

**BEFORE THE
MISSOURI REAL ESTATE APPRAISERS COMMISSION**

MISSOURI REAL ESTATE)	
APPRAISERS COMMISSION,)	
)	
Petitioner,)	
v.)	No. 2007-000356PV1
)	
STUART PHELPS,)	
)	
Respondent.)	

CONSENT ORDER

The Missouri Real Estate Appraisers Commission (“Commission”) finds that on or about April 16, 2009, the Commission and Stuart Phelps entered into a Joint Motion for Consent Order, Joint Stipulation of Facts and Conclusions of Law, Waiver of Hearing Before the Missouri Real Estate Appraisers Commission, and Disciplinary Order (“Settlement”). The Commission hereby adopts and incorporates as if fully set out herein the findings of fact and conclusions of law as set out in the Settlement. The Commission hereby approves, incorporates as if fully set out herein and orders the joint disciplinary order and probationary terms as set out in the Settlement.

Accordingly, the Commission orders that Stuart Phelps’ probated certification as a state-certified general real estate appraiser (certification no RA003126) is hereby placed on PROBATION for one (1) additional year, to end February 7, 2010. During this additional probationary period, Stuart Phelps shall adhere to all of the terms set out in the Settlement.

This Order does not bind the Board or restrict the remedies available to it concerning any violation by Phelps of the terms and conditions of this Order, Chapters 324 or 339, RSMo, or the regulations promulgated thereunder.

The Committee will maintain this Order as an open and public record of the Committee as provided in Chapters 339, 610, and 324, RSMo.

Entered this 21st day of April, 2009.

MISSOURI REAL ESTATE APPRAISERS COMMISSION



Vanessa Beauchamp
Executive Director

**BEFORE THE
MISSOURI REAL ESTATE APPRAISERS
COMMISSION**

MISSOURI REAL ESTATE)
APPRAISERS COMMISSION,)
)
 Petitioner,)
)
 v.)
)
STUART PHELPS,)
)
 Respondent.)

No. 2007-000356PV1

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**JOINT MOTION FOR CONSENT ORDER,
JOINT STIPULATION OF FACTS AND CONCLUSIONS OF LAW,
WAIVER OF HEARING
BEFORE THE MISSOURI REAL ESTATE APPRAISERS COMMISSION,
AND DISCIPLINARY ORDER**

Respondent Stuart Phelps (“Phelps”) and Petitioner Missouri Real Estate Appraisers Commission (“MREAC”) enter into this *Joint Motion for Consent Order, Joint Stipulation of Facts and Conclusions of Law, Waiver of Hearing Before the Missouri Real Estate Appraisers Commission, and Disciplinary Order* (“Joint Stipulation”) for the purpose of resolving the Probation Violation Complaint filed against Phelps. Pursuant to the terms of § 536.060, RSMo¹, the parties move for a consent order and waive the right to a hearing and decision in the above-styled case by the MREAC pursuant to § 324.042, RSMo (Cum. Supp. 2008), and jointly stipulate and agree that a final disposition of this matter may be effectuated as described below.

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

Phelps acknowledges that he is aware of and understands the various rights and privileges afforded him by law, including: 1) the right to a hearing of the charges against him; 2) the right to appear and be represented by legal counsel; 3) the right to have all charges against him proven upon the record by competent and substantial evidence; 4) the right to cross-examine any witness appearing at the hearing against him; 5) the right to present evidence on his behalf at the hearing; 6) the right to a decision upon the record of the hearing by the MREAC concerning the complaint pending against him; 7) the right to a ruling on questions of law by the MREAC; 8) the right to seek recovery of attorneys' fees and expenses; and 9) the right to obtain judicial review of the decisions of the MREAC. Being aware of these rights provided him by operation of law; Phelps knowingly and voluntarily waives each and every one of these rights and freely enters into this Joint Stipulation. Phelps further agrees to abide by the terms of this document as they pertain to him.

