

SETTLEMENT AGREEMENT
BETWEEN
MISSOURI REAL ESTATE APPRAISERS COMMISSION
AND
AMANDA L. ROBINSON

Amanda L. Robinson (Robinson) and the Missouri Real Estate Appraisers Commission (MREAC) enter into this Settlement Agreement for the purpose of resolving the question of whether Robinson's certification as a state-certified residential real estate appraiser, no. 2002014941, 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 Robinson 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.

Robinson acknowledges that she understands the various rights and privileges afforded her by law, including the right to a hearing of the charges against her; 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 her at the hearing; the right to present evidence on her behalf at the hearing; the right to a decision upon the record of the hearing by a fair and impartial

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

administrative hearing commissioner concerning the charges pending against her; 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 Robinson 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 her by law, Robinson 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 her.

Robinson acknowledges that she 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. Robinson stipulates that the factual allegations contained in this Settlement Agreement are true and stipulates with the MREAC that Robinson's certification as a state-certified residential real estate appraiser, certificate no. 2002014941, is subject to disciplinary action by the MREAC in accordance with the relevant provisions of Chapter 621, RSMo Cum. Supp. 2008, and §§ 339.500 through 339.549, RSMo, as amended.

The parties stipulate and agree that the disciplinary order agreed to by the MREAC and Robinson in Part II herein is based only on the agreement set out in Part I herein.

Robinson understands that the MREAC may take further disciplinary action against her 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 Robinson herein jointly stipulate to the following:

1. Robinson supervised the preparation of and prepared appraisal reports for 120 Barker Lane, Branson, Missouri (the Barker Lane Appraisal Report); 420 Gold Ridge Road, Billings, Missouri (the Gold Ridge Appraisal Report); and 133 Shady Drive, Branson, Missouri (the Shady Drive 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 the Barker Lane Appraisal Report, the Gold Ridge Appraisal Report, and the Shady Drive Appraisal Report were to be prepared in compliance with the Uniform Standards of Professional Appraisal Practice, 2006 Edition.

The cited provisions of USPAP, 2006 edition are attached hereto as Exhibit A.

The Barker Lane Appraisal Report

4. Barker Lane Appraisal Report was prepared effective December 29, 2006 and was signed on January 2, 2007.

5. The Barker Lane Appraisal Report is a summary appraisal of residential real property.

6. Based on the following errors and omissions in the preparation of the Barker Lane Appraisal Report, Robinson is in violation of Section 339.535, RSMo, the USPAP Ethics Rule regarding Conduct, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a) and (b), 1-4(a) and (b), 1-6(a), 2-1(a) and (b), and 2-2(b)(viii), 2006 edition:

a. Robinson chose comparable sales that were significantly superior to the subject property in design and appeal, but made no adjustments in the Sales Comparison Approach for these factors;

b. Robinson failed to analyze or adjust for the fact the subject property was over-improved for the market;

c. In the Sales Comparison Approach, Robinson failed to note and analyze the lack of sales truly similar and comparable to the subject property;

d. In the Cost Approach, Robinson stated a site value of \$25,000 but failed to identify the comparable land sales, did not have supporting

information analyzed, the appraisal procedures followed and the reasoning that supported the analysis, opinions and conclusions; and

e. Based on the errors stated above, the Barker Lane Appraisal Report is not credible and is misleading.

The Gold Ridge Appraisal Report

7. The Gold Ridge Appraisal Report was prepared effective December 11, 2006 and was signed on December 14, 2006.

8. The Gold Ridge Appraisal Report is a summary appraisal of residential real property.

9. Based on the following errors and omissions in the preparation of the Gold Ridge Appraisal Report, Robinson is in violation of Section 339.535, RSMo, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a) and (b), 1-2(e)(i) and (iv), 1-4(b), 1-6(a), 2-1(b), and 2-2(b)(viii), 2006 edition:

a. Robinson failed to address the effect prior tornado damage had on value;

b. In the Cost Approach, Robinson stated a site value of \$25,000 but failed to identify the comparable land sales, did not have supporting documentation for the site value in his workfile, and did not summarize the information analyzed, the appraisal procedures followed and the reasoning that supported the analysis, opinions and conclusions;

- c. Failed to analyze the effect a shared well and a well easement had on value; and
- d. Based on the errors set forth above, the Gold Ridge Appraisal Report lacks credibility.

