

July 22, 2008

Ms. Florence E. Harmon
Acting Federal Advisory Committee Management Officer
U.S. Securities and Exchange Commission
100 F Street, NE
Washington DC, 20549

Dear Ms. Harmon,

On behalf of the more than 35,000 members of our respective professional appraisal organizations, thank you for the opportunity to provide comment on the Advisory Committee's Draft Report on Financial Reporting. We have reviewed the Report, and have several serious concerns outlined below.

Generally, we are concerned that the Report does not recognize that valuation specialists and the valuation community have an important role to play in fair value reporting. The Report makes several recommendations to coordinate efforts among all constituents that slight valuation specialists and the valuation community as a whole. Rather than "reinventing the wheel" by trying to train entire industries on valuation theories and practices, the recommendation should utilize the existing body of knowledge in the valuation profession.

The Report also makes several erroneous statements about the use of valuation specialists including:

- The valuation community lacks a single set of generally accepted valuation standards.
- Significant variance exists in the quality, skill and reports valuation specialists provide, which preparer's have limited ability to assess.
- There is no mechanism to ensure the ongoing quality, training and oversight of valuation specialists.
- That preparers and auditors should reduce dependence on valuation specialists and instead incorporate new valuation curricula into undergraduate and graduate accounting education programs.

With respect to real estate valuation, contrary to the Report's contention, the real estate appraisal and valuation community has a well-developed and supported body of knowledge on market valuation, and is guided by the standards developed by these bodies, specifically, the Uniform Standards of Professional Appraisal Practice (USPAP) and the International Valuation Standards (IVS). We believe that these standards can and should be utilized or referenced directly by financial reporting standards where asset valuation is required, instead of creating new standards.

Likewise, contrary to the report, there are defined minimum qualifications criteria for real estate appraisers in the United States that are promulgated by the Qualifications Board of the Appraisal

Foundation. These requirements are recognized in every state and mandated by Congress. Further, professional organizations, such as ours, confer designations upon real estate appraisers who have met higher education and experience requirements and who have passed rigorous testing and peer review examinations. These mechanisms allow users of appraisal and valuation services to “ensure the ongoing quality, training and oversight of valuation specialists”.

Suggesting the preparer and auditor communities forgo involvement or participation with the valuation industry and embark on new education initiatives, ignores the more than 75 years of experience our profession can bring to fair value reporting. Other countries that have adopted fair value rules have encouraged the use of valuation specialists and actually recognized their valuation standards within accounting rules. We find this to be a much more efficient approach than having two competing versions of valuation theory.

We recognize that real estate valuation is only one component to a broader array of asset valuation classes. However, real estate assets are often very significant factors in financial reporting, particularly with companies that are heavily invested in real estate.

Finally, while this letter addresses the role that professional real estate appraisers can and should play in fair value reporting of real estate assets, we want to point out that the protocols of professional appraisal practice which govern real estate appraisers, are also observed by valuation professionals in other disciplines, such as business valuation; machinery and technical specialties; personal property and appraisal review. Individuals credentialed in these other valuation disciplines are highly trained professionals who meet rigorous valuation-specific requirements involving experience, education, training and testing; who adhere to the Uniform Standards of Professional Appraisal Practice; and, who observe strict ethics and independence mandates.

We encourage the Securities and Exchange Commission to reconsider the findings in the Report and directly engage the valuation community on areas involving valuation practice. Appraisers that specialize in the valuation of real and personal property assets should be called upon to contribute their expertise in these matters. Many appraisers understand the difference between an accountant and a CPA; similarly, we encourage greater understanding of professional appraisal designations and the body of knowledge of our profession.

We appreciate the opportunity to comment. We would be happy to meet with you or your staff to discuss these concerns in more detail. Please contact Bill Garber, Director of Government and External Relations, Appraisal Institute, at 202-298-5586, bgarber@appraisalinstitute.org if you have any questions.

Sincerely,

Appraisal Institute
American Society of Appraisers
American Society of Farm Managers and Rural Appraisers
National Association of Independent Fee Appraisers