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**VIRTUAL/TELECONFERENCE  
REAL ESTATE APPRAISERS BOARD  
Virtual, 4822 Madison Yards Way, Madison  
Contact: Valerie Payne (608) 266-2112  
November 10, 2020**

*The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a description of the actions of the Board.*

**AGENDA**

**9:00 A.M.**

**OPEN SESSION – CALL TO ORDER – ROLL CALL**

- A. Adoption of Agenda (1-3)**
- B. Approval of Minutes of August 4, 2020 (4-5)**
- C. Conflicts of Interest**
- D. Introductions, Announcements and Recognition**
  - 1. New Member: David Wagner, Certified General Appraiser Member – 5/1/2022
- E. Administrative Matters – Discussion and Consideration**
  - 1. Department, Staff, and Board Updates
  - 2. Appointment of Liaisons
  - 3. Board Members – Term Expiration Dates
- F. Administrative Rule Matters – Discussion and Consideration (6)**
  - 1. Preliminary Rule Draft for SPS 85, Relating to Real Estate Appraisers (7-11)
  - 2. Scope Statement for SPS 85 to 87, Relating to Uniform Standards of Professional Appraisal Practice (USPAP) (12-13)
  - 3. Pending or Possible Rulemaking Projects
- G. Third Exposure Draft – 2022-2023 Uniform Standards of Professional Appraisal Practice (USPAP) – Discussion and Consideration (14-49)**
- H. COVID-19 – Discussion and Consideration**
- I. Division of Legal Services and Compliance Matters – Discussion and Consideration**
  - 1. Case Advisor Reviews via DSPPS Board SharePoint Site
- J. Report from the Real Estate Appraisers Application Advisory Committee**
- K. Discussion and Consideration of Items Added After Preparation of Agenda**

1. Introductions, Announcements and Recognition
2. Administrative Matters
3. Election of Officers
4. Appointment of Liaisons and Alternates
5. Delegation of Authorities
6. Education and Examination Matters
7. Credentialing Matters
8. Practice Matters
9. Legislative and Policy Matters
10. Administrative Rule Matters
11. Liaison Reports
12. Board Liaison Training and Appointment of Mentors
13. Informational Items
14. Division of Legal Services and Compliance (DLSC) Matters
15. Presentations of Petitions for Summary Suspension
16. Petitions for Designation of Hearing Examiner
17. Presentation of Stipulations, Final Decisions and Orders
18. Presentation of Proposed Final Decisions and Orders
19. Presentation of Interim Orders
20. Petitions for Re-Hearing
21. Petitions for Assessments
22. Petitions to Vacate Orders
23. Requests for Disciplinary Proceeding Presentations
24. Motions
25. Petitions
26. Appearances from Requests Received or Renewed
27. Speaking Engagements, Travel, or Public Relation Requests, and Reports

L. Public Comments

**CONVENE TO CLOSED SESSION to deliberate on cases following hearing (s. 19.85(1)(a), Stats.); to consider licensure or certification of individuals (s. 19.85(1)(b), Stats.); to consider closing disciplinary investigations with administrative warnings (ss. 19.85(1)(b), and 440.205, Stats.); to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.); and to confer with legal counsel (s. 19.85(1)(g), Stats.).**

**M. Deliberation on Division of Legal Services and Compliance Matters**

- 1. Administrative Warnings**
  - a. 20 APP 039 – S.M.J. **(50-51)**
- 2. Case Closings**
  - a. 19 APP 025 – J.E.B. **(52-57)**
  - b. 20 APP 033 – E.J.B. **(58-61)**
- 3. Proposed Stipulations, Final Decisions, and Orders**
  - a. 19 APP 014 – Fredrick C. Cattelan **(62-68)**
  - b. 19 APP 020 – Nicholas Kozic **(69-75)**
  - c. 19 APP 022 – Jacob T. Hamilton **(76-83)**

N. Deliberation of Items Added After Preparation of the Agenda

1. Education and Examination Matters
2. Credentialing Matters
3. DLSC Matters

4. Monitoring Matters
5. Professional Assistance Procedure (PAP) Matters
6. Petitions for Summary Suspensions
7. Petitions for Designation of Hearing Examiner
8. Proposed Stipulations, Final Decisions and Orders
9. Proposed Interim Orders
10. Administrative Warnings
11. Review of Administrative Warnings
12. Proposed Final Decisions and Orders
13. Matters Relating to Costs/Orders Fixing Costs
14. Case Closings
15. Board Liaison Training
16. Petitions for Assessments and Evaluations
17. Petitions to Vacate Orders
18. Remedial Education Cases
19. Motions
20. Petitions for Re-Hearing
21. Appearances from Requests Received or Renewed

O. Consulting with Legal Counsel

**RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION**

P. Vote on Items Considered or Deliberated Upon in Closed Session if Voting is Appropriate

Q. Open Session Items Noticed Above Not Completed in the Initial Open Session

**ADJOURNMENT**

**NEXT MEETING: JANUARY 19, 2021**

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MEETINGS AND HEARINGS ARE OPEN TO THE PUBLIC, AND MAY BE CANCELLED WITHOUT NOTICE.

