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APPRAISAL STANDARDS BOARD

TO: All Interested Parties

FROM: Wayne R. Miller, Chair, Appraisal Standards Board

RE: Fourth Exposure Draft of proposed changes for the 2022-23 edition of the  
*Uniform Standards of Professional Appraisal Practice (USPAP)*

DATE: December 15, 2020

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The goal of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. With this goal in mind, the Appraisal Standards Board (ASB) regularly solicits and receives comments and suggestions for improving USPAP. Proposed changes are intended to improve USPAP understanding and enforceability, and thereby achieve the goal of promoting and maintaining public trust in appraisal practice.

The ASB is currently considering changes for the 2022-23 edition of USPAP.

Appraisal Standard Board Chair Wayne Miller and Appraisal Foundation Vice President of Appraisal Issues Lisa Desmarais will host a webinar to discuss this Fourth Exposure Draft on January 7, 2021 at 1:00 PM ET (10:00 AM PT). Register [here](#) to attend the webinar.

All interested parties are encouraged to comment in writing to the ASB before the deadline of February 17, 2021. Each member of the ASB will thoroughly read and consider all comments. Comments are also invited during the ASB Virtual Public Meeting on February 19, 2021 at 1:00 PM ET (10:00 AM PT). Click [here](#) to register.

To submit comments, please visit: <https://www.surveymonkey.com/r/ASBComments>.

While for ease of processing, we prefer you use the SurveyMonkey for your comments, if you are unable to provide your comments via SurveyMonkey, you may also email [ASB@appraisalfoundation.org](mailto:ASB@appraisalfoundation.org).

**IMPORTANT NOTE:** All written comments will be posted for public viewing, exactly as submitted, on the website of The Appraisal Foundation. Names may be redacted upon request.

**The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.**

If you have any questions regarding the attached exposure draft, please contact the Board via e-mail at [ASB@appraisalfoundation.org](mailto:ASB@appraisalfoundation.org).

## Introduction

While proposing several updates to improve the clarity and consistency of USPAP, the ASB has investigated whether any appraisal standards should be modified due to changing methods and technology for subject property inspections in real property and personal property appraisal assignments. This issue stems from growing uncertainty about what is meant when appraisers certify that they have (or have not) conducted a personal inspection. The ASB proposes to increase the specificity of required disclosures in reporting the scope of work for STANDARDS 2, 4, 6, and 8. In addition, the ASB is proposing revisions to the definition of Personal Inspection and to the wording of the Certification in Standards Rules 2-3, 4-3, 6-3, and 8-3.

This Fourth Exposure Draft simplifies but also adds one new element to the Third Exposure Draft proposals in STANDARDS 2, 4, 6, and 8 for reporting the scope of work. This new element involves reporting the date or dates of an inspection. Another proposed change involves edits to two sentences of the PREAMBLE. This exposure draft also contains edits to the previously proposed wording of the Certification in Standards Rules 2-3, 4-3, 6-3, and 8-3. In addition, there are several proposed amendments to the DEFINITIONS. And, finally, this exposure draft includes proposals to improve the wording of updates to pronoun usage. Each specific change is explained in the sections below.

**Fourth Exposure Draft of Proposed Changes for the 2022-23 edition of  
*Uniform Standards of Professional Appraisal Practice (USPAP)***

**Issued: December 15, 2020  
Comment Deadline: February 17, 2021**

Each section of this exposure draft begins with a rationale for the proposed changes to USPAP. The rationale is identified as such and does not have line numbering. Where proposed changes to USPAP are noted, the exposure draft contains line numbers. This difference is intended to distinguish for the reader those parts that explain the changes to USPAP from the proposed changes themselves.

When commenting on various aspects of the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues that the ASB should consider.

Unless otherwise noted, where text is proposed to be deleted from USPAP, that text is shown as ~~strikethrough~~. For example: ~~This is strikethrough text proposed for deletion~~. Text that is proposed to be added to USPAP is underlined. For example: This is text proposed for insertion.

This exposure draft includes proposed revisions to USPAP.

For ease in identifying the various issues being addressed, the exposure draft is presented in sections.

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## Section 1: New Requirement for including Inspections in Scope of Work reporting as well as other Proposed Changes in STANDARDS 2, 4, 6, 8, and 10

### Rationale

The major change being proposed is to expand the scope of work reporting in STANDARDS 2, 4, 6, and 8 so that appraisers are required to disclose whether or not an inspection was performed. Additional requirements would be to provide information about the date(s), type, and extent of inspection and the party or parties who performed it.

This potential change includes a corresponding update to the language of the Certification requirements in the standards rules and a corresponding revision that simplifies the definition of Inspection.

The reason for these proposed changes is that the current binary wording of *I have (or have not) conducted a personal inspection...* has become complicated in ways that could not have been envisioned by the original authors of USPAP. Some of the complexity stems from new developments such as the use of third-party inspectors, unmanned aerial devices, and video inspections. Appraisers are increasingly uncertain about what qualifies as a Personal Inspection.

The proposed new wording of the Certification (detailed in Section 4 of this Exposure Draft) and revised definition of Personal Inspection (detailed in Section 6 of this Exposure Draft) are intended to help resolve uncertainty and enhance public trust in appraisal practice through disclosure of more information about inspections.

The final proposed change relates only to Standards Rule 6-2. The ASB proposes to re-number this section to better delineate two different requirements that are currently listed together in Standards Rule 6-2(g). (The first of these requirements is to summarize the scope of work, and the second is to explain the exclusion of the approaches.) If adopted, this change will make the numbering of Standards Rule 6-2 consistent with the other reporting standards rules.

## Proposed Revision to STANDARDS 2, 4, 6, and 8

### Standards Rule 2-2(a)(viii)

- 1 (viii) summarize the scope of work used to develop the appraisal, including but  
 2 not limited to, indicating whether or not the property that is the subject of  
 3 the appraisal was inspected;  
 4 • and, if so, state the date(s), type, and extent of the inspection and state  
 5 the party or parties who conducted the inspection;

6 Comment: Summarizing the scope of work includes disclosure of research  
 7 and analyses performed and might also include disclosure of research and  
 8 analyses not performed.

### Standards Rule 2-2(b)(x)

- 9 (x) state the scope of work used to develop the appraisal, including but not  
 10 limited to, indicating whether or not the property that is the subject of the  
 11 appraisal was inspected;  
 12 • and, if so, state the date(s), type, and extent of the inspection and state  
 13 the party or parties who conducted the inspection;

14 Comment: Stating the scope of work includes disclosure of research and  
 15 analyses performed and might also include disclosure of research and  
 16 analyses not performed.

### Standards Rule 4-2(g)

- 17 (g) state the scope of work used to develop the appraisal review, including but not  
 18 limited to, indicating whether or not the property that is the subject of the work  
 19 under review was inspected associated with the review  
 20 • and, if so, state the date(s), type, and extent of the inspection and state  
 21 the party or parties who conducted the inspection;

22 Comment: Stating the scope of work includes disclosure of research and  
 23 analyses performed and might also include disclosure of research and  
 24 analyses not performed.

### Standards Rule 6-2(g)

- 25 (g) summarize the scope of work used to develop the appraisal, including but not  
 26 limited to, indicating whether or not the properties that are the subject of the  
 27 appraisal were inspected

28 • and, if so, state the date(s) or range of dates, type, and extent of the  
 29 inspection and state the party or parties who conducted the inspection;

30 ~~and explain the exclusion of the sales comparison approach, cost approach,~~  
 31 ~~or income approach;~~

32 Comment: Summarizing the scope of work includes disclosure of research and  
 33 analyses performed and might also include disclosure of research and analyses not  
 34 performed.

35 **(h) explain the exclusion of the sales comparison approach, cost approach, or**  
 36 **income approach;**

37 ~~(h)~~ **(i) when any portion of the work involves significant mass appraisal assistance,**  
 38 **summarize the extent of that assistance;**

39 ~~(i)~~ **(j) summarize and support the model specification(s) considered, data**  
 40 **requirements, and the model(s) chosen; provide sufficient information to**  
 41 **enable the client and intended users to have confidence that the process and**  
 42 **procedures used conform to accepted methods and result in credible value**  
 43 **conclusions; and include a summary of the rationale for each model, the**  
 44 **calibration techniques to be used, and the performance measures to be used;**

45 Comment: In the case of mass appraisal for ad valorem taxation, stability and  
 46 accuracy are important to the credibility of value opinions.

47 ~~(j)~~ **(k) summarize the procedure for collecting, validating, and reporting data; and**  
 48 **summarize the sources of data and the data collection and validation**  
 49 **processes;**

50 Comment: Reference to detailed data collection manuals or electronic records must  
 51 be made, as appropriate, including where they may be found for inspection.

52 ~~(k)~~ **(l) summarize calibration methods considered and chosen, including the**  
 53 **mathematical form of the final model(s); summarize how value conclusions**  
 54 **were reviewed; and, if necessary, state the availability and location of**  
 55 **individual value conclusions;**

56 ~~(l)~~ **(m) when an opinion of highest and best use, or the appropriate market or**  
 57 **market level was developed, summarize how that opinion was determined, and**  
 58 **reference case law, statute, or public policy that describes highest and best**  
 59 **use requirements;**

60 Comment: When actual use is the requirement, the report must summarize how use-  
 61 value opinions were developed. The appraiser's reasoning in support of the highest

62 and best use opinion must be provided in the depth and detail required by its  
63 significance to the appraisal.

64 ~~(m)~~ **(n)** identify the appraisal performance tests used and the performance  
65 measures attained;

66 ~~(n)~~ **(o)** summarize the reconciliation performed, in accordance with Standards Rule  
67 5-7; and

68 ~~(o)~~ **(p)** include a signed certification in accordance with Standards Rule 6-3.

#### Standards Rule 8-2(a)(viii)

69 **(viii)** summarize the scope of work used to develop the appraisal, including but  
70 not limited to, indicating whether or not the property that is the subject of  
71 the appraisal was inspected;

72 • and, if so, state the date(s), type, and extent of the inspection and state  
73 the party or parties who conducted the inspection;

74 Comment: Summarizing the scope of work includes disclosure of research  
75 and analyses performed and might also include disclosure of research and  
76 analyses not performed.

#### Standards Rule 8-2(b)(x)

77 **(x)** state the scope of work used to develop the appraisal, including but not  
78 limited to, indicating whether or not the property that is the subject of the  
79 appraisal was inspected;

80 • and, if so, state the date(s), type, and extent of the inspection and state  
81 the party or parties who conducted the inspection;

82 Comment: Stating the scope of work includes disclosure of research and  
83 analyses performed and might also include disclosure of research and  
84 analyses not performed.



**Section 2: Other Reporting Requirements for STANDARDS 2, 8, and 10**

**Rationale**

The ASB proposes the following changes to STANDARDS 2, 8, and 10:

- In response to a suggestion to rephrase the Comment to Standards Rules 2-2(a)(ii), 2-2(b)(ii), 8-2(a)(ii), 8-2(b)(ii), the ASB is proposing to delete the phrase *in order to satisfy disclosure requirements*. While the phrase was intended to provide explanation, it might be interpreted as limiting the applicability of the Comment. Therefore, for the sake of clarity, the ASB is proposing to remove the phrase and reword the Comment slightly to refer to “a recipient” of an appraisal report, rather than “a party receiving a copy” of an appraisal report. The revised wording is designed to clarify the point that one does not become an intended user simply by receiving an appraisal report.
- In response to the suggestion by a reader of the First Exposure Draft, the ASB is also proposing to reword one of the introductory paragraphs in Standards Rules 2-2, 8-2, and 10-2. This rewording adds to the simplicity and clarity but does not introduce material changes.

In this section, the ASB also proposes minor edits for the purpose of consistency in the wording of the phrase, “intended users of an appraisal report.”

**Proposed Revision to Standards Rule 2-2, CONTENT OF A REAL PROPERTY APPRAISAL REPORT and Standards Rule 2-2(a)(ii)**

- 85 **The content and level of information provided in an appraisal report must be**  
 86 **appropriate for the intended use and intended users of the appraisal report.**
- 87 **Each written real property appraisal report must be prepared under one of the**  
 88 **following options and prominently state which option is used: Appraisal Report or**  
 89 **Restricted Appraisal Report.**
- 90 **An appraiser may use any other label in addition to, but not in place of, the labels set**  
 91 **forth in this Standards Rule for the type of report provided. The use of additional**  
 92 **labels such as analysis, consultation, evaluation, study, or valuation does not**  
 93 **exempt an appraiser from adherence to USPAP.**
- 94 ~~**The report content and level of information requirements in this Standards Rule are**~~  
 95 ~~**minimums for each type of report. An appraiser must supplement a report form,**~~  
 96 ~~**when necessary, to ensure that any intended user of the appraisal report is not**~~  
 97 ~~**misled and that the report complies with the applicable content requirements.**~~
- 98 ~~**(a) The content of an Appraisal Report must be appropriate for the intended use of**~~  
 99 ~~**the appraisal and, at a minimum:**~~

**(a) At a minimum a real property Appraisal Report must:**

- (i) state the identity of the client, or if the client requested anonymity, state that the identity is withheld at the client’s request but is retained in the appraiser’s workfile;**

Comment: Because the client is an intended user, they must be identified in the report as such. However, if the client has requested anonymity the appraiser must use care when identifying the client to avoid violations of the Confidentiality section of the ETHICS RULE.

- (ii) state the identity of any other intended user(s) by name or type;**

Comment: A party recipient receiving a copy of an Appraisal Report in order to satisfy disclosure requirements does not become an intended user of the appraisal report unless the appraiser identifies such party recipient as an intended user as part of the assignment.

**Proposed Revisions to Standards Rule 2-2(b)(ii), CONTENT OF A REAL PROPERTY APPRAISAL REPORT**

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

**(b)-At a minimum, a real property Restricted Appraisal Report must:**

- (i) state the identity of the client, or if the client requested anonymity, state that the identity is withheld at the client’s request but is retained in the appraiser’s workfile;**

Comment: Because the client is an intended user, they must be identified in the report as such. However, if the client has requested anonymity the appraiser must use care when identifying the client to avoid violations of the Confidentiality section of the ETHICS RULE.

- (ii) state the identity of any other intended user(s) by name;**

Comment: A Restricted Appraisal Report may be provided when the client is the only intended user; or, when additional intended users are identified by name.

A party recipient receiving a copy of a Restricted Appraisal Report in order to satisfy disclosure requirements does not become an intended user of the appraisal report unless the appraiser identifies such party recipient as an intended user as part of the assignment.

