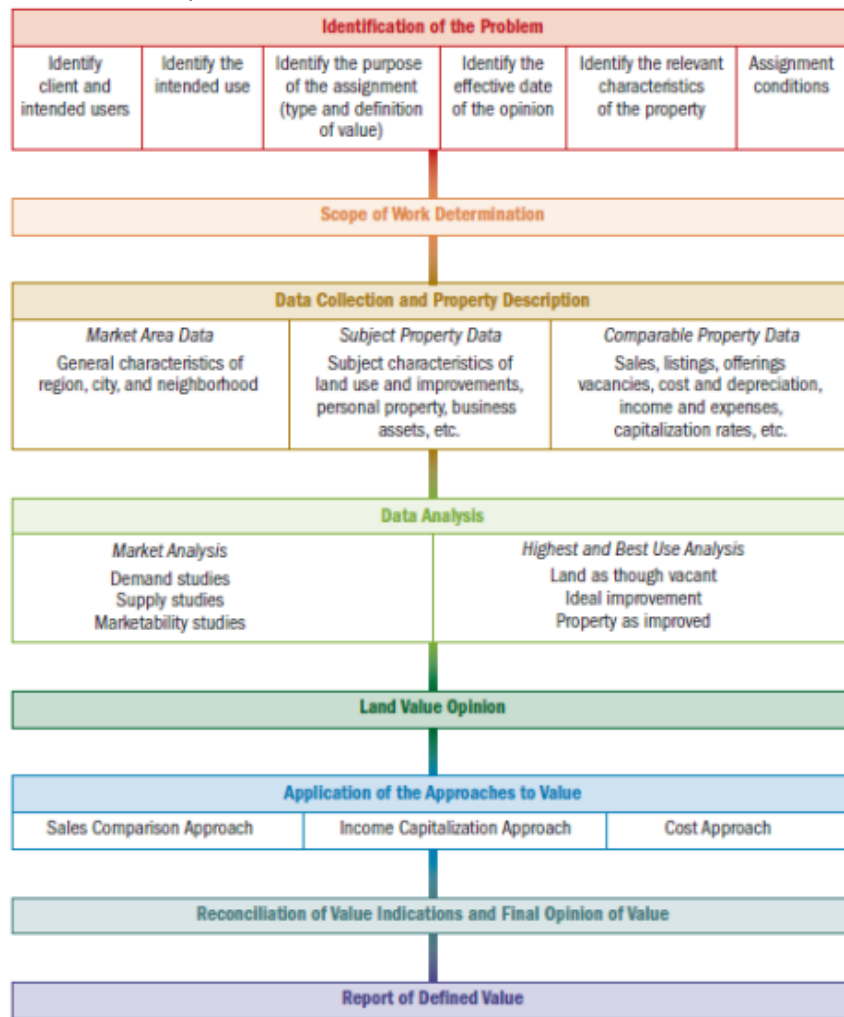


# USPAP 2: Tables

Here are several comprehensive tables that list the Reporting Requirements for USPAP's Ethics, Scope of Work, Jurisdictional Exception, and Standard 2

## Complying With Reporting of USPAP

The Uniform Standards of Professional Practice organizes reporting rules in Standard 2 by the steps in the Valuation Process. This is represented below...



This article will suggest ordering the reporting requirements by the key word that applies to the requirement such as “state”, “summarize”, “explain”, etc. This does not have to be done at the USPAP level, but it is easier to cross-check compliance by the keywords. Complying with the reporting requirements of USPAP is also complicated because some single rule subparts contain more than one reporting requirement.

## Six Overarching Requirements of Reporting from USPAP Standard 2

There are six overarching requirements from Standard 2. One must address the following to comply with the reporting requirements of USPAP.

Requirement	Source
Be appropriate for the intended use	SR 2-2(a) Line 589
Contain sufficient information to enable the intended users of the appraisal to understand the report properly.	SR 2-1(b) Line 576
Clearly & accurately set forth the appraisal in a manner that will not be misleading.	SR 2-1(a) Line 575 for intentional or unintentional & Conduct for intentional misleading
Provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1	SR 2-2(a)(x) Line 620
The report must, at a minimum, contain the requirements of SR 2-2(a) & SR 2-3	SR 2-2(a) Line 589
Comply with reporting and disclosure rules in other parts of USPAP.	Ethics Rule, Competency, Scope of Work Rule & Jurisdictional Exception. In addition, the appraisal report must prominently state the reporting option per SR 2-2 line 582.