Phelps acknowledges that he received a copy of the Probation Violation Complaint in this case, which was filed with the MREAC on September 17, 2008. Phelps stipulates that the factual allegations contained in this Joint Stipulation are true and stipulates with the MREAC that Phelps's certification as a state-certified general real estate appraiser (certificate no. RA003126) is subject to further disciplinary action by the MREAC in accordance with the provisions of § 324.042, RSMo (Cum. Supp. 2008).

I. JOINT STIPULATION

Based upon the foregoing, the MREAC and Phelps jointly stipulate to the following

findings of fact and conclusions of law in lieu of the facts and conclusions of law as alleged in the Probation Violation Complaint filed in this case.

FINDINGS OF FACT

1. On February 7, 2007, the MREAC issued its Order of the Missouri Real Estate Appraisers Commission Issuing a Probated Certification to Stuart Phelps (“Order”).

2. In the Order, the MREAC granted a probated certification to Phelps as a state-certified general real estate appraiser. Phelps’s probated certification (certification no. RA003126) was at all times mentioned herein, and is currently, active since February 7, 2007 (the effective date of the Order).

3. The terms of the probationary period in the Order are stated, in pertinent part, as follows:

Phelp’s general real estate appraiser certification shall immediately be placed on PROBATION for a period of TWO (2) YEARS from the effective date of this Order...

* * *

7. During the probationary period, Phelps shall comply with all applicable provisions of Chapter 339, RSMo, as amended, all applicable MREAC regulations and all applicable federal and state laws. “State” includes the state of Missouri, all other states and territories of the United States, and the ordinances of their political subdivisions.

4. On or about March 2, 2007, Phelps completed and signed a Summary Appraisal Report for residential real estate located at 505 Cottage Lane, Harrisonville, Missouri 64701 (the “Cottage Lane property”). The effective date of the appraisal report was January 23, 2007. This appraisal valued the property at \$179,000. This appraisal shall be referred to hereinafter as the “Cottage Lane Appraisal Report.”

5. Pursuant to § 339.535, RSMo, and the terms and conditions of the Order, Phelps was required to develop and report the results of the Cottage Lane Appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), 2006 Edition. A copy of the provisions of USPAP cited herein are attached.

6. The Cottage Lane Appraisal Report was prepared for Bank 10.

7. In the preparation of the Cottage Lane Appraisal Report, Phelps made the following errors and/or omissions:

- a. Made large and unexplained adjustments for the quality of construction and omitted relevant marketplace adjustments without explanation;
- b. Failed to perform or include, despite that the subject property being newly constructed, a cost approach analysis;
- c. Inadequately explained or reasoned the omission of a cost approach analysis in the Cottage Lane Appraisal Report;
- d. Failed to provide a census tract.

JOINT PROPOSED CONCLUSIONS OF LAW

8. The MREAC has jurisdiction over this matter pursuant to § 324.042, RSMo (Cum. Supp. 2008), and page 8, paragraph 10, of the Order, which provides, in pertinent part:

If Phelps fails to comply with the terms of this order during the probationary period, in any respect, the MREAC may choose to conduct a hearing before it either during the probationary period, or as soon thereafter as a hearing can be held, to determine whether a violation occurred. In the event MREAC determines that Phelps has violated any term or condition of this Order, the MREAC may, in its discretion, vacate this Order and may impose additional discipline as deemed

appropriate by the MREAC, including revocation of the certificate, pursuant to § 620.153, RSMo². The MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Order has occurred.

9. Section 339.535, RSMo, which requires compliance with the Uniform Standards of Professional Appraisal Practice, 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.

10. In the preparation of the Cottage Lane Appraisal Report, Phelps violated Uniform Standards of Professional Appraisal Practice (“USPAP”) Standards 1 and 2, Standard Rules 1-1(a) and (b), 1-4(a), (b)(i), (ii), and (iii), 1-6(b), and/or 2-2(b)(iii) and (viii).

