

SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION
AND
DARRELL K. MCGILL

Darrell K. McGill (McGill) and the Missouri Real Estate Appraisers Commission (MREAC) enter into this Settlement Agreement for the purpose of resolving the question of whether McGill's certification as a real estate appraiser, no. 2005029180, will be subject to discipline. Pursuant to § 536.060, RSMo 2000,¹ the parties hereto waive the right to a hearing by the Administrative Hearing Commission of the State of Missouri and, additionally, the right to a disciplinary hearing before the MREAC under § 621.110, RSMo Cum. Supp. 2008. The MREAC and McGill jointly stipulate and agree that a final disposition of this matter may be effectuated as described below pursuant to § 621.045, RSMo Cum. Supp. 2008.

McGill acknowledges that he understands the various rights and privileges afforded him by law, including the right to a hearing of the charges against him; the right to appear and be represented by legal counsel; the right to have all charges proven upon the record by competent and substantial evidence; the right to cross-examine any witnesses appearing against him at the hearing; the right to present evidence on his behalf at the hearing; the right to a decision upon the record of the hearing by a fair and impartial administrative hearing

¹ All statutory citations are to the 2000 Revised Statutes of Missouri unless otherwise noted.

commissioner concerning the charges pending against him; the right to a ruling on questions of law by the Administrative Hearing Commission; the right to a disciplinary hearing before the MREAC at which time McGill may present evidence in mitigation of discipline; the right to a claim for attorney fees and expenses; and the right to obtain judicial review of the decisions of the Administrative Hearing Commission and the MREAC.

Being aware of these rights provided to him by law, McGill knowingly and voluntarily waives each and every one of these rights and freely enters into this Settlement Agreement and agrees to abide by the terms of this document as they pertain to him.

McGill acknowledges that he has received a copy of documents that were the basis upon which the MREAC determined there was cause for discipline, along with citations to law and/or regulations the MREAC believes were violated. McGill stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREAC that McGill's certification as a residential real estate appraiser, certificate no. 2005029180, is subject to disciplinary action by the MREAC in accordance with the relevant provisions of Chapter 621, RSMo Cum. Supp. 2008, and §§ 339.500 to 339.549, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREAC and McGill in Part II herein is based only on the agreement set out in Part I herein. McGill understands that the MREAC may take further disciplinary action against him based on facts or conduct not specifically mentioned in this document that are either now known to the MREAC or may be discovered.

I.

Joint Stipulation of Facts and Conclusions of Law

Based upon the foregoing, the MREAC and McGill herein jointly stipulate to the following:

1. On January 22, 2008, McGill prepared an appraisal report for 7417 Chandler Avenue, St. Louis, Missouri 63146 (the Chandler Avenue Appraisal Report).

2. Section 339.535, RSMo, states:

State certified real estate appraisers and state licensed real estate appraisers shall comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation.

3. The preparation of the Chandler Avenue Appraisal Report was to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2008-2009 edition. The cited provisions of USPAP, 2008-2009 edition are attached hereto as Exhibit A.

4. Based on the following errors and admissions in the preparation of the Chandler Avenue Appraisal Report, McGill is in violation of Section 339.535, RSMo, the USPAP Ethics Rule, the USPAP Competency Rule, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a) and (b), 1-4(a) and (b) and 2-1(a), 2008-2009 edition:

A. In the sales comparison approach, McGill failed to report and adjust for seller concessions in the comparable sales used;

B. In the cost approach, McGill failed to analyze the site value reported;

C. In the neighborhood description, McGill incorrectly described the price range, average price and median sale price for homes in the subject property's neighborhood;

D. In the sales comparison approach, McGill used a sale that is extensively finished, located in a different county and school district and on a much larger lot than the subject property, when other comparable sales that were much more similar to the subject property were available.

E. McGill communicated the results of the Chandler Avenue Appraisal Report in a misleading manner

5. McGill's conduct demonstrates incompetency, misconduct, and gross negligence, in the performance of the functions and/or duties of a real estate appraiser.

6. McGill's conduct violates standards for the development and communication of real estate appraisals as provided in or pursuant to §§ 339.500 to 339.549, RSMo.

7. McGill's conduct demonstrates a failure without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, and communicating an appraisal.

8. McGill's conduct demonstrates negligence and incompetence in developing an appraisal, in preparing an appraisal report, and in communicating an appraisal.

9. Each of McGill's USPAP violations constitutes a violation of § 339.535, RSMo.

10. McGill's conduct violates the professional trust and confidence he owed to his clients, the intended users of the appraisal report, and the public.

11. Based on the facts and violations set forth above, cause exists to discipline McGill's certification as a state-certified residential real estate appraiser pursuant to § 339.532.2(5), (6), (7), (8), (9), (10), and (14), RSMo, which states:

2. The commission may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621, RSMo, against any state-certified real estate appraiser, state-licensed real estate appraiser, or any person who has failed to renew or has surrendered his or her certificate or license for any one or any combination of the following causes:

.....

(5) Incompetency, misconduct, gross negligence, dishonesty, fraud, or misrepresentation in the performance of the functions or duties of any profession licensed or regulated by sections 339.500 to 339.549;

(6) Violation of any of the standards for the development or communication of real estate appraisals as provided in or pursuant to sections 339.500 to 339.549;

(7) Failure to comply with the Uniform Standards of Professional Appraisal Practice promulgated by the appraisal standards board of the appraisal foundation;

(8) Failure or refusal without good cause to exercise reasonable diligence in developing an appraisal, preparing an appraisal report, or communicating an appraisal;

(9) Negligence or incompetence in developing an appraisal, in preparing an appraisal report, or in communicating an appraisal;

(10) Violating, assisting or enabling any person to willfully disregard any of the provisions of sections 339.500 to 339.549

or the regulations of the commission for the administration and enforcement of the provisions of sections 339.500 to 339.549;

.....

(14) Violation of any professional trust or confidence[.]

II.

Joint Agreed Disciplinary Order

Based on the foregoing, the parties mutually agree and stipulate that the following shall constitute the disciplinary order entered by the MREAC in this matter under the authority of § 536.060, RSMo, and §§ 621.045.3 and 621.110, RSMo Cum. Supp. 2008.

1. **McGill's certification is on probation.** McGill's certification as a residential real estate appraiser is hereby placed on PROBATION for a period of ONE (1) YEAR. The period of probation shall constitute the "disciplinary period." During the disciplinary period, McGill shall be entitled to practice as a real estate appraiser under §§ 339.500 to 339.549, RSMo, as amended, provided McGill adheres to all the terms of this agreement.

2. **Terms and conditions of the disciplinary period.** The terms and conditions of the disciplinary period are as follows:

A. McGill shall submit written reports to the MREAC by no later than January 15, April 15, July 15 and October 15, during the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this Settlement Agreement. McGill is responsible for assuring that the reports are submitted to and received by the MREAC.

B. During the disciplinary period, McGill shall maintain a log of all appraisal assignments as required by 20 CSR 2245-2.050. A true and accurate copy of which shall be submitted to the MREAC every three (3) months after the disciplinary period goes into effect with the written reports required under subparagraph A., above. McGill is responsible for assuring that the logs are submitted to and received by the MREAC. Upon MREAC request, McGill shall submit copies of his work samples for MREAC review.

C. Within six months after the effective date of this Settlement Agreement, McGill shall submit verification to the MREAC of successful completion of a thirty (30)-hour approved course, including examination, on the Sales Comparison Approach.

D. McGill may not apply the education required by this Settlement Agreement to satisfy the continuing education hours required for certification renewal.

E. During the disciplinary period, McGill shall not serve as a supervising appraiser to trainee real estate appraisers under 20 CSR 2245-3.005. Within ten days of the effective date of this Settlement Agreement, McGill shall advise each trainee real estate appraiser working under him that the supervisory relationship is terminated and comply with all other requirements of 20 CSR 2245-3.005 regarding the termination of the supervisory relationship.

F. During the disciplinary period, McGill shall keep the MREAC apprised at all times in writing of his current work and home addresses and telephone numbers at each place of residence and employment. McGill shall notify the MREAC in writing of any change in address or telephone number within 15 days of a change in this information.

G. McGill shall timely renew his certification and timely pay all fees required for certification renewal and comply with all other MREAC requirements necessary to maintain his certification in a current and active state.

H. During the disciplinary period, McGill shall comply with all provisions of §§ 339.500 through 339.549, RSMo, all rules and regulations promulgated thereunder, and all federal and state laws. "State" includes the state of Missouri and all other states and territories of the United States. Any cause to discipline McGill's certification as a real estate appraiser under § 339.532.2, RSMo, as amended, that accrues during the disciplinary period shall also constitute a violation of this Settlement Agreement.

I. McGill shall accept and comply with reasonable unannounced visits from the MREAC's duly authorized agents to monitor compliance with the terms and conditions stated herein.