There are problems with the manner the appraiser would use the USPAP document to judge compliance with all the reporting rules.

1. The requirements are not in one place so that it would not be easy to measure if a report complies with all rules.
2. The order requirements in SR 2-2(a) follow the order of the Valuation Process. Therefore, the key words such as “state” or “summarize” are mixed throughout USPAP.
3. Many of the important terms are undefined such as “sufficient”, “consistent”, “appropriate”, “clearly”, and “accurately.”
4. There is no guidance, and there is no objective measurement, for being appropriate for the intended use.”
5. There is no guidance, and there is no objective measurement, for “containing sufficient information for the intended users.”<sup>1</sup>

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<sup>1</sup> This article will not address the potential Constitutional argument that holding an appraiser to such unobjective standards could be too vague to be enforceable. Instead, objective application will be offered.

## Be Appropriate for the Intended Use

This should be judged by the client and appraiser. It would be helpful to get a response in writing from the client that the content of the appraisal report was appropriate for the intended use. An objective standard is offered in a matrix following.<sup>2</sup> The following is not from USPAP but is suggested as an objective rating system.

Rating	Intended Use
1	Lending – Low LTV, high credit rating, safe real estate property. <sup>3</sup> Litigation – Not discoverable by the other side & not admitted into evidence. <sup>4</sup> Other – Low impact on the use of the appraisal with the intended use and thus minimum writing is necessary.
2	Lending – Low to typical LTV, high to medium credit rating, some risk real estate property, typical property. Litigation – Discoverable by the other side & not admitted into evidence. Other – Low to medium impact on the use of the appraisal and thus minimum to typical writing is necessary.
3	Lending – Typical LTV, medium credit rating, medium risk real estate property. Litigation – Discoverable by the other side & possibly admitted into evidence or reviewed by many non-client, non-intended users to possibly settle. <sup>5</sup> Other – Medium impact on the use of the appraisal and thus minimum writing is necessary.
4	Lending – High to typical LTV, low to medium credit rating, medium to high-risk real estate property, special use property. Litigation – Discoverable by the other side & possibly admitted into evidence or seen by mediator or arbitrator. Other – Medium to high impact on the use of the appraisal and thus minimum writing is necessary.
5	Lending – High LTV, low to medium credit rating or non-recourse loan, significant risk real estate property, atypical loan. Litigation – Discoverable by the other side & many intended users. Other – High impact on the use of the appraisal.

An appraiser should get with the client and agree on the rating for the intended use. If there is disagreement, the appraiser should consider writing to the greater content amount.

<sup>2</sup> This should be used for illustrative and educational purposes only. It would be reasonable to use a rating from 1-10 or some other range and with other considerations.

<sup>3</sup> This could include consideration of the property's uniqueness, location, use, comparables, etc.

<sup>4</sup> All expert reports are generally written as a legal requirement. Most every attorney would require their witness to write a minimal report that covers standard requirements but does not contain too much information that could be attacked. This is not to suggest the witness is an advocate but merely to point out the content of any expert report (not just appraisal reports) is usually known by the lawyer and is part of discovery to the other side.

<sup>5</sup> Knowing others will read and critique your appraisal report does not make them intended users.

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**Contain sufficient information to enable the intended users of the appraisal to understand the report properly.**

The USPAP requirement is that the intended users have sufficient information. This does not extend to any readers that are not intended users. An appraiser should attempt to get confirmation from the client that an appraisal report does contain sufficient information to understand the report properly.

This requirement is mirrored in FIRREA<sup>6</sup>

***Clearly & accurately set forth the appraisal in a manner that will not be misleading.***

The target of any report is the intended users.<sup>7</sup> Any other reader can be misled. Any reviewer that is not an intended user should only set forth an appraisal as misleading with proof.

**Provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1**

This was embodied in a Comment in previous USPAP editions. The following is the requirement in the 2020-2021 USPAP...

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<sup>6</sup> FDIC § 323.4 Minimum appraisal standards.