12. By failing to comply with USPAP in the preparation of the Cottage Lane Appraisal Report, Phelps violated § 339.535, RSMo, and the terms of his probation, providing cause to further discipline his certification under § 324.042, RSMo (Cum. Supp. 2008).

II. JOINT DISCIPLINARY ORDER

Based on the foregoing, the parties hereby mutually agree and stipulate that the following shall constitute the Order regarding discipline of Phelp’s certification as a state-certified general real estate appraiser, subject to the following terms and conditions, and entered by the MREAC in this matter under the authority of §§ 536.060 and 621.110, RSMo,

² Section 620.153, RSMo, was repealed by L.2008, S.B. No. 788, § A, and was replaced with § 324.042, RSMo.

as amended. This disciplinary order shall become effective immediately upon the issuance of the consent order of the MREAC without further action by either party:

1. Probation. Phelps's probated certification as a state-certified general real estate appraiser (certification no. RA003126) is hereby placed on PROBATION for ONE (1) additional YEAR. The period of probation is referred to hereinafter as either "the probationary period" or "the disciplinary period". During the period of probation, Phelps shall be entitled to practice as a general real estate appraiser provided he pays all required fees, has maintained his certification current and active, and adheres to all the terms stated herein.

A. Phelps shall keep the MREAC apprised at all times of his current address and telephone number at each place of residence and business. Phelps shall notify the MREAC in writing within ten (10) days of any change in this information.

B. Phelps shall timely renew his real estate appraiser certification, timely pay all fees required for certificate renewal, and shall comply with all other requirements necessary to maintain his certification in a current and active status.

C. Phelps shall meet in person with the MREAC or its representative at any such time or place as required by the MREAC or its designee upon notification from the MREAC or its designee. Said meetings will be at the MREAC's discretion and may occur periodically during the probation period.

D. Phelps shall immediately submit documents showing compliance with

the requirements of this joint stipulation to the MREAC when requested by the MREAC or its designee.

E. During the probationary period, Phelps shall accept and comply with unannounced visits from the MREAC's representative to monitor compliance with the terms and conditions of this joint stipulation.

F. If at any time during the disciplinary period, Phelps changes his residence from the state of Missouri, ceases to be currently licensed in Missouri under Chapter 339, RSMo, as amended, fails to timely pay all fees required for license renewal, or fails to keep the MREAC advised of all current places of residence and business, then the time of absence, unlicensed status, delinquency in paying fees for license renewal, or unknown whereabouts shall not be deemed, or taken as any part of, the disciplinary period.

G. During the disciplinary period, Phelps shall comply with all provisions of §§ 339.500 through 339.549, RSMo, as amended, 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 Phelps'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 Joint Stipulation.

H. Phelps shall submit written reports to the MREAC postmarked no later than January 15, April 15, July 15 and October 15, during each year of the disciplinary period stating truthfully whether there has been compliance with all terms and conditions of this

Joint Stipulation. Phelps is responsible for assuring that the reports are submitted to and received by the MREAC.

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

J. Within six months after the effective date of this Joint Stipulation, Phelps shall submit verification to the MREAC of successful completion of a fifteen (15)-hour approved course, including examination, on Report Writing.

K. Phelps may not apply the education required by this Joint Stipulation to satisfy the continuing education hours required for certification renewal.

L. During the disciplinary period, Phelps 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 Joint Stipulation, Phelps shall advise each trainee real estate appraiser working under him that the supervisory relationship is terminated and Phelps shall comply with all other requirements of 20 CSR 2245-3.005 regarding the termination of any supervisory relationship.

2. Upon the expiration of the disciplinary period, the certificate of Phelps shall be

fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Phelps has violated any term or condition of this Joint Stipulation, the MREAC may, in its discretion, vacate and set aside the discipline imposed herein and impose such further discipline as it shall deem appropriate.