**Proposed Revisions to Standards Rule 8-2, CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT and Standards Rule 8-2(a)(ii)**

- 130 **The content and level of information provided in an appraisal report must be**  
 131 **appropriate for the intended use and intended users of the appraisal report.**
- 132 **Each written personal property appraisal report must be prepared under one of the**  
 133 **following options and prominently state which option is used: Appraisal Report or**  
 134 **Restricted Appraisal Report.**
- 135 **An appraiser may use any other label in addition to, but not in place of, the labels set**  
 136 **forth in this Standards Rule for the type of report provided. The use of additional**  
 137 **labels such as analysis, consultation, evaluation, study, or valuation does not**  
 138 **exempt an appraiser from adherence to USPAP.**
- 139 ~~**The report content and level of information requirements in this Standards Rule are**~~  
 140 ~~**minimums for each type of report.**~~
- 141 ~~**(a)The content of an Appraisal Report must be appropriate for the intended use of**~~  
 142 ~~**the appraisal and, at a minimum:**~~
- 143 **(a) At a minimum, a personal property Appraisal Report must:**
- 144 **(i) state the identity of the client, or if the client requested anonymity, state**  
 145 **that the client's identity is withheld at the client's request but is retained in**  
 146 **the appraiser's workfile;**
- 147 Comment: Because the client is an intended user, they must be identified in the  
 148 report as such. However, if the client has requested anonymity the appraiser  
 149 must use care when identifying the client to avoid violations of the Confidentiality  
 150 section of the ETHICS RULE.
- 151 **(ii) state the identity of any other intended user(s) by name or type;**
- 152 Comment: A party recipient receiving a copy of an Appraisal Report in order to  
 153 satisfy disclosure requirements does not become an intended user of the  
 154 appraisal report unless the appraiser identifies such party recipient as an  
 155 intended user as part of the assignment.

**Proposed Revisions to Standards Rule 8-2(b)(ii), CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT**

- 156 ~~**(b) The content of a Restricted Appraisal Report must be appropriate for the**~~  
 157 ~~**intended use of the appraisal and, at a minimum:**~~

158 **(b) At a minimum, a personal property Restricted Appraisal Report must:**

159 **(i) state the identity of the client, or if the client requested anonymity, state**  
 160 **that the identity is withheld at the client's request but is retained in the**  
 161 **appraiser's workfile;**

162 Comment: Because the client is an intended user, they must be identified in the  
 163 report as such. However, if the client has requested anonymity the appraiser  
 164 must use care when identifying the client to avoid violations of the Confidentiality  
 165 section of the ETHICS RULE.

166 **(ii) state the identity of any other intended user(s) by name;**

167 Comment: A Restricted Appraisal Report may be provided when the client is the  
 168 only intended user; or, when additional intended users are identified by name.

169 A party recipient receiving a copy of a Restricted Appraisal Report in order to  
 170 satisfy disclosure requirements does not become an intended user of the  
 171 appraisal report unless the appraiser identifies such party recipient as an  
 172 intended user as part of the assignment.

**Proposed Revisions to Standards Rule 10-2, CONTENT OF A BUSINESS APPRAISAL REPORT and Standards Rule 10-2(a)**

173 **The content and level of information provided in an appraisal report must be**  
 174 **appropriate for the intended use and intended users of the appraisal report.**

175 **Each written appraisal report for an interest in a business enterprise or intangible**  
 176 **asset must be prepared in accordance with one of the following options and**  
 177 **prominently state which option is used: Appraisal Report or Restricted Appraisal**  
 178 **Report.**

179 **An appraiser may use any other label in addition to, but not in place of, the labels set**  
 180 **forth in this Standards Rule for the type of report provided. The use of additional**  
 181 **labels such as analysis, consultation, evaluation, study, or valuation does not**  
 182 **exempt an appraiser from adherence to USPAP.**

183 ~~**The report content and level of information requirements in this Standards Rule are**~~  
 184 ~~**minimums for both types of report.**~~

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

187 **(a) At a minimum, a business Appraisal Report must:**

**Proposed Revisions to Standards Rule 10-2(b), CONTENT OF A BUSINESS APPRAISAL REPORT**

- 188 ~~(b) The content of a Restricted Appraisal Report must be appropriate for the~~  
189 ~~intended use of the appraisal and, at a minimum:~~
- 190 **(b) At a minimum, a business Restricted Appraisal Report must:**

Section 3: Proposed Revision to Two Sentences of the PREAMBLE

Rationale

The ASB proposes to modify two sentences of the PREAMBLE. The first proposed revision is intended to underline the distinction between the task of developing credible assignment results and the separate task of communicating the appraisal in a manner that is meaningful and not misleading.

Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use, which is part of the development process of the appraisal. Communication of appraisal assignment results is separate and distinct from the development process. While the goal of development is credible assignment results, the goal of communication is to set forth those results in a manner that is meaningful and not misleading.

In addition to this proposed change, the ASB continues to propose a modification of one additional sentence to add consistency to the way that the RULES are presented in the PREAMBLE. This sentence also includes a proposed edit to avoid the use of “his and her” pronouns. See Item 1 of Section 8 of this exposure draft for the specific changes proposed. NOTE: This change was previously proposed in the 3<sup>rd</sup> Exposure Draft in Section 8.

Proposed Revisions to Two Sentences of the PREAMBLE

191 The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP)  
192 is to promote and maintain a high level of public trust in appraisal practice by  
193 establishing requirements for appraisers. It is essential that appraisers perform  
194 assignments with impartiality, objectivity, and independence and without  
195 accommodation of personal interests. ~~develop and communicate their analyses,~~  
196 ~~opinions, and conclusions to intended users of their services in a manner that is~~  
197 ~~meaningful and not misleading.~~ Appraisers are expected to develop credible  
198 analyses, opinions, and conclusions and communicate them to intended users in a  
199 manner that is meaningful and not misleading.

200 The Appraisal Standards Board promulgates USPAP for both appraisers and users  
201 of appraisal services. The appraiser’s responsibility is to protect the overall public  
202 trust and it is the importance of the role of the appraiser that places ethical and  
203 competency obligations on those who serve in this capacity. USPAP reflects the  
204 current standards of the appraisal profession.

## **Section 4: Proposed Changes to the Certification Language, Clarifications about Signing the Certification, and Edits to the Wording of Standards Rules 2-3, 4-3, 6-3, 8-3, and 10-3**

### **Rationale**

A major change is being proposed to the wording of the Certification.

In addition, the ASB is continuing to propose a clarification about signature methods including two edits to the wording of 2-3(b) and (c), 4-3(b) and (c), 6-3(b) and (c), 8-3(b) and (c), and 10-3(b) and (c).

### **Proposed Change to the Certification Language**

The proposed change to the language of the Certification has been discussed earlier in this Exposure Draft. It relates to the binary disclosure *"I have (or have not) made a personal inspection..."* Appraisers have been concerned that the simple binary statement did not take into account new types of inspections, such as third-party inspectors, unmanned aerial devices, and video inspections. To address this issue, the ASB is proposing to add a requirement to Standards Rules 2-2, 4-2, 6-2, and 8-2 to require disclosure of whether or not an inspection was performed and, if so, the date(s), type, and extent of the inspection and the party or parties who conducted the inspection. Thus, if adopted, the requirement for this disclosure would be moved from the Certification to the reporting standards.

The corresponding revision now being proposed for the wording of the Certification is intended to preserve a simple and clear affirmation to clients and intended users that the report contains the required disclosure.

### **Proposed Clarifications about Signing the Certification and Edits to the Wording of Standards Rules 2-3(b) and (c), 4-3(b) and (c), 6-3(b) and (c), 8-3(b) and (c), and 10-3(b) and (c)**

The ASB continues to propose revised language related to signing the certification to make clear that USPAP does not specify a particular method for signing a certification. While some consider the existing definition of signature sufficient to encompass all types of signatures, the ASB continues to propose expanded wording to help ensure that there is no misunderstanding.

The ASB also continues to propose two modifications to Standards Rules 2-3(c), 4-3(c), 6-3(c), 8-3(c), and 10-3(c). The first changes the wording "is required to" to "must" for consistency with other standards rules. The second is a revision to the wording of the Comment to the rule, based upon a suggestion from a reader of the First Exposure Draft. The new wording is simpler and emphasizes the main point, which is that the appraiser's disclosure of the extent of assistance "...may be in any part(s) of the report."

## Proposed Changes to the Certification Language

### STANDARDS RULE 2-3, CERTIFICATION

- 205 — I have disclosed in this report whether or not the property that is the subject  
 206 of this report was inspected. I have (or have not) made a personal inspection  
 207 of the property that is the subject of this report. (If more than one person  
 208 signs this certification, the certification must clearly specify which  
 209 individuals did and which individuals did not make a personal inspection of  
 210 the appraised property.) (In lieu of this sentence, the Certification may state  
 211 the date(s), type, and extent of the inspection as well as the party or parties  
 212 who conducted the inspection.)

### STANDARDS RULE 4-3, CERTIFICATION

- 213 — I have disclosed in this report whether or not the property that is the subject  
 214 of the work under review was inspected associated with the review. I have  
 215 (or have not) made a personal inspection of the subject of the work under  
 216 review. (If more than one person signs this certification, the certification  
 217 must clearly specify which individuals did and which individuals did not  
 218 make a personal inspection of the subject of the work under review.) (In lieu  
 219 of this sentence, the Certification may state the date(s), type, and extent of  
 220 the inspection associated with the review, as well as the party or parties who  
 221 conducted the inspection.) (For the review of a business or intangible asset  
 222 appraisal assignment, the inspection portion of the certification is not  
 223 applicable.)

### STANDARDS RULE 6-3, CERTIFICATION

- 224 — I have disclosed in this report whether or not the properties that are the  
 225 subject of this report were inspected. I have (or have not) made a personal  
 226 inspection of the properties that are the subject of this report. (If more than  
 227 one person signs this certification, the certification must clearly specify  
 228 which individuals did and which individuals did not make a personal  
 229 inspection of the appraised property.) (In lieu of this sentence, the  
 230 Certification may state the date(s) or range of dates, type, and extent of the  
 231 inspection as well as the party or parties who conducted the inspection.)  
 232

### STANDARDS RULE 8-3, CERTIFICATION

- 233 — I have disclosed in this report whether or not the property that is the subject  
 234 of this report was inspected. I have (or have not) made a personal inspection



235 ~~of the property that is the subject of this report. (If more than one person~~  
 236 ~~signs this certification, the certification must clearly specify which~~  
 237 ~~individuals did and which individuals did not make a personal inspection of~~  
 238 ~~the appraised property.) (In lieu of this sentence, the Certification may state~~  
 239 ~~the date(s), type, and extent of the inspection as well as the party or parties~~  
 240 ~~who conducted the inspection.)~~

**Proposed Clarifications about Signing the Certification and Edits to the Wording of Standards Rules 2-3(b) and (c), 4-3(b) and (c), 6-3(b) and (c), 8-3(b) and (c), and 10-3(b) and (c).**

The ASB proposes revised language related to signing the certification by changing the DEFINITION of Signature and making edits to Standards Rules 2-3(b), 4-3(b), 6-3(b), 8-3(b), and 10-3(b). The purpose of these proposed changes is to make clear that USPAP does not specify a particular method for signing a certification.

The wording change from "signs" to "affixes a signature" is proposed for consistency with the wording of the ETHICS RULE. The ETHICS RULE states: "an appraiser must **affix**, or authorize the use of, his or her signature to certify recognition and acceptance of his or her USPAP responsibilities in an appraisal or appraisal review assignment..."

Two additional proposals are modifications to Standards Rules 2-3(c), 4-3(c), 6-3(c), 8-3(c), and 10-3(c). The first substitutes the word "must" for the phrase "is required to" so that the wording is consistent with other standards rules. The second change is based upon a suggestion from a reader of the First Exposure Draft. The new proposed wording is consistent with other standards rules. The new proposed wording is simpler and emphasizes the main point, which is that the appraiser's disclosure of the extent of assistance "...may be in any part(s) of the report."

**Proposed Revision to Standards Rules 2-3(b) and 2-3(c)**

241 **(b) An appraiser who affixes a signature to ~~signs~~ any part of the appraisal report,**  
 242 **including a letter of transmittal, must also affix a signature to ~~sign~~ a**  
 243 **certification.**

244 Comment: In an assignment that includes only assignment results developed by the  
 245 real property appraiser(s), any appraiser who affixes a signature to ~~signs~~ a  
 246 certification accepts full responsibility for all elements of the certification, for the  
 247 assignment results, and for the contents of the appraisal report. In an assignment  
 248 that includes personal property, business or intangible asset assignment results not  
 249 developed by the real property appraiser(s), any real property appraiser who affixes  
 250 a signature to ~~signs~~ a certification accepts full responsibility for the real property  
 251 elements of the certification, for the real property assignment results, and for the  
 252 real property contents of the appraisal report.

- 253 (c) When a signing appraiser has relied on work done by appraisers and others  
 254 who do not affix a signature to sign the certification, the signing appraiser is  
 255 responsible for the decision to rely on their work.
- 256 (i) The signing appraiser ~~is required to~~ must have a reasonable basis for  
 257 believing that those individuals performing the work are competent; and
- 258 (ii) The signing appraiser must have no reason to doubt that the work of those  
 259 individuals is credible.
- 260 Comment: Although While a certification must contain the names of individuals  
 261 providing significant real property appraisal assistance, it is not required that a  
 262 summary the disclosure of the extent of their assistance may be located in a  
 263 certification. This disclosure may be in any part(s) of the report.

**Proposed Revision to Standards Rules 4-3(b) and 4-3(c)**

- 264 (b) A reviewer who affixes a signature to signs any part of the appraisal review  
 265 report, including a letter of transmittal, must also affix a signature to sign a  
 266 certification.
- 267 Comment: Any reviewer who affixes a signature to signs a certification accepts  
 268 responsibility for all elements of the certification, for the assignment results, and for  
 269 the contents of the appraisal review report.
- 270 Appraisal review is distinctly different from the cosigning activity addressed in  
 271 Standards Rules 2-3, 6-3, 8-3, and 10-3. To avoid confusion between these activities,  
 272 a reviewer performing an appraisal review must not affix a signature to sign the work  
 273 under review unless he or she intends to accept responsibility as a cosigner of that  
 274 work.
- 275 (c) When a signing appraiser has relied on work done by appraisers and others  
 276 who do not affix a signature to sign the certification, the signing appraiser is  
 277 responsible for the decision to rely on their work.
- 278 (i) The signing appraiser ~~is required to~~ must have a reasonable basis for  
 279 believing that those individuals performing the work are competent; and
- 280 (ii) The signing appraiser must have no reason to doubt that the work of those  
 281 individuals is credible.
- 282 Comment: Although While a certification must contain the names of individuals  
 283 providing significant appraisal or appraisal review assistance, it is not required

284 ~~that a summary the disclosure~~ of the extent of their assistance may be located in  
 285 ~~a certification. This disclosure may be in any part(s) of the report.~~

**Proposed Revision to Standards Rules 6-3(b) and 6-3(c)**

286 **(b) An appraiser who affixes a signature to ~~signs~~ any part of the appraisal report,**  
 287 **including a letter of transmittal, must also affix a signature to ~~sign~~ a**  
 288 **certification.**

289 Comment: In an assignment that includes only assignment results developed by the  
 290 real property appraiser, any appraiser who affixes a signature to ~~signs~~ a certification  
 291 accepts full responsibility for all elements of the certification, for the assignment  
 292 results, and for the contents of the appraisal report. In an assignment that includes  
 293 personal property assignment results not developed by the real property appraiser(s),  
 294 any real property appraiser who affixes a signature to ~~signs~~ a certification accepts full  
 295 responsibility for the real property elements of the certification, for the real property  
 296 assignment results, and for the real property contents of the appraisal report.