For federally related transactions, all appraisals shall, at a minimum:

- (a) Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, 1029 Vermont Avenue NW, Washington, DC 20005, unless principles of safe and sound banking require compliance with stricter standards;
- (b) Be written and contain sufficient information and analysis to support the institution's decision to engage in the transaction;
- (c) Be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice;
- (d) Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units;
- (e) Be based upon the definition of market value as set forth in this subpart; and
- (f) Be performed by State licensed or certified appraisers in accordance with requirements set forth in this subpart.

[Codified to 12 C.F.R. § 323.4] [Source: Section 323.4 amended at 57 Fed. Reg. 9050, March 16, 1992; 59 Fed. Reg. 29502, June 7, 1994; 80 Fed. Reg. 32684, June 9, 2015, effective August 10, 2015; 84 Fed. Reg. 53598, October 8, 2019, effective January 1, 2020]

<sup>7</sup> The client is just one intended user. Other intended users are established with the assignment and disclosed in the report.

- (x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by:
- (1) summarizing the appraisal methods and techniques employed;
  - (2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed;
  - (3) summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 1-5;<sup>8</sup>
- Comment: If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required.
- (4) stating the value opinion(s) and conclusion(s); and
  - (5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;

### ***Summarizing the appraisal methods and techniques employed***

This does not say summarize the “approaches” used. An appraiser should summarize the appraisal methods and techniques used. For example, the specific method or technique of qualitative or quantitative analysis in the sales comparison approach, the direct capitalization or yield capitalization method used in the income approach or the reproduction/replacement cost, depreciation method and land valuation method used in the cost approach should be summarized.

### ***Stating the reasons for excluding any approach not developed***

There is not a great difference between stating reasons and summarizing the reasons. The difference is that the appraiser is not “summarizing the results”<sup>8</sup>, but is listing the reasons the approaches were not used. If you “state” a “reason,” the reason may be a lengthy discussion. Be careful “stating” reasons. A reviewer may be looking for more than a list.

When excluding the sales comparison approach, the appraiser should focus on excluding the approach because there were no comparables and/or the adjustments could not be ascertained.

When excluding the income approach the reasons could be that properties like the subject are not leased, no comparable rents could be found, occupancy could not be ascertained from the market, expenses were not available, and/or rates of return or multipliers could not be developed from the market.

When the cost approach is excluded, the reasons should be either cost, depreciation and/or land value could not be measured from the market.

In other words, the appraiser should focus on the inputs to the approaches and state the reasons that the approach was excluded because of the inability to measure the inputs required in the approach.<sup>9</sup> There are nine major inputs into the three approaches...1. Land value, 2. Cost, 3. Depreciation, 4. Rents, 5. Vacancy, 6. Expenses, 7. Capitalization rate, 8. Comparables, and 9. Adjustments. Discuss the exclusion of an approach because you could not measure those inputs. Otherwise, the exclusion could

<sup>8</sup> This is the requirement in the next USPAP subpart to this rule. Note that “summarizing results” is not the same as “summarizing.”

<sup>9</sup> An appraiser should never state an approach was not included because the client did not request the approach or because the client specifically asked the appraiser not to include an approach to value.

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be based upon the value definition used and/or the interests appraised and the inability to conduct an approach based upon the objective lack of ability to employ the approach.

summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 1-5

*Comply with reporting and disclosure rules in other parts of USPAP*

<b>Reporting Requirements in Ethics, Scope of Work &amp; Jurisdictional Exception</b>			
<b>Source</b>	<b>Key Word</b>	<b>Reporting Requirement</b>	<b>Condition/Comment</b>
Conduct	Intent	Must not communicate assignment results with the intent to mislead or defraud.	A signature is not required for this.
Conduct	Use, communicate	Must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent.	A signature is not required for this.
Conduct	Permit	Must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent.	A signature is not required for this.
Conduct	Grossly negligent	Must not perform an assignment in a grossly negligent manner.	This would apply to development & reporting.
Conduct	Disclose	If known prior to agreeing to perform an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, & in each subsequent report certification: 1. any prospective interest in the subject property or parties involved; and any services regarding the subject property...within the three-year period immediately preceding the agreement to perform	Disclosure is required 1. to the client & 2. in the certification. Note this certification omission is an ethical issue. Note also, this is easily forgotten when doing an update.
Management	Disclose	An appraiser must disclose that he or she paid a fee or commission, or gave anything of value in connection with the procurement of an assignment. This is in 1. the certification & 2. in any transmittal letter.	You don't have to disclose how much was paid.
Management	Contingent	Must not agree to perform an assignment...that is contingent upon the reporting of a predetermined value.	This again relates to what an appraiser certifies to,
Management	Affix	An appraiser must affix, or authorize the use of his/her signature to certify recognition & acceptance of his/her USPAP responsibilities in an appraisal or appraisal review assignment. An appraiser may authorize the use of his/her signature ONLY on an assignment-by-assignment basis.	
Scope of Work	Disclose	...an appraiser must...3. disclose the scope of work in the report	SOW is mainly a development rule. There are disclosure requirements.
Scope of Work	Disclose	The report must contain sufficient information to allow the client and other intended users to understand the scope of work performed.	Others such as non-intended users are not included in this requirement. The disclosure does not have to be in a defined section of the report.
Scope of Work	Disclose	The information disclosed must be appropriate for the intended use of the assignment results.	SOW relates to the "type & extent of research & analyses..." (from Definitions).
Jurisdictional Exception	Clearly & conspicuously disclose	1. What is voided by law or regulation, 2. cite in the report the law or regulation requiring this exception to USPAP	Attorney instructions are NOT a Jurisdictional Exception.
Many of the reporting requirements included above are included in the Standard 2 requirements of a report.			
The Ethics requirements above throw the lack of disclosure of some as ethical issues, not just USPAP non-reporting issues.			
For Scope of Work requirements see AO28, <i>Scope of Work Decision, Performance, and Disclosure</i> & AO29 <i>An Acceptable Scope of Work</i> .			
Advisory Opinions Related to Reporting.			

Standard Rule 2-2(a) by keyword...

<i>Reporting Requirements of Standard 2 for Appraisal Reports By Key Word</i>			
<i>Source</i>	<i>Key Word</i>	<i>Reporting Requirement</i>	<i>Condition/Comment</i>
SR 2-1(a)	Clearly/accurately set forth	Clearly & accurately set forth the appraisal in a manner that will not be misleading	See the definition of "misleading." It can be intentional or unintentional
SR 2-2(a)	Appropriate	The content must be appropriate for the intended use and at a minimum include the following...	The following checklist contains some conditional requirements. Therefore, not applicable always.
SR 2-1(c)	Clearly/accurately disclose <sup>10</sup>	Clearly & accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions & limiting conditions used in the assignment	Suggestion: Put all of these in the body of the report & put the disclaimer in the heading required of extraordinary assumptions & hypothetical conditions
SR 2-1(b)	Sufficient Info	Contain sufficient information to enable the intended users of the appraisal to understand the report properly	This is measured by the intended users, not reviewers.
SR 2-2(a)(iv)	Information sufficient	Contain information, documents, and/or exhibits to identify the real estate involved in the appraisal, including the physical, legal and economic property characteristics relevant to the assignment	This is to identify the real estate, not identifying everything. It also applies to only relevant information.
SR 2-2(a)(x)	Sufficient Info	Provide sufficient information to indicate the appraiser complied with the requirements of STANDARD 1 by:	This is different from previous USPAP editions. There is a list that seems to imply if one satisfies the list, then the requirement of showing STD 1 compliance is met.
SR 2-2	Prominently state	Reporting Option: 1. Appraisal Report 2. Restricted appraisal Report	This does not say how to do this. It is OK to call the report something else, but the report must state if it is an Appraisal Report or Restricted Appraisal Report
SR 2-2(a)(xiii)	Clearly & conspicuously state <sup>11</sup>	All extraordinary assumptions & hypothetical conditions	

<sup>10</sup> A little humor in USPAP. We must "clearly and accurately" disclose as opposed to just disclose as required in other rules. I guess in the other "disclose" rules, they don't have to be "clearly and accurately" disclosed.

<sup>11</sup> A little more humor. We must "state" something in other rules but here we must "clearly and accurately state." This seems to say we don't have to "clearly and accurately state" in other areas, just "unclearly and inaccurately state."



