

September 6, 2023

To whom it may concern,

Since 1989, The Appraisal Foundation has been congressionally-authorized as the source for appraisal standards and appraiser qualifications for real property appraisers in the United States. As the Foundation has fulfilled this role and developed standards of valuation for professional appraisers, our boards have gained valuable experience and created a strong network of the nation's foremost experts in promulgating standards for appraisal practice.

The Foundation supports standards and regulations which lead to supported and credible opinions of value. This includes a standardized, interagency process for Reconsideration of Value. If a client receives an appraisal report that is not in compliance with the Uniform Standards of Professional Appraisal Practice, they should have a clear process to follow to resolve any appraisal deficiencies while maintaining appraiser independence.

As past economic crises have shown, notably in 2008, appraiser independence is a critical part of the profession's role in the real estate market. Undue influence on an appraiser can lead to artificial values that undermine the broader economy. As such, the Foundation feels it is important for the agencies to consider updating their definition of Reconsideration of Value to remove "that may affect the value conclusion," as including this phrase could lead to a client to exert pressure on an appraiser simply to change a value that the client does not like. This kind of pressure is exactly what legislation like the Dodd-Frank Act is seeking to prevent.

Any guidance relating to a Reconsideration of Value should maintain respect for the lender's need to ask questions, appraiser independence, and the reality that some appraisal reports are not completed correctly. A successful Reconsideration of Value process sets the focus not on just any error, but on situations where the institution has a supportable belief that there are potential deficiencies and that those potential deficiencies impacted the appraiser's value conclusion. Regulators have other processes in place for deficiencies that do not relate to the appraiser's opinion of value.

One method of Reconsideration of Value not mentioned in the proposed guidance is the Tidewater Initiative utilized by the United States Department of Veterans Affairs. The major benefit we see in the Tidewater Initiative is the process that is established for an interested party to provide relevant data to the appraiser. We hope you will take a closer look at this process and how it can inform the current guidance.

The Appraisal Foundation also has a white paper available recommending best practices with regards to Reconsideration of Value. The full white paper can be found here, and we would welcome further discussion should you find it helpful as you consider the proposed guidance.

Sincerely,



The Appraisal
FOUNDATION

Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications

Dave Bunton
President
The Appraisal Foundation