF/AI USPAP project team meeting in Atlanta in March 2017. We believe this approach to resolving the problem would result in USPAP remaining the recognized "uniform" valuation standards, applicable to all valuation work. It would also address many other concerns raised over the years about USPAP not being flexible enough for different intended uses.

Under the Optimization plan, USPAP would set forth core standards that apply to all valuation work, including Ethics and Competency requirements as well as the development and reporting standards that always apply (e.g., for a real property valuation, Standards Rules 1-1, 1-2, 2-1.) Requirements that are necessary only for certain intended uses would be removed and may then be included in the requirements currently existing or to be promulgated by specific intended users in the form of standards, regulations, guidelines, or requirements, depending on the authority of the user(s) developing those appraisal requirements.

If USPAP were structured this way, when the assignment is an evaluation per the IAEG, the applicable requirements would be USPAP's core rules and core standards as well as the relevant portions of the IAEG. If the assignment were an appraisal per the IAEG, the applicable standards would be USPAP's core rules and core standards as well as the relevant portions of the IAEG. If the assignment were an appraisal for eminent domain purposes involving federal funds, the applicable standards would be USPAP's core rules and core standards as well as the Uniform Standards for Federal Land Acquisition. If the assignment were an appraisal for 1-4 unit residential lending purposes, the applicable standards would be USPAP's core rules and core standards as well as Fannie/Freddie guidelines.

(Appraisal Institute Comment Letter possible solution for handling "evaluations" within USPAP, August 17, 2019)

A benefit of the Appraisal Institute's proposed long-term solution is stability, USPAP would not need to be revised every two years to address whatever the currently emerging issues of the day are. This would greatly benefit appraisers and would promote public trust in the profession. Unfortunately, the proposed changes in this Exposure Draft relating to reporting options move USPAP even further away from stability.

General Comment – USPAP Revisions

The Exposure Draft notes that:

The goal of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. ... Proposed changes are intended to improve USPAP understanding and enforceability, and thereby achieve the goal of promoting and maintaining public trust in appraisal practice.

The Appraisal Institute notes that a number of the proposed changes in this Exposure Draft are more minor tweaks as opposed to solutions to pressing problems. One issue with these minor tweaks is that appraisers are responsible for learning them therefore appraisers need to take time to educate themselves and their clients about them. The constant changes work against USPAP's goal to "to promote and maintain a high level of public trust." Wouldn't it be great for a profession to have a set of Standards that did not have an expiration date?

The Appraisal Institute urges the ASB to ask the following question for each proposed change – Is this

change necessary to promote and maintain public trust in appraisal practice?

Specific Comments - Section 1: Standards (Reporting in STANDARDS 2, 8, and 10)

In these specific comments the Appraisal Institute begins with its comment on the proposed addition of a definition of “Evaluation” and then proceeds through the draft by line number.

Exposure Draft Line 315

In this line the ASB is proposing the following definition:

Evaluation: an appraisal with a narrow scope of work

The Appraisal Institute urges the ASB not to adopt this proposed definition. There is already much confusion concerning evaluations. Adding another definition, especially one that conflicts with the IAEG definition of evaluations would just add to that confusion. A better solution would be to provide additional guidance as opposed to formalizing the conflict with a formal definition. Ultimately the best way to protect the public trust would be for the relevant parties to reach a common definition of the term and reaching that goal will be more difficult if the proposed USPAP definition is adopted.

Exposure Draft Lines 16-19 – Comment to Proposed SR 2-1(d)

The Preamble to USPAP provides that “Comments are an integral part of USPAP and have the same weight as the component they address.” In Lines 16-19 the ASB proposed the adoption of a Comment to the proposed SR 2-1(d). The proposed Standard Rule and Comment provide:

d) clearly and conspicuously state any restrictions on the use of the report.

Comment: For example, when appropriate for the intended use of an appraisal report, an appraiser may state a restriction that limits use of the report to the client and specific intended user(s) and may warn that the report may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

One of the big changes to USPAP 2020-21 was the removal of many Comments. A rationale for this action was:

With the objective of streamlining USPAP for clarity and ease of understanding, the ASB continues to propose deleting some Comments that duplicate requirements that are clearly stated elsewhere, where possible moving Comments that contain the word “must” into the Standards Rules, and relocating extensive explanatory material into USPAP guidance such as an Advisory Opinion, FAQ, or USPAP education. In addition, the ASB has considered the enforceability of certain Comments, which currently contain information that, though helpful to appraisers and users of appraisal services, are aspirational in nature. The ASB is continuing to propose that these Comments be moved, as appropriate, into a RULE or guidance material.
(Fourth Exposure Draft of Changes for the 2020-21 USPAP)

With the proposed Comment the ASB appears to be backsliding and adding guidance material back into USPAP. The Appraisal Institute believes that the appropriate place for the content of the Comment would be in guidance materials, not in a Comment which has the same weight as the Standards Rule it addresses.