SR 2-2(a)(xiii)	Clearly & conspicuously state	State their use may have effected the assignment results.	This applies to extraordinary assumptions & hypothetical conditions.
SR 2-2(a)(i)	State	Identity of client	Unless the client requests this withheld.
SR 2-2(a)(ii)	State	Identity of any other intended users by name or type	
SR 2-2(a)(iii)	State	Intended use of the appraisal	
SR 2-2(a)(v)	State	The real property interest appraised.	Fee simple, leased fee, leasehold estate, reversion, easement, etc.
SR 2-2(a)(vi)	State	The type of value	
SR 2-2(a)(vi)	State	The definition of value	
SR 2-2(a)(vi)	State	Cite the source	
SR 2-2(a)(vi)(Comment)	State	Reasonable exposure time in compliance with SR 1-1(c)	
SR 2-2(a)(vii)	State	The effective date of the appraisal	
SR 2-2(a)(vii)	State	The effective date of the report	
SR 2-2(a)(x) (2)	State	The reasons for excluding the three approaches to value if any not developed	The contingency is this is required if all were not included. Also, this is different from past USPAP which required one to "explain" the exclusions.
SR 2-2(a)(x) (4)	State	The value opinions & conclusions	There is the use of "opinion" in four places in STD 1. (1) land value, (2) value, (3) reasonable exposure time, & (4) highest & best use. There is no use of "conclusions" specifically in STD 1. It is included with "opinions & conclusions." Furthermore, the two terms are not defined in USPAP and often overlap in usage and in dictionaries.
SR 2-2(a)(xi)	State	Use of the real estate existing as of the effective date	(should add of the appraisal)
SR 2-2(a)(xi)	State	The use of the real estate reflected in the appraisal.	
SR 2-2(a)(xii)	State	The opinion of highest & best use	
SR 2-2(a)(vi)(Comment)	Summarize & Explain	If based upon non-market financing terms or unusual conditions or incentives, summarize the terms and explain the influences on value.	This appears to include seller paid points, unless the appraiser concludes they are "market" & not "non-market."
SR 2-2(a)(viii)	Summarize	The scope of work used to develop the appraisal	
SR 2-2(a)(viii) Comment	Summarize	Might include disclosure of research & analyses not performed.	This is conditional, but there is no information on what triggers this in a report.

SR 2-2(a)(ix)	Summarize	The extent of any significant real property appraisal assistance.	This applies only to appraisers, not other experts contributing. See the comment to SR 2-3 for full requirements.
SR 2-2(a)(x) (1)	Summarize	The appraisal methods & techniques employed	The difference between a method & technique is not defined in USPAP and dictionary's use one to define the other.
SR 2-2(a)(x) (3)	Summarize	The results of analyzing...in accordance with SR 1-5	This is directed at sales, listings, agreements of sales, options.
SR 2-2(a)(x) (5)	Summarize	The information analyzed...	
SR 2-2(a)(x) (5)	Summarize	SR 1-3(a) identify & analyze the effect on use & value of: (i) existing land use regulations, (ii) reasonably probable modifications of such land use regulations, (iii) economic supply & demand, (iv) the physical adaptability of the real estate, and (v) market area trends	From a word search of "anal" in STD 1. The following are all analysis, analyses and analyze requirements of STANDARD 1. SR 2-2(a)(x)(5) create a substantial reporting checklist...
SR 2-2(a)(x) (5) & SR 1-1(b)Comment	Summarize	Diligence is required to identify & analyze the factors, conditions, data, and other information that would have a significant effect on the credibility of the assignment results.	This requirement is in Standard 1 and arguably brings into play any info one concludes has a significant effect on the credibility...
SR 2-2(a)(x) (5) & SR 1-2(f)(iii)	Summarize	This states that the appraiser must use the extraordinary assumption to result in a credible analysis	The standard rule for reporting brings this analysis in the report.
SR 2-2(a)(x) (5) & SR 1-2(g)(i)	Summarize	If the hypothetical condition is used for reasonable analysis	Then the appraisal report would have to summarize the analysis
SR 2-2(a)(x) (5) & SR 1-2(g)(ii)	Summarize	Regardless of why the hypothetical was used it has to result in credible analysis.	This analysis must be summarized in the appraisal report to comply with USPAP.
SR 2-2(a)(x) (5) & SR 1-3(a)(i)	Summarize	Analyze the effect on use and value of...Existing land use regulations	
SR 2-2(a)(x) (5) & SR 1-3(a)(ii)	Summarize	Analyze the effect on use and value of...Reasonably probable modifications of such land use	
SR 2-2(a)(x) (5) & SR 1-3(a)(iii)	Summarize	Analyze the effect on use and value of...Economic supply & demand	This could be broken into 2 parts.
SR 2-2(a)(x) (5) & SR 1-3(a)(iv)	Summarize	Analyze the effect on use and value of...The physical adaptability of the real estate	
SR 2-2(a)(x) (5) & SR 1-3(a)(v)	Summarize	Analyze the effect on use and value of...Market area trends	Summarizing this requirement could be lengthy
SR 2-2(a)(x) (5) & SR 1-3(b) Comment	Summarize	An appraiser must analyze the relevant <b>legal</b> factors to the extent necessary to support the appraiser's highest & best use of the real estate.	This is broken into 3 parts but is linked together in one sentence.

