



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.

Client Altering the Report (follow-up)

Question:

The September 2007 USPAP Q&A titled “Client Altering the Report,” included the following statement in its response:

Once an appraisal report is delivered to a client, a client may do a variety of things, including redacting or removing the appraiser’s signature, or converting data from the report into a format more functional to the client, etc.

I am confused by the phrase “a client may do a variety of things...” Is the Appraisal Standards Board (ASB) suggesting these actions by clients are permissible?

Response:

It is not the ASB’s role to grant permission to clients. The ASB was acknowledging that clients do a variety of things with completed appraisals, such as those noted and others; determining whether such actions are appropriate is not within the purview of the ASB.

The point of the September 2007 USPAP Q&A is that once an appraisal report has been transmitted to the client, USPAP does not place further responsibility on the appraiser for the client’s use of the report.

Are Instant Messages or Text Messages Appraisal Reports?**Question:**

I perform appraisal assignments for a client who asks to be notified of my final value conclusion via instant message or text message. Is this communication to the client an appraisal report that must comply with USPAP?

Response:

Yes, this communication of assignment results is considered an appraisal report. Instant messages or text messages are written communications and, for assignments involving real property, are subject to the requirements of Standards Rules 2-2.

Oral appraisal reports of real property (where assignment results are communicated by the spoken word) are subject to the requirements of Standards Rule 2-4.

Checking “Stable” vs. “Declining”**Question:**

When performing residential appraisal assignments I use “standard” preprinted appraisal software forms. The forms ask me to identify whether neighborhood property values are “increasing,” “stable,” or “declining.” I have been told that lenders won’t accept appraisal reports where “declining” is checked (even when this is an accurate analysis), so I usually check “stable” to accommodate the underwriting process. Is this a violation of USPAP?

Response:

Yes. If the appraiser is aware that a market is declining and **intentionally** reports it otherwise, he or she is in violation of the ETHICS RULE.

If an appraisal report indicates that property values are “stable” when they are actually declining and the appraiser’s data supports the conclusion of declining values, the report is misleading and in violation of Standards Rule 2-1(a).

In addition, if the appraiser does not properly recognize that a market is declining, he or she may also be in violation of other requirements in STANDARD 1, as well as the COMPETENCY RULE.

Is Compliance with STANDARD 3 Required when Submitting a Complaint?**Question:**

I am a real property appraiser. I want to submit a complaint regarding an appraisal report to my state appraiser regulatory agency. I would like to express my opinions and comments about the quality of the appraisal report in a cover letter. Am I obligated to comply with STANDARD 3 regarding my opinions and comments regarding the appraisal? If so, who is my client?

Response:

No, you are not required to comply with STANDARD 3. Because the individual filing the complaint is acting as an appraiser, USPAP applies. However, because there is no client, there is no assignment and so STANDARD 3 does not apply. Therefore, the appraiser making the complaint would be obligated to comply with the portions of USPAP that apply generally to appraisal practice (i.e. DEFINITIONS, PREAMBLE, the Conduct, Management, and Confidentiality sections of the ETHICS RULE, the COMPETENCY RULE, the JURISDICTIONAL EXCEPTION RULE, and the SUPPLEMENTAL STANDARDS RULE).

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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