The Shady Drive Appraisal Report

- 10. Shady Drive Appraisal Report was prepared effective November 9, 2006 and was signed on November 14, 2006.
- 11. The Shady Drive Appraisal Report is a summary appraisal of residential real property.
- 12. Based on the following errors and omissions in the preparation of the Shady Drive Appraisal Report, Robinson is in violation of Section 339.535, RSMo, USPAP Standards 1 and 2, and USPAP Standards Rules 1-1(a) and (b), 1-4(a) and (b), 2-1(b), and 2-2(b)(viii), 2006 edition:
 - a. Robinson chose comparable sales that were significantly superior to the subject property in design and appeal, but made no adjustments in the sales comparison approach;
 - b. In the Cost Approach, Robinson stated a site value of \$30,000 but failed to identify the comparable land sales, did not have supporting documentation for the site value in his workfile, and did not summarize the

information analyzed, the appraisal procedures followed and the reasoning that supported the analysis, opinions and conclusions; and

c. Based on the errors stated above, the Shady Drive Appraisal Report lacks credibility.

13. Based on the facts and violations set forth above, cause exists to discipline Robinson'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. **Robinson's certification is on probation.** Robinson's certification as a state-certified residential real estate appraiser is hereby placed on PROBATION for a period of ONE YEAR. The period of probation shall constitute the "disciplinary period." During the disciplinary period, Robinson shall be entitled to practice as a state-certified residential real estate appraiser under §§ 339.500 through 339.549, RSMo, as amended, provided Robinson 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. Robinson shall submit written reports to the MREAC by 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 Settlement Agreement. Robinson is responsible for assuring that the reports are submitted to and received by the MREAC.

B. During the disciplinary period, Robinson 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 B., above. Robinson is responsible for assuring that the logs are submitted to and received by the MREAC. Upon MREAC request, Robinson shall submit copies of her work samples for MREAC review.

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

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

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

G. During the disciplinary period, Robinson 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 Robinson'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.

H. Robinson 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.

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

J. If, at any time within the disciplinary period, Robinson removes herself 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.

3. Upon the expiration of the disciplinary period, the certification of Robinson shall be fully restored if all requirements of law have been satisfied; provided, however, that in the event the MREAC determines that Robinson 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 Robinson's certification.

4. 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.

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

6. 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.

7. 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. Robinson agrees and stipulates that the MREAC has continuing jurisdiction to hold a hearing to determine if a violation of this Settlement Agreement has occurred.

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

9. 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.

10. 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.

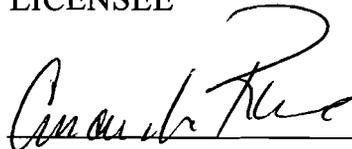
11. Robinson, together with her partners, heirs, assigns, agents, employees, representatives and attorneys, does hereby waive, release, acquit and forever discharge the MREAC, its respective members, employees, agents and attorneys including former members, employees, agents and attorneys, of, or from 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.

12. Robinson understands that she 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 Robinson's certification. If Robinson desires the Administrative Hearing Commission to review this Settlement Agreement, Robinson may submit her request to: Administrative Hearing Commission, Truman State

Office Building, Room 640, 301 W. High Street, P.O. Box 1557, Jefferson City, Missouri 65102.

13. If Robinson 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 Robinson's certification. If Robinson 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.

