January 28, 2019

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 2020-2021 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 2020-2021 Edition of the Uniform Standards of Professional Appraisal Practice dated December 12, 2018 and respectfully provides the following comments for your consideration.

• **Comments:**
  - In general, NAA is in support of moving comments out of standards rules and distributing them elsewhere throughout the USPAP document.

• **Section 1: STANDARDS (Reporting Options and Comments in Standards Rules)**
  - Regarding **STANDARDS RULE 1-3, Market Analysis, and Highest and Best Use**, beginning on line 111, to aid in reasonable enforcement, we recommend clarification of "reasonably probable modifications of such land use regulations;" on line 118 and more specificity surrounding how an appraiser would determine if modifications are “reasonably probable”. We feel this may best be addressed as an FAQ.

  - With regard to **STANDARDS RULE 1-4, Approaches to Value:**
    - Due to regulatory/enforcement concerns, NAA also requests more clarity regarding what constitutes “all” in the language beginning on line 130: “In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results. Again, we feel this may be best addressed as an FAQ.
    - On lines 179 and 181, we would ask the ASB to consider whether the intent of the use of the word “assets” was for appraisers to only consider items which contribute value and ignore those that do not.

  - We are supportive of the proposed changes to the remaining Standards addressed in Section 1 of the third exposure draft.
• **Section 2: SCOPE OF WORK RULE**
  o NAA is supportive of the proposed changes in Section 2 of the third exposure draft.

• **Section 3: COMPETENCY RULE**
  o We support the proposed changes to the Competency Rule and applaud the insertion of the language: “Perfection is impossible to attain, and competence does not require perfection. However, an appraiser must not render appraisal services in a careless or negligent manner. This Standards Rule requires an appraiser to use due diligence and due care.” on lines 2333-2335.

• **Section 4: Definitions**
  NAA generally supports proposed changes and additions to Definitions, however, we have the following comments and concerns:

  o We have concerns regarding the definition of AT THE TIME OF ASSIGNMENT on lines 2441-2442. We feel this definition will prove very problematic for appraisers because it would allow a client to alter assignment conditions that could significantly impact the development of the appraisal at any time prior to completion. Additionally, information obtained by the appraiser (after acceptance of the assignment) could require modifications to the assignment as originally agreed, such as information about property characteristics discovered after the property is inspected.

    o At the present time, appraisers can determine the additional requirements constitute a modification to the assignment or even a new assignment, since they were not agreed upon when the appraiser accepted the assignment. As currently proposed, this new definition will make it problematic for appraisers to do so in 2020 and beyond.

    ▪ **Our recommendation for the definition of AT THE TIME OF ASSIGNMENT to be:**

      ▪ “At the time of acceptance of the assignment, after the appraiser has communicated with the client, identified the intended use, intended users and the problem to be solved.”

  o While we are supportive the addition of a definition of INSPECTION beginning on line 2488 and the proposed changes to AO-2 in Section 7, we would ask the board to consider whether this definition is broad enough to incorporate emerging technology. We respectfully request that the board consider removing the phrase “an in-person, physical observation” and replace it with “an appraiser’s observation.”

  o NAA questions the need for a definition of MISLEADING, however, if omission of this definition is not an option, to avoid frivolous sanctions for minor errors, on line 2524 we recommend insertion of the word “material.”

    ▪ **Misrepresenting material facts or assignment results by commission or omission, regardless of intent, or due to negligence.**

  o Due to the requirements of many states to disclose significant professional assistance by appraisers in training in order to obtain experience credit, beginning on line 2559, we would ask the board to consider whether inclusion of appraisers in training should be included in this definition.
SIGNIFICANT APPRAISAL ASSISTANCE: appraisal-related help, provided by another appraiser or appraiser in training that is substantial enough to have affected the development of the assignment results.

- NAA applauds the inclusion of the definitions of STATE and SUMMARIZE on lines 2561 and 2562. We feel it is equally important to define “ANALYZE” or “TO ANALYZE”. These words are used extensively throughout USPAP without definition or context to guide appraisers or appraiser regulators to determine whether an appraiser’s efforts meet USPAP standards.

- Section 5: Other edits to improve clarity and enforceability of USPAP
  - Please see NAA’s comments regarding the definition of AT THE TIME OF ASSIGNMENT in section 4.

- Section 6: Proposed Revisions to ADVISORY OPINION 1, Sales History
  - NAA is supportive of the changes proposed to AO-1 in Section 6.

- Section 7: Proposed Revisions to ADVISORY OPINION 2, Inspection of Subject Property
  - NAA appreciate the addition and clarification made on Lines 2821-2833

- Section 8: Proposed Revisions to ADVISORY OPINION 3, Update of a Prior Appraisal
  - NAA is supportive of the proposed revisions to AO-3.

- Section 9: Proposed Revisions to ADVISORY OPINION 28, Scope of Work Decision, Performance, and Disclosure
  - NAA supports the proposed revisions to AO-28.

- Section 10: Proposed Revisions to ADVISORY OPINION 31, Assignments Involving More than One Appraiser
  - NAA is supportive of the proposed revisions to AO-31, however, consistent with our comments regarding the definition of SIGNIFICANT APPRAISAL ASSISTANCE, we would ask the board to consider inclusion of appraiser in training to line 3379.

NAA sincerely appreciates the opportunity to provide feedback on this exposure draft and your consideration of our input.

Sincerely,

John Dingeman, MNAA
President, National Association of Appraisers

Michael Brunson, MNAA, SRA
Chairman of the Board, National Association of Appraisers
Chair, TAFAC Committee to the ASB