Times listed for meeting items are approximate and depend on the length of discussion and voting. All meetings are held at 4822 Madison Yards Way, Madison, Wisconsin, unless otherwise noted. In order to confirm a meeting or to request a complete copy of the board's agenda, please call the listed contact person. The board may also consider materials or items filed after the transmission of this notice. Times listed for the commencement of disciplinary hearings may be changed by the examiner for the convenience of the parties. Requests for interpreters for the deaf or hard of hearing, or other accommodations, are considered upon request by contacting the Affirmative Action Officer, 608-266-2112, or the Meeting Staff at 608-266-5439.

**TELECONFERENCE/VIRTUAL  
REAL ESTATE APPRAISERS BOARD  
MEETING MINUTES  
AUGUST 4, 2020**

**PRESENT:** Carl Clementi, Jennifer Coates, Thomas Kneesel, Dennis Myers

**EXCUSED:** Dave Wagner

**STAFF:** Valerie Payne, Executive Director; Jameson Whitney, Legal Counsel; Megan Glaeser, Bureau Assistant; Daniel Betekhtin, Bureau Assistant, and other DSPS Staff

**CALL TO ORDER**

Carl Clementi, Chairperson, called the meeting to order at 9:06 a.m. A quorum was confirmed with four (4) members present.

**ADOPTION OF AGENDA**

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to adopt the Agenda as published. Motion carried unanimously.

**APPROVAL OF MINUTES OF MAY 5, 2020**

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to approve the Minutes of May 5, 2020 as published. Motion carried unanimously.

**ADMINISTRATIVE RULE MATTERS**

**Scope Statement for SPS 85, Relating to Real Estate Appraisers**

**MOTION:** Dennis Myers moved, seconded by Jennifer Coates, to recommend that the Department of Safety and Professional Services approve the Scope Statement for SPS 85, relating to real estate appraisers. Motion carried unanimously.

**CLOSED SESSION**

**MOTION:** Dennis Myers moved, seconded by Jennifer Coates, to convene to Closed Session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.); to consider licensure or certification of individuals (s. 19.85(1)(b), Stats.); to consider closing disciplinary investigations with administrative warnings (ss. 19.85(1)(b), and 440.205, Stats.); to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.); and to confer with legal counsel (s. 19.85(1)(g), Stats.). Carl Clementi, Chairperson, read the language of the motion aloud for the record. The vote of each member was ascertained by voice vote. Roll Call Vote: Carl Clementi-yes; Jennifer Coates-yes; Thomas Kneesel-yes; and Dennis Myers-yes. Motion carried unanimously.

The Board convened into Closed Session at 10:02 a.m.

**DIVISION OF LEGAL SERVICES AND COMPLIANCE (DLSC) MATTERS**

**Case Closing**

***19 APP 017 – A.L.K.***

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to close DLSC Case Number 19 APP 017, against A.L.K., for Prosecutorial Discretion (P3). Motion carried unanimously

**Proposed Stipulations, Final Decisions and Orders**

***19 APP 015 – Robert C. Lewis***

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to adopt the Findings of Fact, Conclusions of Law and Order in the matter of disciplinary proceedings against Robert C. Lewis, DLSC Case Number 19 APP 015. Motion carried unanimously.

**RECONVENE TO OPEN SESSION**

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to reconvene into Open Session. Motion carried unanimously.

The Board reconvened into Open Session at 10:19 a.m.

**VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION,  
IF VOTING IS APPROPRIATE**

**MOTION:** Dennis Myers moved, seconded by Thomas Kneesel, to affirm all motions made and votes taken in Closed Session. Motion carried unanimously.

*(Be advised that any recusals or abstentions reflected in the Closed Session motions stand for the purposes of the affirmation vote.)*

**ADJOURNMENT**

**MOTION:** Jennifer Coates moved, seconded by Thomas Kneesel, to adjourn the meeting. Motion carried unanimously.

The meeting adjourned at 10:23 a.m.

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  <b>Dale Kleven</b> <b>Administrative Rules Coordinator</b>		2) Date When Request Submitted:  <b>10/29/20</b> Items will be considered late if submitted after 12:00 p.m. on the deadline date: ▪ 8 business days before the meeting	
3) Name of Board, Committee, Council, Sections: <b>Real Estate Appraisers Board</b>			
4) Meeting Date:  <b>11/10/20</b>	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? <b>Administrative Rule Matters – Discussion and Consideration</b> <b>1. Preliminary Rule Draft for SPS 85, Relating to Real Estate Appraisers</b> <b>2. Scope Statement for SPS 85 to 87, Relating to Uniform Standards of Professional Appraisal Practice (USPAP)</b> <b>3. Pending or Possible Rulemaking Projects</b>	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled?  <input type="checkbox"/> Yes ( <a href="#">Fill out Board Appearance Request</a> ) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed:   			
11) Authorization			
Signature of person making this request <b><i>Dale Kleven</i></b>		Date <b><i>October 29, 2020</i></b>	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)    Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

STATE OF WISCONSIN  
DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

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IN THE MATTER OF RULEMAKING	:	PROPOSED ORDER OF THE
PROCEEDINGS BEFORE THE	:	DEPARTMENT
DEPARTMENT OF SAFETY AND	:	ADOPTING RULES
PROFESSIONAL SERVICES	:	(CLEARINGHOUSE RULE )

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PROPOSED ORDER

An order of the department to to amend SPS 85.230 (2) and (3) and 85.500; and to create SPS 85.120 (15m), (21g), and (21r) and 85.230 (2m), relating to real estate appraisers.

Analysis prepared by the Department of Safety and Professional Services.

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ANALYSIS

**Statutes interpreted:**

Section 440.09, Stats.