297 In an assignment that includes only assignment results developed by the personal  
 298 property appraiser(s), any appraiser who affixes a signature to ~~signs~~ a certification  
 299 accepts full responsibility for all elements of the certification, for the assignment  
 300 results, and for the contents of the appraisal report. In an assignment that includes  
 301 real property assignment results not developed by the personal property appraiser(s),  
 302 any personal property appraiser who affixes a signature to ~~signs~~ a certification accepts  
 303 full responsibility for the personal property elements of the certification, for the  
 304 personal property assignment results, and for the personal property contents of the  
 305 appraisal report.

306 **(c) When a signing appraiser has relied on work done by appraisers and others**  
 307 **who do not affix a signature to ~~sign~~ the certification, the signing appraiser is**  
 308 **responsible for the decision to rely on their work.**

309 **(i) The signing appraiser ~~is required to~~ must have a reasonable basis for**  
 310 **believing that those individuals performing the work are competent; and**

311 **(ii) The signing appraiser must have no reason to doubt that the work of those**  
 312 **individuals is credible.**

313 Comment: ~~Although~~ While a certification must contain the names of individuals  
 314 providing significant mass appraisal assistance, ~~it is not required that a summary~~  
 315 the disclosure of the extent of their assistance may be located in ~~a certification.~~  
 316 ~~This disclosure may be in any part(s) of the report.~~

**Proposed Revision to Standards Rules 8-3(b) and 8-3(c)**

- 317 **(b) An appraiser who affixes a signature to ~~signs~~ any part of the appraisal report,**  
 318 **including a letter of transmittal, must also affix a signature to ~~sign~~ a**  
 319 **certification.**
- 320 Comment: In an assignment that includes only assignment results developed by the  
 321 personal property appraiser(s) from the same personal property specialty, any  
 322 appraiser who affixes a signature to ~~signs~~ a certification accepts full responsibility for  
 323 all elements of the certification, for the assignment results, and for the contents of the  
 324 appraisal report. In an assignment involving appraisers with expertise in different  
 325 specialties (e.g., antiques, fine art, or machinery and equipment), an appraiser who  
 326 affixes a signature to ~~signs~~ a certification may accept responsibility only for the  
 327 elements of the certification, assignment results, and report contents specific to the  
 328 appraiser's specialty. The role of each appraiser signing a certification must be  
 329 disclosed in the report.
- 330 In an assignment that includes real property, business or intangible asset assignment  
 331 results not developed by the personal property appraiser(s), any personal property  
 332 appraiser who affixes a signature to ~~signs~~ a certification accepts full responsibility for  
 333 the personal property elements of the certification, for the personal property  
 334 assignment results, and for the personal property contents of the appraisal report.
- 335 **(c) When a signing appraiser has relied on work done by appraisers and others**  
 336 **who do not affix a signature to ~~sign~~ the certification, the signing appraiser is**  
 337 **responsible for the decision to rely on their work.**
- 338 **(i) The signing appraiser ~~is required to~~ must have a reasonable basis for**  
 339 **believing that those individuals performing the work are competent; and**
- 340 **(ii) The signing appraiser must have no reason to doubt that the work of those**  
 341 **individuals is credible.**
- 342 Comment: ~~Although~~ While a certification must contain the names of individuals  
 343 providing significant personal property appraisal assistance, ~~it is not required that~~  
 344 ~~a summary~~ the disclosure of the extent of their assistance may be located in a  
 345 ~~certification. This disclosure may be~~ in any part(s) of the report.

**Proposed Revision to Standards Rules 10-3(b) and 10-3(c)**

- 346 **(b) An appraiser who affixes a signature to ~~signs~~ any part of the appraisal report,**  
 347 **including a letter of transmittal, must also affix a signature to ~~sign~~ a**  
 348 **certification.**
- 349 Comment: In an assignment that includes only assignment results developed by the  
 350 business and/or intangible asset appraiser(s), any appraiser who affixes a signature

351 ~~to sign~~ a certification accepts full responsibility for all elements of the certification,  
 352 for the assignment results, and for the contents of the appraisal report. In an  
 353 assignment that includes real property or personal property assignment results not  
 354 developed by the business and/or intangible asset appraiser(s), any business and/or  
 355 intangible asset appraiser who affixes a signature to ~~signs~~ a certification accepts full  
 356 responsibility for the business and/or intangible asset elements of the certification,  
 357 for the business and/or intangible asset assignment results, and for the business  
 358 and/or intangible asset contents of the appraisal report.

359 **(c) When a signing appraiser has relied on work done by appraisers and others**  
 360 **who do not affix a signature to ~~sign~~ the certification, the signing appraiser is**  
 361 **responsible for the decision to rely on their work.**

362 **(i) The signing appraiser ~~is required to~~ must have a reasonable basis for**  
 363 **believing that those individuals performing the work are competent; and**

364 **(ii) The signing appraiser must have no reason to doubt that the work of those**  
 365 **individuals is credible.**

366 Comment: ~~Although~~ While a certification must contain the names of individuals  
 367 providing significant business and/or intangible asset appraisal assistance, ~~it is~~  
 368 ~~not required that a summary~~ the disclosure of the extent of their assistance may  
 369 ~~be located in a certification. This disclosure may be~~ in any part(s) of the report.

**Section 5: Disclosure Obligations section of the SCOPE OF WORK RULE**

**Rationale**

The ASB continues to propose one revision to a Comment in the Disclosure Obligations section of the SCOPE OF WORK RULE. This proposal is identical to that proposed in the 3<sup>rd</sup> Exposure Draft.

A reader of the First Exposure Draft suggested deleting the first sentence of this Comment (*Proper disclosure is required because clients and other intended users rely on the assignment results*). The reader questioned why this type of explanation is considered necessary only in the SCOPE OF WORK RULE. Rather than add a similar explanation in all of the RULES and STANDARDS, the ASB proposes to delete it here.

The ASB does not believe this impacts the Disclosure Obligations in any way.

**Proposed Revision to the SCOPE OF WORK RULE**

370 **DISCLOSURE OBLIGATIONS**  
 371 **The report must contain sufficient information to allow the client and other intended**  
 372 **users to understand the scope of work performed. The information disclosed must**  
 373 **be appropriate for the intended use of the assignment results.**

374 Comment: ~~Proper disclosure is required because clients and other intended users rely~~  
 375 ~~on the assignment results.~~ Sufficient information includes disclosure of research and  
 376 analyses performed and might also include disclosure of research and analyses not  
 377 performed.

378 The appraiser has broad flexibility and significant responsibility in the level of detail  
 379 and manner of disclosing the scope of work in the appraisal report or appraisal review  
 380 report. The appraiser may, but is not required to, consolidate the disclosure in a  
 381 specific section or sections of the report, or use a particular label, heading or  
 382 subheading. An appraiser may choose to disclose the scope of work as necessary  
 383 throughout the report.

## Section 6: DEFINITIONS

### Rationale

With the goal of helping to make USPAP clearer and easier to understand, the ASB proposes several changes to the DEFINITIONS. These proposed revisions are based upon stakeholder comments to prior exposure drafts.

One definition continues to be proposed for deletion: *misleading*.

- Stakeholders expressed concern that a simple typographical error in a report could be viewed as misleading under the current definition. The ASB notes that the CONDUCT section of the ETHICS RULE prohibits the appraiser from communicating results with the intent to mislead or defraud, and from allowing others to do so. Further, the development standards (STANDARDS 1, 3, 5, 7, and 9) address the appraiser's responsibility to "not commit a substantial error of omission or commission that significantly affects an appraisal." Therefore, the ASB has concluded the appraiser's responsibilities to avoid substantial errors are clear. The ASB has issued a new Q&A to address the issue of a typographical error in an appraisal report.

Three new definitions (*state*, *summarize*, and *significant appraisal assistance*) continue to be proposed. Based upon feedback received, two have newly-proposed revisions.

- The definitions of *state* and *summarize* have been modified from the 3<sup>rd</sup> Exposure Draft to indicate that the terms are not limited to facts, opinions, or conclusions.
- The definition of *Significant Appraisal Assistance* has been modified from the 3<sup>rd</sup> Exposure Draft to simplify the wording and allow the appraiser to determine what type of assistance constitutes *significant* assistance.

In addition, edits are being proposed for seven current definitions: *appraiser*, *assignment elements*, *assignment results*, *intended user*, *personal inspection*, *relevant characteristics*, and *signature*.

- Appraiser*: this definition has been amended to reinstate the Comment that appeared in USPAP editions prior to the 2020-2021 edition. This amendment is intended to help clarify that there has been no conceptual change in this definition.
- Assignment Elements*: the proposed changes clarify that this definition applies to appraisal assignments only. For appraisal review assignments, a footnote refers readers to Standards Rule 3-2, Problem Identification.
- Assignment Results*: the ASB is proposing to narrow the definition of *Assignment Results* to opinions and conclusions related to the *subject of the assignment*. This revision is needed because the definition of *Assignment Results* affects the long-



standing practice of appraisers sharing data with peers. Appraisers are expected to act in good faith with regard to legitimate interests of the client in the use of confidential information and in the communication of assignment results. With the evolution of technology, the ASB has received a number of inquiries about sharing information. One of the key questions is whether opinions and conclusions about sales may be shared as long as these judgments are not relative to the subject property. In single-family residential real property appraisal practice, for example, with the introduction of the Uniform Appraisal Dataset (UAD) protocols by the GSEs, each sale is rated with discrete opinions such as quality and condition. These quality and condition ratings do not relate to the subject property and thus would not constitute *Assignment Results*.

- *Intended User*: the ASB continues to propose this definition as amended in the 3<sup>rd</sup> Exposure Draft.
- *Personal Inspection*: the ASB continues to propose this amended definition as proposed in the 3<sup>rd</sup> Exposure Draft.
- *Relevant Characteristics*: the ASB continues to propose this definition as amended in the 3<sup>rd</sup> Exposure Draft.
- *Signature*: the proposed addition of the phrase using a generally-accepted method is intended to help clarify that USPAP does not prescribe a particular method for a signature. The ASB recognizes that technology has evolved and that many generally-accepted types of signatures do not involve pen and ink.

**Proposed Revision to the DEFINITIONS**

384 **APPRAISER**: one who is expected to perform valuation services competently and in a  
 385 manner that is independent, impartial, and objective.

386 Comment: Such expectation occurs when individuals, either by choice or by  
 387 requirement placed upon them or upon the service they provide by law, regulation,  
 388 or agreement with the client or intended users, represent that they comply.<sup>1</sup>

389 **Footnote 1:** See PREAMBLE and Advisory Opinion 21, *USPAP Compliance*

390 **ASSIGNMENT ELEMENTS (for an appraisal)**: ~~S~~specific information needed to identify  
 391 the appraisal or appraisal review problem: client and any other intended users; intended  
 392 use of the appraiser’s opinions and conclusions; type and definition of value; effective date  
 393 of the appraiser’s opinions and conclusions; subject of the assignment and its relevant  
 394 characteristics; and assignment conditions.<sup>2</sup>

395 **Footnote 2:** For appraisal review assignments, see Standards Rule 3-2, Problem Identification.



396 **ASSIGNMENT RESULTS:** An appraiser's opinions or conclusions related to the subject  
 397 of the assignment, not limited to value, that were developed when performing an appraisal  
 398 assignment, an appraisal review assignment, or a valuation service other than an appraisal  
 399 or appraisal review.

400 Comment: Physical characteristics are not assignment results.

401 **INTENDED USER:** the client and any other party as identified, by name or type, as users  
 402 of the appraisal report or appraisal review report by the appraiser, based on communication  
 403 with the client at the time of the assignment.

~~**MISLEADING:** Intentionally or unintentionally misrepresenting, misstating, or concealing  
 relevant facts or conclusions.~~

404 ~~**PERSONAL INSPECTION:** a physical~~ an observation performed to assist in identifying  
 405 collecting information about relevant property characteristics in a valuation service.

406 Comment: An appraiser's inspection is typically limited to those things readily  
 407 observable without the use of special testing or equipment. Appraisals of some types  
 408 of property, such as gems and jewelry, may require the use of specialized equipment.  
 409 An inspection by an appraiser is not the equivalent of an inspection by an inspection  
 410 professional (e.g., a structural engineer, home inspector, or art conservator).

411 **RELEVANT CHARACTERISTICS:** features that ~~may~~ affect a property's value or  
 412 marketability such as legal, economic, or physical characteristics.

413 **SIGNATURE:** personalized evidence using a generally-accepted method to authenticate  
 414 ~~indicating authentication of the work performed by the appraiser and to accept the~~  
 415 ~~acceptance of the responsibility for~~ the content, analyses, and ~~the~~ conclusions in the report.

416 **SIGNIFICANT APPRAISAL (or APPRAISAL REVIEW) ASSISTANCE:** assistance that  
 417 affects the assignment results and is provided by another appraiser explicitly in support of a  
 418 particular assignment.

419 **STATE:** to report with a minimal presentation of information.

420 **SUMMARIZE:** to report more extensively than a statement but more concisely than a  
 421 comprehensive description.

# Section 7: Other Edits to Improve Clarity of USPAP

## Rationale

The ASB continues to propose several edits for clarity and consistency. One change from the 3rd Exposure Draft is the withdrawal of a proposal to remove a Comment in Standards Rules 2-2(a)(viii), 2-2(b)(x), 4-2(g), 6-2(g), 8-2(a)(viii), 8-2(b)(x), 10-2(a)(ix), and 10-2(b)(xi). Stakeholders indicated this Comment, although redundant, is a helpful reminder of an appraiser’s Scope of Work disclosure responsibilities.

