



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.

Appraiser's Obligations Under the Home Valuation Code of Conduct (HVCC)

Question:

I understand that the Home Valuation Code of Conduct (HVCC) prohibits mortgage brokers or real estate agents from engaging appraisers in appraisals for loans eligible for sale on the secondary mortgage market to Fannie Mae or Freddie Mac. What are my obligations as an appraiser if a mortgage broker or real estate agent contacts me and attempts to engage me in such an assignment?

Response:

Similar to the guidance provided in Advisory Opinion 25, *Clarification of the Client in a Federally Related Transaction*, appraisers have certain obligations when being engaged in appraisal assignments that fall under HVCC requirements.

If a mortgage broker or real estate agent attempts to engage an appraiser in an assignment subject to HVCC requirements, the appraiser is obligated to inform the mortgage broker or real estate agent that they are prohibited from engaging appraisers under provisions of the HVCC.

If the mortgage broker or real estate agent wishes to engage the appraiser despite the appraiser's disclosure, the appraiser may accept the assignment. It would be prudent to recite disclosures in the engagement letter and in the report.

Also refer to STATEMENT ON APPRAISAL STANDARDS NO. 9 (SMT-9) for additional information relating to intended use and intended users.

Appraiser's Obligations Under the Home Valuation Code of Conduct (HVCC)

Question:

Does an appraiser have an obligation to determine whether or not the appraisal is to be used in a transaction that is subject to the requirements of HVCC?

Response:

Yes. Appraisers are obligated to identify the intended use and intended users in an assignment, along with all applicable assignment conditions.

Disposal of Workfiles

Question:

I am aware of and comply with the workfile retention requirements in the Record Keeping section of the ETHICS RULE in USPAP. However, once the required retention period has passed, does USPAP dictate a method I must employ to dispose of the workfiles?

Response:

No, USPAP does not dictate a particular method for disposal of workfiles. However, because there are no provisions in USPAP for termination of the appraiser-client relationship and the appraiser's respective confidentiality obligations, appraisers must ensure that they do not violate the Confidentiality section of the ETHICS RULE even when disposing of workfiles.

This means that appraisers must ensure that whatever method they employ to dispose of workfiles does not allow for the communication of *assignment results* or *confidential information* (both, as defined in USPAP) in the disposal process.

Due Process of Law

Question:

I am a personal property appraiser that specializes in the appraisal of coins and currency. I am required, by federal law, to report United States counterfeit coins and currency to the U.S. Secret Service. In reporting these counterfeit coins and currency, I am also required under federal law to provide them with the name and contact information of my client. Would disclosing my client's name under these circumstances be a jurisdictional exception under USPAP?

Response:

No, this issue does not constitute a jurisdictional exception. The Confidentiality section of the ETHICS RULE in USPAP prohibits an appraiser from disclosing *confidential information* (as defined in USPAP). However, it is not a violation of USPAP to disclose the name of the appraiser's client. This would only hold true if the client's name qualified as *confidential information* (as defined in USPAP), or if the appraiser contractually agreed with the client not to disclose the client's name.

Even if the appraiser agreed not to disclose the name of the client, the Confidentiality section of the ETHICS RULE permits the appraiser to disclose the client's name to "such third parties as may be authorized by due process of law." If federal law mandates an appraiser to communicate confidential information, the appraiser must comply with that law.

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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