

Thoughts on The Appraisal Foundation's Push for USPAP Evaluation Standards

With all due respect to The Appraisal Foundation and licensed appraisers at large, TAF's upcoming webinar and ongoing initiative to create "Standards" for evaluations are in my opinion a bold but misguided example of mission creep. Evaluations are not appraisals and are not governed by USPAP. The Fed's Interagency Guidelines spell out appropriate standards for proper evaluations and do not require changes from other concerned parties, however well intentioned.

Professionals in the banking industry, many of whom are partners and clients of ours, fully appreciate the proper place, methods and use of evaluations supporting small, lower-risk loan transactions that are either completed in-house or by third parties. TAF's assertion that evaluations are highly suspect and unreliable – along with some hyperbolic claims of doomsday market outcomes from continued use -- feed the narrative supporting their campaign for new Standards. But veteran real estate professionals that prepare, use or review evaluations every day know this is poppycock.

In fact, real estate market participants benefit greatly – without incurring added risk -- from the flexible, current array of valuation products including evaluations that are available to them. Moreover, my licensed appraiser friends and colleagues know that they can perform USPAP-compliant Restricted Appraisals as an alternative to evaluations if they so wish. Sadly, then, besides TAF's highly irregular bid for expanded authority their new Standards initiative is a solution in search of a problem that simply doesn't exist.