



THE APPRAISAL FOUNDATION

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APPRAISAL STANDARDS BOARD

USPAP Q&A

2012-13 USPAP Q&A

Issue Date: August 1, 2013

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

2013-01: APPRAISAL DEVELOPMENT – SCOPE OF WORK ISSUES

Utilizing a Data Entry Service

Question:

I primarily perform residential appraisal assignments for mortgage finance purposes. I recently received a solicitation from a company that is offering to enter all the data into my appraisal software program for me at a very low cost. Is this something that is allowed under USPAP?

Response:

There are two primary concerns. The first concern is whether the service provider is performing significant real property appraisal assistance. If the service provider simply performs clerical tasks, such as entering information provided by the appraiser, USPAP does not require disclosure; this would be a clerical service, not significant real property appraisal assistance. However, if the service includes performing tasks that require appraisal competency, the name of each individual performing that service must be stated in the certification as having provided significant real property appraisal assistance, and the extent of the assistance must be addressed within the appraisal report. Tasks that require appraisal competency include, but are not limited to, rating a property's quality or condition, estimating remaining economic life, and selecting comparable data.

For additional clarification on significant appraisal assistance, please refer to FAQ 243 in the 2012-13 edition or FAQ 247 in the 2014-15 edition.

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The second concern deals with the issue of appraiser-client confidentiality. The Confidentiality section of the ETHICS RULE states, in part:

An appraiser must not disclose: (1) confidential information; or (2) assignment results to anyone other than:

- *the client;*
- *persons specifically authorized by the client;*
- *state appraiser regulatory agencies;*
- *third parties as may be authorized by due process of law; or*
- *a duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation.*

Therefore, the appraiser is prohibited from disclosing *confidential information* or *assignment results* (both, as defined in USPAP) to anyone other than the parties identified in the ETHICS RULE without the client's permission.

2013-02: APPRAISAL DEVELOPMENT – CLIENT ISSUES

Shelf-Life of an Appraisal or Appraisal Report

Question:

I've received inquiries from some of my clients asking me how long my appraisal reports are valid. In other words, what is the useful life or shelf-life of my appraisal? Is this addressed in USPAP?

Response:

USPAP does not determine the length of time for which an appraisal or appraisal report is valid. Various users of appraisal services may establish their own requirements or guidelines for the validity period of an appraisal or appraisal report.

It is also important to note that USPAP distinguishes an appraisal from an appraisal report. An appraisal is an opinion of value while an appraisal report is any communication, written or oral, of an appraisal that is transmitted to the client upon completion of an assignment.

Two dates are essential to an appraisal report: the effective date of the appraisal and the date of the report. The effective date of the appraisal establishes the context for the value opinion, while the date of the report indicates whether the perspective of the appraiser on the market and property as of the effective date of the appraisal was prospective, current, or retrospective.

As such, the effective date of the appraisal, the date of report, or both may be important reference points when determining when a new appraisal or appraisal report is required.

2013-03: APPRAISAL REVIEW REPORTING**Templates or Forms used in Appraisal Review Assignments and USPAP Compliance****Question:**

I am often asked to perform appraisal review assignments using a particular report form. Standards Rules 2-2 and 8-2 include language that specifically requires appraisers to supplement a report form when necessary to ensure that intended users are not misled and to that the report complies with USPAP. If an appraisal review report form does not adequately address the minimum requirements of USPAP, am I required to supplement it with the necessary information?

Response:

Yes. Each assignment is different, and no form could cover all USPAP requirements for all assignments. Templates or forms are simply tools to assist in organizing the reporting of assignment results. It is the responsibility of the appraiser to properly develop an appraisal review and to properly report the assignment results. A template or form may or may not be adequate to report the assignment results and comply with USPAP. In these situations, the appraiser must ensure the report complies with the minimum reporting requirements set forth in USPAP for communicating an appraisal review assignment. The substantive content of a report determines its compliance.

The USPAP Q&A is posted on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the "Foundation Store" page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>)

For further information regarding USPAP Q&A, please contact:

John S. Brennan, Director of Appraisal Issues

The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

(202) 624-3044

(202) 347-7727 fax

john@appraisalfoundation.org