**Statutory authority:**

Sections 440.09 (5) and 458.03 (1) (e), Stats.

**Explanation of agency authority:**

Section 440.09 (5), Stats., provides that “[t]he department or credentialing board, as appropriate, may promulgate rules necessary to implement this section.”

Section 458.03 (1) (e), Stats., requires the department to “[p]romulgate rules specifying the types of real estate that may be appraised by licensed appraisers.”

**Related statutes or rules:**

Section 440.09, Stats., specifies the requirements for issuing reciprocal credentials to service members, former service members, and the spouses of service members and former service members.

**Plain language analysis:**

The proposed rule creates s. SPS 85.230 (2m) to implement s. 440.09, Stats., as created by 2019 Wisconsin Act 143. Section 440.09, Stats., specifies the requirements for issuing reciprocal credentials to service members, former service members, and the spouses of service members and former service members.

The proposed rule also revises the Licensed Appraiser classification under s. SPS 85.500 to reflect a May 15, 2020 change to the real property appraiser classifications within the Appraiser Qualifications Board’s *Real Property Appraiser Qualification Criteria*. Specifically, the Licensed Residential Real Property Appraiser classification in the Criteria was changed from applying to complex one-to-four residential units having a transaction value of less than \$250,000 to those having a transaction value of less than \$400,000.

## **Summary of, and comparison with, existing or proposed federal statutes and regulations:**

The Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), 12 U.S.C. 3331 et seq., (Title XI) was enacted in 1989. Under FIRREA, insured financial institutions and insured credit unions are required to obtain the services of a state certified or licensed appraiser for appraisals conducted in connection with “federally related transactions.”

Under FIRREA, all states that certify real estate appraisers for purposes of conducting appraisals in federally related transactions must assure compliance with the criteria established by the Appraiser Qualifications Board (AQB). The criteria established by the AQB are set forth in the *Real Property Appraiser Qualification Criteria and Interpretations of the Criteria* (Criteria). The AQB Criteria includes the minimum experience, examination, qualifying education, and continuing education requirements that must be satisfied by an individual in order to obtain and maintain a certified appraiser credential.

The regulations in the proposed rule will comply with the AQB Criteria. Specifically, the proposed rule will revise the Licensed Appraiser classification under s. SPS 85.500 to align with a recent change in the AQB Criteria related to real property appraiser classifications. In addition, the requirements for a reciprocal credential created by the proposed rule under s. SPS 85.230 (2m) are in compliance with the provision in the AQB Criteria related to background checks that specifies “[a]n applicant shall not be eligible for a real property appraiser credential if, during at least the five (5) year period immediately preceding the date of the application for licensing or certification, the applicant has been convicted of, or pled guilty or nolo contendere to a crime that would call into question the applicant’s fitness for licensure.”

## **Comparison with rules in adjacent states:**

### **Illinois:**

Rules of the Illinois Department of Financial and Professional Regulation address the practice of real estate appraisal in Illinois (68 Ill. Adm. Code 1455). The rules adopt the minimum qualifications for real property appraisers established May 1, 2018 by the Appraiser Qualifications Board of The Appraisal Foundation, and do not currently reflect the May 15, 2020, change to the applicability of the Licensed Residential Real Property Appraiser classification (68 Ill. Adm. Code 1455.10).

### **Iowa:**

Rules of the Iowa Real Estate Appraiser Examining Board address the practice of real estate appraisal in Iowa (193F IAC 1 to 17). The rules adopt the minimum qualifications for real property appraisers established May 1, 2018 by the Appraiser Qualifications Board of The Appraisal Foundation, and do not currently reflect the May 15, 2020, change to the applicability of the Licensed Residential Real Property Appraiser classification (193F IAC 1.19).



**Michigan:**

Rules of the Michigan Department of Licensing and Regulatory Affairs address the practice of real estate appraisal in Michigan (Mich Admin Code, R 339.23101 to R 339.23405). The rules provide for 3 classes of license for real estate appraisers, including a State Licensed Real Estate Appraiser classification (Mich Admin Code, R 339.23403). This classification does not currently reflect the May 15, 2020, change by the AQB to the applicability of the Licensed Residential Real Property Appraiser classification.

**Minnesota:**

The Minnesota Statutes, Sections 82B.02 to 82B.24, address the practice of real estate appraisal in Minnesota. The statutes adopt the minimum education, examination, and experience requirements established by the Appraiser Qualifications Board (AQB) of the Appraisal Foundation and published in the most recent version of the *Real Property Appraiser Qualification Criteria* (2019 Minnesota Statutes, Section 82B.095, Subd. 3.). The statutes also provide for 5 classes of license for real estate appraisers, including a Licensed Residential Real Property Appraiser classification (2019 Minnesota Statutes, Section 82B.11, Subd. 3.). This classification does not currently reflect the May 15, 2020, change by the AQB to the applicability of the Licensed Residential Real Property Appraiser classification.

**Summary of factual data and analytical methodologies:**

The proposed rules were developed by, in consultation with the Real Estate Appraisers Board, reviewing the provisions of s. 440.09, Stats., as created by 2019 Wisconsin Act 143, and the change made to the real property appraiser classifications within the Appraiser Qualifications Board’s *Real Property Appraiser Qualification Criteria*.

**Analysis and supporting documents used to determine effect on small business or in preparation of economic impact analysis:**

The proposed rules will be posted for a period of 14 days to solicit public comment on economic impact, including how the proposed rules may affect businesses, local government units, and individuals.