J. McGill shall appear before the MREAC or its representative for a personal interview upon the MREAC's written request.

K. If, at any time within the disciplinary period, McGill removes himself from the state of Missouri, ceases to be currently certified under the provisions of §§ 339.500 through 339.549, RSMo, or fails to keep the MREAC advised of all current places of residence and business, the time of absence, uncertified status or unknown whereabouts shall not be deemed or taken as any part of the disciplinary period.

4. Upon the expiration of the disciplinary period, the certification of McGill shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that McGill has violated any term or condition of this Settlement Agreement, the MREAC may, in its discretion, after an evidentiary hearing, vacate and set aside the discipline imposed herein and may suspend, revoke or otherwise lawfully discipline McGill's certification.

5. No additional discipline shall be imposed by the MREAC pursuant to the preceding paragraph of this Settlement Agreement without notice and opportunity for hearing before the MREAC as a contested case in accordance with the provisions of Chapter 536, RSMo.

6. This Settlement Agreement does not bind the MREAC or restrict the remedies available to it concerning any future violations by McGill of §§ 339.500 to 339.549, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Settlement Agreement.

7. This Settlement Agreement does not bind the MREAC or restrict the remedies available to it concerning facts or conduct not specifically mentioned in this Settlement Agreement that are either now known to the MREAC or may be discovered.

8. If any alleged violation of this Settlement Agreement occurred during the disciplinary period, the parties agree that the MREAC may choose to conduct a hearing before it either during the disciplinary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred and, if so, may impose further disciplinary action. McGill agrees and stipulates that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

9. Each party agrees to pay all their own fees and expenses incurred as a result of this case, its litigation, and/or its settlement.

10. The terms of this Settlement Agreement are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained herein, neither this Settlement Agreement nor any of its provisions may be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or termination is sought.

11. The parties to this Settlement Agreement understand that the MREAC will maintain this Settlement Agreement as an open record of the MREAC as required by Chapters 339, 610, and 324, RSMo, as amended.

12. McGill, together with his partners, shareholders, officers, directors, heirs, assigns, agents, employees, representatives and attorneys, does hereby waive, release, acquit

and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from any liability, claim, actions, causes of action, fees, costs, expenses and compensation, including, but not limited to, any claim for attorney's fees and expenses, whether or not now known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo (as amended), or any claim arising under 42 U.S.C. § 1983, which now or in the future may be based upon, arise out of, or relate to any of the matters raised in this case or its litigation or from the negotiation or execution of this Settlement Agreement. The parties acknowledge that this paragraph is severable from the remaining portions of the Settlement Agreement in that it survives in perpetuity even in the event that any court or administrative tribunal deems this agreement or any portion thereof void or unenforceable.

13. McGill understands that he may, either at the time the Settlement Agreement is signed by all parties, or within fifteen days thereafter, submit the agreement to the Administrative Hearing Commission for determination that the facts agreed to by the parties constitute grounds for disciplining McGill's certification. If McGill desires the Administrative Hearing Commission to review this Settlement Agreement, McGill may submit his request to: Administrative Hearing Commission, Truman State Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65102.

14. If McGill requests review, this Settlement Agreement shall become effective on the date the Administrative Hearing Commission issues its order finding that the Settlement Agreement sets forth cause for disciplining McGill's certification. If McGill does

not request review by the Administrative Hearing Commission, the Settlement Agreement goes into effect 15 days after the document is signed by the Executive Director of the MREAC.

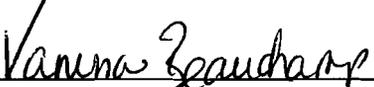
LICENSEE



Darrell K. McGill

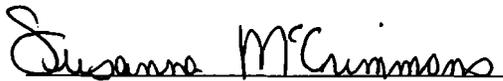
Date

Missouri Real Estate Appraisers
Commission



Vanessa Beauchamp, Executive Director
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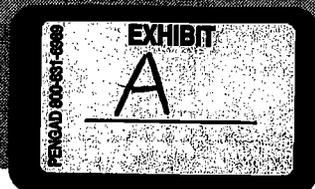
UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

2008-2009 EDITION

PLUS

Guidance from the Appraisal Standards Board
+ USPAP ADVISORY OPINIONS
+ USPAP FREQUENTLY ASKED QUESTIONS (FAQ)

Effective January 1, 2008
through December 31, 2009



APPRAISAL STANDARDS BOARD



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
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Published in the United States of America.

ISBN: 978-0-9798728-0-8

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EFFECTIVE:

**January 1, 2008 through
December 31, 2009**

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

as promulgated by the
Appraisal Standards Board of
The Appraisal Foundation

DEFINITIONS

For the purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP), the following definitions apply:

APPRAISAL: (noun) the act or process of developing an opinion of value; an opinion of value.
(adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Comment: An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value).

APPRAISAL CONSULTING: the act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.

Comment: An appraisal consulting assignment involves an opinion of value but does not have an appraisal or an appraisal review as its primary purpose.

APPRAISAL PRACTICE: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.

Comment: *Appraisal practice* is provided only by appraisers, while *valuation services* are provided by a variety of professionals and others. The terms *appraisal*, *appraisal review*, and *appraisal consulting* are intentionally generic and are not mutually exclusive. For example, an opinion of value may be required as part of an appraisal review and is required as a component of the analysis in an appraisal consulting assignment. The use of other nomenclature for an appraisal, appraisal review, or appraisal consulting assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to the *Uniform Standards of Professional Appraisal Practice*.

APPRAISAL REVIEW: the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal, appraisal review, or appraisal consulting assignment.

Comment: The subject of an appraisal review assignment may be all or part of a report, workfile, or a combination of these.

APPRAISER: one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

DEFINITIONS

35 Comment: Such expectation occurs when individuals, either by choice or by requirement
36 placed upon them or upon the service they provide by law, regulation, or agreement with the
37 client or intended users, represent that they comply.¹

38 **APPRAISER'S PEERS**: other appraisers who have expertise and competency in a similar type of assignment.

39 **ASSIGNMENT**: a valuation service provided as a consequence of an agreement between an appraiser and a
40 client.

41 **ASSIGNMENT RESULTS**: an appraiser's opinions and conclusions developed specific to an assignment.

42 Comment: Assignment results include an appraiser's:

- 43 ▪ opinions or conclusions developed in an appraisal assignment, such as value;
- 44 ▪ opinions of adequacy, relevancy, or reasonableness developed in an appraisal review assignment;
- 45 or
- 46 ▪ opinions, conclusions, or recommendations developed in an appraisal consulting assignment.

47 **ASSUMPTION**: that which is taken to be true.

48 **BIAS**: a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an
49 assignment.

50 **BUSINESS ENTERPRISE**: an entity pursuing an economic activity.

51 **BUSINESS EQUITY**: the interests, benefits, and rights inherent in the ownership of a business enterprise or a
52 part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests,
53 cooperatives, sole proprietorships, options, and warrants).

54 **CLIENT**: the party or parties who engage an appraiser (by employment or contract) in a specific assignment.

55 Comment: The client identified by the appraiser in an appraisal, appraisal review, or appraisal
56 consulting assignment (or in the assignment workfile) is the party or parties with whom the
57 appraiser has an appraiser-client relationship in the related assignment, and may be an
58 individual, group, or entity.

59 **CONFIDENTIAL INFORMATION**: information that is either:

- 60 ▪ identified by the client as confidential when providing it to an appraiser and that is not available
61 from any other source; or
- 62 ▪ classified as confidential or private by applicable law or regulation*.

63 *NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some
64 public agencies have adopted privacy regulations that affect appraisers. As a result, the Federal Trade
65 Commission issued a rule focused on the protection of "non-public personal information" provided by
66 consumers to those involved in financial activities "found to be closely related to banking or usual in connection
67 with the transaction of banking." These activities have been deemed to include "appraising real or personal
68 property." (Quotations are from the Federal Trade Commission, Privacy of Consumer Financial Information;
69 Final Rule, 16 CFR Part 313.)

70 **COST**: the amount required to create, produce, or obtain a property.

¹ See PREAMBLE and Advisory Opinion 21, *USPAP Compliance*.

71 Comment: *Cost* is either a fact or an estimate of fact.

72 **CREDIBLE:** worthy of belief.

73 Comment: Credible assignment results require support, by relevant evidence and logic, to the
74 degree necessary for the intended use.

75 **EXTRAORDINARY ASSUMPTION:** an assumption, directly related to a specific assignment, which, if
76 found to be false, could alter the appraiser’s opinions or conclusions.

77 Comment: Extraordinary assumptions presume as fact otherwise uncertain information about
78 physical, legal, or economic characteristics of the subject property; or about conditions
79 external to the property, such as market conditions or trends; or about the integrity of data
80 used in an analysis.

81 **FEASIBILITY ANALYSIS:** a study of the cost-benefit relationship of an economic endeavor.

