

THE WILSON GROUP

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January 22, 1999

Mr. Ben Henson
Executive Director
Appraisal Subcommittee
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Mr. Henson:

I was an attendee at the Orlando session of the Appraisal Standards Board's USPAP 1999 introduction and Training Session. By way of introduction, I am a General Certified Appraiser heading a medium sized firm in Central Kentucky, an instructor for and consultant to the Kentucky Real Estate Appraiser's Board, and the owner of a proprietary school in Kentucky specializing in Real Estate studies. I have attended previous sessions on the same topics in Chicago in 1994, San Francisco in 1995, and Phoenix in 1996.

I have spent some time considering my reaction to the Orlando meeting. I have also had the opportunity to teach three continuing education classes for KREAB and a Uniform Standards 15 hour class since the Florida sessions.

The program in Orlando was a disappointment. The reasons are related to both the form and content of the Standards Board's work as well as the meeting itself.

- I The materials provided at the Standards Board meeting were unedited and apparently not proofed, including a large number of typos and word processing mistakes.
- I The meeting was conducted in a less than professional manner, being off topic and dealing with unrelated issues to a large degree.
- I The Instructor's Training Session was an exact duplicate of that provided in San Francisco, down to the jokes and illustrations.
- I The revisions to USPAP were, it is now clear, not completed on time and final, bound copy has been provided to the attendees.
- I Subsequent introductory sessions have been scheduled which are committed to delivering an actual copy of the final USPAP99, I assume in a finished form.

It is clearly the case that those of us who attend these sessions annually have little to show for the investment in time and money. Given that 31 States and territories had representative at the Orlando Meeting, the preparation could and should have been better. I trust this does not represent the work of the brightest and best of our profession.

The overall revisions to USPAP appear to be on track to the stated goal of a more consistent and readable document. For example, the inclusion of a number of essential items in the now Binding SR 1-2 is a very appropriate upgrade. Further, the integration of the relatively new definitions of Intended User and Intended Use are a strong selling point for this version.

Other changes may take some time in adjustment before a final judgement can be made. The *decision free* principle adopted for Departure (Appropriate v. Inappropriate, Necessary v. Unnecessary) and assumptions and hypothetical conditions will probably be an advantage to appraisers once the language is clarified and understood,

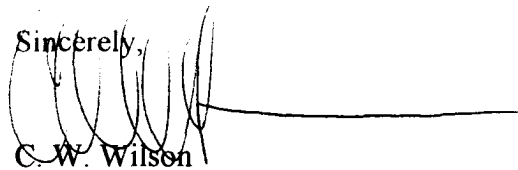
Some language changes or additions are obscure, at best. For example, in the Management Section of the Ethics Rules, "it is **unethical for the appraiser to accept compensation in developing that opinion that is contingent upon ... (5) the occurrence of a subsequent event directly related to the value opinion** Or, as a second example, the **extensive replacement of the phrase "not misleading"** with the word "**Credible**", clearly not synonymous language. Finally, the **replacement of the terms "unlawful, unethical, or improper"** with "**criminal**" in the Conduct Section of the Ethics Rules.

Appraisers in a leadership role are aware that the Appraisal Subcommittee is openly dissatisfied with the Board's work product. Those attending Orlando were caustic in their assessment, outside of class. Meanwhile, Sam Blackburn, Executive Director at the Kentucky Board, reports that the Standards Board had nothing but positive evaluations, incredible given the forms I saw in my section of the room. Where the professional standing of 80,000 practitioners is at stake, the spin-doctor mentality of the Standards Board is reprehensible.

The time is long past when we can afford to appoint board members based on professional affiliation politics. Financial Regulators, our Lawyer Clients, regulated Appraisers and their respective state Boards, and, most importantly, the public should be able to look to this organization for leadership. To fail to live up to the challenges inherent in management of this critical document, USPAP, may well destroy the professional stature appraisers have come to enjoy in the decade of the 90's.

Exercise of your oversight responsibility is critical, with the support if the State Regulators. The Standards Board must be made up of the brightest and best of our profession if we are to make appraisal regulation meaningful and manageable.

Sincerely,



THE WILSON GROUP

cc: Mr. Tim Leberman
Chairman, The Appraisal Standards Board

Mr. David S. Bunton
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