Another consideration is the confusion that would result from USPAP saying an appraiser “may” do something because the minimum requirement becomes unclear.

Exposure Draft Lines 21-34 – Standards Rule 2-2

In these lines the ASB proposed the following revisions:

STANDARDS RULE 2-2, CONTENT OF A REAL PROPERTY APPRAISAL REPORT

~~Each written real property appraisal report must be prepared under one of the following options and prominently state which option is used: Appraisal Report or Restricted Appraisal Report.~~

An appraiser may ~~[use any other]~~ label **a report as (for example) an Appraisal Report, Restricted Appraisal Report, Evaluation, Analysis, Valuation, Consultation, etc., provided such a label does not result in a misleading report. Use of a report label that does not contain the word "appraisal" does not exempt an appraiser from adherence to USPAP.** ~~other label in addition to, but not in place of, the labels set forth in this Standards Rule for the type of report provided. The use of additional labels such as analysis, consultation, evaluation, study, or valuation does not exempt an appraiser from adherence to USPAP.~~

~~The report content and level of information requirements in this Standards Rule are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements. **An appraiser may need to report additional information and analyses to meet contractual, or other, obligations.**~~

~~(a) The content **and level of information and explanation provided in** of an Appraisal Report, must be appropriate for the intended use and users of the appraisal and, at a minimum:~~

The Appraisal Institute agrees with the proposal to remove the requirement that appraisers put a specific label on a report. However, we believe that the proposed explanation about what an appraiser “may” label a report is unnecessary as SR 2-1 already contains a prohibition about preparing a misleading report.

We also believe that the proposed language will cause confusion as when USPAP says something “may” be done it becomes very confusing. If the idea is to suggest that including such label is acceptable, that can be handled in guidance.

In addition, the capitalized terms give the impression that all such terms are defined.

We suggest that the ASB consider revising the language of Lines 21-34 to provide:

STANDARDS RULE 2-2, CONTENT OF A REAL PROPERTY APPRAISAL REPORT

The content and level of information and explanation provided in a real property appraisal report, must be appropriate for the intended use and users of the appraisal.

An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements.

At a minimum, a real property appraisal report must: ...

Exposure Draft Lines 48-50

In these lines the ASB proposed that the current SR 2-2(a)(iv) requirement rather than the current SR 2-2(b)(vi) requirement be adopted.

Current SR 2-2(a) (iv)

...contain information, documents, and/or exhibits sufficient to identify the real estate involved in

the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment

Current SR 2-2(b)(vi)

... state information sufficient to identify the real estate involved in the appraisal

As noted above, the Appraisal Institute believes that in going to a single minimum reporting option, USPAP should not make any revisions that would prohibit an appraiser from preparing what is currently called a restricted appraisal report. With this proposed revision the ASB is creating a higher standard. The Appraisal Institute recommends that the current language of SR 2-2(b)(vi) requirement be retained.

Exposure Draft Lines 54-56

In these lines the ASB proposed that a comment be added to the proposed SR 2-2(d):

(f) state the type of value and cite the source of the definition;

Comment: As appropriate for the intended use and user(s), appraisers may decide to quote the applicable definition verbatim and add any comments needed to clearly indicate how the definition is being applied

The Appraisal Institute believes that the appropriate place for the content of the Comment would be in guidance materials not in a Comment.

Exposure Draft Lines 68-69

In Lines 68-69 the ASB proposed the promotion of a current comment, with some revisions, to Standard status:

(h) if the appraiser's opinion of reasonable exposure time is necessary for intended users to understand the report properly, state the opinion of reasonable exposure time.

In previous comments on Exposure Drafts of Proposed Changes for the 2020-21 Edition of USPAP the Appraisal Institute noted:

...we believe that the proposed new Standards Rule on exposure time which was taken from a Comment should not be adopted. Exposure time is one of several elements of the definition of market value (along with knowledgeable buyer and seller, typical motivations, payment in cash or the equivalent) – why isolate exposure time as the only one that must be developed?

(Appraisal Institute Comment Letter on the Second Exposure Draft of Changes for the 2020-21 edition of USPAP, October 9, 2018)

...Exposure time is one of several elements of the definition of market value (along with knowledgeable buyer and seller, typical motivations, payment in cash or the equivalent) – why isolate exposure time as the only one that must be developed? We strongly encourage the ASB to consider eliminating this requirement in the 2022-23 edition of USPAP.

(Appraisal Institute Comment Letter on the Third Exposure Draft of Proposed Changes for the 2020-21 edition of USPAP, January 28, 2019)

The Appraisal Institute recommends that the ASB remove the specific requirement to report exposure time from USPAP completely. A good place to address the issue of exposure time would be in guidance material.