82 **HYPOTHETICAL CONDITION:** that which is contrary to what exists but is supposed for the purpose of
83 analysis.

84 Comment: Hypothetical conditions assume conditions contrary to known facts about physical,
85 legal, or economic characteristics of the subject property; or about conditions external to the
86 property, such as market conditions or trends; or about the integrity of data used in an
87 analysis.

88 **INTANGIBLE PROPERTY (INTANGIBLE ASSETS):** nonphysical assets, including but not limited to
89 franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from
90 physical assets such as facilities and equipment.

91 **INTENDED USE:** the use or uses of an appraiser’s reported appraisal, appraisal review, or appraisal consulting
92 assignment opinions and conclusions, as identified by the appraiser based on communication with the client at
93 the time of the assignment.

94 **INTENDED USER:** the client and any other party as identified, by name or type, as users of the appraisal,
95 appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at
96 the time of the assignment.

97 **JURISDICTIONAL EXCEPTION:** an assignment condition that voids the force of a part or parts of USPAP,
98 when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.

99 **MARKET VALUE:** a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right
100 of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition
101 of the term identified by the appraiser as applicable in an appraisal.

102 Comment: Forming an opinion of market value is the purpose of many real property appraisal
103 assignments, particularly when the client’s intended use includes more than one intended user.
104 The conditions included in market value definitions establish market perspectives for
105 development of the opinion. These conditions may vary from definition to definition but
106 generally fall into three categories:

- 107 1. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- 108 2. the terms of sale (e.g., cash, cash equivalent, or other terms); and
- 109 3. the conditions of sale (e.g., exposure in a competitive market for a reasonable time
110 prior to sale).

DEFINITIONS

111 *Appraisers are cautioned to identify the exact definition of market value, and its authority,*
112 *applicable in each appraisal completed for the purpose of market value.*

113 **MASS APPRAISAL:** the process of valuing a universe of properties as of a given date using standard
114 methodology, employing common data, and allowing for statistical testing.

115 **MASS APPRAISAL MODEL:** a mathematical expression of how supply and demand factors interact in a
116 market.

117 **PERSONAL PROPERTY:** identifiable tangible objects that are considered by the general public as being
118 “personal” - for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and
119 equipment; all tangible property that is not classified as real estate.

120 **PRICE:** the amount asked, offered, or paid for a property.

121 Comment: Once stated, *price* is a fact, whether it is publicly disclosed or retained in private.
122 Because of the financial capabilities, motivations, or special interests of a given buyer or
123 seller, the price paid for a property may or may not have any relation to the *value* that might
124 be ascribed to that property by others.

125 **REAL ESTATE:** an identified parcel or tract of land, including improvements, if any.

126 **REAL PROPERTY:** the interests, benefits, and rights inherent in the ownership of real estate.

127 Comment: In some jurisdictions, the terms *real estate* and *real property* have the same legal
128 meaning. The separate definitions recognize the traditional distinction between the two
129 concepts in appraisal theory.

130 **REPORT:** any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting
131 service that is transmitted to the client upon completion of an assignment

132 Comment: Most reports are written and most clients mandate written reports. Oral report
133 requirements (see the Record Keeping section of the ETHICS RULE) are included to cover
134 court testimony and other oral communications of an appraisal, appraisal review, or appraisal
135 consulting service.

136 **SCOPE OF WORK:** the type and extent of research and analyses in an assignment.

137 **SIGNATURE:** personalized evidence indicating authentication of the work performed by the appraiser and the
138 acceptance of the responsibility for content, analyses, and the conclusions in the report.

139 Comment: A signature can be represented by a handwritten mark, a digitized image controlled
140 by a personal identification number, or other media, where the appraiser has sole personal
141 control of affixing the signature.

142 **VALUATION SERVICES:** services pertaining to aspects of property value.

143 Comment: Valuation services pertain to all aspects of property value and include services
144 performed both by appraisers and by others.

145 **VALUE:** the monetary relationship between properties and those who buy, sell, or use those properties.

146 Comment: *Value* expresses an economic concept. As such, it is never a fact but always an
147 opinion of the worth of a property at a given time in accordance with a specific definition of

148 value. In appraisal practice, value must always be qualified - for example, market value,
149 liquidation value, or investment value.

150 **WORKFILE:** documentation necessary to support an appraiser's analyses, opinions, and
151 conclusions.

PREAMBLE

152 PREAMBLE

153 The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain
154 a high level of public trust in appraisal practice by establishing requirements for appraisers. It is essential that
155 appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their
156 services in a manner that is meaningful and not misleading.

157 The Appraisal Standards Board promulgates USPAP for both appraisers and users of appraisal services. The
158 appraiser's responsibility is to protect the overall public trust and it is the importance of the role of the appraiser
159 that places ethical obligations on those who serve in this capacity. USPAP reflects the current standards of the
160 appraisal profession.

161 USPAP does not establish who or which assignments must comply. Neither The Appraisal Foundation nor its
162 Appraisal Standards Board is a government entity with the power to make, judge, or enforce law. Compliance
163 with USPAP is required when either the service or the appraiser is obligated to comply by law or regulation, or
164 by agreement with the client or intended users. When not obligated, individuals may still choose to comply.

165 USPAP addresses the ethical and performance obligations of appraisers through DEFINITIONS, Rules,
166 Standards, Standards Rules, and Statements.

- 167 • The DEFINITIONS establish the application of certain terminology in USPAP.
- 168 • The ETHICS RULE sets forth the requirements for integrity, impartiality, objectivity,
169 independent judgment, and ethical conduct.
- 170 • The COMPETENCY RULE presents pre-assignment and assignment conditions for
171 knowledge and experience.
- 172 • The SCOPE OF WORK RULE presents obligations related to problem identification,
173 research and analyses.
- 174 • The JURISDICTIONAL EXCEPTION RULE preserves the balance of USPAP if a
175 portion is contrary to law or public policy of a jurisdiction.
- 176 • The ten Standards establish the requirements for appraisal, appraisal review, and appraisal
177 consulting service and the manner in which each is communicated.
 - 178 - STANDARDS 1 and 2 establish requirements for the development and
179 communication of a real property appraisal.
 - 180 - STANDARD 3 establishes requirements for the development and communication of
181 an appraisal review.
 - 182 - STANDARDS 4 and 5 establish requirements for the development and
183 communication of a real property appraisal consulting assignment.
 - 184 - STANDARD 6 establishes requirements for the development and communication of
185 a mass appraisal.
 - 186 - STANDARDS 7 and 8 establish requirements for the development and
187 communication of a personal property appraisal.
 - 188 - STANDARDS 9 and 10 establish requirements for the development and
189 communication of a business or intangible asset appraisal.
- 190 • Statements on Appraisal Standards clarify, interpret, explain, or elaborate on a Rule or
191 Standards Rule.
- 192 • Comments are an integral part of USPAP and have the same weight as the component
193 they address. These extensions of the DEFINITIONS, Rules, and Standards Rules
194 provide interpretation and establish the context and conditions for application.

195 ETHICS RULE

196 To promote and preserve the public trust inherent in professional appraisal practice, an appraiser must
197 observe the highest standards of professional ethics. This ETHICS RULE is divided into four sections:
198 **Conduct, Management, Confidentiality, and Record Keeping.** The first three sections apply to all
199 appraisal practice, and all four sections apply to appraisal practice performed under STANDARDS 1
200 through 10.

201 Comment: This Rule specifies the personal obligations and responsibilities of the individual
202 appraiser. However, it should also be noted that groups and organizations engaged in appraisal
203 practice share the same ethical obligations.

204 **Compliance with USPAP is required when either the service or the appraiser is obligated by law or**
205 **regulation, or by agreement with the client or intended users, to comply. In addition to these**
206 **requirements, an individual should comply any time that individual represents that he or she is**
207 **performing the service as an appraiser.**

208 **An appraiser must not misrepresent his or her role when providing valuation services that are outside of**
209 **appraisal practice.²**

210 Comment: Honesty, impartiality, and professional competency are required of all appraisers
211 under these *Uniform Standards of Professional Appraisal Practice* (USPAP). To document
212 recognition and acceptance of his or her USPAP-related responsibilities in communicating an
213 appraisal, appraisal review, or appraisal consulting assignment completed under USPAP, an
214 appraiser is required to certify compliance with USPAP. (See Standards Rules 2-3, 3-3, 5-3, 6-
215 9, 8-3, and 10-3.)

216 **Conduct:**

217 **An appraiser must perform assignments ethically and competently, in accordance with USPAP.**

218 **An appraiser must not engage in criminal conduct.**

219 **An appraiser must perform assignments with impartiality, objectivity, and independence, and without**
220 **accommodation of personal interests.**

221 **An appraiser must not advocate the cause or interest of any party or issue.**

222 **An appraiser must not accept an assignment that includes the reporting of predetermined opinions and**
223 **conclusions.**

224 **An appraiser must not communicate assignment results in a misleading or fraudulent manner. An**
225 **appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an**
226 **employee or other person to communicate a misleading or fraudulent report.**

227 **An appraiser must not use or rely on unsupported conclusions relating to characteristics such as race,**
228 **color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance**
229 **income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to**
230 **maximize value.**

² See Advisory Opinion 21, *USPAP Compliance*.

