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Appraisal Subcommittee

Federal Financial Institutions Examination Council

October 14, 2021

Via Email: www.surveymonkey.com/r/ASBComments

Michelle Czekalski Bradley, Chair
Appraisal Standards Board
The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005

RE: ASC Staff Comments on First Exposure Draft of Proposed Changes for the
2023 edition of the USPAP

Dear Chair Czekalski Bradley:

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Appraisal Standards Board's (ASB) First Exposure Draft of proposed changes for the 2023 edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). The following comments reflect the opinions of ASC staff and not necessarily the ASC or its member agencies.

Section 1: ETHICS RULE

In ASC staff's opinion, the USPAP requirements for real property appraisers should prohibit the use of any conclusions in an appraisal that are based on race, color, religion, national origin, gender, marital status, familial status, age, receipt of public income and disability (protected classes).

The proposed revisions to the ETHICS RULE include a Comment that would allow a real property appraiser to reach a conclusion in an appraisal based on protected classes and be USPAP compliant. The rationale states "Adoption of this Comment will make it clear that a supported conclusion related to the characteristics of these protected classes is the exception, not the rule." As proposed, it does not prohibit the use of information that may be biased against a protected class, so long as it is supported. Another rationale given is that the USPAP ETHICS RULE covers personal property and business valuation and the ASB apparently wants to retain this option for those disciplines. Personal property and business valuation practices which are unregulated professions have little relevance to standards for real property appraisers. Therefore, the ASB may want to consider separating the publication of standards for the various disciplines in order to serve all three effectively.

Section 2: PERSONAL INSPECTION AND THE CERTIFICATION

No comment.

Section 3: DISCLOSURE IN REPORTING

No comment.

Section 4: TRANSFERS AND SALES

The rationale indicates that this change is of particular importance for business valuers. No rationale is provided as to why it would benefit real property appraisers, users of their services or regulators. In fact, it may add another complication to the appraisal process for real property appraisers with little to no discernable benefit. This is another example of the need to separate real property from the other standards.

Section 5: DEFINITIONS TO RETIRE

Three definitions are proposed to be retired:

- *Misleading*,
- *Relevant Characteristics*,
- *Personal Inspection*.

These definitions were new to USPAP for the current (2020-21) edition and now are proposed for retirement.

The ASB is proposing to modify three definitions:

- *Appraiser* is to be modified by reinstating a Comment that was previously deleted for the current edition of USPAP.
- *Assignment Elements* is proposed to be revised due to the current definition being unclear.
- *Workfile* is proposed to revert to 2018-19 version.

These definitions were recently revised and are now being revised again.

The rationale for most of these proposed changes (retirements and modifications) is that once the changes were put into practice, they proved to be problematic. Back and forth revisions to USPAP are not unusual throughout its history.

Section 7: DEFINITIONS TO ADD

No comment.

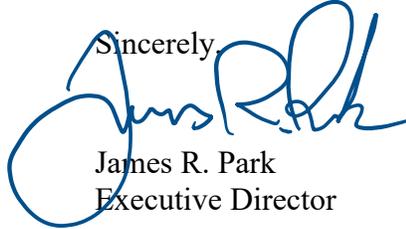
Section 8: MINOR EDITS

No comment.

We appreciate the work the ASB performs on behalf of appraisers, regulators, users of appraisal services and consumers.

Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park". The signature is stylized with large loops and a cursive style.

James R. Park
Executive Director