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Appraisal Subcommittee

Federal Financial Institutions Examination Council

May 25, 1999

Kenneth J. Kaiser, Chair
Appraisal Standards Board
The Appraisal Foundation
1029 Vermont Avenue NW Suite 900
Washington, DC 20005-3517

Dear Mr. Kaiser:

Thank you for the opportunity to comment on two proposed ASB Advisory Opinions: *Unacceptable Assignment Conditions in Real Property Appraisal Assignments*; and *Confidential Information in Standardized Appraisal Report Forms*.

The Opinion on Unacceptable Assignment Conditions offers needed advice regarding several problems common in today's marketplace. While firmly grounded in USPAP, this Opinion recognizes the marketplace's need for a wide variety of appraisals and appraisal reports. The application of USPAP through the "Illustrations" section provides a framework for appraisal practice that is within USPAP's standards. As you are no doubt aware, in the absence of advice such as offered in this Opinion, many professionals may have performed appraisal work that violates USPAP on this issue. This Opinion should go a long way towards assisting appraisers in performing their professional activities in the real world.

The Opinion titled "Confidential Information in Standardized Appraisal Report Forms" directly addresses the historically strong USPAP provisions that stress the need to treat certain appraisal information with utmost confidentiality. We concur with the position taken in this Opinion. We, nevertheless, believe that the "Illustration" section could be improved by addressing existing market practices and problems. For example, we urge you to address the following questions:

- What should an appraiser do to avoid violation of State or other local laws where real estate transactions are not public record (*i.e.*, "non-disclosure" States)? Might an appraiser be at risk disclosing appraisal information considered "non-confidential" by USPAP in these localities?
- Many private business data bank services collect and sell appraisal information (from standard forms and other sources). Many such services were established before USPAP and obtain information from appraisers being paid for or trading for data. Are the appraisers who currently provide such appraisal information to a data service violating USPAP?
- Is an appraiser at risk if the front page of the form is given to a data service or to other appraisers by a bank or other financial institution client without the appraiser's knowledge?

Thank you for the opportunity to comment. If you wish to discuss our comments, please contact us. As usual, our staff will be attending your June 8, 1999 meeting.

Sincerely,

Ben Henson
Executive Director