ETHICS RULE

231 Comment: An individual appraiser employed by a group or organization that conducts itself in
232 a manner that does not conform to these Standards should take steps that are appropriate
233 under the circumstances to ensure compliance with the Standards.

234 Management:

235 **The payment of undisclosed fees, commissions, or things of value in connection with the procurement of**
236 **an assignment is unethical.**

237 Comment: Disclosure of fees, commissions, or things of value connected to the procurement
238 of an assignment must appear in the certification and in any transmittal letter in which
239 conclusions are stated. In groups or organizations engaged in appraisal practice, intra-
240 company payments to employees for business development are not considered unethical.
241 Competency, rather than financial incentives, should be the primary basis for awarding an
242 assignment.

243 **It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an**
244 **assignment, that is contingent on any of the following:**

- 245 1. **the reporting of a predetermined result (e.g., opinion of value);**
- 246 2. **a direction in assignment results that favors the cause of the client;**
- 247 3. **the amount of a value opinion;**
- 248 4. **the attainment of a stipulated result; or**
- 249 5. **the occurrence of a subsequent event directly related to the appraiser's opinions and specific to**
250 **the assignment's purpose.**

251 **Advertising for or soliciting assignments in a manner that is false, misleading, or exaggerated is**
252 **unethical.**

253 Comment: In groups or organizations engaged in appraisal practice, decisions concerning
254 finder or referral fees, contingent compensation, and advertising may not be the responsibility
255 of an individual appraiser, but for a particular assignment, it is the responsibility of the
256 individual appraiser to ascertain that there has been no breach of ethics, that the assignment is
257 prepared in accordance with these Standards, and that the report can be properly certified
258 when required by Standards Rules 2-3, 3-3, 5-3, 6-9, 8-3, or 10-3.

259 Confidentiality:

260 **An appraiser must protect the confidential nature of the appraiser-client relationship.**

261 **An appraiser must act in good faith with regard to the legitimate interests of the client in the use of**
262 **confidential information and in the communication of assignment results.**

263 **An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations**
264 **applicable in an assignment.***

265 **An appraiser must not disclose confidential information or assignment results prepared for a client to**
266 **anyone other than the client and persons specifically authorized by the client; state enforcement agencies**
267 **and such third parties as may be authorized by due process of law; and a duly authorized professional**
268 **peer review committee except when such disclosure to a committee would violate applicable law or**
269 **regulation. It is unethical for a member of a duly authorized professional peer review committee to**
270 **disclose confidential information presented to the committee.**

271 Comment: When all confidential elements of confidential information are removed through
 272 redaction or the process of aggregation, client authorization is not required for the disclosure
 273 of the remaining information, as modified.

274 *NOTICE: Pursuant to the passage of the Gramm-Leach-Bliley Act in 1999, numerous agencies have adopted
 275 new privacy regulations. Such regulations are focused on the protection of information provided by consumers
 276 to those involved in financial activities “found to be closely related to banking or usual in connection with the
 277 transaction of banking.” These activities have been deemed to include “appraising real or personal property.”
 278 (Quotations are from the Federal Trade Commission, Privacy of Consumer Financial Information; Final Rule,
 279 16 CFR Part 313.)

280 **Record Keeping:**

281 **An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting**
 282 **assignment. The workfile must include:**

- 283 • **the name of the client and the identity, by name or type, of any other intended users;**
- 284 • **true copies of any written reports, documented on any type of media;**
- 285 • **summaries of any oral reports or testimony, or a transcript of testimony, including the**
 286 **appraiser’s signed and dated certification; and**
- 287 • **all other data, information, and documentation necessary to support the appraiser’s opinions**
 288 **and conclusions and to show compliance with this Rule and all other applicable Standards, or**
 289 **references to the location(s) of such other documentation.**

290 **An appraiser must retain the workfile for a period of at least five (5) years after preparation or at least**
 291 **two (2) years after final disposition of any judicial proceeding in which the appraiser provided testimony**
 292 **related to the assignment, whichever period expires last.**

293 **An appraiser must have custody of his or her workfile, or make appropriate workfile retention, access,**
 294 **and retrieval arrangements with the party having custody of the workfile.**

295 Comment: A workfile preserves evidence of the appraiser’s consideration of all applicable
 296 data and statements required by USPAP and other information as may be required to support
 297 the appraiser’s opinions, conclusions, and recommendations.

298 A photocopy or an electronic copy of the entire actual written appraisal, appraisal review, or
 299 appraisal consulting report sent or delivered to a client satisfies the requirement of a true copy. As an
 300 example, a photocopy or electronic copy of the Self-Contained Appraisal Report, Summary
 301 Appraisal Report, or Restricted Use Appraisal Report actually issued by an appraiser for a real
 302 property appraisal assignment satisfies the true copy requirement for that assignment.

303 Care should be exercised in the selection of the form, style, and type of medium for written
 304 records, which may be handwritten and informal, to ensure that they are retrievable by the
 305 appraiser throughout the prescribed record retention period.

306 A workfile must be in existence prior to and contemporaneous with the issuance of a written
 307 or oral report. A written summary of an oral report must be added to the workfile within a
 308 reasonable time after the issuance of the oral report.

309 A workfile must be made available by the appraiser when required by state enforcement
 310 agencies or due process of law. In addition, a workfile in support of a Restricted Use

ETHICS RULE

311 Appraisal Report must be sufficient for the appraiser to produce a Summary Appraisal Report
312 (for assignments under STANDARDS 2 and 8) or an Appraisal Report (for assignments under
313 STANDARD 10), and must be available for inspection by the client in accordance with the
314 Comment to Standards Rules 2-2(c)(viii), 8-2(c)(viii), and 10-2(b)(ix).

315 COMPETENCY RULE

316 **Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser**
 317 **must properly identify the problem to be addressed and have the knowledge and experience to complete**
 318 **the assignment competently; or alternatively, must:**

- 319 1. **disclose the lack of knowledge and/or experience to the client before accepting the assignment;**
- 320 2. **take all steps necessary or appropriate to complete the assignment competently; and**
- 321 3. **describe the lack of knowledge and/or experience and the steps taken to complete the assignment**
 322 **competently in the report.**

323 Comment: Competency applies to factors such as, but not limited to, an appraiser's familiarity
 324 with a specific type of property, a market, a geographic area, or an analytical method. If such
 325 a factor is necessary for an appraiser to develop credible assignment results, the appraiser is
 326 responsible for having the competency to address that factor or for following the steps
 327 outlined above to satisfy this COMPETENCY RULE.

328 The background and experience of appraisers varies widely, and a lack of knowledge or
 329 experience can lead to inaccurate or inappropriate appraisal practice. The COMPETENCY
 330 RULE requires an appraiser to have both the knowledge and the experience required to
 331 perform a specific appraisal service competently.

332 The COMPETENCY RULE requires recognition of, and compliance with, laws and
 333 regulations that apply to the appraiser or to the assignment.

334 If an appraiser is offered the opportunity to perform an appraisal service but lacks the
 335 necessary knowledge or experience to complete it competently, the appraiser must disclose his
 336 or her lack of knowledge or experience to the client before accepting the assignment and then
 337 take the necessary or appropriate steps to complete the appraisal service competently. This
 338 may be accomplished in various ways, including, but not limited to, personal study by the
 339 appraiser, association with an appraiser reasonably believed to have the necessary knowledge
 340 or experience, or retention of others who possess the required knowledge or experience.

341 In an assignment where geographic competency is necessary, an appraiser preparing an
 342 appraisal in an unfamiliar location must spend sufficient time to understand the nuances of the
 343 local market and the supply and demand factors relating to the specific property type and the
 344 location involved. Such understanding will not be imparted solely from a consideration of
 345 specific data such as demographics, costs, sales, and rentals. The necessary understanding of
 346 local market conditions provides the bridge between a sale and a comparable sale or a rental
 347 and a comparable rental. If an appraiser is not in a position to spend the necessary amount of
 348 time in a market area to obtain this understanding, affiliation with a qualified local appraiser
 349 may be the appropriate response to ensure development of credible assignment results.

350 Although this Rule requires an appraiser to identify the problem and disclose any deficiency
 351 in competence prior to accepting an assignment, facts or conditions uncovered during the
 352 course of an assignment could cause an appraiser to discover that he or she lacks the required
 353 knowledge or experience to complete the assignment competently. At the point of such
 354 discovery, the appraiser is obligated to notify the client and comply with items 2 and 3 of this
 355 Rule.