3. No additional discipline shall be imposed by the MREAC pursuant to the preceding paragraph of this Joint Stipulation without notice and opportunity for hearing before the MREAC as a contested case in accordance with the provisions of Chapter 536, RSMo. If any alleged violation of this Joint Stipulation occurs during the disciplinary period, the MREAC may choose to conduct a hearing before it to determine whether, in fact, a violation occurred and may impose further discipline.

4. This Joint Stipulation does not bind the MREAC or restrict the remedies available to it concerning any future violations by Phelps of §§ 339.500 through 339.549, RSMo, as amended, or the regulations promulgated thereunder, or of the terms and conditions of this Joint Stipulation.

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

6. If any alleged violation of this Joint Stipulation occurs 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, in fact, a violation occurred and, if so, may impose further disciplinary action. Phelps agrees and stipulates that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Joint Stipulation has occurred.

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

8. The terms of this Joint Stipulation are contractual, legally enforceable, and binding, not merely recital. Except as otherwise contained herein, neither this Joint Stipulation 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.

9. The parties to this Joint Stipulation understand that the MREAC will maintain this Joint Stipulation as an open record as required by Chapters 339, 610, and 620, RSMo, as amended.

10. Respondent, together with his heirs, assigns, agents, partners, 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 known or contemplated, including, but not limited to, any claims pursuant to § 536.087, RSMo, as amended, or any claim arising under

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ATTORNEYS FOR PETITIONER
Missouri Real Estate Appraisers
Commission

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

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

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

506 **Standards Rule 1-1**

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

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

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

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

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

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

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

593 Standards Rule 1-3

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

- 596 (a) identify and analyze the effect on use and value of existing land use regulations, reasonably
597 probable modifications of such land use regulations, economic supply and demand, the
598 physical adaptability of the real estate, and market area trends; and

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

- 601 (b) develop an opinion of the highest and best use of the real estate.

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

604 Standards Rule 1-4

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

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

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

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

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

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

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

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

619 (ii) analyze such comparable operating expense data as are available to estimate the
620 operating expenses of the property;

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

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

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

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

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

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

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

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

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

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

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

650 Standards Rule 1-5

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

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

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

657 Comment: See the Comments to Standards Rules 2-2(a)(viii), 2-2(b)(viii), and 2-
 658 2(c)(viii) for corresponding reporting requirements relating to the availability and
 659 relevance of information.

¹⁴ See Advisory Opinion 24, *Normal Course of Business*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

¹⁵ See Advisory Opinion 1, *Sales History*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

660 Standards Rule 1-6

661 In developing a real property appraisal, an appraiser must:

- 662 (a) reconcile the quality and quantity of data available and analyzed within the approaches
663 used; and
- 664 (b) reconcile the applicability or suitability of the approaches used to arrive at the value
665 conclusion(s).

666 Comment: See the Comments to Standards Rules 2-2(a)(viii), 2-2(b)(viii), and 2-
667 2(c)(viii) for corresponding reporting requirements.

668 STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING

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

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

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

676 Standards Rule 2-1

677 Each written or oral real property appraisal report must:

- 678 (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
- 679 (b) contain sufficient information to enable the intended users of the appraisal to understand the
680 report properly; and
- 681 (c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical
682 conditions, and limiting conditions used in the assignment.

683 Standards Rule 2-2

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

687 Comment: When the intended users include parties other than the client, either a Self-
688 Contained Appraisal Report or a Summary Appraisal Report must be provided. When the
689 intended users do not include parties other than the client, a Restricted Use Appraisal
690 Report may be provided.

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

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

698 The report content and level of information requirements set forth in this Standard are
699 minimums for each type of report. An appraiser must supplement a report form, when
700 necessary, to ensure that any intended user of the appraisal is not misled and that the
701 report 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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

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

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

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

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

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

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

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

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

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

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

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

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

733 When reporting an opinion of market value, state whether the opinion of value
734 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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

- 735 • in terms of cash or of financing terms equivalent to cash, or
 736 • based on non-market financing or financing with unusual conditions or
 737 incentives.