The proposed edits that are unchanged from the 3rd Exposure Draft are as follows:

1. The addition of the word transfer as a clarification in Standards Rules 1-5(b), 2-2(a)(x)(3), 2-2(b)(xii)(3), 7-5(b), 8-2(a)(x)(3), 8-2(b)(xii)(3), and 9-4(b); and
2. A revision of Standards Rule 8-2(b)(xii)(3) to make it consistent with Standards Rule 8-2(a)(x)(3).

## **Proposed Revision to Standards Rule 1-5, SALE AGREEMENTS, OPTIONS, LISTINGS, ~~AND PRIOR SALES,~~ AND OTHER TRANSFERS**

- 422 **When the value opinion to be developed is market value, an appraiser must, if such**  
 423 **information is available to the appraiser in the normal course of business:**
- 424 **(a) analyze all agreements of sale, options, and listings of the subject property**  
 425 **current as of the effective date of the appraisal; and**
- 426 **(b) analyze all sales and other transfers of the subject property that occurred**  
 427 **within the three (3) years prior to the effective date of the appraisal.**

## **Proposed Revision to Standards Rule 2-2, CONTENT OF A REAL PROPERTY APPRAISAL REPORT**

- 428 **(a)(x)(3) summarizing the results of analyzing the subject sales and other transfers,**  
 429 **agreements of sale, options, and listings in accordance with Standards Rule 1-**  
 430 **5;**
- 431 **(b)(xii)(3) summarizing the results of analyzing the subject sales and other**  
 432 **transfers, agreements of sale, options, and listings in accordance with**  
 433 **Standards Rule 1-5; and**

434 Comment: If such information is unobtainable, a statement on the efforts undertaken  
 435 by the appraiser to obtain the information is required. If such information is  
 436 irrelevant, a statement acknowledging the existence of the information and citing its  
 437 lack of relevance is required.

**Proposed Revision to Standards Rule 7-5, SALE AGREEMENTS, OPTIONS,  
 LISTINGS, AND PRIOR SALES, AND OTHER TRANSFERS**

- 438 **When necessary for credible assignment results, an appraiser must, if such**  
 439 **information is available to the appraiser in the normal course of business:**
- 440 (a) analyze all agreements of sale, validated offers or third-party offers to sell,  
 441 options, and listings of the subject property current as of the effective date of  
 442 the appraisal if warranted by the intended use of the appraisal; and
  - 443 (b) analyze all prior sales and other transfers of the subject property that  
 444 occurred within a reasonable and applicable time period if relevant given the  
 445 intended use of the appraisal and property type.

**Proposed Revision to Standards Rule 8-2(a)(x)(3), CONTENT OF A PERSONAL  
 PROPERTY APPRAISAL REPORT**

- 446 (x) provide sufficient information to indicate that the appraiser complied with  
 447 the requirements of STANDARD 7 by:
- 448 (1) summarizing the appraisal methods or techniques employed;
- 449 (2) stating the reasons for excluding the sales comparison, cost, or  
 450 income approach(es) if any have not been developed;
- 451 (3) summarizing the results of analyzing the subject property’s sales  
 452 and other transfers, agreements of sale, options, and listings when,  
 453 in accordance with Standards Rule 7-5, it was necessary for credible  
 454 assignment results and if such information was available to the  
 455 appraiser in the normal course of business;
- 456 Comment: If such information is unobtainable, a statement on the efforts  
 457 undertaken by the appraiser to obtain the information is required. If such  
 458 information is irrelevant, a statement acknowledging the existence of the  
 459 information and citing its lack of relevance is required.

**Proposed Revision to Standards Rule 8-2(b)(xii)(3), CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT**

- 460           **(xii) provide sufficient information to indicate that the appraiser complied with**
- 461           **the requirements of STANDARD 7 by:**
- 462           **(1) stating the appraisal methods and techniques employed;**
- 463           **(2) stating the reasons for excluding the sales comparison, cost, or**
- 464           **income approach(es) if any have not been developed;**
- 465           **(3) summarizing the results of analyzing the subject sales and other**
- 466           **transfers, agreements of sale, options, and listings when, in**
- 467           **accordance with Standards Rule 7-5, it was necessary for credible**
- 468           **assignment results and if such information was available to the**
- 469           **appraiser in the normal course of business; and**
- 470           Comment: If such information is unobtainable, a statement on the efforts
- 471           undertaken by the appraiser to obtain the information is required. If such
- 472           information is irrelevant, a statement acknowledging the existence of the
- 473           information and citing its lack of relevance is required.

**Proposed Revision to Standards Rule 9-4(b), APPROACHES TO VALUE**

- 474           **(b) An appraiser must, when necessary for credible assignment results, analyze**
- 475           **the effect on value, if any, of:**
- 476           **(i) the nature and history of the business enterprise or intangible asset;**
- 477           **(ii) financial and economic conditions affecting the business enterprise or**
- 478           **intangible asset, its industry, and the general economy;**
- 479           **(iii) past results, current operations, and future prospects of the business**
- 480           **enterprise**
- 481           **(iv) past sales and other transfers of capital stock or other ownership**
- 482           **interests in the business enterprise or intangible asset being appraised;**
- 483           **(v) sales and other transfers of capital stock or other ownership interests in**
- 484           **similar business enterprises;**
- 485           **(vi) prices, terms, and conditions affecting past sales and other transfers of**
- 486           **similar ownership interests in the asset being appraised or a similar**
- 487           **asset; and**

488	<b>(vii) economic benefit of tangible and intangible assets.</b>
489	<u>Comment on (i)-(vii):</u> This Standards Rule directs the appraiser to study the
490	prospective and retrospective aspects of the business enterprise in terms of the
491	economic and industry environment within which it operates.

## Section 8: Style Updates to Pronoun Usage

### Rationale

The ASB proposes revisions to pronoun usage in a number of areas within USPAP to bring the wording of the standards up to date with current usage. These proposals include some suggestions from stakeholders to revise wording proposed in the 3<sup>rd</sup> Exposure Draft.

As noted in the rationale for Section 3, in addition to editing pronoun usage, item #1 below includes edits that make this sentence consistent with other references to the RULES in the PREAMBLE.

If these changes in the charts below are adopted, the ASB will plan to make administrative edits to achieve consistent pronoun usage throughout the Advisory Opinions and FAQs.

### Proposed Revisions to Pronoun Usage throughout USPAP

#	2020-21 USPAP Location and Line Number	Proposed Change
1	PREAMBLE Line 42	<ul style="list-style-type: none"> <li>An appraiser must <del>maintain the data, information and analysis necessary to support his or her opinions for appraisal and appraisal review assignments in accordance</del> <u>comply</u> with the RECORD KEEPING RULE.</li> </ul>
2	ETHICS RULE Lines 177-178	<b>In addition to these requirements, an individual should comply <u>with USPAP</u> <del>any time that individual represents whenever representing that he or she is performing the service</del> <u>has been performed</u> as an appraiser.</b>
3	<u>Conduct</u> section of the ETHICS RULE Line 192	<b><del>An appraiser</del> <u>Appraisers</u>:</b> <ul style="list-style-type: none"> <li><b>must not perform an assignment with bias;</b></li> <li><b>must not advocate the cause or interest of any party or issue;</b></li> <li><b>must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions;</b></li> <li><b>must not misrepresent <del>his or her</del> <u>their</u> role when providing valuation services that are outside of appraisal practice;</b></li> </ul>
4	Lines 215-217	If an appraiser has agreed with a client not to disclose <del>that he or she has</del> <u>having</u> appraised a property, the appraiser must decline all subsequent agreements to perform assignments that fall within the three-year period.

#	2020-21 USPAP Location and Line Number	Proposed Change
5	<u>Management</u> section of the ETHICS RULE  Lines 221-222	<b>An appraiser must disclose <del>that he or she paid</del> <u>having paid</u> a fee or commission, or <del>gave</del> <u>having given</u> a thing of value in connection with the procurement of an assignment.</b>
6	Lines 236 to 241	<b><del>An appraiser</del> <u>Appraisers</u> must affix, or authorize the use of, <del>his or her</del> <u>their</u> signatures to certify recognition and acceptance of <del>his or her</del> <u>their</u> USPAP responsibilities in an appraisal or appraisal review assignment (see Standards Rules 2-3, 4-3, 6-3, 8-3, and 10-3). <del>An appraiser</del> <u>Appraisers</u> may authorize the use of <del>his or her</del> <u>their</u> signatures only on an assignment-by-assignment basis.</b>  <b>An appraiser must not affix the signature of another appraiser without <del>his or her</del> <u>their</u> consent.</b>  <b><u>Comment:</u> <del>An appraiser</del> <u>Appraisers</u> must exercise due care to prevent unauthorized use of <del>his or her</del> <u>their</u> signatures. <del>An appraiser</del> <u>Appraisers</u> exercising such care <del>is</del> <u>are</u> not responsible for unauthorized use of <del>his or her</del> <u>their</u> signatures.</b>
7	<u>Being Competent</u> section of the COMPETENCY RULE  Lines 305-306	<b>An appraiser must determine, prior to agreeing to perform an assignment, that <del>he or she</del> <u>the appraiser</u> can perform the assignment competently.</b>
8	<u>Acquiring Competency</u> section of the COMPETENCY RULE  Lines 319-320	<b><del>If an a</del> <u>Appraisers who</u> determines <del>he or she is</del> <u>they are</u> not competent prior to agreeing to perform an assignment, <del>the appraiser</del> must:</b>
9	Lines 332-334	<b>When facts or conditions are discovered during the course of an assignment that cause an appraiser to determine, at that time, that <del>he or she</del> <u>the appraiser</u> lacks the required knowledge and experience to complete the assignment competently, the appraiser must:</b>
10	STANDARDS RULE 1-1, GENERAL DEVELOPMENT REQUIREMENTS  Lines: 448-449	<b><del>Each appraiser</del> <u>Appraisers</u> must continuously improve <del>his or her</del> <u>their</u> skills to remain proficient in real property appraisal.</b>

#	2020-21 USPAP Location and Line Number	Proposed Change
11	Lines 451-452	<u>Comment:</u> <del>An appraiser</del> <u>Appraisers</u> must use sufficient care to avoid errors that would significantly affect <del>his or her</del> <u>their</u> opinions and conclusions.
12	STANDARDS RULE 3-1, GENERAL DEVELOPMENT REQUIREMENTS  Lines 758-759	<del>Each appraiser</del> <u>Appraisers</u> must continuously improve <del>his or her</del> <u>their</u> skills to remain proficient in appraisal review.
13	Lines 767-768:	<u>Comment:</u> <del>A reviewer</del> <u>Reviewers</u> must use sufficient care to avoid errors that would significantly affect <del>his or her</del> <u>their</u> opinions and conclusions.
14	STANDARDS RULE 3-3, APPRAISAL REVIEW METHODS  Lines 841-842	<b>When the assignment includes the reviewer developing <del>his or her own a value</del> opinion of value or review opinion, the following apply:</b>
15	Lines 855-857:	When the assignment includes the reviewer developing <del>his or her own a value</del> opinion of value or review opinion, the following apply:  • The reviewer's scope of work in developing <del>his or her</del> <u>their</u> own opinion of value or review opinion may be different from that of the work under review.
16	STANDARDS RULE 4-2, CONTENT OF AN APPRAISAL REVIEW REPORT  Lines 917-918:	<u>Comment:</u> <del>The reviewer</del> <u>Reviewers</u> may include <del>his or her own a value</del> opinion of value or review opinion related to the work under review within the appraisal review report itself without preparing a separate report.
17	STANDARDS RULE 4-3, CERTIFICATION  Lines 966-967	To avoid confusion between these activities, a reviewer performing an appraisal review must not sign the work under review unless <del>he or she</del> <u>the reviewer</u> intends to accept responsibility as a cosigner of that work.



#	2020-21 USPAP Location and Line Number	Proposed Change
18	STANDARDS RULE 5-1, GENERAL DEVELOPMENT REQUIREMENTS  Lines 1013-1014	<del>Each appraiser</del> <u>Appraisers</u> must continuously improve <del>his or her</del> <u>their</u> skills to remain proficient in mass appraisal.
19	Lines 1016-1017	<u>Comment:</u> <del>An appraiser</del> <u>Appraisers</u> must use sufficient care to avoid errors that would significantly affect <del>his or her</del> <u>their</u> opinions and conclusions.
20	STANDARDS RULE 7-1, GENERAL DEVELOPMENT REQUIREMENTS  Lines 1324-1325	<del>Each appraiser</del> <u>Appraisers</u> must improve and update <del>his or her</del> <u>their</u> skills and knowledge to remain proficient in the appraisal of personal property.
21	Lines 1327-1328	<u>Comment:</u> <del>An appraiser</del> <u>Appraisers</u> must use sufficient care to avoid errors that would significantly affect <del>his or her</del> <u>their</u> opinions and conclusions.
22	STANDARDS RULE 9-1, GENERAL DEVELOPMENT REQUIREMENTS  Lines 1654-1655	<u>Comment:</u> <del>An appraiser</del> <u>Appraisers</u> must use sufficient care to avoid errors that would significantly affect <del>his or her</del> <u>their</u> opinions and conclusions.

**From:** Douglas Krieser <Dougk@valconpartners.com>

**Sent:** 12/16/2020 12:46:37 PM

Overall, I believe the suggested changes are meaningful and good. My only "concern" is regarding the wording "...and extent of the inspection..." being added to the scope of work. I have always been a firm believer that inspection dates and who performed the inspections should be outlined. My concern is the broadness of the term "...and extent of the inspection...". What does this mean? I appraise equipment. Does this comment mean I need to list the equipment I looked at and those pieces I did not? Do I need to list whether I observed the items running or idled? Do I need to list that it was a visual inspection only (and not mechanical or operational in nature)? If so, this would add significantly to the document and time to write the report. Is a term such as "Major production and support were inspected" detailed enough for the "...extent of the inspection..." Just how detailed does this have to be? Maybe there needs to be some clarifying commentary here to cover what is required. I know it should be adequate for the Intended User - but again, what does this mean in this context? I think further clarification is required. Thank you for considering my commentary and for all of the hard work going through all of the commentary!

Douglas Krieser

Dougk@valconpartners.com

**From:** John Cento <jcentocpa@hotmail.com>

**Sent:** 12/15/2020 3:36:59 PM

Revising USPAP biennially even if the revisions are minor in scope is unduly burdensome, unnecessary, and insensitive to practitioners. There is no reasonable argument to support this cycle. Practitioners are forced every year to either learn new USPAP or respond to proposed changes. The only reasonable conclusion to draw is that the Appraisal Foundation promotes this cycle for financial self-interest, from the sales of quickly expiring standards materials. This is a conflict of interest that is clear to all. You will not likely post this comment despite its validity.