**Effect on small business:**

These rules do not have an economic impact on small businesses, as defined in s. 227.114 (1), Stats. The Department’s Regulatory Review Coordinator, Dan Hereth, may be contacted by calling (608) 267-2435.

**Agency contact person:**

Dale Kleven, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Policy Development, P.O. Box 8366, Madison, Wisconsin 53708-8366; telephone 608-261-4472; email at DSPSAdminRules@wisconsin.gov.

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TEXT OF RULE

SECTION 1. SPS 85.120 (15m), (21g), and (21r) are created to read:

**SPS 85.120 (15m)** “Former service member” has the meaning given in s. 440.09 (1) (a), Stats.

**(21g)** “Service member” has the meaning given in s. 440.09 (1) (b), Stats.

**(21r)** “Spouse” has the meaning given in s. 440.09 (1) (c), Stats.

SECTION 2. SPS 85.230 (2) is amended to read:

**SPS 85.230 (2)** In determining whether to grant a reciprocal license or certification under sub. (1), the department shall consider whether the current requirements for a license or certification in the other state or territory meet or exceed the requirements for licensure or certification as an appraiser in this state.

SECTION 3. SPS 85.230 (2m) is created to read:

**SPS 85.230 (2m)** As provided under s. 440.09, Stats., the department shall grant a reciprocal license or certification as an appraiser to an individual who the department determines meets all of the following requirements:

**(a)** The individual applies for a reciprocal license or certification under this subsection on a form prescribed by the department.

**(b)** The individual is a service member, a former service member, or the spouse of a service member or former service member and resides in this state.

**(c)** The individual holds a license, certification, registration, or permit that was granted by a governmental authority in a jurisdiction outside this state that qualifies the individual to perform appraisals conducted in connection with federally related transactions.

**(d)** The individual pays the fee specified under s. 440.05 (2), Stats.

**(e)** The individual is in good standing with the governmental authorities in every jurisdiction outside this state that have granted the individual a license, certification, registration, or permit that qualifies the individual to perform appraisals conducted in connection with federally related transactions. An individual does not meet the requirement under this paragraph if, during the 5-year period immediately preceding the date of application under par. (a), any of the following apply:

**1.** The individual has had an appraiser license or certification limited, suspended, revoked, or surrendered for cause, in any governmental jurisdiction.

**2.** The individual has been convicted of, or plead guilty or nolo contendere to, a felony substantially related to the practice of real estate appraisal. This subdivision does not apply if the felony involved an act other than fraud, dishonesty, breach of trust, or money laundering.

SECTION 4. SPS 85.230 (3) is amended to read:

**SPS 85.230 (3)** ~~The~~ Subject to s. 440.09 (2m), Stats., the department may request additional information to determine if an applicant is qualified for reciprocal licensure or certification. Failure by an applicant to comply with a request for additional information within 120 days from the date of the request shall void the application and require the applicant to reapply for reciprocal licensure or registration.

SECTION 5. SPS 85.500 is amended to read:

**SPS 85.500 Licensed appraiser.** A licensed appraiser may conduct appraisals of complex 1-to-4 family residential property having a transaction value of not more than ~~\$250,000~~ \$400,000, non-complex 1-to-4 family residential property having a transaction value of not more than one million dollars, and commercial real estate having a transaction value of not more than \$500,000.

SECTION 6. EFFECTIVE DATE. The rules adopted in this order shall take effect on the first day of the month following publication in the Wisconsin Administrative Register, pursuant to s. 227.22 (2) (intro.), Stats.

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(END OF TEXT OF RULE)

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# STATEMENT OF SCOPE

## Department of Safety and Professional Services

Rule No.: Chapters SPS 85 to 87

Relating to: Uniform Standards of Professional Appraisal Practice (USPAP)

Rule Type: Permanent

**1. Finding/nature of emergency (Emergency Rule only):**

N/A

**2. Detailed description of the objective of the proposed rule:**

The objective of the proposed rule is to, effective January 1, 2022, incorporate by reference into chs. SPS 85 to 87 the *Uniform Standards of Professional Appraisal Practice, 2022–2023*, issued by the Appraisal Standards Board of The Appraisal Foundation.

**3. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:**

The *Uniform Standards of Professional Appraisal Practice (USPAP), 2020–2021*, issued by the Appraisal Standards Board of The Appraisal Foundation, are incorporated by reference into chs. SPS 85 to 87. The 2020-2021 edition of USPAP is effective January 1, 2020 through December 31, 2021, at which time it will be superseded by the 2022-2023 edition. The proposed rule will update chs. SPS 85 to 87 to, effective January 1, 2022, incorporate by reference the 2022-2023 edition of USPAP.

**4. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

Section 458.24, Stats., provides that “[t]he department may promulgate rules establishing standards for appraisal practice. In promulgating rules under this section, the department shall consider including as part or all of the standards part or all of the ‘Uniform Standards of Professional Appraisal Practice’ established by the appraisal standards board of the appraisal foundation. The department shall periodically review the ‘Uniform Standards of Professional Appraisal Practice’ and, if appropriate, revise the rules promulgated under this section to reflect revisions to the ‘Uniform Standards of Professional Appraisal Practice.’”

**5. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

80 hours

**6. List with description of all entities that may be affected by the proposed rule:**

Wisconsin credentialed real estate appraisers.

