



USPAP Q&A

2018-19 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.

Revision of Previously Published (2018-12) Q&A:

In January 2018, the ASB published Q&A 2018-12, *Employing an Extraordinary Assumption when a Client Provides Inspection Data*. The original Q&A was retracted shortly after publication, and has been revised to more clearly convey the ASB's guidance. The revised Q&A appears below.

2018-12: APPRAISAL DEVELOPMENT – EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS (revised 3/29/18)

Employing an Extraordinary Assumption when a Client Provides Inspection Data

Question:

A client has asked me to perform an appraisal, but instead of requiring me to physically inspect the subject property, they will provide me with the results of an inspection done by someone else. If I rely upon that inspection, should I employ an extraordinary assumption?

Response:

The answer to this question is dependent upon the appraiser's judgment about the reliability and completeness of the information contained in the client-provided inspection report.

The Comment to Standards Rule 1-2(e) states, in part:

The information used by an appraiser to identify the property characteristics must be from sources the appraiser reasonably believes are reliable.

If the appraiser determines that the information contained in the inspection report is reliable and sufficient to allow the appraiser to identify the property characteristics and develop credible assignment results, then an extraordinary assumption would not be necessary.

However, Advisory Opinion 2, *Inspection of Subject Property*, contains the following advice:

The appraiser must ensure that the degree of inspection is adequate to develop a credible appraisal. An appraiser cannot develop a credible appraisal if adequate information about the relevant characteristics of the subject property is not available. When adequate information about relevant characteristics is not available through a personal inspection or from sources the appraiser believes are reliable, an appraiser must withdraw from the assignment unless the appraiser can:

- *modify the assignment conditions to expand the scope of work to include gathering the necessary information; or*
- *use an extraordinary assumption about such information, if credible assignment results can still be developed.*

An extraordinary assumption is an **assignment-specific assumption** that is made when an appraiser must rely upon uncertain information. The Comment to the USPAP definition of extraordinary assumption explains that:

Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

If the appraiser determines that the client-provided inspection data is not adequate to identify the property characteristics or if the appraiser believes that the data source is not reliable, the appraiser has three choices:

- (1) expand the scope of work to include gathering the necessary information, a process that might include, for example, discussion with the property inspector, personal inspection by the appraiser, or research from other data sources;
- (2) use an extraordinary assumption about such information if credible assignment results can still be developed; or
- (3) withdraw from the assignment.

2018-13: APPRAISAL REPORTING – CERTIFICATIONS AND SIGNATURES
Signing and Labeling of Supplemental Certifications**Question:**

I am using an appraisal form that has an appraiser's certification which cannot be altered. The certification does not include USPAP's required disclosure on whether I performed any services on the property in the three years prior to the assignment. May I simply add such a statement elsewhere in the report, outside of the certification?

Response:

No. Simply adding information in the body of a report is not the same as a signed certification. Any supplemental certification should be clearly identified, and it must be signed as required by Standards Rule 2-3.

USPAP does not require the report to be signed; it requires a signed certification. USPAP acknowledges that signatures may appear elsewhere in the report, and if so, per the Comment to Standards Rule 2-3, any party signing elsewhere must also sign the certification.

While USPAP does not require labeling the certification with that specific term, the certification must be similar in content to the language in USPAP's Standards Rule 2-3, which starts with "I hereby certify that..." The Comment to Standards Rule 2-3 states that a "signed certification" is an integral part of the report, but it is a clearly differentiated part of the report. For example, it may be difficult for an appraiser to defend a statement on page 18 of an appraisal report as being a "signed certification" when the only signature is on page 6 below a list of items clearly labeled an Appraiser's Certification.

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.

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