SR 2-2(a)(x) (5) & SR 1-3(b) Comment	Summarize	An appraiser must analyze the relevant <b>physical</b> factors to the extent necessary to support the appraiser's highest & best use of the real estate.	
SR 2-2(a)(x) (5) & SR 1-3(b) Comment	Summarize	An appraiser must analyze the relevant <b>economic</b> factors to the extent necessary to support the appraiser's highest & best use of the real estate.	
SR 2-2(a)(x) (5) & SR 1-4	Summarize	An appraiser must collect, verify, and analyze all information necessary for credible results.	Summarize the analyses of information.
SR 2-2(a)(x) (5) & SR 1-4(a)	Summarize	Analyze comparable sales	Applies if a Sales Comparison Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(b)(ii)	Summarize	Analyze cost data...	Applies if a Cost Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(b)(iii)	Summarize	Analyze comparable data...to estimate...(depreciation)	Applies if a Cost Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(c)(i)	Summarize	Analyze comparable rental data...	Applies if a Income Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(c)(ii)	Summarize	Analyze comparable operating expense data...	Applies if a Income Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(c)(iii)	Summarize	Analyze comparable capitalization rate data...	Applies if a Income Approach in necessary...
SR 2-2(a)(x) (5) & SR 1-4(d)	Summarize	If leased fee or leasehold estate analyze...terms & conditions of the lease.	Doesn't apply to fee simple. Is conditional for leased fees & leasehold estates.
SR 2-2(a)(x) (5) & SR 1-4(e)	Summarize	Analyze 1. the assemblage & 2. the effect on value of an assemblage	Conditional on having an assemblage
SR 2-2(a)(x) (5) & SR 1-4(f)	Summarize	Analyze 1. the anticipated public or private improvements & 2. the effect on value of any public or private improvements.	Conditional on having such improvements.
SR 2-2(a)(x) (5) & SR 1-4(g)	Summarize	Appraiser must analyze the effect on value of such non-real property assets.	I can answer this - no effect. This is poorly worded. What it means to say is the contribution to an overall value from non-realty property.
SR 2-2(a)(x) (5)	Summarize	Reconciliation of the data	Looking at SR 1-6, one should analyze the quality and quantity of data available within the approaches.
SR 2-2(a)(x) (5)	Summarize	Reconciliation of the approaches	
SR 2-2(a)(xii)	Summarize	The support & rationale for that opinion	See requirement above for SR 1-1(a)(x)(5) also.
SR 2-2(a)(xiv)	Include	A signed certification in accordance with SR 2-3	
SR 2-3(a)	Include	the statements of fact...are true & correct	Certification
SR 2-3(a)	Include	...limited only by reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.	Certification (This needs to be changed to add EA & HC)
SR 2-3(a)	Include	Present or prospective interest in the property	
SR 2-3(a)	Include	Three-year history	
SR 2-3(a)	Include	No bias to property or parties	

SR 2-3(a)	Include	Compensation not contingent upon value	
SR 2-3(a)	Include	Compensation not contingent upon subsequent event, value that favors cause of client, occurrence of a subsequent event, etc.	
SR 2-3(a)	Include	Done per USPAP	
SR 2-3(a)	Include	Did/did not inspect	
SR 2-3(a)	Include	Professional assistance	
SR 2-3(a)	Include	If sign one part of report, must sign the certification	
SR 2-2	Supplement	The report content and level from USPAP are minimums. An appraiser must supplement a form when necessary to ensure that the intended users of the report are not misled & that the report complies with the applicable content requirements.	This may mean adding a "USPAP compliance addendum"

## Suggestion to the Appraisal Foundation Standards Board

This is a clearer ordering of Standard 2 requirements than contained in Standard 2. The ordering is by keyword and moves away from ordering the rules by the valuation process. As previously stated, the ordering of Standard 1 by the valuation process makes sense. However, keeping the order in the reporting standards is not helpful. The following is by phrases and would need to include more language that is currently contained in USPAP.