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

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

742 Comment: The effective date of the appraisal establishes the context for the
 743 value opinion, while the date of the report indicates whether the perspective of
 744 the appraiser on the market or property use conditions as of the effective date of
 745 the appraisal was prospective, current, or retrospective.

746 Reiteration of the date of the report and the effective date of the appraisal at
 747 various stages of the report in tandem is important for the clear understanding of
 748 the reader whenever market or property use conditions on the date of the report
 749 are different from such conditions on the effective date of the appraisal.

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

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

756 When any portion of the work involves significant real property appraisal
 757 assistance, the appraiser must describe the extent of that assistance. The signing
 758 appraiser must also state the name(s) of those providing the significant real
 759 property appraisal assistance in the certification, in accordance with SR 2-3.

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

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

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

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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

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

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

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- (x) clearly and conspicuously:

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

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

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

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

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- (i) state the identity of the client and any intended users, by name or type;²³

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

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

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- (ii) state the intended use of the appraisal;²⁴

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- (iii) summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;²⁵

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

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- (iv) state the real property interest appraised;

²³ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁴ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁵ 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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

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

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

812 Comment: Stating the definition of value also requires any comments needed to
 813 clearly indicate to the intended users how the definition is being applied.²⁶

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

- 816 • in terms of cash or of financing terms equivalent to cash, or
- 817 • based on non-market financing or financing with unusual conditions or
- 818 incentives.

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

822 (vi) **state the effective date of the appraisal and the date of the report;**²⁷

823 Comment: The effective date of the appraisal establishes the context for the
 824 value opinion, while the date of the report indicates whether the perspective of
 825 the appraiser on the market or property use conditions as of the effective date of
 826 the appraisal was prospective, current, or retrospective.

827 Reiteration of the date of the report and the effective date of the appraisal at
 828 various stages of the report in tandem is important for the clear understanding of
 829 the reader whenever market or property use conditions on the date of the report
 830 are different from such conditions on the effective date of the appraisal.

831 (vii) **summarize the scope of work used to develop the appraisal;**²⁸

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

837 When any portion of the work involves significant real property appraisal
 838 assistance, the appraiser must summarize the extent of that assistance. The
 839 signing appraiser must also state the name(s) of those providing the significant
 840 real property appraisal assistance in the certification, in accordance with SR 2-3.

²⁶ 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*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

²⁷ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

²⁸ See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

841 (viii) summarize the information analyzed, the appraisal methods and techniques
 842 employed, and the reasoning that supports the analyses, opinions, and conclusions;
 843 exclusion of the sales comparison approach, cost approach, or income approach
 844 must be explained;

845 Comment: A Summary Appraisal Report must include sufficient information to
 846 indicate that the appraiser complied with the requirements of STANDARD 1.
 847 The amount of detail required will vary with the significance of the information
 848 to the appraisal.

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

853 When reporting an opinion of market value, a summary of the results of
 854 analyzing the subject sales, options, and listings in accordance with Standards
 855 Rule 1-5 is required. If such information is unobtainable, a statement on the
 856 efforts undertaken by the appraiser to obtain the information is required. If such
 857 information is irrelevant, a statement acknowledging the existence of the
 858 information and citing its lack of relevance is required.

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

862 (x) clearly and conspicuously:

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

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

866 (c) The content of a Restricted Use Appraisal Report must be consistent with the intended use of
 867 the appraisal and, at a minimum:

868 (i) state the identity of the client, by name or type;²⁹ and state a prominent use
 869 restriction that limits use of the report to the client and warns that the appraiser's
 870 opinions and conclusions set forth in the report may not be understood properly
 871 without additional information in the appraiser's workfile;

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

877 The Restricted Use Appraisal Report is for client use only. Before entering into
 878 an agreement, the appraiser should establish with the client the situations where
 879 this type of report is to be used and should ensure that the client understands the
 880 restricted utility of the Restricted Use Appraisal Report.

²⁹ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.