John Cento  
Indiana Business Appraisals LLC  
jcentocpa@hotmail.com

### 3 – Roach – Third Exposure Draft of Proposed Changes to 2022-23 USPAP

ALISON E. ROACH, MAI, SRA  
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STEPHEN D. ROACH, MAI, SRA, AI-GRS, CDEI

December 15, 2020

Appraisal Foundation

Reference: *Fourth Exposure Draft of 2021-2022 USPAP*

Good day. I have concerns about the proposed definition of significant assistance found at lines 416-418 of the Fourth Exposure Draft. The proposed definition is: “SIGNIFICANT APPRAISAL (or APPRAISAL REVIEW) ASSISTANCE: assistance that affects the assignment results and is provided by another appraiser explicitly in support of a particular assignment.” As described in this letter, I think this is seriously problematic and simply unworkable.

My question is - how would an appraiser know whether the assistance affected the assignment results unless comparing them to what the assignment results would have been otherwise? In other words, I suggest that there's no way to make a determination as to whether the assistance affected my assignment results other than to go ahead and do all the work myself and compare the results to the appraisal performed in reliance on the assistance. This is obviously absurd and I'm sure that the intent of the definition is not to create such confusion.

Also note that the definition opens the door for unanswerable questions when appraisers are questioned in a deposition or trial. How should the appraiser answer the inevitable question - “What would the assignment results have been but for the significant assistance that you disclosed?” After all, by the new definition, the assistance wouldn't have been “significant” if it didn't affect the results.

I submit that a far better concept of “significant assistance” would be that the signing appraiser is relying on the work of another appraiser in regard to a material element of the assignment, not that the assistance did or did not affect the results.

Thank you for considering my comments,

Stephen D. Roach, MAI, SRA, AI-GRS, CDEI

**From:** Dennis McMillen <valueus@yahoo.com>

**Sent:** 12/15/2020 12:50:01 PM

Inspection - The inclusion of the date of inspection is already in the appraisal report at the signature. Add the date second time is inefficient and can then be misleading to readers and requires extra work on the appraiser for no additional information to the reader. State the type of inspection but drop the date requirement as it provides no additional information or clarification of data already in the current report.

Dennis McMillen  
Dennis Mc Millen  
valueus@yahoo.com

**From:** Tommy Foster <twfoster1@sbcglobal.net>

**Sent:** 1/7/2021 9:51:59 AM

Has the Foundation considered the use of the term property examination in the USPAP document and actual appraisals rather than the term property inspection to avoid misunderstandings with intended users over exactly the degree to which the property was examined. Especially in single family residential circles, a property inspection implies a more detailed examination of the property than the examination normally conducted by an appraiser. Participating real estate brokers are often confused by the term inspection used in the appraisal reports. The transaction participants often assume the appraiser has completed a more detailed examination of the property than is normally conducted by our appraisal peers. Also, it is my understanding Errors and Omissions Insurance companies prefer the use of the term examination rather than inspection to describe the appraiser's on-site conduct.

Tommy Foster

Foster & Company-Real Estate Appraisers & Consultants

twfoster1@sbcglobal.net

**From:** steve reynolds <stephenreynolds781+MAI@gmail.com>

**Sent:** 1/7/2021 9:46:00 AM

I would like to see definitions of the terms "Confirm" and "Verify" in regards to comparable sales. some people think you need to speak to a party to the transaction, some people think looking at the assessor's card is enough. Some clarity would be good.

Also, the concept of "retrospective" appraisal is completely incoherent. Right now, it is defined as an appraisal where the effective date preceeds the report date. This is almost all appraisals and not how it is intended. Retrospective, prospective, and current all need precise definitions. (See my suggested definitions being published in the next TAJ issue.)

steve reynolds

Reynolds Company

stephenreynolds781+MAI@gmail.com

**From:** William Novotny <findvalu@aol.com>

**Sent:** 1/4/2021 2:30:01 PM

I submit these comments relevant to the work "written"

Proposed Revisions to Standards Rule8-2, CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT and Standards Rule8-2(a)(ii)The content and level of information provided in an appraisal report must be appropriate for the intended use and intended users of the appraisal report. Each "written" personal property appraisal report must be prepared under one of the following options and prominently state which option is used:

Appraisal Report or Restricted Appraisal Report.

An appraiser may use any other label in addition to, but not in place of, the labels set forth in this Standards Rule for the type of report provided. The use of additional labels such as analysis, consultation, evaluation, study, or valuation does not 137exempt an appraiser from adherence to USPAP

Proposed Revisions to Standards Rule8-2, CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT and Standards Rule8-2(a)(ii)The content and level of information provided in an appraisal report must be appropriate for the intended use and intended users of the appraisal report. Each written personal property appraisal report must be prepared under one of the following options and prominently state which option is used:

Appraisal Report or Restricted Appraisal Report.

An appraiser may use any other label in addition to, but not in place of, the labels set forth in this Standards Rule for the type of report provided. The use of additional labels such as analysis, consultation, evaluation, study, or valuation does not 137exempt an appraiser from adherence to USPAP

Novotny comments:

The oral appraisal of general personal property residential contents is exceptionally challenging. Many qualified and competent personal property appraisers do not understand the USPAP requirements and therefore avoid such assignments or, worse still, conduct them without compliance with USPAP.

There is considerable demand from the public for appraisals of general residential contents which can include hundreds of objects, some rare and some of significant value. Even common and ordinary objects of nominal value can be meaningful to clients and provided cost effectively at a fast pace. The public frequently needs personal property appraisers to find, identify and value all types of residential contents. It is exceptionally challenging.

To act properly and in compliance with USPAP I have devised a written disclosure form (entitled "OARD" form eg "oral appraisal report disclosures" form) which is formally typed and based on the overall disclosure requirements of an abbreviated Restricted Appraisal Report. The client is provided with the OARD form and CV prior to the oral appraisal report.

The OARD form discloses the elements of SR 7-2 and meets the disclosure requirements of SR 8-2(b) including a signed Appraisers Certification. I make a digital audio recording of the entire appraisal and I allow the client to also make a video or audio recording of the oral appraisal to review later. The OARD



form makes the oral appraisal more meaningful and properly understood by the client and intended users (whether or not present during the oral appraisal). I strongly encourage clients to make a hand written list of the objects appraised by object name and value determined.

The OARD form is provided to clients prior to the oral appraisal. It provides specific limitations and disclosures such as regarding objects valued without research based on a stated assumption that the appraiser assumes research would support (with disclosed risks) the appraisers onsite value opinion. The appraiser must research onsite or later if uncertain or not confident of their first value impression.

This methodology can be used for preliminary decision making, eg possible charitable contributions of less than \$5000 for tax calculation, equitable distribution, negotiated settlement, phased reports, sales advisories etc.

I use and recommend appraisers to make an audio recording of the oral report to meet the work file requirement that it be sufficient for an appraiser to produce an appraisal report during the work file retention period (the next 5 years).

The OARD form, when needed, allows the appraiser to authenticate the clients "hand written value section" by listing the total number of entries and aggregate value of those entries. Many oral residential contents appraisals do not require any further hand written notes or signature by the appraiser.

When appropriate the OARD form allows the appraiser to hand write, while on site, any Scope of Work Rule disclosures necessary so the oral report has sufficient information to allow the client and intended users to properly understand the oral report and the scope of work conducted.

The OARD form can indicate that the appraiser's CV along with the client's "hand written value section" are intended to be enclosed with the report. The appraiser can make hand written disclosures, as required or appropriate, on the OARD form to show compliance with USPAP.

Finally, though not required, the OARD form includes a standard Appraiser's Certification which can be signed if appropriate to intended use.

Submitted by,

William M. Novotny, ISA AM  
AQB Certified USPAP Appraiser since 2002

**From:** Michael Nash <mnash@nashjohnson.com>

**Sent:** 1/4/2021 12:58:54 PM

I believe that the proposed changes for the 2022-2023 USPAP will aid clarity and are not onerous with one exception and that involves the proposed change to Standards Rule 1-5, Sale Agreements, Options, Listings and Prior Sales (as well as, corresponding Standards Rule 2-2). Said language change/addition, "other transfers," is too open-ended. The addition of the language, "other transfers," can be quite onerous when ownership of a subject property involves families, corporations, trusts, and LLCs. "Other transfers" (1) are often not recorded in the records of the respective county in a timely manner that would allow the appraiser to find it/them in a normal search of county assessor records during the period of the appraisal assignment and (2) rarely reflect property price or value. This change places "normal course of business" into an even grayer area. It infers that in the "normal course of business" of every appraisal assignment the appraiser (1) will receive current title work or something similar from a client or intended user which, frankly, is not common, or (2) must conduct a title search.

My suggestion is to modify said change to "other transfers that may reflect property price or value." The appraiser can, simply, ask the client and/or owner if that type of transfer (along with sale, agreement, contract, option, and listing) has occurred during the three year period preceding the date of value of the appraisal.

Additionally, and I have written this in a previous correspondence involving past changes to USPAP, the ASB has to date avoided dealing with "draft" appraisals which are commonplace in appraisal business, litigation, eminent domain, banking, etc. I field questions concerning "draft" appraisals from experienced appraisers every time I teach the 7-hour USPAP class. I ask, once again, when is the ASB going to address this topic?

Michael Nash  
mnash@nashjohnson.com

**From:** KENNETH FORSYTH <forsythfineart@cogeco.ca>

**Sent:** 12/30/2020 12:40:08 PM

I have a few comments and questions about the 4th Exposure Draft: Section 3: Changes to the Preamble, line 195: I wonder if the word 'bias' could be substituted for 'accommodation of personal interests'? Or perhaps inserted, as in 'without bias or the accommodation of personal interests'? Section 4: Proposed changes to the Certification language, and consequent edits to Standards Rules 2-3, 4-3, 6-3, and 8-3: I think this proposed change to the wording of the Certification is awkward, and doesn't by itself remove any concerns about the binary nature of affirming that an inspection did or did not occur. In my appraisals I regularly indicate either as a summary of the process or in the description of the scope of work the circumstances of when, where, and how any inspection took place, who performed the inspection and who was present during the inspection, along with any limiting conditions. If an inspection was not carried out, I indicate why this was so. So the extent, type and circumstances under which an inspection did or didn't take place are usually disclosed elsewhere in the report, and the language in the Certification informing the reader that this has been disclosed elsewhere seem repetitive and not simply declarative. Can I suggest that a direction indicating where in the report a detailed description of the inspection may be found would be more helpful. For example: 'As described in the (Scope of Work / Letter of Transmittal / other), I affirm that the property that is the subject of this report has (or has not) been inspected'.

Many thanks,  
Ken Forsyth ISA, AM

**Sent:** 12/28/2020 2:32:35 PM

"analyze all sales and other transfers"

In my opinion "other transfers" is too open and will require open ended and possible unwarranted scrutiny and accusation of technical error. The wording listing and sales is sufficient.

The transfer history is already being reviewed for by an appraiser and the expectation to review every recorded change and comment on ones that are meaningless such as a simple name change or transfer in and out of trust only clouds the purpose of this task and creates further work. Meaningful commentary will be possibly overshadowed by meaningless canned statements or overwhelm the reader by transfers that are unimportant. Why not let the appraiser continue to decide what is meaningful and to report as it relates to prior transfers and decided what is useful for the Intended User? This also creates additional burden on Non-Disclosure states.

It is unclear in the Rationale what exactly adding the wording "other transfers" is going to accomplish and how it the requirement will lend itself to a better report.

Less is more often times and in this case the requirement to analyze prior listings and sales is sufficient. Why not leave this up to each State to add additional requirements, or wording, if they deem necessary and tailor it to their individual markets, laws and rules? Why not continue to let the appraiser review and comment on the transfers that matter or are relevant rather than comment on every transfer?

**From:** Andrew Dervan <dervan14@yahoo.com>

**Sent:** 1/14/2021 2:04:57 PM

4th exposure draft highlights were reviewed on January 14th webinar I have great concerns regarding the changes to the language regarding signature. The new language is confusing. What is the real meaning "affix a signature"? What is "a signature"? Andrew H. Dervan Pointe Clock Appraisal

Andrew Dervan  
Pointe Clock Appraisal  
dervan14@yahoo.com

Memo to: Appraisal Standards Board  
Wayne R. Miller, chair

From: Brian J. Flynn, MAI, AI-GRS  
Real Estate Appraiser

RE: Fourth Exposure Draft for proposed changed for the 2022-2023 edition of USPAP

Date: January 18, 2021

Sent via email: [ASB@appraisalfoundation.org](mailto:ASB@appraisalfoundation.org)

In regard to the Fourth Exposure Draft, some of the changes proposed seem viable and logical. However, I have some concerns with some of the proposed changes. Only the concerns are outlined below.

**1<sup>st</sup> Issue – page 6, lines 4 & 5**

Revisions for Standards Rule 2-2(a)(viii) (regarding the inspection of the subject property “and if so, state the date(s), type, and extent of the inspection and state the party or parties who conducted the inspection.”

**Background:**

It is common for appraisers to state what their inspection consisted of – exterior only, exterior & Interior within the scope of work, but it was never required to put the date of the inspection (could be included if the appraiser so desired). It also was not uncommon for appraisers to inspect the property more than once, especially if the appraisal was for litigation purposes.

**Issue**

Adding the requirement of including the date(s) could possibly cause issues for appraisers especially if they are testifying on a case.

Example – if one inspected a property multiple times but the inspections were at different levels; in the past (when I had completed multiple inspections) I would state in the scope of work I inspected the interior and exterior of the subject property (all that was required). However, I would have inspected the interior & exterior only once or twice. But I may have inspected the exterior 2-3 more times either prior to or subsequent to the report being completed but prior to testimony (a lot of litigation work drags on for years – so as it got close to depositions and court – I would inspect the property a couple of times to refresh my memory).

Under the new requirement, this would require citing the various dates. It is unclear if the type and extent of each inspection would be required. For discussion purposes, I am assuming that type and extent for each inspection is now required. So now the inspection statement would be something like: I inspected the subject property as follows:

11/2/2020

Interior/exterior inspection

12/5/2020	exterior inspection
1/5/2021	interior/exterior inspection
1/7/2021; 1/10/2021; 1/14/2021	exterior inspection

Not only is this cumbersome for the appraiser – but what if I forgot a date that I did an exterior inspection (like 1/11/2021) and the attorney on the other side knew I inspected it on that other date (informed by property owner). The questioning could open up “concerns” with the appraisal – a sharp attorney would follow up with (assuming you say you forgot) – what else did you “forget” or leave out of the report? It is also possible that on one of the dates listed for exterior inspection I also managed to do some interior inspections (couple of units in shopping center) but did not disclose that in the report. Again, it leads to – didn’t you also see the inside of unit 101 on that date as well? When answered in the affirmative, it opens up to why didn’t you state that? I forgot. What else did you forget or neglect to inform the court?