### Standard 2-2

**The report content and level of information requirements in this Standards Rule are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements.**

**(a) The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a minimum:**

- (i) State
  - a. That the report is an "appraisal report" (Prominently state)
  - b. Identity of the client, or...state the client's identity is withheld and in the workfile.
  - c. Identity of any other intended users by name or type
  - d. Intended use of the appraisal
  - e. Real property interest appraised
  - f. Definition of value
    - i. Cite the source of the definition of value
    - ii. Whether the opinion of value is in terms of cash or financing terms equivalent to cash
    - iii. Or, based on non-market financing
    - iv. Reasonable exposure time if developed
  - g. Effective date of value
  - h. Effective date of the report
  - i. reasons for excluding the income, cost or sales comparison approach

- j. the value opinions
  - k. the conclusions
  - l. the use of the real estate existing as of the effective date
  - m. The use of the real estate reflected in the appraisal
  - n. The opinion of highest and best use, if an opinion was developed by the appraiser
  - o. State all extraordinary assumptions (clearly & conspicuously)
  - p. State all hypothetical conditions (clearly & conspicuously)
  - q. State that the use of an extraordinary assumption or hypothetical condition may have affected the assignment results (if used)
- (ii) Summarize
- a. Scope of work used to develop the appraisal (See also “sufficient”)
  - b. The extent of professional appraisal assistance<sup>12</sup>
  - c. The appraisal methods and techniques employed
  - d. If an opinion of value is based on non-market financing terms or financing with unusual conditions or incentives, summarize the terms of the financing and explain any influences on value.
  - e. The results of analyzing the subject sales, agreements of sales, options, and listings
    - i. If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required.
    - ii. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required.
  - f. Information analyzed
  - g. The reasons that support the analyses
  - h. The reasons that support opinions
  - i. The reasons that support conclusions
  - j. Reconciliation of the data
  - k. Reconciliation of the approaches
  - l. Support and rationale for the highest and best use.
- (iii) Describe
- a. In Competency Rule, if you don’t have the necessary competency you must describe in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently.
- (iv) Sufficient
- a. Information, documents, and/or exhibits to identify the real estate involved in the appraisal,
  - b. including the physical, legal, and economic property characteristics relevant to the assignment<sup>13</sup>

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<sup>12</sup> Do not use a canned statement to summarize the extent of the significant professional assistance. Only assistance from appraisers is required to be summarized in this rule. Also, do not forget to state the person(s) in the certification who provided the significant professional assistance.

<sup>13</sup> These are two requirements in SR 2-2(a)(iv). One is to identify the real estate. That can be done in many listed ways. However, including sufficient information on the physical, legal, and economic property characteristics that are relevant to the assignment could arguably take hundreds of pages.

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- c. information to enable the intended users of the appraisal to understand the report properly (SR 2-1(b))
  - d. The report must contain sufficient information to allow the client and any other intended users to understand the scope of work performed. The information must be appropriate for the intended use of the assignment results.
  - (v) Clearly and accurately set forth
    - a. The appraisal (and communicate the appraisal) in a manner that is not misleading (SR 2-1(a))
    - b. Disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment. (SR 2-1(c))
    - c. If there is a Jurisdictional Exception, disclose in the report the part of USPAP voided by that law or regulation and cite the law or regulation requiring the exception to USPAP.
  - (vi) Include
    - a. A signed certification (See SR 2-3)<sup>14</sup>

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<sup>14</sup> There are ten bullet points to the SR 2-3 certification and eleven for the SR 4-3 review certification. (Don't copy and paste one to the other.) Also, I suggest putting the USPAP certification in your report in the exact order and wording as contained in USPAP. If you have other certification requirements, add them at the end, don't combine them with USPAP requirements. For example, my certification has the USPAP certification, then "the following are required because of my membership in the Appraisal Institute" and I list the three required certification points from the Appraisal Institute.