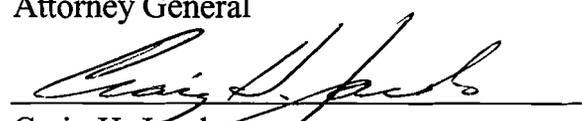
LICENSEE


Amanda L. Robinson
Date 7/29/09

MISSOURI REAL ESTATE
APPRAISERS COMMISSION


Vanessa Beauchamp, Executive Director
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UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE and ADVISORY OPINIONS 2006 EDITION

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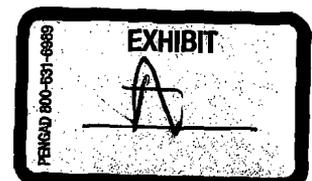
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EFFECTIVE:

July 1, 2006



215 **ETHICS RULE**

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

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

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

228 **An appraiser must not misrepresent his or her role when providing valuation services that are**
 229 **outside of appraisal practice.¹**

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

236 **Conduct:**

237 **An appraiser must perform assignments ethically and competently, in accordance with USPAP and**
 238 **any supplemental standards agreed to by the appraiser in accepting the assignment. An appraiser**
 239 **must not engage in criminal conduct. An appraiser must perform assignments with impartiality,**
 240 **objectivity, and independence, and without accommodation of personal interests.**

241 **In appraisal practice, an appraiser must not perform as an advocate for any party or issue.**

242 Comment: An appraiser may be an advocate only in support of his or her assignment
 243 results. Advocacy in any other form in appraisal practice is a violation of the ETHICS
 244 RULE.

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

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

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

¹ See Advisory Opinion 21, *USPAP Compliance*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

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

257 **Management:**

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

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

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

- 268 1. the reporting of a predetermined result (e.g., opinion of value);
269 2. a direction in assignment results that favors the cause of the client;
270 3. the amount of a value opinion;
271 4. the attainment of a stipulated result; or
272 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific
273 to the assignment's purpose.

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

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

283 **Confidentiality:**

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

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

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

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

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

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

304 **Record Keeping:**

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

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

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

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

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

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

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

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

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

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

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.

535 **Standards Rule 1-2**536 **In developing a real property appraisal, an appraiser must:**537 **(a) identify the client and other intended users;⁵**538 **(b) identify the intended use of the appraiser's opinions and conclusions;⁶**539 **Comment: An appraiser must not allow the intended use of an assignment or a client's**
540 **objectives to cause the assignment results to be biased.⁷**541 **(c) identify the type and definition of value, and, if the value opinion to be developed is market**
542 **value, ascertain whether the value is to be the most probable price:**543 **(i) in terms of cash; or**544 **(ii) in terms of financial arrangements equivalent to cash; or**545 **(iii) in other precisely defined terms; and**546 **(iv) if the opinion of value is to be based on non-market financing or financing with**
547 **unusual conditions or incentives, the terms of such financing must be clearly**
548 **identified and the appraiser's opinion of their contributions to or negative influence**
549 **on value must be developed by analysis of relevant market data;**550 **Comment: When developing an opinion of market value, the appraiser must also**
551 **develop an opinion of reasonable exposure time linked to the value opinion.⁸**552 **(d) identify the effective date of the appraiser's opinions and conclusions;⁹**553 **(e) identify the characteristics of the property that are relevant to the type and definition of**
554 **value and intended use of the appraisal,¹⁰ including:**555 **(i) its location and physical, legal, and economic attributes;**556 **(ii) the real property interest to be valued;**557 **(iii) any personal property, trade fixtures, or intangible items that are not real property**
558 **but are included in the appraisal;**

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

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

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

559 (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants,
560 contracts, declarations, special assessments, ordinances, or other items of a similar
561 nature; and

562 (v) whether the subject property is a fractional interest, physical segment, or partial
563 holding;

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

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

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

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

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

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

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

- 579 • it is required to properly develop credible opinions and conclusions;
- 580 • the appraiser has a reasonable basis for the extraordinary assumption;
- 581 • use of the extraordinary assumption results in a credible analysis; and
- 582 • the appraiser complies with the disclosure requirements set forth in USPAP for
583 extraordinary assumptions.