**7. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

The Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), 12 U.S.C. 3331 et seq., (Title XI) was enacted in 1989. Under FIRREA, insured financial institutions and insured credit unions are required to obtain the services of a state certified or licensed appraiser for appraisals conducted in connection with “federally related transactions.”

Under FIRREA, all appraisals conducted in connection with federally related transactions must be written appraisals that are performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation and that are subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice.

The regulations in the proposed rule will comply with the provisions of FIRREA.

**8. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

The proposed rule is anticipated to have minimal to no economic impact on small businesses and the state’s economy as a whole.

**Contact Person:** Dale Kleven, Administrative Rules Coordinator, DSPSAdminRules@wisconsin.gov, (608) 261-4472

Approved for publication:

Approved for implementation:

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date Submitted

\_\_\_\_\_  
Date Submitted

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  <b>Dale Kleven</b> <b>Administrative Rules Coordinator</b>		2) Date When Request Submitted:  <b>10/29/20</b> Items will be considered late if submitted after 12:00 p.m. on the deadline date: ▪ 8 business days before the meeting	
3) Name of Board, Committee, Council, Sections: <b>Real Estate Appraisers Board</b>			
4) Meeting Date:  <b>11/10/20</b>	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? <b>Third Exposure Draft – 2022-2023 Uniform Standards of Professional Appraisal Practice (USPAP) – Discussion and Consideration</b>	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled?  <input type="checkbox"/> Yes ( <a href="#">Fill out Board Appearance Request</a> ) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed:			
11) Authorization			
Signature of person making this request <i><b>Dale Kleven</b></i>		Date <i><b>October 29, 2020</b></i>	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)    Date			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Policy Development Executive Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

APPRAISAL STANDARDS BOARD

TO: All Interested Parties

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

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

DATE: October 1, 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 Third Exposure Draft on October 22, 2020 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 November 18, 2020. Respondents should be assured that each member of the ASB will thoroughly read and consider all comments. Comments are also invited during the ASB Virtual Public Meeting on November 20, 2020 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 two evolving challenges for appraisers. Appraisers have been concerned about their compliance with USPAP in the areas of evaluations and inspections. The topic of evaluations has been considered in the context of real property evaluations in mortgage lending. The second topic relates to changing methods and technology for subject property inspections in real property and personal property appraisal assignments.

Based upon the feedback received, the ASB has decided to withdraw earlier proposals related to evaluations and is now issuing new proposals related to inspections.

**Evaluations** - The ASB studied the issues related to real property evaluations in mortgage lending by reviewing public comments and by consulting with lending institutions, state regulators, and appraisal organizations. The goal of the initial proposals was to strengthen public trust in appraisal practice by removing one of the perceived impediments for trained and qualified appraisers to perform evaluations. These proposals have been withdrawn after stakeholders argued that a change to USPAP might instead create confusion for users of appraisal services and state regulators, and thus negatively impact public trust.

In order to provide guidance on this issue, the ASB has developed samples of *Evaluation-Restricted Appraisal Reports* as examples of reports that comply with USPAP Standards Rule 2-2(b) Restricted Appraisal Report minimum content and comply as well with the guidance on evaluation content in the *Interagency Appraisal and Evaluation Guidelines* as published by the Interagency group. These samples for [residential](#) and [non-residential](#) reports are posted on The Appraisal Foundation website.

**Inspections** - The second 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. In addition, the ASB is proposing revisions to the definition of Personal Inspection and to the wording of the Certification.



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

**Issued: October 1, 2020  
Comment Deadline: November 18, 2020**

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 extent of inspection and the party or parties who performed it. If no inspection was performed, then the appraiser would be required to indicate how information about relevant property characteristics was collected.

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. And, without additional information, clients may not understand what the appraiser actually did to collect information about relevant property characteristics.

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.

A second potential change (which was also proposed in the Second Exposure Draft) is 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) because it repeats verbatim wording that is already present in the SCOPE OF WORK RULE.

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 a**
- 2       **statement as to whether or not the property that is the subject of the report**
- 3       **was inspected;**
- 4
  - 5       • **and, if so, summarize the extent of the inspection and state the party or**
  - 6       • **parties by whom it was conducted;**
  - 7       • **or, if not, summarize how information regarding the property’s relevant**
  - 8       • **characteristics was collected;**
- 9         
- 10       ~~Comment: Summarizing the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.~~

Standards Rule 2-2(b)(x)

- 11       **(x) state the scope of work used to develop the appraisal, including a**
- 12       **statement as to whether or not the property that is the subject of the report**
- 13       **was inspected;**
- 14
  - 15       • **and, if so, state the extent of the inspection and state the party or**
  - 16       • **parties by whom it was conducted;**
  - 17       • **or, if not, state how information regarding the property’s relevant**
  - 18       • **characteristics was collected;**
- 19         
- 20       ~~Comment: Stating the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.~~

Standards Rule 4-2(g)

- 21       **(g) state the scope of work used to develop the appraisal review, including a**
- 22       **statement as to whether or not the property that is the subject of the work under**
- 23       **review was inspected associated with the review**
- 24
  - 25       • **and, if so, summarize the extent of the inspection and state the party or**
  - 26       • **parties by whom it was conducted;**
- 27         
- 28       ~~Comment: Stating the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.~~

Standards Rule 6-2(g)

29 (g) summarize the scope of work used to develop the appraisal, including a  
30 statement as to whether or not the properties that are the subject of the report  
31 were inspected