Exposure Draft Lines 72-74

See General Comment above. The Appraisal Institute recommends that the proposed SR 2-2(k) should provide:

(k) state the scope of work used to develop the appraisal;

Exposure Draft Lines 76-79

In these lines the ASB proposed that the following Comment be added

Comment: The disclosure may include work performed by others: for example significant appraisal assistance or assistance provided by technical specialists or third-party inspectors. Where appropriate, the disclosure may also indicate work that was not performed

The Appraisal Institute notes that the second sentence of this proposed comment is based in part on the current Comment for SR 2-2(a)(vii), however, the Appraisal Institute believes that the appropriate place for the content of the proposed Comment would be in guidance materials.

Exposure Draft Lines 83-85

See General Comment above. The Appraisal Institute recommends that the proposed SR 2-2(l)(1) not be adopted as it is a requirement that does not exist in the current requirements for a restricted appraisal report. In addition, either/or standards requirements will cause confusion.

Exposure Draft Lines 86-91

In these lines the ASB proposed the following comment be added to USPAP:

Comment: Minimum report contents may include disclosure of all source(s) of information used in the analysis, as applicable, to value the property, including: external data sources (such as market sales databases and public tax and land records); property-specific data (such as previous sales data for the subject property, tax assessment data, and comparable sales information); evidence of a property inspection; photos of the property; description of the neighborhood; or local market conditions. [Footnote 4 – See Interagency Guidelines, Federal Register / Vol.75, No 237 / Friday, December 10, 2010]

As noted above, in developing the 2020-21 edition of USPAP the ASB made an effort to move guidance out of USPAP. The Appraisal Institute believes that the appropriate place for the content of the Comment would be in guidance materials, not in a Comment.

Exposure Draft Lines 107-108

In these lines the ASB proposed that the current SR 2-2(a)(xii) requirement rather than the current SR 2-2(b)(xiv) requirement be adopted.

Current SR 2-2(a)(xii)

... when an opinion of highest and best use was developed by the appraiser, state that opinion and summarize the support and rationale for that opinion;

Current SR 2-2(b)(xiv)

... when an opinion of highest and best use was developed by the appraiser, state that opinion

As noted above, the Appraisal Institute believes that in going to a single minimum reporting option, USPAP should not make any revisions that would prohibit an appraiser from preparing what is currently

called a restricted appraisal report. With this proposed revision the ASB is creating a higher standard. The Appraisal Institute recommends that the current language of SR 2-2(b)(xiv) requirement be retained.

Exposure Draft Lines 199-203

In these lines the ASB proposed that additional language be added to SR 2-3(b):

(b) An appraiser who signs any part of the appraisal report, including a letter of transmittal, must also sign a certification. **or, if technological changes make a digital signature impractical, an appraiser may indicate acceptance of responsibility for all elements of the certification by entering a password, or by any other generally accepted method of attestation.**

The Appraisal Institute believes that the proposed language is confusing and unnecessary. The current edition of USPAP defines “signature” as:

...personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for the content, analyses, and the conclusions in the report.

The “personalized evidence” could certainly include a password or “other generally accepted method of attestation.” This is a matter that could be addressed with guidance, if it needs to be addressed at all.

Exposure Draft Lines 231-233

In these lines the ASB proposed the following revisions to the SCOPE OF WORK RULE

For each appraisal and appraisal review assignment, an appraiser must:

...3. ~~disclose~~ **state or summarize (as needed for the intended use and users) the scope of work in the report. with sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1, 3, 5, 7 or 9**

The Appraisal Institute believes that these proposed revisions should not be made, in part because these proposed revisions propose a higher level of reporting than exists in either the current or proposed reporting rules. In addition, the proposed requirement that an appraiser provide “sufficient information” to indicate compliance with the appropriate development Standards will subject appraisers to unnecessary regulatory scrutiny.

Exposure Draft Lines 310-314

In these lines the ASB proposed the following revisions to the definition of “assignment elements”:

ASSIGNMENT ELEMENTS: **Basic information needed to identify the appraisal or appraisal review problem, such as** ~~Specific information needed to identify the appraisal or appraisal review problem:~~ client and any other intended users; intended use of the appraiser’s opinions and conclusions; type and definition of value; effective date of the appraiser’s opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions

We note that this definition was only just adopted with the last edition of USPAP; that the proposed revision is a very minor change; that the proposed revision makes the definition more confusing as the meaning of “basic” is unclear; and, that there does not appear to be a problem here that warrants fixing. Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle. Our best advice is to leave this definition alone.

Exposure Draft Lines 326-327

In these lines the ASB proposed revising SR 1-5(b) as follows:

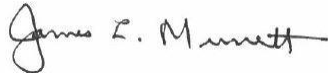
When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:

...(b) analyze all sales **and other transfers** of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

The rationale states that the term “transfer” is being added to give the “requirement greater clarity”, however, the proposed revision adds a new requirement for appraisers to identify and analyze information that may not include a sale. This action goes beyond adding clarity to USPAP. A sale of a property involves the offer and acceptance of consideration in return for the property in question, whereas, a transfer of a property is an ownership change, often accomplished by the recording of a new deed. An inter-spousal transfer or a quitclaim as a result of a divorce have no relevance to the valuation process, for example. **We suggest the ASB address any confusion about the types of transactions that require consideration under Standards Rule 1-5 through guidance material.**

Thank you for your consideration of these comments.