This simple requirement could cause the attorney and appraiser to “go down the rabbit hole” and start to undermine the credibility of the appraiser – all because USPAP now required “the date(s), type and extent of inspection.” How many inspections I made of the subject property is typically not relevant to the valuation conclusion, but with the credibility now in question, the validity of the value conclusion is also in question.

In regard to “type” (of inspection) – who is going to define these terms? As an example:

Exterior only inspection –

Does this mean I viewed the property from the road right of way?

Viewed from the road right of way and Google earth satellite view?

Viewed from the road right of way, drone footage, and Google earth satellite view?

Clearly, terms can be interpreted differently by different appraisers. The term used as an example (exterior only) only touches on the issues/concerns that could be raised by this new requirement. Consider also – Individual appraisers might have a different opinion as to what constitutes an interior inspection – as an example – on an apartment complex: One appraiser might be satisfied with inspecting one unit of each type; another appraiser might consider the minimum level a percentage of the units (say 10% of the units 125 units = 12-13 units); a third appraiser might be satisfied inspecting all the vacant units. Where this has always been left up to the appraiser’s judgment, if you start classifying the “type” of inspection, then you will have to define the terms used as the utilization of the terms can be interpreted differently by different appraisers.

### **Recommendation**

Adding this requirement does nothing to improve an appraisal report. In my opinion, the Foundation should not make the change. It adds nothing to the validity of the valuation and just provides a possible stumbling block for appraisers – especially appraisers involved in litigation.

In the alternate, if the board still feels it is necessary to make a change consider this as the change:

“and if so, the extent of the inspection and state the party or parties who conducted the inspection.”

This statement would allow the appraisers to put forth who inspected the property and what was entailed in the inspection. It does it without the pitfalls of dates and type of inspections.

**2<sup>nd</sup> Issue – page 16, lines 205-212**

Revisions for Standards Rule 2-3, Certification. (also can apply to all the certification changes)

I don't see the need for this change.

The old statement:

"I have (or have not) made a personal inspection of the property that is the subject of this report."

New statement:

"I have disclosed in this report whether or not the property that is the subject of this report was inspected."

Or

"....state the date(s), type, and extent of the inspection....."

What exactly is the foundation trying to accomplish?

Couldn't the same thing be accomplished by just removal of the word "personal"?:

"I have (or have not) made an inspection of the property that is the subject of this report."

**3<sup>rd</sup> Issue – page 32, line 14**

Revisions for Standards Rule 3-3, Appraisal Review Methods (line 841-842)

"When the assignment includes the reviewer developing ~~his or her own~~ a value opinion ~~of value~~ or review opinion, the following apply:"

Although I don't really object to the change, when I read the change it became obvious that the way the standard is written the impression is given that an opinion of value is separate to a review.

In practice, when a reviewer is developing an opinion of value – it is as part of the review. More often than not, the two sections of the review are written separately, however, the opinion of value is still an integral part of the review.

The confusion is in the use of the word "or".

Suggested change:

"When the assignment includes the reviewer developing ~~his or her own~~ a value opinion ~~of value~~ or as part of a review opinion, the following apply:"

I appreciate the Appraisal Foundation considering these comments as well as the attempts to improve USPAP. I have one final suggestion, which I do not know if the Appraisal Foundation can have input on or not. In order to make the appraisal profession one of "high integrity", the Appraisal Foundation should concentrate on increasing the punishments for appraisers who willfully write misleading appraisals / valuations (be it overstating the value or understating the value – for the benefit of their



client). This would help accomplish the goal of eliminating “bad appraisers” from the profession. As it stands now, once one appraiser is caught for violating USPAP and loses their license (typically losing it in the state where the offense occurred, but not the other jurisdictions where a license is held), there is another appraiser who is willing to take over that work (seemingly the next day).

Perhaps the enforcement needs to be on the National level to ensure uniform application of USPAP as well as having the punishment stop the appraiser from continued abuse (by suspending or revoking the license in all jurisdictions as opposed to only losing one license).

If we eliminate the majority of the appraisers who are giving the profession a “black eye”, then the rest of the profession will benefit.



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January 29, 2021

Mr. Wayne R. Miller  
Chair, Appraisal Standards Board

RE: Fourth Exposure Draft of Proposed Changes for the 2022-23 edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP)

Dear Chairman Miller:

Hello ASB members and Foundation staff. First, as always, a sincere thanks for your dedication and support of the appraisal profession. You are greatly appreciated.

I have reviewed the Fourth Exposure Draft of Proposed Changes for the 2022-23 edition of USPAP. I wish to share the following two areas of concern regarding the proposed revisions:

**Section 1, lines 1-5** (e.g., Standards Rule 2-2(a)(viii))

- “summarize the scope of work used to develop the appraisal, including but not limited to, indicating whether or not the property that is the subject of the appraisal was inspected;
- and, if so, state the date(s), type, and extent of the inspection and state the party or parties who conducted the inspection;”

I do not understand this proposed edit. This new proposed requirement is in the section where the appraiser discloses *their* scope of work. **If an inspection was performed by another party, it is not part of the appraiser’s scope of work.** This section should reflect what the appraiser, not other parties, did (and possibly did not do) as part of their scope of work.

Further, I fully understand the legacy of the “personal inspection” item required in the certification. However, I am mystified by the apparent desire to place even greater prominence on this one aspect of collecting property data characteristics, especially considering that USPAP does not even require an inspection. Additionally, the appraiser is not required to disclose the source of information obtained regarding the subject property’s zoning, year built, flood zone status, roofing evaluation, soil or environmental engineer’s reports, etc. So not only does the personal inspection disclosure already have greater prominence than identifying the source of other very important physical characteristics, but now a more detailed disclosure of the inspection will be necessary, requiring the appraiser to disclose the “type and extent” of the inspection? Again, this special treatment of the inspection component is inconsistent with other parts of the collection of property characteristics.



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I believe support for this proposal may come from those residential real estate appraisers who feel threatened by “hybrid” assignments. What other rationale would require an appraiser to go to such extraordinary measures to provide information about the inspection? The name of the inspector? The type and extent of the inspection? (also, what are the differences between “type” and “extent”?) Yet the appraiser is not even required to provide the name of a soils engineer, let alone the type and extent of their analysis? These inconsistent expectations for varying sources of property characteristics is unnecessary, since the appraiser has to reasonably believe the information they obtain is reliable.

I also believe the ASB should consider that future inspections may not even be performed by a person. With the advent of *existing* technology that may “perform” an inspection, who would the appraiser disclose as having performed the inspection? What would the type and extent be? Or, if the appraiser uses such technology themselves, does that mean the appraiser performed the inspection? For these reasons, I believe this proposed revision is shortsighted, and if adopted, could ultimately result in an embarrassment to the ASB if an increased use of technology requires an “undo” of this requirement in a not-too-distant future edition of USPAP.

I respectfully ask, is the ASB’s goal to provide appraisers with flexibility on how they perform their assignments? Or is it to protect a certain population of appraisers who are unable to extricate themselves from the type of small thinking that could ultimately render them irrelevant? Because of my history with The Appraisal Foundation, I believe it’s the former, not the latter. This is evidenced by former ASB actions, such as eliminating “Limited” and “Complete” appraisals under the Departure Rule, and creating the more broad and flexible Scope of Work Rule. It would behoove the ASB to remember the multitude of compliments it received for making that change, and I strongly encourage that same type of broad approach to all future USPAP requirements.

**Section 6, lines 396-399** (Definition of “Assignment Results”)

**“ASSIGNMENT RESULTS:** ~~An~~ appraiser’s opinions or conclusions related to the subject of the assignment, not limited to value, that were developed when performing an appraisal ~~assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.~~

Comment: Physical characteristics are not assignment results.”

The ASB is proposing to revise this crucial term in USPAP again, as was done for the current edition of USPAP. One concern is the lack of clarity over the intent of the language. Just what does, “related to the subject of the assignment” mean? Remember, when USPAP is published the rationale is not published with it. So, the thinking might be, “We can create guidance to



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[www.clearcapital.com](http://www.clearcapital.com)

explain the intent.” I submit that if guidance were necessary to properly understand the intent, the proposed definition isn’t ready for adoption.

My other related concern about this proposed change is one of process. Proposed revisions to USPAP benefit greatly from exposure to the public for comments on the proposals. However, this particular proposal wasn’t exposed until the Fourth Exposure Draft. If this proposed revision is really change worthy, why wasn’t it exposed any earlier? The term “Assignment Results” is used 456 times in the 2020-21 USPAP publication, which, in and of itself, highlights the importance of the term. Proposing anything more than a minor, administrative-type edit to the definition in the Fourth Exposure Draft should be a non-starter. Again, such a hasty move could become a potential embarrassment for the ASB.

Thank you for your careful consideration of these matters. I hope the tone of my comments isn’t viewed as negative as much as passionate. I personally believe it is imperative for the ASB to be well-respected if our profession is to be well-respected, and I offer my comments in that vein.

If there are any questions or if I can provide additional clarification, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "John S. Brennan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John S. Brennan  
Chief Appraiser

[John.Brenan@clearcapital.com](mailto:John.Brenan@clearcapital.com)



February 3, 2021

Wayne R. Miller, Chair  
Appraisal Standards Board  
The Appraisal Foundation  
1155 15th Street, NW, Suite 1111  
Washington, DC 20005

Submitted to: <https://www.surveymonkey.com/r/ASBComments>

RE: Comments on Fourth Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice

Dear Mr. Miller:

On behalf of the Appraisal Institute, the Professional Standards and Guidance Committee ("PSGC") submits the following comments on the ASB's Fourth Exposure Draft of Proposed Changes for the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice.

The Appraisal Institute's comments will address the proposed changes to real property standards only.

**General Comment – Next Edition of USPAP**

In preparing this comment letter the Appraisal Institute has carefully considered the proposed revisions to the 2022-23 edition of the Uniform Standards of Professional Appraisal Practice as a whole. While the Appraisal Institute appreciates the time and effort put forth by the ASB, the Appraisal Institute does not agree with many of the proposed revisions and does not believe that the remaining proposed revisions in this Fourth Exposure Draft warrant the approval of a new edition of USPAP. The Appraisal Institute urges the ASB to consider extending the life of the current edition of USPAP for at least another year or until substantive revisions are exposed and adopted.

Extending the life of the current edition of USPAP would benefit appraisers, regulators, and the public trust. Extending the life of the current edition of USPAP would also allow the ASB to further consider such options as moving to a single reporting option that sets minimum reporting requirements.

**Specific Comments - Section 1: New Requirement for including Inspections in Scope of Work reporting**

*Exposure Draft Lines 1-28*

The proposed revisions to Standards 2 and 4 are contained in lines 1 through 28 of the Exposure Draft. The ASB states that this major change is being proposed "to expand the scope of work reporting...so that appraisers are required to disclose whether or not an inspection was performed".

The proposed revisions are:

Standards Rule 2-2(a)(viii)

summarize the scope of work used to develop the appraisal, **including but not limited to, indicating whether or not the property that is the subject of the appraisal was inspected:**

- **and, if so, state the date(s), type, and extent of the inspection and state the party or parties who conducted the inspection:**

The Appraisal Institute believes that with these proposed changes the Standards Rules that require scope of work disclosure will place too much emphasis on property inspection. Scope of work is much broader than whether and how the property was inspected; scope of work also includes the type and extent of data researched, and the type and extent of analyses applied to arrive at opinions and conclusions. With these proposed changes these other facets of scope of work will be diminished.

The Appraisal Institute further believes that for review reports (lines 17-28) of the Exposure Draft, the emphasis on property inspection is way out of proportion.

**Specific Comments - Section 2: Other Reporting Requirements**

*Exposure Draft Lines 85-107*

The ASB states that the proposed revisions in these lines are a rewording of the introductory paragraph in Standard Rules 2-2 and are meant to add simplicity and clarity and do not introduce material changes.

While the Appraisal Institute has no objection to these revisions, we do not believe that such non-material rewording is necessary to advance the goal of promoting and maintaining public trust in appraisal practice or that such non-material rewording warrants a new edition of USPAP.

*Exposure Draft Lines 109-112 and 126-129*

In these lines the ASB is proposing revisions to the Comments to Standards Rule 2-2(a)(ii) and Standards Rule 2-2(b)(ii) which include the deletion of the phrase “in order to satisfy disclosure requirements” from the Comments to Standards Rule 2-2(a)(ii) and Standards Rule 2-2(b)(ii).

Comment: A ~~party recipient receiving a copy~~ of an Appraisal Report ~~in order to satisfy disclosure requirements~~ does not become an intended user of the appraisal **report** unless the appraiser identifies such ~~party recipient~~ as an intended user as part of the assignment.

The ASB states that “While the phrase was intended to provide explanation, it might be interpreted as limiting the applicability of the Comment. Therefore, for the sake of clarity, the ASB is proposing to remove it”.

In its comments on the Third Exposure Draft, the Appraisal Institute stated that it was in favor of deleting “in order to satisfy disclosure requirements.” We are still in favor of that change.

However, the ASB is now also proposing to change “a party receiving a copy” to “recipient.” We believe this would only create further confusion about the meaning of “intended user.” We are not in favor of this proposed change. The language is clearer the way it currently exists.

**Specific Comments - Section 3: Proposed Revision to Two Sentences of the PREAMBLE**

*Exposure Draft Lines 191-204*

In this section the ASB proposes changes to two sentences of the PREAMBLE.

The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. It is essential that appraisers **perform assignments with impartiality, objectivity, and independence and without accommodation of personal interests.** ~~develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading.~~ **Appraisers are expected to develop credible analyses, opinions, and conclusions and communicate them to intended users in a manner that is meaningful and not misleading.**

The Appraisal Standards Board promulgates USPAP for both appraisers and users of appraisal services. The appraiser's responsibility is to protect the overall public trust and it is the importance of the role of the appraiser that places ethical **and competency** obligations on those who serve in this capacity. USPAP reflects the current standards of the appraisal profession.

The ASB's rationale for the first proposed change is to "underline the distinction between the task of developing credible assignment results and the separate task of communicating the appraisal in a manner that is meaningful and not misleading".

The Appraisal Institute opposes these edits and believes the Preamble is fine as is. The underlying Ethics and Standards rules are not changing. These proposed changes do not in any way serve to increase the public trust in USPAP. In fact, the proposed edits may serve to reduce the public trust. For example, the first sentence of the Preamble states that USPAP establishes requirements, however the proposed second and third sentences do not make similarly strong statements. The second sentence states that "it is essential that appraisers..." not "appraisers must..." or "USPAP requires..." which would be stronger statements. The third sentence states "Appraisers are expected to..." not "Appraisers must...." or "USPAP requires..." which would be stronger statements.

