



April 6, 2017

Senator Jerry Hill
Chair, Senate Standing Committee on Business, Professions and Economic Development
State Capitol, Room 2053
Sacramento, CA 95814

RE: Senate Bill 70

Senator Hill,

We are writing to express our strong opposition to Senate Bill 70. There is no benefit to consumers or appraisers in the language of the bill, and in fact the bill could encourage unethical behavior and harm consumers when making real estate transactions – often the single largest investment any Californian will make during their lives.

SB 70 would allow appraisers to omit critical information from appraisal reports; while the bill requires client consent, it is easy to imagine this consent being tucked into the boiler plate language of an engagement letter. Allowing for the non-disclosure of prior appraisals having been performed by the appraiser, or sales, option, or listing information, would drastically affect the way the client may consider the end product.

Consider, for example, a situation where a client is considering purchasing a “flipped” property in a cash purchase transaction. The appraisal report, under SB 70, would be allowed to overlook the prior sale of the as yet unimproved property, as well as any listings of that property from the prior three years. Such information provides important context around the opinion of value, and simply cannot be glossed over. At best, this lack of context may allow clients to assume a rosier picture of the facts and circumstances underpinning the property. At worst, this situation is rife for abuse and unethical behavior by licensees who could use boiler plate language to subsequently ignore information that is germane to the value of the property. Neither outcome provides Californians who rely on these services with any benefit and, instead, exposes them to significant potential harm.

What’s more, SB 70 would do by legislative act in California that which is most commonly accomplished through the biennial review process for the Uniform Standards of Professional Appraisal Practice, or USPAP. This review process exposes proposed changes to the Standards across several rounds of public comment, soliciting feedback from government agencies, professional organizations, and independent professional appraisers. Absent a compelling, immediate public need to override a process that has worked effectively for over a quarter century, California stands on the precipice of eroding well established Standards – thereby mooting the entire purpose of the development of such Standards in the first place.

There is **NO** reason whatsoever for SB 70 to advance. Neither consumers nor appraiser benefit from a legislative erosion of appraisal Standards, and such a move would place California at odds with the 54 other jurisdictions who rely on USPAP as the governing set of appraisal standards. For these reasons, we strongly oppose SB 70. If you wish to discuss our views further, please contact John D. Russell, JD, Senior Director of Government Relations and Chief Lobbyist for the American Society of Appraisers at jrussell@appraisers.org, or 703-733-2103.

Sincerely,
American Society of Appraisers
National Association of Independent Fee Appraisers
American Society of Farm Managers and Rural Appraisers