Sincerely,



James L. Murrett, MAI, SRA
Professional Standards and Guidance Committee, Chair

From: [Dave Towne](#)
To: [Dave Towne](#)
Subject: 2022-23 USPAP 2nd Exp. Draft
Date: Thursday, May 28, 2020 8:27:23 PM
Attachments: [image001.png](#)
[USPAP 2022-23 2nd Exposure Draft Draft.pdf](#)

Appraisers / Others

Gad zooks.....I (and lots of others) hope and wish the Appraisal Standards Board would QUIT making changes to USPAP every friggin' two years!

There is no way to satisfy everyone's individual perspective as to how USPAP should be written.

Can't we please get to a commonly understood document that all 'stakeholders' can understand, and keep it in effect for at least 5 years.....PLEASE! *(Yes, I am aware that this would impact State's CE requirement hours for license renewal and the income to the ASB for book sales.....but there needs to be more common sense applied to this situation.)*

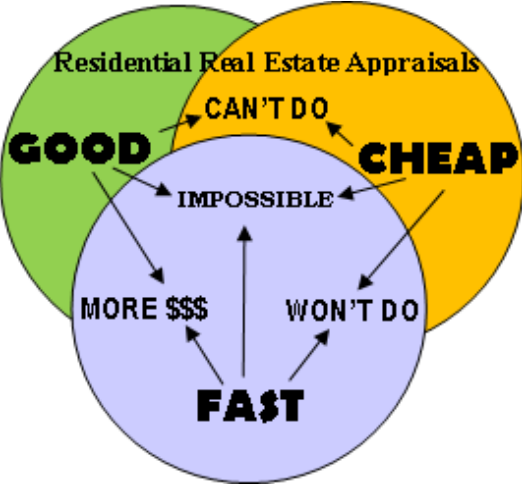
That said, attached is the 2nd Exposure Draft for the **2022-23 USPAP**.

If you care to, you can provide input to the ASB. Follow the directions in the first pages of the document.

Dave Towne, MNAA, AVAA, AGA
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National Association of Appraisers – Member
Appraisers' Coalition of Washington – Member
American Veteran American Appraiser – Honored Recipient



From: Terrel Shields <geoappraiser@hotmail.com>
Sent: Sunday, June 7, 2020 6:39 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Comments to the Endless Chain of Changes

- the impact of current technology in creating uncertainties about what constitutes a “true copy” of a report in the RECORD KEEPING RULE and about where signatures are required.

MAKE A PDF OF IT PERIOD.

- report labels and continuing discussion about a possible single set of minimum reporting requirements authorizing the appraiser to decide what extent of reporting (beyond the minimum) is appropriate for each appraisal.

EVENTUALLY THE LABELS NEED TO GO AWAY

- whether the personal inspection (“I have or have not”) disclosure in the Certification is adequate or should be broader.

GIMME A BREAK. YOU 'INSPECTED' IT OR YOU DIDN'T

- whether the topic of significant appraisal assistance should be reviewed, including whether to require disclosure of significant assistance provided by non-appraisers.

THAT'S A REAL LANDMINE. ARE WE GOING TO VET THE ENGINEER PREPARING THE FOUNDATION REPORTS? THE ARCHITECT'S BLUEPRINTS AND SPECS? OUR SECRETARY INSERTING THE PICTURES FOR US?

- whether any DEFINITIONS should be added, subtracted, or modified.

MISLEADING SHOULD GO AWAY.

Call me "awoke" but after reading Jeremy Bagott's "Dispatches from the Cobra Breeding Farm" I realize what a really self-serving, self-perpetuating group you really are. If I could figure out who to write I would see if I couldn't force USPAP to be fixed and to be PUBLIC property. You want to get money? Get it from Fannie Mae and your other owners. Anytime they holler "Frog" you guys jump. So now you want to lay blessings on hybrids solely to let someone somewhere take even larger bite out of our fees to stick in their pocket while the CONSUMER gets nothing but higher fees. "Evaluations"?? So Appraisers can do \$50 reports? Do you honestly think Evaluators will license? Then the only purpose of creating rules on evaluations is to pacify your owners...the bankers.

Leave USPAP alone.

Terrel Shields
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GeoAppraisers

Land Minerals Estates

www.roxnoil.com

Siloam Springs, Arkansas

From: John Cento <jcentocpa@hotmail.com>
Sent: Wednesday, June 17, 2020 11:33 AM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: comment on exposure draft

The two-year cycle of USPAP changes is highly burdensome and unneeded; therefore I reject all the proposed changes because regulatory stability is more important than the asserted benefits from the revisions. Thirty years after the precipitating first financial crisis and over ten years since the last one, we are still adjusting USPAP every two years? It's too much change; every year we appraisers are having to either learn new USPAP or respond to exposure drafts. It is also unethical to sell USPAP materials because you have a conflict of interest in perpetuating this excessive frequency of changes. When are you going to be responsive to the men and women who must implement USPAP? Your organization is unjust and corrupt. I have the worst possible feelings toward the foundation because you are definitely not balancing the needs of practitioners with other interests.