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

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

- 586 • use of the hypothetical condition is clearly required for legal purposes, for purposes
587 of reasonable analysis, or for purposes of comparison;
- 588 • use of the hypothetical condition results in a credible analysis; and
- 589 • the appraiser complies with the disclosure requirements set forth in USPAP for
590 hypothetical conditions.

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

¹¹ See Advisory Opinion 17, *Appraisals of Real Property with Proposed Improvements*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

¹² 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.

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.

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

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

781 (x) clearly and conspicuously:

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

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

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

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

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

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

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

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

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

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

807 (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*.

881 (ii) state the intended use of the appraisal;³⁰

882 Comment: The intended use of the appraisal must be consistent with the limitation on
883 use of the Restricted Use Appraisal Report option in this Standards Rule (i.e., client
884 use only).

885 (iii) state information sufficient to identify the real estate involved in the appraisal;³¹

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

889 (iv) state the real property interest appraised;

890 (v) state the type of value, and cite the source of its definition;³²

891 (vi) state the effective date of the appraisal and the date of the report;³³

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

896 (vii) state the scope of work used to develop the appraisal;³⁴

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

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

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

909 Comment: An appraiser must maintain a specific, coherent workfile in support
910 of a Restricted Use Appraisal Report. The contents of the workfile must include
911 sufficient information to indicate that the appraiser complied with the
912 requirements of STANDARD 1 and for the appraiser to produce a Summary

³⁰ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

³¹ See Advisory Opinion 2, *Inspection of Subject Property*. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into USPAP.

³² 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.

³³ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

³⁴ See Advisory Opinions 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.

913 Appraisal Report. The file must be available for inspection by the client (or the
 914 client's representatives, such as those engaged to complete an appraisal review),
 915 state enforcement agencies, such third parties as may be authorized by due
 916 process of law, and a duly authorized professional peer review committee except
 917 when such disclosure to a committee would violate applicable law or regulation.

918 When reporting an opinion of market value, information analyzed in compliance
 919 with Standards Rule 1-5 is significant information that must be disclosed in a
 920 Restricted Use Appraisal Report. If such information is unobtainable, a
 921 statement on the efforts undertaken by the appraiser to obtain the information is
 922 required. If such information is irrelevant, a statement acknowledging the
 923 existence of the information and citing its lack of relevance is required.

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

927 (x) clearly and conspicuously:

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

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

931 **Standards Rule 2-3**

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

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

- 935 — the statements of fact contained in this report are true and correct.
- 936 — the reported analyses, opinions, and conclusions are limited only by the reported
 937 assumptions and limiting conditions and are my personal, impartial, and unbiased
 938 professional analyses, opinions, and conclusions.
- 939 — I have no (or the specified) present or prospective interest in the property that is
 940 the subject of this report and no (or the specified) personal interest with respect to
 941 the parties involved.
- 942 — I have no bias with respect to the property that is the subject of this report or to
 943 the parties involved with this assignment.
- 944 — my engagement in this assignment was not contingent upon developing or
 945 reporting predetermined results.
- 946 — my compensation for completing this assignment is not contingent upon the
 947 development or reporting of a predetermined value or direction in value that
 948 favors the cause of the client, the amount of the value opinion, the attainment of a
 949 stipulated result, or the occurrence of a subsequent event directly related to the
 950 intended use of this appraisal.
- 951 — my analyses, opinions, and conclusions were developed, and this report has been
 952 prepared, in conformity with the *Uniform Standards of Professional Appraisal
 953 Practice*.
- 954 — I have (or have not) made a personal inspection of the property that is the subject
 955 of this report. (If more than one person signs this certification, the certification