



USPAP Q&A

2016-17 USPAP Q&A

Issue Date: November 30, 2017

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.

2017-16: ETHICS RULE - MANAGEMENT

Payment of a Portal Fee

Question:

Does the Management section of the ETHICS RULE in USPAP require the disclosure of a portal fee?

Response:

No. The payment of a fee to use a portal is not connected to the procurement of an assignment. Payment of a portal fee is not an inducement. The client who uses the portal typically indicates that they require delivery of the assignment via a portal when offering the assignment to the appraiser in the engagement process. This agreed-upon delivery method is similar to other conditions such as fee, due date and appraisal form type.

The obligation to use a portal is similar to requiring the appraiser to deliver the report via overnight delivery with a specified number of hard copies, or requiring that the appraiser deliver the file electronically in XML format via email. In both examples the cost of overnight shipping, printing, paper, etc. or the cost of buying a software solution that can produce a file in XML format would not require disclosure.

There are many examples of obligations or contractual terms that are part of an assignment but do not require disclosure, such as:

- Electronic delivery in a specified method or format (computer, internet, software)
- Fees associated with receiving electronic payment
- Number of hard copies of color printed photographs of the subject property (requires a camera, film, photo-processing/printing costs)
- Report delivery via an overnight courier

2017-17: RECORD KEEPING RULE**Workfiles Affected by a Natural Disaster****Question:**

My appraisal workfiles were recently damaged due to a natural disaster. I am salvaging what I can but will likely have to discard many. What does USPAP require in this situation?

Response:

USPAP requires that workfiles be retained “for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.” If the workfiles are older than the prescribed period, then there is no USPAP violation in discarding them.

However, if the natural disaster has destroyed workfiles that must be retained, a real property appraiser is advised to contact the applicable state appraiser regulatory agency to see if they have any guidance on what steps to take to document the loss.

Storing workfiles and electronic copies off site, and implementing a system of regular backups may serve to minimize future risk.

2017-18: COMPETENCY RULE**Appraising After a Natural Disaster****Question:**

A client has asked me to complete an appraisal of a property that was damaged in a recent natural disaster, but I have no experience with appraisals of this type. What are my USPAP obligations in this situation?

Response:

USPAP requires appraisers to perform competently when completing assignments. However, USPAP allows appraisers to acquire the necessary competency during the assignment. The COMPETENCY RULE states, in part:

If an appraiser determines he or she is not competent prior to accepting an assignment, the appraiser must:

1. *disclose the lack of knowledge and/or experience to the client before accepting the assignment;*

2. *take all steps necessary or appropriate to complete the assignment competently; and*
3. *describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.*

In addition, being competent includes the requirement to recognize and comply with laws and regulations applicable to the appraiser and the assignment. In the aftermath of a natural disaster some clients, particularly lenders, may include additional assignment conditions for developing and reporting an appraisal, and may waive others. In order to perform competently, appraisers involved in such assignments must remain current on these topics.

2017-19: RECORD KEEPING RULE

Maintaining Records for a Deceased Appraiser

Question:

I have worked with another appraiser for many years, starting with simply sharing office space and most recently as members of a limited liability company (LLC). Unfortunately, this appraiser recently passed away unexpectedly. All of our appraisal assignments were performed independently, so I never signed certifications for any of his appraisal reports.

Am I required to maintain his records in accordance with the record keeping requirements in USPAP?

Response:

No. USPAP places the record keeping obligations on the appraiser, not the appraiser's firm, family, or other party. Therefore, the obligation to comply with the RECORD KEEPING RULE in USPAP ceases to apply if an appraiser is no longer living.

Some business associates or family members may be required to maintain a deceased appraiser's workfiles for other reasons, but there is no such requirement in USPAP.

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.

For further information regarding USPAP Q&A, please contact:

John S. Brenan, Director of Appraisal Issues

The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

(202) 624-3044

(202) 347-7727 fax

john@appraisalfoundation.org