Truly,
John Cento
New Albany, Indiana

Sent from [Mail](#) for Windows 10



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July 13, 2020

Wayne R. Miller, Chair
Appraisal Standards Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

Email: asbcomments@appraisalfoundation.org

RE: Second Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice

Dear Mr. Miller:

On behalf of the Appraisal Institute, the Professional Standards and Guidance Committee ("PSGC") submits the following comments to the ASB's Second Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice.

The Appraisal Institute's comments will address the proposed changes to real property standards only.

General Comment – Reporting Standards

The Appraisal Institute has long been a proponent of a single reporting option that sets minimum reporting requirements. The Appraisal Institute believes that, while a challenge, moving USPAP to a single reporting option would benefit appraisers and other stakeholders and could help to promote and maintain a high level of public trust in appraisal practice.

The Appraisal Institute has noted in previous comments that:

[As long as] the reporting Standards

- require that a report clearly and accurately set forth the appraisal in a manner that will not be misleading; contain sufficient information to enable the intended users of the appraisal to understand the report properly; and clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment; and
- set minimum reporting requirements;

clients and other intended users will receive the reports that they need and the public trust will be protected.

(Appraisal Institute Response to USPAP Survey, October 6, 2016 and Appraisal Institute Comment Letter on Discussion Draft – Potential Areas of Change for the 2020-21 edition of USPAP)

The Appraisal Institute is disappointed that the ASB has determined with this Second Exposure Draft that it is unable to move USPAP to a single reporting option without "adding too much flexibility to USPAP". The Appraisal Institute believes that the ASB's concerns about adding "too much flexibility" can be addressed through the drafting and exposure process. The Appraisal Institute urges the ASB to seriously consider drafting standards with a single reporting option.

General Comment – Proposed USPAP Revisions for 2022-2023

The Exposure Draft states that:

The goal of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. ... Proposed changes are intended to improve USPAP understanding and enforceability, and thereby achieve the goal of promoting and maintaining public trust in appraisal practice.

The Appraisal Institute does not believe that any of the proposed changes in the Second Exposure Draft serve to promote and maintain public trust in appraisal practice in a meaningful way. Taken as a whole, the proposed changes suggest that the ASB is basically satisfied with the current edition of USPAP and that with a few minor tweaks all will be well. The proposed revisions in the Second Exposure Draft do not seem to warrant the development and issuance of a new edition of USPAP for 2022-2023. In our comments on the First Exposure Draft we noted that one issue with “minor tweaks is that appraisers are responsible for learning them therefore appraisers need to take time to educate themselves and their clients about them. The constant changes work against USPAP’s goal to “to promote and maintain a high level of public trust.” Wouldn’t it be great for a profession to have a set of Standards that did not have an expiration date?”

Specific Comments - Section 1: Standards (Reporting in STANDARDS 2)

The ASB proposes three changes in this section:

1. The first proposed change is a “modification” of the requirement to label a report (*Exposure Draft Lines 3 -8*).

SR 2-2 – Current language

...Each written real property appraisal report must be prepared under one of the following options and prominently state which option is used: Appraisal Report or Restricted Appraisal Report.

SR 2-2 – Proposed language

...Each written real property appraisal report must indicate which of the two report options in Standards Rule 2-2 is used, either:

- **by stating that it is an Appraisal Report or Restricted Appraisal Report;**
or,
- **if a different title or label is used, by stating whether the report is intended to comply with the requirements of Standards Rule 2-2(a) or Standards Rule 2-2(b).**

Since SR 2-2(a) contains requirements for an “Appraisal Report” and SR 2-2(b) contains requirements for a “Restricted Appraisal Report” this minor revision will only serve to increase confusion among appraisers and other stakeholders.

This proposed change appears to be a “sleight of hand” move that does not directly address the issues that appraisers can encounter in performing evaluations.

A better solution would to eliminate the labeling requirement in USPAP altogether and provide guidance that it doesn’t matter what you call “it”, if it meets USPAP’s definition of “appraisal”

(opinion of value), that's what it is. The Appraisal Institute notes that the USPAP definition of appraisal is specific to USPAP and it differs greatly from the Federal Banking Agencies' and most states' definitions – a critical point that is the root cause of most of the confusion over "evaluations". It might be helpful for the ASB to acknowledge this in guidance materials.