SCOPE OF WORK RULE

356 SCOPE OF WORK RULE³

357 For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

- 358 1. identify the problem to be solved;
359 2. determine and perform the scope of work necessary to develop credible assignment results; and
360 3. disclose the scope of work in the report.

361 An appraiser must properly identify the problem to be solved in order to determine the appropriate
362 scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to
363 produce credible assignment results.

364 Comment: Scope of work includes, but is not limited to:

- 365 • the extent to which the property is identified;
366 • the extent to which tangible property is inspected;
367 • the type and extent of data researched; and
368 • the type and extent of analyses applied to arrive at opinions or conclusions.

369 Appraisers have broad flexibility and significant responsibility in determining the appropriate
370 scope of work for an appraisal, appraisal review, and appraisal consulting assignment.

371 Credible assignment results require support by relevant evidence and logic. The credibility of
372 assignment results is always measured in the context of the intended use.

373 Problem Identification

374 An appraiser must gather and analyze information about those assignment elements that are necessary to
375 properly identify the appraisal, appraisal review or appraisal consulting problem to be solved.

376 Comment: The assignment elements necessary for problem identification are addressed in the
377 applicable Standards Rules (i.e., SR 1-2, SR 3-1, SR 4-2, SR 6-2, SR 7-2 and SR 9-2). In an
378 appraisal assignment, for example, identification of the problem to be solved requires the
379 appraiser to identify the following assignment elements:

- 380 • client and any other intended users;
381 • intended use of the appraiser's opinions and conclusions;
382 • type and definition of value;
383 • effective date of the appraiser's opinions and conclusions;
384 • subject of the assignment and its relevant characteristics; and
385 • assignment conditions.

386 This information provides the appraiser with the basis for determining the type and extent of
387 research and analyses to include in the development of an appraisal. Similar information is
388 necessary for problem identification in appraisal review and appraisal consulting assignments.

389 Communication with the client is required to establish most of the information necessary for
390 problem identification. However, the identification of relevant characteristics is a judgment
391 made by the appraiser that requires competency in that type of assignment.

³ See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure* and Advisory Opinion 29, *An Acceptable Scope of Work*.

392 Assignment conditions include assumptions, extraordinary assumptions, hypothetical
393 conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the
394 scope of work. Laws include constitutions, legislative and court-made law, administrative
395 rules, and ordinances. Regulations include rules or orders, having legal force, issued by an
396 administrative agency.

397 **Scope of Work Acceptability**⁴

398 **The scope of work must include the research and analyses that are necessary to develop credible**
399 **assignment results.**

400 Comment: The scope of work is acceptable when it meets or exceeds:

- 401 • the expectations of parties who are regularly intended users for similar assignments; and
- 402 • what an appraiser's peers' actions would be in performing the same or a similar
- 403 assignment.

404 Determining the scope of work is an ongoing process in an assignment. Information or
405 conditions discovered during the course of an assignment might cause the appraiser to
406 reconsider the scope of work.

407 An appraiser must be prepared to support the decision to exclude any investigation,
408 information, method, or technique that would appear relevant to the client, another intended
409 user, or the appraiser's peers.

410 **An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the**
411 **assignment results are not credible in the context of the intended use.**

412 Comment: If relevant information is not available because of assignment conditions that limit
413 research opportunities (such as conditions that place limitations on inspection or information
414 gathering), an appraiser must withdraw from the assignment unless the appraiser can:

- 415 • modify the assignment conditions to expand the scope of work to include gathering the
- 416 information; or
- 417 • use an extraordinary assumption about such information, if credible assignment results
- 418 can still be developed.

419 **An appraiser must not allow the intended use of an assignment or a client's objectives to cause the**
420 **assignment results to be biased.**

421 **Disclosure Obligations**

422 **The report must contain sufficient information to allow intended users to understand the scope of work**
423 **performed.**

424 Comment: Proper disclosure is required because clients and other intended users rely on the
425 assignment results. Sufficient information includes disclosure of research and analyses
426 performed and might also include disclosure of research and analyses not performed.

⁴ See Advisory Opinion 29, *An Acceptable Scope of Work*.

JURISDICTIONAL EXCEPTION RULE

427 JURISDICTIONAL EXCEPTION RULE

428 **If any part of USPAP is contrary to the law or public policy of any jurisdiction, only that part shall be**
429 **void and of no force or effect in that jurisdiction.**

430 Comment: The purpose of the JURISDICTIONAL EXCEPTION RULE is strictly limited to
431 providing a saving or severability clause intended to preserve the balance of USPAP if one or
432 more of its parts are determined to be contrary to law or public policy of a jurisdiction. By
433 logical extension, there can be no violation of USPAP by an appraiser disregarding, with
434 proper disclosure, only the part or parts of USPAP that are void and of no force and effect in a
435 particular assignment by operation of legal authority. It is misleading for an appraiser to
436 disregard a part or parts of USPAP as void and of no force and effect in a particular
437 assignment without identifying in the appraiser's report the part or parts disregarded and the
438 legal authority justifying this action.

439 As used in the JURISDICTIONAL EXCEPTION RULE, law means a body of rules with
440 binding legal force established by controlling governmental authority. This broad meaning
441 includes, without limitation, the federal and state constitutions; legislative and court-made
442 law; and administrative rules, regulations, and ordinances. Public policy refers to more or less
443 well-defined moral and ethical standards of conduct, currently and generally accepted by the
444 community as a whole, and recognized by the courts with the aid of statutes, judicial
445 precedents, and other similar available evidence. Jurisdiction refers to the legal authority to
446 legislate, apply, or interpret law in any form at the federal, state, and local levels of
447 government.

448 **STANDARD 1: REAL PROPERTY APPRAISAL, DEVELOPMENT**

449 **In developing a real property appraisal, an appraiser must identify the problem to be solved, determine**
450 **the scope of work necessary to solve the problem, and correctly complete research and analyses necessary**
451 **to produce a credible appraisal.**

452 Comment: STANDARD 1 is directed toward the substantive aspects of developing a credible
453 appraisal of real property. The requirements set forth in STANDARD 1 follow the appraisal
454 development process in the order of topics addressed and can be used by appraisers and the
455 users of appraisal services as a convenient checklist.

456 **Standards Rule 1-1**

457 **In developing a real property appraisal, an appraiser must:**

458 **(a) be aware of, understand, and correctly employ those recognized methods and techniques that are**
459 **necessary to produce a credible appraisal;**

460 Comment: This Standards Rule recognizes that the principle of change continues to affect the
461 manner in which appraisers perform appraisal services. Changes and developments in the real
462 estate field have a substantial impact on the appraisal profession. Important changes in the
463 cost and manner of constructing and marketing commercial, industrial, and residential real
464 estate as well as changes in the legal framework in which real property rights and interests are
465 created, conveyed, and mortgaged have resulted in corresponding changes in appraisal theory
466 and practice. Social change has also had an effect on appraisal theory and practice. To keep
467 abreast of these changes and developments, the appraisal profession is constantly reviewing
468 and revising appraisal methods and techniques and devising new methods and techniques to
469 meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain
470 the skills and the knowledge they possess when they become appraisers. Each appraiser must
471 continuously improve his or her skills to remain proficient in real property appraisal.

472 **(b) not commit a substantial error of omission or commission that significantly affects an appraisal;**
473 **and**

474 Comment: An appraiser must use sufficient care to avoid errors that would significantly affect
475 his or her opinions and conclusions. Diligence is required to identify and analyze the factors,
476 conditions, data, and other information that would have a significant effect on the credibility
477 of the assignment results.

478 **(c) not render appraisal services in a careless or negligent manner, such as by making a series of**
479 **errors that, although individually might not significantly affect the results of an appraisal, in the**
480 **aggregate affects the credibility of those results.**

481 Comment: Perfection is impossible to attain, and competence does not require perfection.
482 However, an appraiser must not render appraisal services in a careless or negligent manner.
483 This Standards Rule requires an appraiser to use due diligence and due care.

484 **Standards Rule 1-2**

485 **In developing a real property appraisal, an appraiser must:**

STANDARD 1

- 486 (a) identify the client and other intended users;⁵
- 487 (b) identify the intended use of the appraiser's opinions and conclusions;⁶
- 488 Comment: An appraiser must not allow the intended use of an assignment or a client's
489 objectives to cause the assignment results to be biased.⁷
- 490 (c) identify the type and definition of value, and, if the value opinion to be developed is market
491 value, ascertain whether the value is to be the most probable price:
- 492 (i) in terms of cash; or
- 493 (ii) in terms of financial arrangements equivalent to cash; or
- 494 (iii) in other precisely defined terms; and
- 495 (iv) if the opinion of value is to be based on non-market financing or financing with unusual
496 conditions or incentives, the terms of such financing must be clearly identified and the
497 appraiser's opinion of their contributions to or negative influence on value must be
498 developed by analysis of relevant market data;
- 499 Comment: When developing an opinion of market value, the appraiser must also
500 develop an opinion of reasonable exposure time linked to the value opinion.⁸
- 501 (d) identify the effective date of the appraiser's opinions and conclusions;⁹
- 502 (e) identify the characteristics of the property that are relevant to the type and definition of value
503 and intended use of the appraisal,¹⁰ including:
- 504 (i) its location and physical, legal, and economic attributes;
- 505 (ii) the real property interest to be valued;
- 506 (iii) any personal property, trade fixtures, or intangible items that are not real property but
507 are included in the appraisal;
- 508 (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants,
509 contracts, declarations, special assessments, ordinances, or other items of a similar
510 nature; and
- 511 (v) whether the subject property is a fractional interest, physical segment, or partial
512 holding;

⁵ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

⁶ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

⁷ See Advisory Opinion 19, *Unacceptable Assignment Conditions in Real Property Appraisal Assignments*.