- 32 • and, if so, state the extent of the inspections and state the party or
- 33 parties by whom they were conducted;
- 34 • or, if not, state how information regarding the properties' relevant
- 35 characteristics was collected;

36 ~~and explain the exclusion of the sales comparison approach, cost approach,~~  
37 ~~or income approach; of the sales comparison approach, cost approach, or~~  
38 ~~income approach;~~

39 ~~Comment: Summarizing the scope of work includes disclosure of research and~~  
40 ~~analyses performed and might also include disclosure of research and analyses not~~  
41 ~~performed.~~

42 (h) explain the exclusion of the sales comparison approach, cost approach, or  
43 income approach;

44 (h) (i) when any portion of the work involves significant mass appraisal assistance,  
45 summarize the extent of that assistance;

46 (i) (j) summarize and support the model specification(s) considered, data  
47 requirements, and the model(s) chosen; provide sufficient information to  
48 enable the client and intended users to have confidence that the process and  
49 procedures used conform to accepted methods and result in credible value  
50 conclusions; and include a summary of the rationale for each model, the  
51 calibration techniques to be used, and the performance measures to be used;

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

54 (j) (k) summarize the procedure for collecting, validating, and reporting data; and  
55 summarize the sources of data and the data collection and validation  
56 processes;

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

59 (k) (l) summarize calibration methods considered and chosen, including the  
60 mathematical form of the final model(s); summarize how value conclusions  
61 were reviewed; and, if necessary, state the availability and location of  
62 individual value conclusions;

63 (H) **(m)** when an opinion of highest and best use, or the appropriate market or  
64 market level was developed, summarize how that opinion was determined, and  
65 reference case law, statute, or public policy that describes highest and best  
66 use requirements;

67 Comment: When actual use is the requirement, the report must summarize how use-  
68 value opinions were developed. The appraiser’s reasoning in support of the highest  
69 and best use opinion must be provided in the depth and detail required by its  
70 significance to the appraisal.

71 **(m) (n)** identify the appraisal performance tests used and the performance  
72 measures attained;

73 **(n) (o)** summarize the reconciliation performed, in accordance with Standards Rule  
74 5-7; and

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

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

76 **(viii)** summarize the scope of work used to develop the appraisal, including a  
77 statement as to whether or not the property that is the subject of the report  
78 was inspected;  
79 • and, if so, summarize the extent of the inspection and state the party or  
80 parties by whom it was conducted;  
81 • or, if not, summarize how information regarding the property’s relevant  
82 characteristics was collected;

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

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

86 **(x)** state the scope of work used to develop the appraisal, including a  
87 statement as to whether or not the property that is the subject of the report  
88 was inspected;  
89 • and, if so, state the extent of the inspection and state the party or  
90 parties by whom it was conducted;  
91 • or, if not, state how information regarding the property’s relevant  
92 characteristics was collected;

93 ~~Comment: Stating the scope of work includes disclosure of research and~~  
94 ~~analyses performed and might also include disclosure of research and~~  
95 ~~analyses not performed.~~

**Standards Rule 10-2(a)(ix)**

96 **(ix) summarize the scope of work used to develop the appraisal;**

97 ~~Comment: Summarizing the scope of work includes disclosure of research and~~  
98 ~~analyses performed and might also include disclosure of research and analyses~~  
99 ~~not performed.~~

**Standards Rule 10-2(b)(xi)**

100 **(xi) state the scope of work used to develop the appraisal;**

101 ~~Comment: Stating the scope of work includes disclosure of research and analyses~~  
102 ~~performed and might also include disclosure of research and analyses not~~  
103 ~~performed.~~

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

**Rationale**

The following changes are being proposed for 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 it.
- 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 is also proposing 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)**

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

106 **Each written real property appraisal report must be prepared under one of the**  
107 **following options and prominently state which option is used: Appraisal Report or**  
108 **Restricted Appraisal Report.**

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

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

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

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



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

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

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

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

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

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

134 ~~(b)-At a minimum, a real property Restricted Appraisal Report must:~~  
135

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

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

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

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

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

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

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

152 **Each written personal property appraisal report must be prepared under one of the**  
153 **following options and prominently state which option is used: Appraisal Report or**  
154 **Restricted Appraisal Report.**

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

159 ~~**The report content and level of information requirements in this Standards Rule are**~~  
160 ~~**minimums for each type of report.**~~

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

163  
164 **(a) At a minimum, a personal property Appraisal Report must:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

204 ~~The report content and level of information requirements in this Standards Rule are~~  
205 ~~minimums for both types of report.~~

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

208 (a) At a minimum, a business Appraisal Report must:

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

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

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

**Rationale**

The ASB proposes some changes to two sentences of the PREAMBLE. The first proposed change is to highlight requirements from the ETHICS Rule that are fundamental to public trust in appraisal practice and deserve greater attention in the context of current events. The additional proposed revisions are intended to underline the distinction between the task of development and the task of communication, and to help emphasize the USPAP requirement for an appraiser to be both ethical and competent.

**Proposed Revisions to the PREAMBLE**

212 The purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP) is to  
213 promote and maintain a high level of public trust in appraisal practice by establishing  
214 requirements for appraisers. It is essential that appraisers develop ~~and communicate their~~  
215 credible analyses, opinions, and conclusions with impartiality, objectivity, and  
216 independence, and without accommodation of personal interests. It is also essential that  
217 appraisers communicate assignment results to intended users of their services in a manner  
218 that is meaningful and not misleading.