The Appraisal Institute also notes that there is a more immediate way to address this issue. In its comments on the First Exposure Draft the Appraisal Institute noted its previously proposed short-term and long-term solutions to the issue of evaluations. The Appraisal Institute's proposed short-term solution was that the ASB:

...revise Advisory Opinion 13 to include:

- report templates for evaluations (one residential, the other non-residential), and
- clarification that if applicable law or regulation states that one who prepares an evaluation in accordance with the IAEG is not "acting as an appraiser", USPAP does not apply.

Advisory Opinion 13 could be revised and issued immediately, as advice from the ASB does not require a public comment period. The report templates would be an expansion of existing advice. The second point above is merely a clarification of what is already a reality.

...Appraisers have been unsure how to shift gears from providing the type of appraisal report they are used to providing to providing an evaluation. They also fear their state enforcers do not interpret requirements the same way. Clarification from the ASB would be most helpful to all....

The Appraisal Institute notes that since its short-term solution was offered the ASB has developed report templates for evaluations. The Appraisal Institute urges the ASB to take the next step of revising Advisory Opinion 13. A benefit of the Appraisal Institute's proposed short-term solution is that it can be implemented long before the 2022-23 edition of USPAP would become effective.

The Appraisal Institute believes that the issues precipitating the ASB's above noted proposed changes demand immediate action not action in 2022 and that the ASB should adopt the Appraisal Institute's proposed short-term solution.

2. The second proposed change is to reword the first three introductory paragraphs in STANDARDS RULES 2-2 (*Exposure Draft Lines 1-28*). The ASB noted that the rewording "does not introduce material changes".

The Appraisal Institute does not believe that the proposed non-material rewording is necessary to advance the goal of promoting and maintaining public trust in appraisal practice.

The Appraisal Institute further notes that proposed Lines 15-17 which provide "An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements", are advisory only and unnecessary. If anywhere, these lines belong in AO 38. They are inconsistent with USPAP's long-held claim that it does not dictate form or format. Reporting Standards should simply state—and they do--- what elements must be in the report. There is no need for USPAP to say the obvious, that if one or more are missing, they must be added.

3. The third proposed change is to delete the phrase “in order to satisfy disclosure requirements” from the Comment to SR 2-2 (a) (ii) and (b) ii as follows.

SR 2-2 (a) (ii) - state the identity of any other intended user(s) by name or type;

Comment: A party receiving a copy of an Appraisal Report ~~in order to satisfy disclosure requirements~~ does not become an intended user of the appraisal unless the appraiser identifies such party as an intended user as part of the assignment.

SR 2-2 (b) ii - state the identity of any other intended user(s) by name;

Comment: A Restricted Appraisal Report may be provided when the client is the only intended user; or, when additional intended users are identified by name.

A party receiving a copy of a Restricted Appraisal Report ~~in order to satisfy disclosure requirements~~ does not become an intended user of the appraisal unless the appraiser identifies such party as an intended user as part of the assignment.

The Appraisal Institute does not believe that the proposed change to the Comment is a critical change, but it is a good one.

Specific Comments - Section 2: Signing the Certification

Exposure Draft Lines 150-162

The ASB proposes revising SR 2-3 (b) as follows:

An appraiser who signs any part of the appraisal report, including a letter of transmittal, must also sign a certification- **by using a generally-accepted method of attestation such as, but not limited to, signature (hand-written, electronic, digital, et al.) or password.**

The ASB notes in its rationale that this proposed change is “to make clear that USPAP does not specify a particular method for signing a certification”. The Appraisal Institute believes that the proposed language is unnecessary. The Appraisal Institute believes that the information the ASB wants to convey with this proposed change could more appropriately and more quickly be disseminated through guidance such as a FAQ.

Exposure Draft Lines 63-74

The ASB proposes revising SR 2-3 (c) as follows:

When a signing appraiser has relied on work done by appraisers and others who do not sign the certification, the signing appraiser is responsible for the decision to rely on their work.

- (i) The signing appraiser ~~is required to~~ **must** have a reasonable basis for believing that those individuals performing the work are competent; and
- (ii) The signing appraiser must have no reason to doubt that the work of those individuals is credible.

Comment: ~~Although~~ **While** a certification must contain the names of individuals providing significant real property appraisal assistance, ~~it is not required that a summary~~ **the**

disclosure of the extent of their assistance may be located in a certification. This disclosure may be in any part(s) of the report.

The Appraisal Institute notes that while changing “required to” to “must” does make these lines more consistent with the rest of USPAP, they are not material changes; they are administrative edits. The ASB’s rationale for these changes does not indicate that the changes will advance the goal of promoting and maintaining public trust in appraisal practice. The Appraisal Institute believes that the proposed revision to the SR is unnecessary and that the information the ASB wants to convey with the proposed restatement of the Comment could more appropriately and more quickly be disseminated through guidance such as a FAQ.

Specific Comments - Section 3: Disclosure Obligations section of the SCOPE OF WORK RULE

Exposure Draft Lines 284-297

The ASB proposes revising the Comment to the SCOPE OF WORK RULE as follows:

DISCLOSURE OBLIGATIONS

The report must contain sufficient information to allow the client and other intended users to understand the scope of work performed. The information disclosed must be appropriate for the intended use of the assignment results.