Further, adding "and competency" at line 203 takes the focus away from "ethical", and being ethical is the key point of this sentence. There is no reason to mention "competency" here.

**Specific Comments - Section 4: Proposed Changes to the Certification Language, Clarifications about Signing the Certification, and Edits to the Wording of Standards Rules 2-3, 4-3...**

*Exposure Draft Lines 205-223*

In this section the ASB is proposing a major and completely unnecessary change to the language in Certifications:

**STANDARDS RULE 2-3, CERTIFICATION**

**— I have disclosed in this report whether or not the property that is the subject of this report was inspected.** ~~I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)~~ **(In lieu of this sentence, the Certification may state the date(s), type, and extent of the inspection as well as the party or parties who conducted the inspection.)**

**STANDARDS RULE 4-3, CERTIFICATION**

**— I have disclosed in this report whether or not the property that is the subject of the work under review was inspected associated with the review.** ~~I have (or have not) made a personal inspection of the subject of the work under review. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the subject of the work under review.) (For reviews of a business or intangible asset appraisal assignment, the inspection portion of the certification is not applicable.)~~ **(In lieu of this sentence, the Certification may state the date(s), type, and extent**

**of the inspection associated with the review, as well as the party or parties who conducted the inspection.) (For the review of a business or intangible asset appraisal assignment, the inspection portion of the certification is not applicable.)**

As noted above and in previous comments, this proposed change is completely unnecessary and would create more problems than it would resolve.

- If there was the appropriate disclosure in the report, then it is in the report. There is no need to certify that the disclosure is in the report. If it is there, it is there. If it is not, it is not, and USPAP already says that is unacceptable.
- The certification statement would cause reports to be redundant on the issue of the appraiser's inspection. It is inappropriate for USPAP to require redundancy in reports.
- There may be circumstances in which the appraiser has BOTH inspected the property AND relied on information from another party's inspection. The proposed language would create confusion as to how such circumstance should be handled.
- If the appraiser has relied on information about the subject property from another party, the proposed language *allows* – but does not *require* -- the report certification to include "the date(s), type, and extent of the inspection associated with the appraisal/review, as well as the party or parties who conducted the inspection." This is a large amount of documentation to be placed in a report certification, and in practice would be unworkable, especially when form reports are being used.
- The proposed language will cause confusion in that it *allows* but does not *require*. Standards should be written so that they are clear prohibitions or requirements, not possibilities.
- There is no benefit to either the profession or to the public trust that is created through this proposed change. In addition, this is the type of change that could cause a lot of unintended harm. An appraiser could mistakenly use a form that does not include the updated certification statement and subsequently be charged with violating a Standards Rule by a State Appraisal Board.

We strongly urge the ASB to consider the seriousness of making changes to certification requirements. The last revision, the addition of the requirement to certify about prior services, was very upsetting to practicing appraisers, caused a great deal of confusion, and resulted in unnecessary disciplinary actions.

*Exposure Draft Lines 241-285*

The ASB is also proposing revised language in Standards Rules 2-3(b) and 2-3(c) and 4-3(b) and 4-3(c) related to signing the certification. The ASB states that the proposed revisions will make clear that USPAP does not specify a particular method for signing a certification. The ASB notes that while some consider the existing definition of signature sufficient to encompass all types of signatures, the ASB believes that the proposed expanded wording will help ensure that there is no misunderstanding.

2-3(b) An appraiser who affixes a signature to sign any part of the appraisal report, including a letter of transmittal, must also affix a signature to sign a certification.

Comment: In an assignment that includes only assignment results developed by the real property appraiser(s), any appraiser who affixes a signature to sign a certification accepts full responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal report. In an assignment that includes personal property, business or intangible asset assignment results not developed by the real



property appraiser(s), any real property appraiser who ~~affixes a signature to sign~~ a certification accepts full responsibility for the real property elements of the certification, for the real property assignment results, and for the real property contents of the appraisal report.

2-3(c) When a signing appraiser has relied on work done by appraisers and others who do not ~~affix a signature to sign~~ the certification, the signing appraiser is responsible for the decision to rely on their work.

(i) The signing appraiser ~~is required to~~ **must** have a reasonable basis for believing that those individuals performing the work are competent; and

(ii) The signing appraiser must have no reason to doubt that the work of those individuals is credible.

Comment: ~~Although~~ **While** a certification must contain the names of individuals providing significant real property appraisal assistance, ~~it is not required that a summary the disclosure~~ of the extent of their assistance **may** be located in a certification. ~~This disclosure may be~~ in any part(s) of the report.

4-3(b) A reviewer who ~~affixes a signature to sign~~ any part of the appraisal review report, including a letter of transmittal, must also ~~affix a signature to sign~~ a certification.

Comment: Any reviewer who ~~affixes a signature to sign~~ a certification accepts responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal review report.

Appraisal review is distinctly different from the cosigning activity addressed in Standards Rules 2-3, 6-3, 8-3, and 10-3. To avoid confusion between these activities, a reviewer performing an appraisal review must not ~~affix a signature to sign~~ the work under review unless he or she intends to accept responsibility as a cosigner of that work.

4-3(c) When a signing appraiser has relied on work done by appraisers and others who do not ~~affix a signature to sign~~ the certification, the signing appraiser is responsible for the decision to rely on their work.

(i) The signing appraiser ~~is required to~~ **must** have a reasonable basis for believing that those individuals performing the work are competent; and

(ii) The signing appraiser must have no reason to doubt that the work of those individuals is credible.

Comment: ~~Although~~ **While** a certification must contain the names of individuals providing significant appraisal or appraisal review assistance, ~~it is not required that a summary the disclosure~~ of the extent of their assistance **may** be located in a certification. ~~This disclosure may be~~ in any part(s) of the report.

While the Appraisal Institute sees some merit in these proposed revisions the Appraisal Institute believes that these proposed changes are relatively minor and could be better addressed through guidance.

The Appraisal Institute further notes that replacing the word “sign” with “affix a signature” could be awkward and confusing especially when the proposed new definition of signature is considered

Regarding the proposed revisions in the Comments to Standards Rules 2-3(b) and 2-3(c) and 4-3(b) and 4-3(c) the Appraisal Institute suggests that the ASB consider moving the Comments to those Standards Rules out of USPAP so that it would be easier and quicker to provide clarity when a situation regarding guidance is identified.

#### **Specific Comments - Section 5: Disclosure Obligations section of the SCOPE OF WORK RULE**

*Exposure Draft Lines 374-375*

In this section the ASB is proposing that the first sentence of the Comment to the Disclosure Obligations section of the Scope of Work Rule be deleted

~~(Proper disclosure is required because clients and other intended users rely on the assignment results).~~

The Appraisal Institute is in favor of this proposed change.

#### **Specific Comments - Section 6: DEFINITIONS**

*Appraiser*

In lines 384-389 the ASB proposes reinstating the Comment to the definition of “Appraiser”:

APPRAISER: one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective ~~(footnote)~~.

**Comment: Such expectation occurs when individuals, either by choice or by requirement placed upon them or upon the service they provide by law, regulation, or agreement with the client or intended users, represent that they comply.<sup>1</sup>**

Footnote 1: See PREAMBLE and Advisory Opinion 21, *USPAP Compliance*

The Appraisal Institute is not in favor reinstating the Comment into USPAP. The ASB states that it is proposing this action to help clarify that there has been no conceptual change in this definition, however, a better way to achieve such clarification may be to leave the definition as is. Changing the definition of appraiser every two years does not instill confidence.

In addition, the current footnote to the definition identifies the Preamble and Advisory Opinion 21 as resources for additional information. The Preamble and Advisory Opinion 21 are much better sources than the proposed Comment for relevant information. The proposed Comment restates in different language some of the content from the Preamble and Advisory Opinion 21 and thereby is more likely to cause confusion not clarity.

*Assignment Elements*

In lines 390-395 the ASB proposes the following changes to the definition of “Assignment Elements”

ASSIGNMENT ELEMENTS **(for an appraisal):** ~~Specific information needed to identify the appraisal or appraisal review~~ problem: client and any other intended users; intended use of the appraiser's opinions and conclusions; type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions **(Footnote 2).**

Footnote 2: For appraisal review assignments, see Standards Rule 3-2, Problem Identification.

The Appraisal Institute stated in its comments on the Second USPAP Exposure Draft and reiterated in its comments on the Third Exposure Draft that:

- A definition of Assignment Elements was only just adopted with the last edition of USPAP.
- There does not appear to be an issue here that cannot be addressed with guidance.
- Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle. Our best advice is to leave this definition alone”.

Also, we do not believe that the slight differences in the list of assignment elements applicable to an appraisal review (i.e., in an appraisal review the type of opinion is not a value, and an appraisal review does not have an effective date) are strong enough reasons to edit this definition at this time. There is more benefit in stressing the parallels between appraisal and appraisal review assignment elements than there is in emphasizing the differences.

#### *Assignment Results*

In lines 396-400 the ASB proposes the following changes to the definition of “Assignment Results”:

ASSIGNMENT RESULTS: ~~An appraiser's opinions or conclusions~~ **related to the subject of the assignment**, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.

This ASB states that this revision is needed because:

... the definition of *Assignment Results* affects the long-standing practice of appraisers sharing data with peers. Appraisers are expected to act in good faith with regard to legitimate interests of the client in the use of confidential information and in the communication of assignment results. With the evolution of technology, the ASB has received a number of inquiries about sharing information. One of the key questions is whether opinions and conclusions about sales may be shared as long as these judgments are not relative to the subject property. In single-family residential real property appraisal practice, for example, with the introduction of the Uniform Appraisal Dataset (UAD) protocols by the GSEs, each sale is rated with discrete opinions such as quality and condition. These quality and condition ratings do not relate to the subject property and thus would not constitute *Assignment Results*.

The Appraisal Institute believes that the proposed revisions are a major change to the definition and that the proposed revisions would cause much confusion as to whether a particular opinion or conclusion is “related to the subject of the assignment” or is not “related to the subject of the assignment”.

Further, the Appraisal Institute believes that it is inappropriate for the ASB to propose this major change to a very important definition only now in the Fourth Exposure Draft. The definition of “assignment results”, along with the definition of “confidential information”, determine what information the appraiser must keep confidential. The appraiser has significant confidentiality obligations under the ETHICS RULE. We believe that if a change is going to be made to this key definition, the language must be unambiguous.

The Appraisal Institute believes that the definition is fine as is and if people do not understand it properly guidance can be issued.

*Intended User*

In lines 401-403 the ASB proposes the following changes to the definition of “Intended User”:

**INTENDED USER:** the client and any other party as identified, by name or type, as users of the appraisal report or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.

The Appraisal Institute does not see a rationale for this minor proposed revision, which amounts to no more than an administrative edit. Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle. Our best advice is to leave this definition alone.

*Misleading*

The ASB proposes deleting the definition of “Misleading”:

The Appraisal Institute agrees with this proposed change, however, the Appraisal Institute believes that quicker action may be warranted. In a previous comment letter, the Appraisal Institute stated that:

The rationale notes that “Stakeholders expressed concern that a simple typographical error in a report could be viewed as misleading under the current definition” and that “the appraiser’s responsibility to avoid errors of both commission (intent) and omission (errors) are clear”. The Appraisal Institute sees no reason why such a potentially harmful term should be allowed to continue on to the next edition of USPAP and suggests that the ASB issue an appendix or bulletin removing this term immediately. Timely action on this matter would serve to promote and maintain public trust in appraisal practice.

*Inspection*

In Lines 404-410 the ASB proposes revising the definition of “Personal Inspection”:

**PERSONAL INSPECTION:**

~~a physical~~ **an** observation performed to assist in ~~identifying~~ **collecting information about** relevant property characteristics in a valuation service.

Comment: An appraiser’s inspection is typically limited to those things readily observable without the use of special testing or equipment. Appraisals of some types of property, such as gems and jewelry, may require the use of specialized equipment. An inspection by an appraiser is not the equivalent of an inspection by an inspection professional (e.g., a structural engineer, home inspector, or art conservator).

The Appraisal Institute sees multiple problems with this proposed language:

- The definition of “personal inspection” was introduced only recently, and it has been well received.
- The words “personal” and “physical” are helpful, because they make it clear that “you have to go there in person for it to be an inspection.” Why delete these words if they are helpful?
- Standards Rules (e.g., SR 1-2(e)) uses the phrase “identify characteristics”, not “collect information about.” Why add new words?

With these proposed changes, there is no need for a definition in USPAP of “inspection” at all, as it would no longer be any different from standard usage. The proposed revisions are minor; and there

does not appear to be an issue here that cannot be addressed with guidance if needed. Appraisers are tired of having to learn a multitude of tiny USPAP edits every cycle.

#### *Relevant Characteristics*

In Lines 411-412 the ASB proposes revising the definition of “Relevant Characteristics”:

**RELEVANT CHARACTERISTICS:** features that ~~may~~ affect a property's value or marketability such as legal, economic, or physical characteristics.

The Appraisal Institute continues to disagree with this proposed revision. The word “may” is needed here. At the point in the appraisal process when the appraiser is gathering information, the appraiser does not know whether it will affect value or not. In other words, information may still be relevant even if it does not end up affecting value.

#### *Signature*

In Lines 413-415 the ASB proposes revising the definition of “Signature”:

**SIGNATURE:** personalized evidence using a generally-accepted method to authenticate ~~indicating authentication of the work performed by the appraiser and~~ to accept ~~the acceptance of the responsibility for~~ the content, analyses, and the conclusions in the report

The Appraisal Institute believes that the current definition of “signature” is sufficiently clear and that the proposed revision will only add confusion. The current phrase “personalized evidence indicating authentication of the work...” is clearer and more grammatically correct than the proposed phrase “personalized evidence using a generally-accepted method to authenticate the work...”

Clarifications about what constitutes a “signature” should be handled through guidance, where examples could be provided and discussed.

#### *Significant Appraisal (or Appraisal Review) Assistance*

In Lines 416-418 the ASB proposes adding a definition of “Significant Appraisal (or Appraisal Review) Assistance”:

**SIGNIFICANT APPRAISAL (or APPRAISAL REVIEW) ASSISTANCE: assistance that affects the assignment results and is provided by another appraiser explicitly in support of a particular assignment.**

The Appraisal Institute recommends that this definition not be adopted. As stated in comments on the Second USPAP Exposure Draft:

The Appraisal Institute does not believe that this proposed definition is necessary as Advisory Opinion 31 already provides guidance as to what constitutes significant appraisal assistance.

The Appraisal Institute further notes that this definition cannot be understood without additional guidance.

