



USPAP Q&A

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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.

Current Sales Contract Not Provided

Question:

I am an appraiser with several bank clients that do not provide a copy of the current sales contract as a part of their standard appraisal ordering procedures. In addition, the parties to the transaction have been requested by the client not to provide either the contract or information contained in the sales contract to the appraiser. If the client withholds the current pending sale contract, can I still perform the assignment in compliance with USPAP?

Response:

Yes. Standards Rules 1-5 and 7-5 require real and personal property appraisers to analyze all agreements of sale that are current at the effective date of the appraisal “*if such information is available to the appraiser in the normal course of business.*” Since these contracts are not available to you, you can complete the assignment and still be in compliance with USPAP.

However, the Comment to Standards Rules 1-5 and 7-5 reference the related reporting Standards Rules which require the appraiser to include a “*statement on the efforts of the appraiser to obtain the information*” in the report. Therefore, if you have attempted to obtain the current contract and could not, you must disclose how you attempted to obtain the contract in your report.

For more information regarding the meaning of “normal course of business,” see Advisory Opinion 24, *Normal Course of Business*, which is applicable to both real and personal property.

Appraisal Report Labeling Confusion

Question:

I am an appraiser who is still confused about the use of the various labels used in USPAP. For example, I am not certain how many approaches to value must be developed when performing a Summary Appraisal. Can you help resolve my confusion?

Response:

To resolve this confusion, you must first understand that USPAP separates the process of *developing* your assignment conclusions from the process of *communicating* your results to the client and other intended users. The “summary” label is used in the **reporting** process, and is one means of communicating your assignment results. The actual label used in STANDARD 2 (for real property) and STANDARD 8 (for personal property) is “Summary Appraisal Report.” Standards Rules 2-2(b) and 8-2(b) describe the minimum requirements for preparing a Summary Appraisal Report, which have to do with the level of detail and amount of information communicated for that reporting option.

The number of valuation approaches you develop is part of the scope of work decision made in the **development** process. USPAP does not specify the number of approaches required, but leaves that decision to the appraiser. The SCOPE OF WORK RULE requires that the development process (including the number of approaches used) is sufficient to produce credible assignment results. The scope of work that you determine appropriate for an assignment is the same regardless which option you use for writing your report, Self-Contained, Summary or Restricted Use Appraisal Report.

For additional information on the appraisal reporting options, see Advisory Opinion 11, *Content of the Appraisal Report Options of Standards Rules 2-2 and 8-2*.

For more information regarding how to make the decision of how many valuation approaches to develop in an assignment, see the SCOPE OF WORK RULE, Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

Reviewer Citation of USPAP Non-Compliance

Question:

If a review appraiser concludes that an appraisal report is unacceptable, does the reviewer need to cite specific requirements in USPAP that were not fulfilled appropriately?

Response:

No, but the review appraisal report must include the reasons for the reviewer’s conclusion. When the scope of work requires the review appraiser to “evaluate

compliance with relevant USPAP requirements,” it is appropriate to analyze compliance or non-compliance with USPAP. However, USPAP does not require a reviewer to determine that the subject of an appraisal review complies with USPAP.

The USPAP Q&A is posted each month on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the monthly 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>).

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