~~Comment: Proper disclosure is required because clients and other intended users rely on the assignment results.~~ Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. **This disclosure could also include information about the level of inspection.**

The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report. The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

The ASB noted that the rationale for these changes to the Comment was to “help interpret the Scope of Work disclosure requirements” and to delete an explanation that was not considered necessary in other Rules and Standards.

The Appraisal Institute believes that these proposed revisions to the Comment are unnecessary and that the information the ASB wants to convey with the proposed revisions to the Comment could more appropriately and more quickly be disseminated through guidance such as a FAQ.

The Appraisal Institute further notes that the description of Scope of Work in the current USPAP already includes “the extent to which tangible property is inspected” at line 352. Not only is the proposed insertion unnecessary, it could lead some to believe that level of inspection is somehow NOT part of Scope of Work.

Specific Comments - Section 4: Definitions

Exposure Draft Lines 298-299

The ASB proposes revising the definition of “Appraiser” as follows:

APPRAISER: one who **engages in appraisal practice and** is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

The Appraisal Institute notes that any change to the definition of a term that describes the individuals who practice a profession is a major change. The Appraisal Institute does not believe that the proposed revision should even be considered without a thorough study as to the potential effects of such a change. For example, what if any impact would such a change have on state regulation of “appraisers” and would such a change have an impact on laws concerning the unauthorized practice of appraisal.

Exposure Draft Lines 300-304

The ASB proposes revising the definition of “Assignment Elements” as follows:

ASSIGNMENT ELEMENTS: Specific information needed to identify the appraisal or appraisal review problem, **such as:** client and any other intended users; intended use of the appraiser’s opinions and conclusions; type and definition of value; effective date of the appraiser’s opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.

The Appraisal Institute notes that that a definition of Assignment Elements was only just adopted with the last edition of USPAP; that “such as” is implied, and doesn’t need to be anything more than implied here for the sake of clarity; and, that there does not appear to be an issue here that can’t be addressed with guidance. Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle. Our best advice is to leave this definition alone.

Exposure Draft Lines 305-306

The ASB proposes deleting the definition of “Misleading”:

~~MISLEADING: Intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions.~~

The Appraisal Institute agrees with this proposed change. The rationale notes that “Stakeholders expressed concern that a simple typographical error in a report could be viewed as misleading under the current definition” and that “the appraiser’s responsibility to avoid errors of both commission (intent) and omission (errors) are clear”. The Appraisal Institute sees no reason why such a potentially harmful term should be allowed to continue on to the next edition of USPAP and suggests that the ASB issue an appendix or bulletin removing this term immediately. Timely action on this matter would serve to promote and maintain public trust in appraisal practice.

Exposure Draft Lines 307-315

The ASB proposes revising the definition of “Personal Inspection” as follows:

PERSONAL INSPECTION: a **an in-person**, physical observation **of the subject property** performed **by an appraiser** to assist in **gathering information about** identifying relevant property characteristics in a valuation service.

Comment: An appraiser’s **personal** inspection is typically limited to those things readily observable without the use of special testing or equipment. Appraisals of some types of property, such as gems and jewelry, may require the use of specialized equipment. An inspection by an appraiser is not the equivalent of an inspection by an inspection professional (e.g., a structural engineer, home inspector, or art conservator).

The Appraisal Institute notes that that this definition was only just adopted with the last edition of USPAP; that the proposed revisions are minor; and, that there does not appear to be an issue here that can’t be

addressed with guidance. Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle. Our best advice is to leave this definition alone.

Exposure Draft Lines 316-318

The ASB proposes adding a definition of “Significant Appraisal Assistance” as follows:

SIGNIFICANT APPRAISAL ASSISTANCE: Research, analysis, or other assistance that affects the assignment results and is provided by another appraiser explicitly in support of a particular assignment.

The Appraisal Institute does not believe that this proposed definition is necessary as Advisory Opinion 31 already provides guidance as to what constitutes significant appraisal assistance.

Exposure Draft Line 319

The ASB proposes adding a definition of “State” as follows:

STATE: to report with a minimal presentation of information.

The Appraisal Institute does not believe that this proposed definition is necessary as Advisory Opinion 38 already provides guidance as to the difference between “state” and “summarize”.

Exposure Draft Line 320

The ASB proposes adding a definition of “Summarize” as follows:

SUMMARIZE: to report with more detail than a minimal presentation of information.

The Appraisal Institute does not believe that this proposed definition is necessary as Advisory Opinion 38 already provides guidance as to the difference between “state” and “summarize”.