#### *“State” and “Summarize”*

In Lines 419-421 the ASB proposes adding definitions of “State” and “Summarize”:

**STATE: to report with a minimal presentation of information.**

**SUMMARIZE: to report more extensively than a mere statement but more concisely than a comprehensive description.**

The Appraisal Institute recommends that these definitions not be adopted. As noted in comments on the Second USPAP Exposure Draft:

The Appraisal Institute does not believe that these proposed definitions are necessary as Advisory Opinion 38 already provides guidance as to the difference between “state” and “summarize.”

If the ASB is going to adopt definitions of the terms “State” and “Summarize” we would be OK with the proposed definition of State” but would be more in favor of the proposed definition of “summarize” from the Second Exposure Draft:

**SUMMARIZE: to report with more detail than a minimal presentation of information.**

**Specific Comments - Section 7: Other Edits to Improve Clarity of USPAP**

*Exposure Draft Lines 422-437*

The ASB proposes revising SR 1-5, and SR 2-2 as follows:

**STANDARDS RULE 1-5, SALE AGREEMENTS, OPTIONS, LISTINGS, ~~AND~~ PRIOR SALES, AND OTHER TRANSFERS**

When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business:

- (a) analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and
- (b) analyze all sales and other transfers of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

...Standards Rule 2-2

- (a)(x)(3) summarizing the results of analyzing the subject sales and other transfers, agreements of sale, options, and listings in accordance with Standards Rule 1-5;
- (b)(xii)(3) summarizing the results of analyzing the subject sales and other transfers, agreements of sale, options, and listings in accordance with Standards Rule 1-5; and

The Appraisal Institute recommends that the ASB not adopt this revision. The ASB’s rationale states that proposed addition of the term “transfer” is “not intended to create a new requirement” and that it is intended to give “greater clarity to an existing requirement”.

The Appraisal Institute believes that adding the word “transfer” to SR 1-5, and SR 2-2 is more than a clarification, it is a new requirement:

- The proposed revisions create a new requirement for appraisers – A requirement to identify and analyze information that may not include a sale. A sale of a property involves the offer and acceptance of consideration in return for the property in question, whereas, a transfer of a property is an ownership change, often accomplished by the recording of a new deed. An inter-

spousal transfer or a quitclaim because of a divorce have no relevance to the valuation process, for example.

- The word “transfer” does not appear anywhere in the current edition of USPAP. The word currently appears in guidance materials such as Advisory Opinions which do not establish new standards or interpret existing standards and FAQs which also do not establish new standards or interpret existing standards.

The Appraisal Institute suggests the ASB address any confusion about the types of transactions that require consideration under Standards Rule 1-5 through guidance material, specifically Advisory Opinion 1.

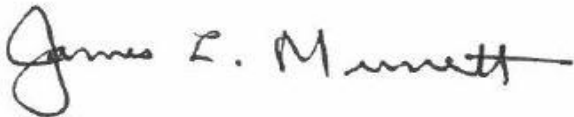
The Appraisal Institute further suggests that given that this proposed change is a major new requirement it needs to be considered more thoroughly and not minimized as a mere clarification.

#### **Section 8: Style Updates to Pronoun Usage**

In its rationale for these proposed revisions the ASB stated that these changes are being proposed to bring the Standards up to date with current usage. The Appraisal Institute recognizes that styles and acceptable usage may change over time, and while it appears that the current usage of pronouns is an issue that is still in flux and has not yet been settled, we do not have any objections to the proposed revisions that appear in the Fourth Exposure Draft. We appreciate the additional information regarding the proposed revisions in the Fourth Exposure Draft which better fleshed out the proposal made in the Third Exposure Draft.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "James L. Murrett". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

James L. Murrett, MAI, SRA  
Professional Standards and Guidance Committee, Chair

**From:** Alfred Benjamin <office@benj401.com>

**Sent:** 2/5/2021 2:06:33 PM

AO-2 lines 40-42: The use of a drone may be a critical tool for some appraisers who, for example, value large acreage properties. However, just as viewing photographs of a house does not constitute a personal inspection by the appraiser, neither does viewing recordings of aerial photography.

This is unclear. "The use of a drone may be a critical tool..." is a positive statement. This is followed by a "However, just as" which is a negative statement which is unclear. There should be a definitive statement such as, "The use of a drone may be a critical tool for some appraisers who, for example, value large acreage properties. This technology is allowed when the appraiser is present and viewing the live drone footage."

Alfred Benjamin  
Benjamin Appraisal Services  
office@benj401.com



**From:** Paige Hodson <paigeh@alaska.net>

**Sent:** 2/1/2021 4:40:56 PM

The Confidentiality Rule needs re-working. It is so vague that some of its interpretations can be truly absurd in real world practice:

“An appraiser must not disclose: (1) confidential information; or (2) assignment results to anyone other than: the client; persons specifically authorized by the client; state appraiser regulatory agencies; third parties as may be authorized by due process of law; or a duly authorized professional peer review committee ...”

AI instructors have conflated this to mean that residential appraisers can not share information as to quality, condition and functionality of the (interior) of the property, either arguing that such information is "confidential" or "assignment results". If they are wrong, this is a problem, but if they are right in their interpretation, it is a much bigger problem. Such information is crucial to the appraisal process and this has resulted in weakening our data sources. In fact, FNMA does not allow us to accept COVID19 exterior assignments unless we have a good basis in fact for such information.

Paige Hodson  
Paige R. Hodson, SRA  
paigeh@alaska.net

**From:** Gordon Oslund <gordy@appraisalservicesmankato.com>

**Sent:** 2/1/2021 11:13:54 AM

In the definition of inspection, the word observation is used. It seems that appraisers and home/building inspectors could be identified clearer by using the word observation for appraisers instead of inspection. As an appraiser, I am not an inspector and would like to get away from the confusion. Please consider replacing the word inspection with observation throughout USPAP .

Thank you for your consideration.

Gordon Oslund

gordy@appraisalservicesmankato.com

**From:** Mark Pope <mark.pope@state.co.us>

**Sent:** February 10, 2021

> Standards Rule 4-2(g) state the scope of work used to develop the appraisal review, including but not limited to, indicating whether or not the property that is the subject of the work under review was inspected associated with the review -- Comment: "associated" is short but awkward. Suggest "was inspected in association with..." or "was inspected in connection with...". See "associated" also Line 214.

> Lines 109-112: I suggest that the term "recipient" does not solve the problem of a "party receiving a copy of an Appraisal Report." Recipient as a word relates directly to receive. If I am a recipient I have received something, and if I have received something it implies that something was given to me rather than I obtained of my effort. I suggest neither "receiving a copy" or the word "recipient," but instead the phrase "a person (or party) in possession of an Appraisal Report"... This removes the receive and recipient problem. I might be in possession of an appraisal report I found on the street ... doesn't make me an intended user or a recipient who has received something (been given something). My suggestion holds true for any other use of receive or recipient in USPAP.

> I am not real keen on the proposed changes to "I have (or have not) inspected" a property. Seems more involved than necessary. It seems like Scope of Work and effective value date or other places are locations for providing further description about the degree/type of inspection conducted. Anyway, not a big deal, but I prefer the simplicity of the existing.

> Line 413: Insert at the beginning of the sentence: "A handwritten signature or other 'personalized evidence... The current description almost sounds obfuscating. Let's remind the reader about the good ol' fashioned signature at the outset.

> Lines 416-418: I'm not sure that to be significant the assistance must "affect" the assignment results..." or that it is only significant if provided by "another appraiser". What about support provided by an appraiser trainee not yet licensed, or someone else who is real estate knowledgeable -- can their assistance never be significant? I suggest "assistance that may affect" and I suggest "provided by another appraiser, an appraiser trainee or other knowledgeable person explicitly in support of..."

Mark Pope, MAI  
BA English and History  
MA Journalism

February 11, 2021

Appraisal Standards Board  
The Appraisal Foundation  
1155 15<sup>th</sup> Street, NW, Suite 111  
Washington, DC 20005

Mr. Wayne Miller, Chair, Appraisal Standards Board

TAF Advisory Council Appraisal Standards Board (ASB) Issues Committee (IC) is providing comments and recommendations addressing the ASB's 4<sup>th</sup> Exposure Draft for 2022-2023

A substantial portion of the 4<sup>th</sup> Exposure Draft is “carried over” from the 3<sup>rd</sup> Exposure Draft. In the fourth quarter of 2020 the Committee Chair and Vice Chair developed a questionnaire seeking agreement or disagreement with the 3<sup>rd</sup> Exposure Draft's proposed changes. The IC's comments on the 3<sup>rd</sup> Exposure Draft were principally directed to three parts: 1) expansion of materials necessary to communicate portions of the “inspection” process, 2) related to the Certification whereby today a statement is made addressing property “inspection”, and 3) definitions: “personal inspection” to “inspection”. As the 4<sup>th</sup> Exposure draft was published shortly after the 3<sup>rd</sup> Exposure Draft's closing of the comment period, the IC at that time provided a verbal report. This written report expands on comments related to the prior draft and the 4<sup>th</sup> Exposure Draft.

On January 21, 2021 TAF AC ASB IC held a zoom conference call-meeting. Comments included references to similar issues “carried over” from the 3<sup>rd</sup> Exposure Draft. Concerns were directed to the “inspection” statements requirement in both the Certification and Scope of Work.

By example, page 6, lines 4 & 5, the expansion of information related to dates, parties, and “depth” or “extent” of the inspection is a concern. Non-residential appraisers noted that multiple property observation with various third parties are far more frequent than for residential properties. First impression is that the change could become a “gotcha” section whereby inadvertent omissions and interpretation of the extent of details, and record keeping, may become problematic. This is especially an issue in litigation.

Appraisal Standards Board

February 11, 2021

This topic continues with page 16, lines 205-212, with a change in the certification whereby the current inspection statement is changed to be in-step with the “inspection’s” scope of work expansion.

Discussions included keeping the text the same except for the striking “personal”. Current certification statements apply to the report “as a whole”, while the proposed “inspection” change includes “I have disclosed in this report”. It is not consistent with the general scope of current certification statements.

Several IC committee members have extensive review experience. The change to the definition, page 32, line 14, is considered structurally incorrect with the implication of “value” and “review” as separate functions. Comments noted that a review may include a “value”, whereby the scope of work defines the level of detail or responsibility as part of the review. The consensus is that “value”, when presented, **is part of** the review. One suggested correction is striking “or” and adding text “as part of a”.

These comments and suggestions apply to all 4<sup>th</sup> Exposure’s Standards sections – real property, personal property and intangible items.

Sincerely,

*Steve Noble*

Steve Noble

TAF AC Appraisal Standards Board Issues Committee Chair

**Appraisal Subcommittee**  
*Federal Financial Institutions Examination Council*

February 18, 2021

Via Email: [www.surveymonkey.com/r/ASBComments](http://www.surveymonkey.com/r/ASBComments)

Appraisal Standards Board  
Wayne R. Miller, Chair  
The Appraisal Foundation  
1155 15<sup>th</sup> Street, NW  
Suite 1111  
Washington, DC 20005

RE: ASC Staff Comments on Fourth Exposure Draft of Proposed Changes  
for the 2022-2023 edition of the USPAP; Advisory Opinion 16

Dear Chair Miller,

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Appraisal Standards Board's (ASB) Fourth Exposure Draft of proposed changes for the 2022-2023 edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). The following comments reflect the opinions of the ASC staff, not necessarily the ASC or its member agencies.

We appreciate the work the ASB performs on behalf of appraisers, regulators, users of appraisal services and consumers. We remain concerned about the cadence of USPAP changes, the burden and cost these changes generate for appraisers and other stakeholders, and the nexus between USPAP changes and Foundation revenue. This is even more concerning when the same issues are revisited.

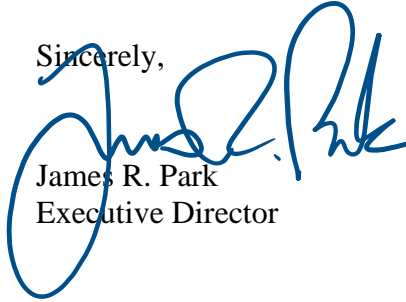
Industry opinion on the Fourth Exposure Draft appears to be mixed. We share similar concerns to those expressed by some stakeholders regarding the changes proposed in Section 1. Section 1 is largely in response to the increased use of hybrid or bifurcated appraisals where the inspection is provided by a third party. We appreciate the concerns some of these appraisal assignments may cause for appraisers. However, development of appraisal products to assist in this regard could be beneficial to the financial markets and appraisal profession in the future. Since USPAP does not require any inspection of the subject property, we ask that the ASB consider whether this is an area that needs increased regulation.

The proposed changes to DEFINITIONS, such as Significant Professional Assistance and Assignment Results, will likely pose potential downstream impacts on trainees and other areas of the profession. We encourage you to ensure that the proper research and analysis be completed.

We applaud TAF's and the ASB's commitment to diversity and inclusion. We ask that you consider lines 198-200 in the 2020-2021 USPAP. This language could be construed to allow the use of supported conclusions to justify discriminatory findings as an ethical act.

Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park", is written over the printed name and title.

James R. Park  
Executive Director

**From:** George LeMay <glemay@LeMaySchoolOfRealEstate.com>

**Sent:** Thursday, February 18, 2021 3:58 PM

**To:** ASB <ASB@appraisalfoundation.org>

**Subject:** Comments on Fourth Exposure Draft

**Comments on Fourth Exposure Draft**

Ad-Hoc Workgroup, Bow, NH

2/18/21

**Lines 1-8 (and similar for other changes through exposure draft section 1):**

There is no “escape hatch” for missing or unavailable information required in lines 4 and 5. For example, an appraiser performing a hybrid appraisal relies on information provided by a third party. In actual practice, the source of the inspection may be communicated only as a company and not an individual.

Is it adequate for the appraiser to note specific reporting detail(s) that weren’t available to them in the normal course of business, and what they did to attempt to obtain them?

If so, the option needs to be noted within the standard, as in the case of the comment for SR 2-2(a)(x)(3).

Regards,

Brian Bouthiette

Carol Hann

Claudia Darrow

Robert Jacobs

George LeMay

Judith Davis

Paul Doucette



22 – IAAO USPAP Advisory Task Force – Third Exposure Draft of Proposed Changes to 2022-23 USPAP

**From:** Jake Parkinson <jparkinson@tooeleco.org>

**Sent:** 2/17/2021 1:22:14 PM

The International Association of Assessing Officers (IAAO) USPAP Advisory Task Force is supportive of the changes in the Fourth Exposure Draft on Proposed Changes for the 2022-23 USPAP.

Respectfully,

Jake Parkinson  
Chair, IAAO USPAP Advisory Task Force