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TO: Appraisal Standards Board
The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005
<https://www.surveymonkey.com/r/ASBComments>
ASBcomments@appraisalfoundation.org

RE: Discussion Draft - Potential Areas of Change for 2023 Edition of USPAP (Comments Due July 23)

Ladies and Gentlemen-

The National Association of Appraisers (NAA) has reviewed the potential areas of change for the 2023 edition of the Uniform Standards of Professional Appraisal Practice Standards issued May 27, 2021, and respectfully submits the following comments for your consideration.

Section 1: Review of Requirements about Disclosing a Personal Inspection

1. Should the certification statement (“I have/have not made a personal inspection”) be removed? Does the Disclosure Obligations Section of the SCOPE OF WORK RULE, which requires the report to “contain sufficient information to allow the client and other intended users to understand the scope of work performed”, already adequately cover the need for the appraiser to disclose details about the inspection?
 - With technological advances, it seems extraneous to state “I have/have not made a personal inspection” when so many other forms of “inspection” are possible; even prevalent. The language “contain sufficient information to allow the client and other intended users to understand the scope of work performed” may be inadequate and should be expanded to clarify the extent to which a property has been inspected must be described.
2. Should the Disclosure Obligations Section of the SCOPE OF WORK RULE be expanded to require that the appraiser include details about the inspection (such as: dates, times, interior, exterior, from the street, etc.)? What are the benefits and possible drawbacks associated with a more thorough disclosure requirement?
 - As previously stated, the extent to which a property has been inspected should be disclosed, though we do not support minutia such as time of day.
3. If the definition of personal inspection is retained, then can utilizing virtual technology be the “personal” in “personal inspection” given the types of technological advancements that currently exist?
 - NAA has no objections to “virtual” inspections, however, it should be made clear a “personal inspection” is an on-site, personal inspection of the subject property by the appraiser. A “virtual” inspection is not a “personal inspection.”
4. If the current definition of “personal inspection” remains, should it be changed to “physical observation” in order to provide clarity to the intended users as to what actually occurred, and to differentiate the appraiser’s work from that of an inspection professional?

- NAA strongly supports the terminology change from “personal inspection” to “physical observation.”

Section 2: Significant Appraisal Assistance

1. Would it be helpful to formally define this term [Significant Professional Assistance] in the DEFINITIONS section of USPAP? If yes, what elements should be included in the definition?
 - Yes. Significant Appraisal Assistance has a specific meaning and therefore should be defined in USPAP.
2. Is the guidance in AO-31, Appraisals Involving More than One Appraiser, sufficient? If not, what areas of practice require additional guidance/illustrations?
 - If the definition of Significant Appraisal Assistance is incorporated into USPAP, the guidance in AO-31 is adequate. Please note that line 81 of AO-31 seems to suggest that inspection of the subject property and/or comparable sales constitutes Significant Appraisal Assistance. While this may be true if the “inspector” is employing judgment, NAA does not view the mere collection of factual data to be Significant Appraisal Assistance.
3. Should significant appraisal assistance only be something that the signing appraiser controls, or could it also be something out of their control (such as a property inspection provided by the client that was completed by another appraiser)?
 - This question is somewhat ambiguous, however, NAA believes the signing appraiser should always control determination of significant professional assistance.
4. Related to the above, is it even appropriate for a signing appraiser to list another appraiser as having provided significant appraisal assistance without the “assisting” appraiser’s permission? Why or why not?
 - If an individual is not signing a certification and is not taking responsibility for the appraisal, no permission should be necessary.
5. Should there be additional advice by ASB on what constitutes “significant” appraisal assistance?
 - If defined within USPAP, we feel enough advice has been provided.

Section 3: Misleading

1. Should misleading remain a defined term, if we can sort out how to exclude immaterial typos from being considered misleading?
 - The word “misleading” carries with it an implication of an intent to deceive. Removing “*or unintentionally*” from the definition within USPAP clarifies immaterial typos are not “misleading.”
 - **MISLEADING:** *Intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions.*
 - NAA recognizes some unintentional errors may impact assignment results, however, unintentional errors are already addressed in Standards Rule 1 (and corresponding standards) and should not be viewed as Ethics violations.
2. Should misleading remain a defined term ONLY if the word “unintentional” were to be removed?
 - Yes. Please see above.
3. Is additional guidance necessary (AO, FAQ) on this topic? If so, what aspects of the topic need guidance (i.e., examples of unintentional acts/items that could result in a misleading report)?
 - With a revised definition of “misleading” no additional guidance appears to be necessary.
4. Since the definition already exists in USPAP, can you provide any specific examples where the definition has caused a negative issue that either adversely impacts public trust or has resulted in an unintended consequence?
 - NAA defers to examples already provided.

Section 4: ETHICS RULE - CONDUCT Requirements Related to Demographic Characteristics

1. Are an appraiser's obligations under the ETHICS RULE clear to appraisers and other stakeholders?
 - NAA believes an appraiser's obligations under the ETHICS RULE are *very* clear to appraisers; particularly residential appraisers who must comply with fair housing laws. Given recent attention to this issue, it appears these obligations may not be as clear to other stakeholders.
2. If not, what should the ASB do to clarify this issue?
 - There may be nothing the ASB can do independently to clarify this issue; certainly not within the context of USPAP.
 - NAA is aware of no specific cases of any appraiser knowingly engaging in discriminatory behavior or basing conclusions on the demographics of a neighborhood and we strongly believe any appraiser knowingly engaging in such practice should be subject to strict disciplinary action by state licensing agencies.
 - That said, we recognize that unconscious bias may exist and we recommend this topic be added to both QE and CE for real property appraisers as suggested in proposed changes in the June 3, 2021 Second Exposure Draft to Real Property Appraiser Qualifications Criteria.
3. Would a footnote be appropriate reminding appraisers that in the case of Fair Housing-related assignments, even supported conclusions regarding these demographic characteristics are inappropriate?
 - ???
4. What other suggestions do you have for revisions to the ETHICS RULE?
 - None at this time.

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

Sincerely,

Bryan Reynolds, MNAA
President, National Association of Appraisers