219 The Appraisal Standards Board promulgates USPAP for both appraisers and users of  
220 appraisal services. The appraiser’s responsibility is to protect the overall public trust, and it  
221 is the importance of the role of the appraiser that places ethical and competency  
222 obligations on those who serve in this capacity. USPAP reflects the current standards of  
223 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 language 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 how and by what party or parties an inspection was performed. If no inspection was performed, then the appraiser is required to indicate how information was collected about the property’s relevant characteristics. Thus, the requirement for this disclosure has been 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 is continuing 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 the expanded wording to help ensure that there is no misunderstanding. The wording of the proposed change has been slightly modified in response to comments on the Second Exposure Draft.

The ASB is also continuing 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**

224 — I have disclosed in this report whether or not the property that is the subject  
225 of this report was inspected and, if so, the extent of the inspection and by  
226 what party or parties it was conducted. I have (or have not) made a personal  
227 inspection of the property that is the subject of this report. (If more than one  
228 person signs this certification, the certification must clearly specify which  
229 individuals did and which individuals did not make a personal inspection of  
230 the appraised property.)

**STANDARDS RULE 4-3, CERTIFICATION**

231 — I have disclosed in this report whether or not the property that is the subject  
232 of the work under review was inspected associated with the review, and, if  
233 so, the extent of the inspection and by what party or parties it was  
234 conducted. I have (or have not) made a personal inspection of the subject of  
235 the work under review. (If more than one person signs this certification, the  
236 certification must clearly specify which individuals did and which individuals  
237 did not make a personal inspection of the subject of the work under review.)  
238 (For reviews of a business or intangible asset appraisal assignment, the  
239 inspection portion of the certification is not applicable.)

**STANDARDS RULE 6-3, CERTIFICATION**

240 — I have disclosed in this report whether or not the properties that are the  
241 subject of this report were inspected and, if so, the extent of the inspections  
242 and by what party or parties they were conducted. I have (or have not) made  
243 a personal inspection of the properties that are the subject of this report. (If  
244 more than one person signs this certification, the certification must clearly  
245 specify which individuals did and which individuals did not make a personal  
246 inspection of the appraised property.)

**STANDARDS RULE 8-3, CERTIFICATION**

247 — I have disclosed in this report whether or not the property that is the subject  
248 of this report was inspected and, if so, the extent of the inspection and by  
249 what party or parties it was conducted. I have (or have not) made a personal

250 ~~inspection of the property that is the subject of this report. (If more than one~~  
251 ~~person signs this certification, the certification must clearly specify which~~  
252 ~~individuals did and which individuals did not make a personal inspection of~~  
253 ~~the appraised property.)~~  
254

**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 is proposing revised language related to signing the certification by revising 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)**

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

258 Comment: In an assignment that includes only assignment results developed by the  
259 real property appraiser(s), any appraiser who signs a certification accepts full  
260 responsibility for all elements of the certification, for the assignment results, and for  
261 the contents of the appraisal report. In an assignment that includes personal  
262 property, business or intangible asset assignment results not developed by the real  
263 property appraiser(s), any real property appraiser who signs a certification accepts  
264 full responsibility for the real property elements of the certification, for the real  
265 property assignment results, and for the real property contents of the appraisal  
266 report.



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

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

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

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

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

278 (b) A reviewer who affixes a signature to signs any part of the appraisal review  
279 report, including a letter of transmittal, must also affix a signature to sign a  
280 certification.

281 Comment: Any reviewer who signs a certification accepts responsibility for all  
282 elements of the certification, for the assignment results, and for the contents of the  
283 appraisal review report.

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

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

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

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

295 Comment: ~~Although~~ While a certification must contain the names of individuals  
296 providing significant appraisal or appraisal review assistance, ~~it is not required~~  
297 ~~that a summary~~ the disclosure of the extent of their assistance may be located ~~in~~  
298 ~~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)**

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

302 Comment: In an assignment that includes only assignment results developed by the  
303 real property appraiser, any appraiser who signs a certification accepts full  
304 responsibility for all elements of the certification, for the assignment results, and for  
305 the contents of the appraisal report. In an assignment that includes personal property  
306 assignment results not developed by the real property appraiser(s), any real property  
307 appraiser who signs a certification accepts full responsibility for the real property  
308 elements of the certification, for the real property assignment results, and for the real  
309 property contents of the appraisal report.

310 In an assignment that includes only assignment results developed by the personal  
311 property appraiser(s), any appraiser who signs a certification accepts full responsibility  
312 for all elements of the certification, for the assignment results, and for the contents of  
313 the appraisal report. In an assignment that includes real property assignment results  
314 not developed by the personal property appraiser(s), any personal property appraiser  
315 who signs a certification accepts full responsibility for the personal property elements  
316 of the certification, for the personal property assignment results, and for the personal  
317 property contents of the appraisal report.

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

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

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

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

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

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

332 Comment: In an assignment that includes only assignment results developed by the  
333 personal property appraiser(s) from the same personal property specialty, any  
334 appraiser who signs a certification accepts full responsibility for all elements of the  
335 certification, for the assignment results, and for the contents of the appraisal report.  
336 In an assignment involving appraisers with expertise in different specialties (e.g.,  
337 antiques, fine art, or machinery and equipment), an appraiser who signs a  
338 certification may accept responsibility only for the elements of the certification,  
339 assignment results, and report contents specific to the appraiser’s specialty. The role  
340 of each appraiser signing a certification must be disclosed in the report.

