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January 23, 2017

TO: Appraisal Standards Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

RE: Third Exposure Draft of Proposed Changes for the 2018-19 Edition of the *Uniform Standards of Professional Appraisal Practice*

Ladies and Gentlemen-

The Government Affairs Committee of the National Association of Appraisers (NAA) has reviewed the Third Exposure Draft of Proposed Changes for the 2018-19 Edition of the *Uniform Standards of Professional Appraisal Practice* dated December 7, 2016 and provides the following comments for your consideration.

- **Section 1: Definition of Report and Edits to the ETHICS RULE and the RECORD KEEPING RULE**
This has been an on-going issue without resolution for several USPAP updates so the NAA was pleased to see the ASB revisit the definition of report to help resolve the challenge enforcement officials and other regulators encounter when dealing with appraisers who issue multiple reports in an assignment but disavow responsibility for prior iterations because they were not transmitted “upon completion of the assignment” as specified in the current USPAP definition of Report. The proposed edits in the First and Second Exposure Drafts linked the definition of a report to when the report is communicated with a signed certification as well as revising the Record Keeping Rule addressing an appraiser’s obligations in retaining such communications.

As originally proposed, when an appraiser signs a certification they are representing to the client that the document is a report. Additionally, any communication of preliminary assignment results must be clearly identified as such. Unfortunately, in the Third Exposure Draft the ASB moved entirely away from that initiative and instead changed the purpose of the edit to clarify that a client may authorize other parties to receive a report.

The NAA requests the ASB reconsider the original purpose and adopt the definition of report as presented in the First and Second Exposure Drafts.

- **Section 2: Definitions of Assignment, Assignment Conditions, Intended Use, and Intended User, and related edits to the COMPETENCY RULE**
NAA is supportive of these changes; particularly clarification provided by removal of the phrase “at the time of the assignment.”

- **Section 3: Definitions of Assumption and Extraordinary Assumption**
NAA is in agreement that the word “Assumption” needs no specific definition within USPAP. We have no issue with the proposed changes to the definition of “Extraordinary Assumption” and believe it may provide additional clarity.
- **Section 4: Dividing STANDARD 3, Appraisal Review, into STANDARD 3, Appraisal Review, Development and STANDARD 4, Appraisal Review, Reporting**
We believe having the Appraisal Review Standard split into a Development Standard and Reporting Standard would be appropriate to maintain consistency. We do find that there is some confusion with some review appraisers as to what is required in providing assignment results in an appraisal review. Having the development and reporting standards separate may provide better clarity.
- **Section 5: Dividing STANDARD 6, Mass Appraisal, into STANDARD 5, Mass Appraisal, Development and STANDARD 6, Mass Appraisal, Reporting**
As with Standard 3, we are in favor of having a Development Standard and a Reporting Standard for Mass Appraisal to maintain consistency and to provide clarity.
- **Section 6: Removing the term Market Value from STANDARDS 7 and 8**
NAA is supportive of the removal of the “Market Value” reference from standards 7 & 8.
- **Section 7: Edits to the Personal Property Certification in Standards Rule 8-3**
NAA is in agreement that proposed edits to Standards Rule 8-3 will provide clarity to clients and users of personal property appraisals that appraisers signing reports may only be taking responsibility for the portions of the appraisal and not for the assignment results of items they did not appraise.
- **Section 8: Advisory Opinion 37, Computer Assisted Valuation Tools**
NAA is very supportive of AO-37. While we can support retaining AO-18 for reasons stated in the third exposure draft, we propose a better course of action would be to update AO-18. In addition, illustrations defining when an AVM is appropriate and can be relied upon would be helpful to practitioners .
- **Section 9: Illustration in Advisory Opinion 21, USPAP Compliance**
NAA is very supportive of the addition of the new graphic to AO-21 and we believe it provides additional clarity to the relationship between Valuation Services and Appraisal Practice.
- **Section 10: Edits to Advisory Opinion 31, Assignments Involving More than One Appraiser**
NAA is supportive of the edits to Advisory Opinion 31 and we believe this provides additional clarity.
- **Section 11: Edits to Advisory Opinion 1, Sales History**
NAA is in favor of the Edits to Advisory Opinion 1. We recognize that there is some confusion between the analysis in Standard 1 of prior sales and reporting that analysis for prior sales in Standard 2. We believe that the analysis takes place in most cases, but is not adequately reported in Standard 2. Clarity on the depth of the analysis and expectation as to what is to be

reported in Standard 2 may be appropriate. We have some concerns that the analysis of prior sales should NOT expand to development of a retrospective opinion of value for the prior sale, thereby expanding the scope of work required for an assignment.

- **Section 12: Edits to Advisory Opinion 32, Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments**

NAA is supportive of the proposed change to Advisory Opinion 32 to align with Standards 5 & 6.

We appreciate the opportunity to provide feedback on this exposure draft and your consideration of our input.

Sincerely,



John T. Dingeman, MNAA
President, National Association of Appraisers