⁸ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions*.
See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

⁹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

¹⁰ See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

513 Comment on (i)-(v): The information used by an appraiser to identify the property
514 characteristics must be from sources the appraiser reasonably believes are reliable.

515 An appraiser may use any combination of a property inspection and documents, such as a
516 physical legal description, address, map reference, copy of a survey or map, property sketch,
517 or photographs, to identify the relevant characteristics of the subject property.

518 When appraising proposed improvements, an appraiser must examine and have available for
519 future examination, plans, specifications, or other documentation sufficient to identify the
520 extent and character of the proposed improvements.¹¹

521 Identification of the real property interest appraised can be based on a review of copies or
522 summaries of title descriptions or other documents that set forth any known encumbrances.

523 An appraiser is not required to value the whole when the subject of the appraisal is a
524 fractional interest, a physical segment, or a partial holding.

525 **(f) identify any extraordinary assumptions necessary in the assignment;**

526 Comment: An extraordinary assumption may be used in an assignment only if:

- 527 • it is required to properly develop credible opinions and conclusions;
- 528 • the appraiser has a reasonable basis for the extraordinary assumption;
- 529 • use of the extraordinary assumption results in a credible analysis; and
- 530 • the appraiser complies with the disclosure requirements set forth in USPAP for
531 extraordinary assumptions.

532 **(g) identify any hypothetical conditions necessary in the assignment; and**

533 Comment: A hypothetical condition may be used in an assignment only if:

- 534 • use of the hypothetical condition is clearly required for legal purposes, for purposes of
535 reasonable analysis, or for purposes of comparison;
- 536 • use of the hypothetical condition results in a credible analysis; and
- 537 • the appraiser complies with the disclosure requirements set forth in USPAP for
538 hypothetical conditions.

539 **(h) determine the scope of work necessary to produce credible assignment results in accordance with
540 the SCOPE OF WORK RULE.¹²**

541 **Standards Rule 1-3**

542 **When necessary for credible assignment results in developing a market value opinion, an appraiser must:**

543 **(a) identify and analyze the effect on use and value of existing land use regulations, reasonably
544 probable modifications of such land use regulations, economic supply and demand, the physical
545 adaptability of the real estate, and market area trends; and**

¹¹ See Advisory Opinion 17, *Appraisals of Real Property with Proposed Improvements*.

¹² See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

STANDARD 1

546 Comment: An appraiser must avoid making an unsupported assumption or premise about
547 market area trends, effective age, and remaining life.

548 **(b) develop an opinion of the highest and best use of the real estate.**

549 Comment: An appraiser must analyze the relevant legal, physical, and economic factors to the
550 extent necessary to support the appraiser's highest and best use conclusion(s).

551 Standards Rule 1-4

552 **In developing a real property appraisal, an appraiser must collect, verify, and analyze all information**
553 **necessary for credible assignment results.**

554 **(a) When a sales comparison approach is necessary for credible assignment results, an appraiser**
555 **must analyze such comparable sales data as are available to indicate a value conclusion.**

556 **(b) When a cost approach is necessary for credible assignment results, an appraiser must:**

557 **(i) develop an opinion of site value by an appropriate appraisal method or technique;**

558 **(ii) analyze such comparable cost data as are available to estimate the cost new of the**
559 **improvements (if any); and**

560 **(iii) analyze such comparable data as are available to estimate the difference between the**
561 **cost new and the present worth of the improvements (accrued depreciation).**

562 **(c) When an income approach is necessary for credible assignment results, an appraiser must:**

563 **(i) analyze such comparable rental data as are available and/or the potential earnings**
564 **capacity of the property to estimate the gross income potential of the property;**

565 **(ii) analyze such comparable operating expense data as are available to estimate the**
566 **operating expenses of the property;**

567 **(iii) analyze such comparable data as are available to estimate rates of capitalization and/or**
568 **rates of discount; and**

569 **(iv) base projections of future rent and/or income potential and expenses on reasonably clear**
570 **and appropriate evidence.¹³**

571 Comment: In developing income and expense statements and cash flow projections,
572 an appraiser must weigh historical information and trends, current supply and
573 demand factors affecting such trends, and anticipated events such as competition
574 from developments under construction.

575 **(d) When developing an opinion of the value of a leased fee estate or a leasehold estate, an appraiser**
576 **must analyze the effect on value, if any, of the terms and conditions of the lease(s).**

¹³ See Statement on Appraisal Standards No. 2, *Discounted Cash Flow Analysis*.

577 (e) When analyzing the assemblage of the various estates or component parts of a property, an
 578 appraiser must analyze the effect on value, if any, of the assemblage. An appraiser must refrain
 579 from valuing the whole solely by adding together the individual values of the various estates or
 580 component parts.

581 Comment: Although the value of the whole may be equal to the sum of the separate estates or
 582 parts, it also may be greater than or less than the sum of such estates or parts. Therefore, the
 583 value of the whole must be tested by reference to appropriate data and supported by an
 584 appropriate analysis of such data.

585 A similar procedure must be followed when the value of the whole has been established and
 586 the appraiser seeks to value a part. The value of any such part must be tested by reference to
 587 appropriate data and supported by an appropriate analysis of such data.

588 (f) When analyzing anticipated public or private improvements, located on or off the site, an
 589 appraiser must analyze the effect on value, if any, of such anticipated improvements to the extent
 590 they are reflected in market actions.

591 (g) When personal property, trade fixtures, or intangible items are included in the appraisal, the
 592 appraiser must analyze the effect on value of such non-real property items.

593 Comment: When the scope of work includes an appraisal of personal property, trade fixtures
 594 or intangible items, competency in personal property appraisal (see STANDARD 7) or
 595 business appraisal (see STANDARD 9) is required.

596 **Standards Rule 1-5**

597 **When the value opinion to be developed is market value, an appraiser must, if such information is**
 598 **available to the appraiser in the normal course of business:¹⁴**

599 (a) analyze all agreements of sale, options, and listings of the subject property current as of the
 600 effective date of the appraisal; and

601 (b) analyze all sales of the subject property that occurred within the three (3) years prior to the
 602 effective date of the appraisal.¹⁵

603 Comment: See the Comments to Standards Rules 2-2(a)(viii), 2-2(b)(viii), and 2-2(c)(viii) for
 604 corresponding reporting requirements relating to the availability and relevance of information.

605 **Standards Rule 1-6**

606 **In developing a real property appraisal, an appraiser must:**

607 (a) reconcile the quality and quantity of data available and analyzed within the approaches used;
 608 and

¹⁴ See Advisory Opinion 24, *Normal Course of Business*.

¹⁵ See Advisory Opinion 1, *Sales History*.

STANDARD 1

- 609 (b) reconcile the applicability and relevance of the approaches, methods and techniques used to
610 arrive at the value conclusion(s).

611 **STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING**

612 **In reporting the results of a real property appraisal, an appraiser must communicate each analysis,**
613 **opinion, and conclusion in a manner that is not misleading.**

614 Comment: STANDARD 2 addresses the content and level of information required in a report
615 that communicates the results of a real property appraisal.

616 STANDARD 2 does not dictate the form, format, or style of real property appraisal reports.
617 The form, format, and style of a report are functions of the needs of intended users and
618 appraisers. The substantive content of a report determines its compliance.

619 **Standards Rule 2-1**

620 **Each written or oral real property appraisal report must:**

- 621 **(a) clearly and accurately set forth the appraisal in a manner that will not be misleading;**
622 **(b) contain sufficient information to enable the intended users of the appraisal to understand the**
623 **report properly; and**
624 **(c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical**
625 **conditions, and limiting conditions used in the assignment.**

626 **Standards Rule 2-2**

627 **Each written real property appraisal report must be prepared under one of the following three options**
628 **and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal**
629 **Report, or Restricted Use Appraisal Report.¹⁶**

630 Comment: When the intended users include parties other than the client, either a Self-
631 Contained Appraisal Report or a Summary Appraisal Report must be provided. When the
632 intended users do not include parties other than the client, a Restricted Use Appraisal Report
633 may be provided.