Specific Comments – Section5: Other Edits to Improve Clarity of USPAP

Exposure Draft Lines 321-327

The ASB proposes revising SR 1-5, and SR 2-2 as follows:

STANDARDS RULE 1-5, SALE AGREEMENTS, OPTIONS, LISTINGS, AND PRIOR SALES, AND OTHER TRANSFERS

When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:

- (a) analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and
- (b) analyze all sales **and other transfers** of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

SR 2-2

(a)(x)(3) summarizing the results of analyzing the subject sales **and other transfers**, agreements of sale, options, and listings in accordance with Standards Rule 1-5;

(b)(xii)(3) summarizing the results of analyzing the subject sales **and other transfers**, agreements of sale, options, and listings in accordance with Standards Rule 1-5; and

The ASB's rationale states that proposed addition of the term "transfer" is "not intended to create a new requirement" and that it is intended to give "greater clarity to an existing requirement". This rationale is problematic because the proposed revision does create a new requirement for appraisers – A requirement to identify and analyze information that may not include a sale. This action goes beyond adding clarity to USPAP; it creates further confusion. A sale of a property involves the offer and acceptance of consideration in return for the property in question, whereas, a transfer of a property is an ownership change, often accomplished by the recording of a new deed. An inter-spousal transfer or a quitclaim because of a divorce have no relevance to the valuation process, for example. We suggest the ASB address any confusion about the types of transactions that require consideration under Standards Rule 1-5 through guidance material, specifically Advisory Opinion 1.

Exposure Draft Lines 377-384

The ASB proposes deleting the Comments to SR 2-2 (a) (viii) and SR 2-2 (b) (x):

SR 2-2 (a) (viii) summarize the scope of work used to develop the appraisal;

~~Comment: Summarizing the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.~~

SR 2-2 (b) (x) state the scope of work used to develop the appraisal;

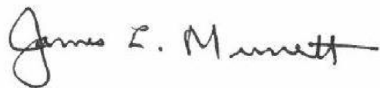
~~Comment: Stating the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.~~

The ASB notes that the Comments are being proposed for deletion because the language of the Comments "is repeated verbatim from the DISCLOSURE OBLIGATIONS section of the SCOPE OF WORK RULE".

The Appraisal Institute has no objection to these proposed changes but notes that they would have an insignificant impact on promoting and maintaining public trust in appraisal practice.

Thank you for your consideration of these comments.

Sincerely,



James L. Murrett, MAI, SRA
Professional Standards and Guidance Committee, Chair

From: Michael Small <homeappraise@verizon.net>
Sent: Saturday, July 25, 2020 5:19 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: USPAP 2022-23 comments

An appraiser is licensed to ensure public trust in the appraisal profession. The labeling of an appraisal report should remain either a restricted appraisal report or an appraisal report. Allowing additional terms that are used in addition to these labels that may be used by non licensed individuals completing inferior valuation products will be confusing to the public. Additionally mudding of the requirements will cause confusion to state licensing boards and appraisers themselves. Significant unintended consequences will happen!

Under the current requirements (2020-2021 USPAP) Appraisers can meet the needs of our clients. It is ludicrous to add unnecessary confusion to a report when the appraisal process and compliance with USPAP remains regardless of what label is used.

Regarding the reliance on data provided by other individuals: the name of the person and the data/ assistance should be disclosed by the signing appraiser, regardless if they hold an appraiser license or not. It should also be mandated that the signing appraiser have direct supervision of the person providing the data or assistance. The hybrid appraisal conflicts with the intent of licensing of appraisers to ensure public trust and is being extensively abused by both lenders and appraisal management companies. The ASB has the opportunity to do the right thing for the public trust, not lenders and appraisal management companies.

The ASB needs to follow the KISS principle (Keep It Simple Silly) and stop making unnecessary changes.

Michael Small
Certified Residential Appraiser

From: dettling@frontiernet.net <dettling@frontiernet.net>
Sent: Monday, July 27, 2020 1:16 PM
To: ASB Comments <asbcomments@appraisalfoundation.org>
Subject: Proposed Revision to Standard 2-2

I am opposed to the proposed change in Standard 2-2 which would allow for a “different title or label” that would not require the use of the term “Appraisal” or “Restricted Appraisal” to be included.

The ASB has not made a case that this change will further the goal of the Uniform Standards of Professional Appraisal Practice to “...maintain a high level of public trust in appraisal practice.” On the contrary, the public is already confused with the ill-advised opening of Pandora's Box since the Federal Reserve introduced the notion of “Evaluations” that can be produced by virtually any adult with access to a computer. This additional introduction of “flexibility” in the use of terms further adds to the confusion already prevalent in the public, not to mention lenders themselves.

The board appears to be acting in similar fashion to that of a teenager with an acne problem standing in front of a mirror picking at blemishes. Take a step back and stop picking at the face of USPAP. Just because the members of the ASB have a job to maintain and adjust USPAP as the needs of the profession and the industry require, does not mandate constant tinkering for the sake of doing “something.” Please stop it.

This is not complicated. Either it is an appraisal or it is something else. If it is something else it has no place in USPAP. Period.

Charles R. Dettling

Certified Residential Real Property appraiser

Alabama R00848

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