634 The essential difference among these three options is in the content and level of information
635 provided. The appropriate reporting option and the level of information necessary in the
636 report are dependent on the intended use and the intended users.

637 An appraiser must use care when characterizing the type of report and level of information
638 communicated upon completion of an assignment. An appraiser may use any other label in
639 addition to, but not in place of, the label set forth in this Standard for the type of report
640 provided.

641 The report content and level of information requirements set forth in this Standard are
642 minimums for each type of report. An appraiser must supplement a report form, when
643 necessary, to ensure that any intended user of the appraisal is not misled and that the report
644 complies with the applicable content requirements set forth in this Standards Rule.

¹⁶ See Advisory Opinion 11, *Content of the Appraisal Report Options of Standards Rules 2-2 and 8-2*, and Advisory Opinion 12, *Use of the Appraisal Report Options of Standards Rules 2-2 and 8-2*.

STANDARD 2

645 A party receiving a copy of a Self-Contained Appraisal Report, Summary Appraisal Report, or
646 Restricted Use Appraisal Report in order to satisfy disclosure requirements does not become
647 an intended user of the appraisal unless the appraiser identifies such party as an intended user
648 as part of the assignment.

649 **(a) The content of a Self-Contained Appraisal Report must be consistent with the intended use of the**
650 **appraisal and, at a minimum:**

651 **(i) state the identity of the client and any intended users, by name or type;¹⁷**

652 Comment: An appraiser must use care when identifying the client to ensure a clear
653 understanding and to avoid violations of the Confidentiality section of the ETHICS
654 RULE. In those rare instances when the client wishes to remain anonymous, an
655 appraiser must still document the identity of the client in the workfile but may omit
656 the client's identity in the report.

657 Intended users of the report might include parties such as lenders, employees of
658 government agencies, partners of a client, and a client's attorney and accountant.

659 **(ii) state the intended use of the appraisal;¹⁸**

660 **(iii) describe information sufficient to identify the real estate involved in the appraisal,**
661 **including the physical and economic property characteristics relevant to the**
662 **assignment;¹⁹**

663 Comment: The real estate involved in the appraisal can be specified, for example, by
664 a legal description, address, map reference, copy of a survey or map, property sketch
665 and/or photographs or the like. The information can include a property sketch and
666 photographs in addition to written comments about the legal, physical, and economic
667 attributes of the real estate relevant to the type and definition of value and intended
668 use of the appraisal.

669 **(iv) state the real property interest appraised;**

670 Comment: The statement of the real property rights being appraised must be
671 substantiated, as needed, by copies or summaries of title descriptions or other
672 documents that set forth any known encumbrances.

673 **(v) state the type and definition of value and cite the source of the definition;**

674 Comment: Stating the definition of value also requires any comments needed to
675 clearly indicate to intended users how the definition is being applied.²⁰

676 When reporting an opinion of market value, state whether the opinion of value is:

¹⁷ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

¹⁸ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

¹⁹ See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

²⁰ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

- 677 • in terms of cash or of financing terms equivalent to cash, or
678 • based on non-market financing or financing with unusual conditions or
679 incentives.

680 When an opinion of market value is not in terms of cash or based on financing terms
681 equivalent to cash, summarize the terms of such financing and explain their
682 contributions to or negative influence on value.

683 **(vi) state the effective date of the appraisal and the date of the report;²¹**

684 Comment: The effective date of the appraisal establishes the context for the value
685 opinion, while the date of the report indicates whether the perspective of the
686 appraiser on the market and property as of the effective date of the appraisal was
687 prospective, current, or retrospective.

688 **(vii) describe the scope of work used to develop the appraisal;²²**

689 Comment: Because intended users' reliance on an appraisal may be affected by the
690 scope of work, the report must enable them to be properly informed and not misled.
691 Sufficient information includes disclosure of research and analyses performed and
692 might also include disclosure of research and analyses not performed.

693 When any portion of the work involves significant real property appraisal assistance,
694 the appraiser must describe the extent of that assistance. The signing appraiser must
695 also state the name(s) of those providing the significant real property appraisal
696 assistance in the certification, in accordance with Standards Rule 2-3.²³

697 **(viii) describe the information analyzed, the appraisal methods and techniques employed, and
698 the reasoning that supports the analyses, opinions, and conclusions; exclusion of the
699 sales comparison approach, cost approach, or income approach must be explained;**

700 Comment: A Self-Contained Appraisal Report must include sufficient information to
701 indicate that the appraiser complied with the requirements of STANDARD 1. The
702 amount of detail required will vary with the significance of the information to the
703 appraisal.

704 The appraiser must provide sufficient information to enable the client and intended
705 users to understand the rationale for the opinions and conclusions, including
706 reconciliation of the data and approaches, in accordance with Standards Rule 1-6.

707 When reporting an opinion of market value, a summary of the results of analyzing
708 the subject sales, options, and listings in accordance with Standards Rule 1-5 is
709 required.²⁴ If such information is unobtainable, a statement on the efforts undertaken
710 by the appraiser to obtain the information is required. If such information is
711 irrelevant, a statement acknowledging the existence of the information and citing its
712 lack of relevance is required.

²¹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

²² See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure* and Advisory Opinion 29, *An Acceptable Scope of Work*.

²³ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.

²⁴ See Advisory Opinion 1, *Sales History*.

STANDARD 2

713 (ix) state the use of the real estate existing as of the date of value and the use of the real
714 estate reflected in the appraisal; and, when an opinion of highest and best use was
715 developed by the appraiser, describe the support and rationale for that opinion;

716 (x) clearly and conspicuously:

- 717 • state all extraordinary assumptions and hypothetical conditions; and
- 718 • state that their use might have affected the assignment results; and

719 (xi) include a signed certification in accordance with Standards Rule 2-3.

720 (b) The content of a Summary Appraisal Report must be consistent with the intended use of the
721 appraisal and, at a minimum:

722 Comment: The essential difference between the Self-Contained Appraisal Report and the
723 Summary Appraisal Report is the level of detail of presentation.

724 (i) state the identity of the client and any intended users, by name or type;²⁵

725 Comment: An appraiser must use care when identifying the client to ensure a clear
726 understanding and to avoid violations of the Confidentiality section of the ETHICS
727 RULE. In those rare instances when the client wishes to remain anonymous, an
728 appraiser must still document the identity of the client in the workfile but may omit
729 the client's identity in the report.

730 Intended users of the report might include parties such as lenders, employees of
731 government agencies, partners of a client, and a client's attorney and accountant.

732 (ii) state the intended use of the appraisal;²⁶

733 (iii) summarize information sufficient to identify the real estate involved in the appraisal,
734 including the physical and economic property characteristics relevant to the
735 assignment;²⁷

736 Comment: The real estate involved in the appraisal can be specified, for example, by
737 a legal description, address, map reference, copy of a survey or map, property sketch,
738 and/or photographs or the like. The summarized information can include a property
739 sketch and photographs in addition to written comments about the legal, physical,
740 and economic attributes of the real estate relevant to the type and definition of value
741 and intended use of the appraisal.

742 (iv) state the real property interest appraised;

743 Comment: The statement of the real property rights being appraised must be
744 substantiated, as needed, by copies or summaries of title descriptions or other
745 documents that set forth any known encumbrances.

746 (v) state the type and definition of value and cite the source of the definition;

²⁵ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁶ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁷ See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

747 Comment: Stating the definition of value also requires any comments needed to
748 clearly indicate to the intended users how the definition is being applied.²⁸

749 When reporting an opinion of market value, state whether the opinion of value is:

- 750 • in terms of cash or of financing terms equivalent to cash, or
- 751 • based on non-market financing or financing with unusual conditions or
- 752 incentives.

753 When an opinion of market value is not in terms of cash or based on financing terms
754 equivalent to cash, summarize the terms of such financing and explain their
755 contributions to or negative influence on value.

756 **(vi) state the effective date of the appraisal and the date of the report;**²⁹

757 Comment: The effective date of the appraisal establishes the context for the value
758 opinion, while the date of the report indicates whether the perspective of the
759 appraiser on the market and property as of the effective date of the appraisal was
760 prospective, current, or retrospective.

761 **(vii) summarize the scope of work used to develop the appraisal;**³⁰

762 Comment: Because intended users' reliance on an appraisal may be affected by the
763 scope of work, the report must enable them to be properly informed and not misled.
764 Sufficient information includes disclosure of research and analyses performed and
765 might also include disclosure of research and analyses not performed.

766 When any portion of the work involves significant real property appraisal assistance,
767 the appraiser must summarize the extent of that assistance. The signing appraiser
768 must also state the name(s) of those providing the significant real property appraisal
769 assistance in the certification, in accordance with Standards Rule 2-3.³¹

770 **(viii) summarize the information analyzed, the appraisal methods and techniques employed,
771 and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the
772 sales comparison approach, cost approach, or income approach must be explained;**

773 Comment: A Summary Appraisal Report must include sufficient information to
774 indicate that the appraiser complied with the requirements of STANDARD 1. The
775 amount of detail required will vary with the significance of the information to the
776 appraisal.

777 The appraiser must provide sufficient information to enable the client and intended
778 users to understand the rationale for the opinions and conclusions, including
779 reconciliation of the data and approaches, in accordance with Standards Rule 1-6.

²⁸ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

²⁹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

³⁰ See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

³¹ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.

STANDARD 2

- 780 When reporting an opinion of market value, a summary of the results of analyzing
781 the subject sales, options, and listings in accordance with Standards Rule 1-5 is
782 required.³² If such information is unobtainable, a statement on the efforts undertaken
783 by the appraiser to obtain the information is required. If such information is
784 irrelevant, a statement acknowledging the existence of the information and citing its
785 lack of relevance is required.
- 786 (ix) state the use of the real estate existing as of the date of value and the use of the real
787 estate reflected in the appraisal; and, when an opinion of highest and best use was
788 developed by the appraiser, summarize the support and rationale for that opinion;
- 789 (x) clearly and conspicuously:
- 790 • state all extraordinary assumptions and hypothetical conditions; and
 - 791 • state that their use might have affected the assignment results; and
- 792 (xi) include a signed certification in accordance with Standards Rule 2-3.
- 793 (c) The content of a Restricted Use Appraisal Report must be consistent with the intended use of the
794 appraisal and, at a minimum:
- 795 (i) state the identity of the client, by name or type;³³ and state a prominent use restriction
796 that limits use of the report to the client and warns that the appraiser's opinions and
797 conclusions set forth in the report may not be understood properly without additional
798 information in the appraiser's workfile;
- 799 Comment: An appraiser must use care when identifying the client to ensure a clear
800 understanding and to avoid violations of the Confidentiality section of the ETHICS
801 RULE. In those rare instances when the client wishes to remain anonymous, an
802 appraiser must still document the identity of the client in the workfile but may omit
803 the client's identity in the report.
- 804 The Restricted Use Appraisal Report is for client use only. Before entering into an
805 agreement, the appraiser should establish with the client the situations where this
806 type of report is to be used and should ensure that the client understands the
807 restricted utility of the Restricted Use Appraisal Report.
- 808 (ii) state the intended use of the appraisal;³⁴
- 809 Comment: The intended use of the appraisal must be consistent with the limitation
810 on use of the Restricted Use Appraisal Report option in this Standards Rule (i.e.,
811 client use only).
- 812 (iii) state information sufficient to identify the real estate involved in the appraisal;³⁵

³² See Advisory Opinion 1, *Sales History*.

³³ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

³⁴ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

³⁵ See Advisory Opinion 2, *Inspection of Subject Property*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

813 Comment: The real estate involved in the appraisal can be specified, for example, by
 814 a legal description, address, map reference, copy of a survey or map, property sketch,
 815 and/or photographs or the like.

816 (iv) **state the real property interest appraised;**

817 (v) **state the type of value, and cite the source of its definition;**³⁶

818 (vi) **state the effective date of the appraisal and the date of the report;**³⁷

819 Comment: The effective date of the appraisal establishes the context for the value
 820 opinion, while the date of the report indicates whether the perspective of the
 821 appraiser on the market and property as of the effective date of the appraisal was
 822 prospective, current, or retrospective.

823 (vii) **state the scope of work used to develop the appraisal;**³⁸

824 Comment: Because the client's reliance on an appraisal may be affected by the scope
 825 of work, the report must enable them to be properly informed and not misled.
 826 Sufficient information includes disclosure of research and analyses performed and
 827 might also include disclosure of research and analyses not performed.

828 When any portion of the work involves significant real property appraisal assistance,
 829 the appraiser must state the extent of that assistance. The signing appraiser must also
 830 state the name(s) of those providing the significant real property appraisal assistance
 831 in the certification, in accordance with Standards Rule 2-3.³⁹

832 (viii) **state the appraisal methods and techniques employed, state the value opinion(s) and
 833 conclusion(s) reached, and reference the workfile; exclusion of the sales comparison
 834 approach, cost approach, or income approach must be explained;**

835 Comment: An appraiser must maintain a specific, coherent workfile in support of a
 836 Restricted Use Appraisal Report. The contents of the workfile must include sufficient
 837 information to indicate that the appraiser complied with the requirements of
 838 STANDARD 1 and for the appraiser to produce a Summary Appraisal Report. The
 839 file must be available for inspection by the client (or the client's representatives, such
 840 as those engaged to complete an appraisal review), state enforcement agencies, such
 841 third parties as may be authorized by due process of law, and a duly authorized
 842 professional peer review committee except when such disclosure to a committee
 843 would violate applicable law or regulation.

844 When reporting an opinion of market value, information analyzed in compliance
 845 with Standards Rule 1-5 is significant information that must be disclosed in a

³⁶ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

³⁷ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

³⁸ See Advisory Opinions 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

³⁹ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.

STANDARD 2

846 Restricted Use Appraisal Report.⁴⁰ If such information is unobtainable, a statement
847 on the efforts undertaken by the appraiser to obtain the information is required. If
848 such information is irrelevant, a statement acknowledging the existence of the
849 information and citing its lack of relevance is required.

850 (ix) state the use of the real estate existing as of the date of value and the use of the real
851 estate reflected in the appraisal; and, when an opinion of highest and best use was
852 developed by the appraiser, state that opinion;

853 (x) clearly and conspicuously:

- 854 • state all extraordinary assumptions and hypothetical conditions; and
- 855 • state that their use might have affected the assignment results; and

856 (xi) include a signed certification in accordance with Standards Rule 2-3.

857 Standards Rule 2-3

858 Each written real property appraisal report must contain a signed certification that is similar in content
859 to the following form:

860 I certify that, to the best of my knowledge and belief:

- 861 — the statements of fact contained in this report are true and correct.
- 862 — the reported analyses, opinions, and conclusions are limited only by the reported
863 assumptions and limiting conditions and are my personal, impartial, and unbiased
864 professional analyses, opinions, and conclusions.
- 865 — I have no (or the specified) present or prospective interest in the property that is the
866 subject of this report and no (or the specified) personal interest with respect to the
867 parties involved.
- 868 — I have no bias with respect to the property that is the subject of this report or to the
869 parties involved with this assignment.
- 870 — my engagement in this assignment was not contingent upon developing or reporting
871 predetermined results.
- 872 — my compensation for completing this assignment is not contingent upon the
873 development or reporting of a predetermined value or direction in value that favors
874 the cause of the client, the amount of the value opinion, the attainment of a stipulated
875 result, or the occurrence of a subsequent event directly related to the intended use of
876 this appraisal.
- 877 — my analyses, opinions, and conclusions were developed, and this report has been
878 prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 879 — I have (or have not) made a personal inspection of the property that is the subject of
880 this report. (If more than one person signs this certification, the certification must
881 clearly specify which individuals did and which individuals did not make a personal
882 inspection of the appraised property.)⁴¹
- 883 — no one provided significant real property appraisal assistance to the person signing
884 this certification. (If there are exceptions, the name of each individual providing
885 significant real property appraisal assistance must be stated.)

⁴⁰ See Advisory Opinion 1, *Sales History*

⁴¹ See Advisory Opinion 2, *Inspection of Subject Property*.

886 Comment: A signed certification is an integral part of the appraisal report. An appraiser who
887 signs any part of the appraisal report, including a letter of transmittal, must also sign this
888 certification.

889 In an assignment that includes only assignment results developed by the real property
890 appraiser(s), any appraiser(s) who signs a certification accepts full responsibility for all
891 elements of the certification, for the assignment results, and for the contents of the appraisal
892 report. In an assignment that includes personal property, business or intangible asset
893 assignment results not developed by the real property appraiser(s), any real property
894 appraiser(s) who signs a certification accepts full responsibility for the real property elements
895 of the certification, for the real property assignment results, and for the real property contents
896 of the appraisal report.

897 When a signing appraiser(s) has relied on work done by appraisers and others who do not sign
898 the certification, the signing appraiser is responsible for the decision to rely on their work.
899 The signing appraiser(s) is required to have a reasonable basis for believing that those
900 individuals performing the work are competent. The signing appraiser(s) also must have no
901 reason to doubt that the work of those individuals is credible.

902 The names of individuals providing significant real property appraisal assistance who do not
903 sign a certification must be stated in the certification. It is not required that the description of
904 their assistance be contained in the certification, but disclosure of their assistance is required
905 in accordance with Standards Rule 2-2(a), (b), or (c)(vii), as applicable.⁴²

906 **Standards Rule 2-4**

907 **To the extent that it is both possible and appropriate, an oral real property appraisal report must address**
908 **the substantive matters set forth in Standards Rule 2-2(b).**

909 Comment: See the Record Keeping section of the ETHICS RULE for corresponding
910 requirements.

⁴² See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.