341 In an assignment that includes real property, business or intangible asset assignment  
342 results not developed by the personal property appraiser(s), any personal property  
343 appraiser who signs a certification accepts full responsibility for the personal property  
344 elements of the certification, for the personal property assignment results, and for the  
345 personal property contents of the appraisal report.

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

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

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

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

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

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

360 Comment: In an assignment that includes only assignment results developed by the  
361 business and/or intangible asset appraiser(s), any appraiser who signs a certification  
362 accepts full responsibility for all elements of the certification, for the assignment  
363 results, and for the contents of the appraisal report. In an assignment that includes  
364 real property or personal property assignment results not developed by the business  
365 and/or intangible asset appraiser(s), any business and/or intangible asset appraiser  
366 who signs a certification accepts full responsibility for the business and/or intangible

367 asset elements of the certification, for the business and/or intangible asset  
368 assignment results, and for the business and/or intangible asset contents of the  
369 appraisal report.

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

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

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

377 Comment: ~~Although~~ While a certification must contain the names of individuals  
378 providing significant business and/or intangible asset appraisal assistance, ~~it is~~  
379 ~~not required that a summary~~ the disclosure of the extent of their assistance may  
380 ~~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**

One revision is proposed to a Comment in the Disclosure Obligations section of the SCOPE OF WORK RULE.

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**

381 **DISCLOSURE OBLIGATIONS**  
382 **The report must contain sufficient information to allow the client and other intended**  
383 **users to understand the scope of work performed. The information disclosed must**  
384 **be appropriate for the intended use of the assignment results.**

385 Comment: ~~Proper disclosure is required because clients and other intended users rely~~  
386 ~~on the assignment results.~~ Sufficient information includes disclosure of research and  
387 analyses performed and might also include disclosure of research and analyses not  
388 performed.

389 The appraiser has broad flexibility and significant responsibility in the level of detail  
390 and manner of disclosing the scope of work in the appraisal report or appraisal review  
391 report. The appraiser may, but is not required to, consolidate the disclosure in a  
392 specific section or sections of the report, or use a particular label, heading or  
393 subheading. An appraiser may choose to disclose the scope of work as necessary  
394 throughout the report.

**Section 6: DEFINITIONS**

**Rationale**

With the goal of helping to make USPAP clearer and easier to understand, the ASB is proposing several changes to the DEFINITIONS. Many of the proposed revisions are the result of helpful responses 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 errors of both commission (intent) and omission (errors) are clear. In the meantime, the ASB has issued a new Q&A to address the issue of a typographical error in an appraisal report.

Three new definitions, proposed in the 2<sup>nd</sup> Exposure Draft, have some newly-proposed revisions: *significant appraisal (or appraisal review) assistance*; *state*; and *summarize*.

- The ASB considered the topic of significant appraisal assistance: its definition and disclosure requirements. To address this issue, the ASB proposes to define the term by indicating that it is limited to expertise provided by appraisers in support of a particular assignment. In addition, the ASB has issued guidance in the form of a new Q&A to clarify that USPAP permits (but does not require) disclosing assistance that was provided by non-appraisers, such as reports from technical specialists or third-party inspectors.
- The definitions of *state* and *summarize* are intended to clarify the difference between these terms. Two decades ago, USPAP distinguished among three levels of communication: state, summarize and describe. The new proposed wording helps provide context for the difference between the two terms in current use.

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

- The definition of *appraiser* has been amended following comments about the 2<sup>nd</sup> Exposure Draft.
- The definition of *assignment elements* is unchanged from the version previously proposed. The words *such as* have been added to clarify that it applies not only to

appraisals but also to appraisal review assignments, which (for example) do not require identification of type and definition of value.

The following definitions have proposed revisions that are new: *assignment results*, *intended user*, *personal inspection*, *relevant characteristics*, and *signature*.

- Assignment Results*: A revision is proposed to address technological advances and particularly how 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 quality and condition opinions. These quality and condition ratings do not relate to the subject property and thus would not constitute *Assignment Results*. To help address this issue the ASB is proposing a clarification of the definition of *Assignment Results* to narrow the definition to opinions and conclusions developed as the result of a specific assignment.
- Intended User*: A minor edit is being proposed to clarify that the term refers to intended users of reports.
- Personal Inspection*: The definition has been amended, and the word "personal" has been omitted so that the defined term would be changed to *Inspection*.
- Relevant Characteristics*: Deleting one word in the definition of *relevant characteristics* is being proposed in order to resolve an ambiguity about whether the phrase, "*characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal,*" in Standards Rules 1-2(e), 3-2(d), 5-2(e), 7-2(e), and 9-2(e) has the same meaning as the following phrase in the Comment to the Scope of Work Rule, "*subject of the assignment and its relevant characteristics.*"
- Signature*: The proposed addition of the phrase *using a generally-accepted method of attestation* 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**

395 **APPRAISER:** one who is expected to comply with USPAP and perform valuation services  
396 competently and in a manner that is independent, impartial, and objective.

397 **ASSIGNMENT ELEMENTS:** Specific information needed to identify the appraisal or  
398 appraisal review problem, such as: client and any other intended users; intended use of the  
399 appraiser’s opinions and conclusions; type and definition of value; effective date of the  
400 appraiser’s opinions and conclusions; subject of the assignment and its relevant  
401 characteristics; and assignment conditions.

402 **ASSIGNMENT RESULTS:** An appraiser’s opinions or conclusions, not limited to value, that  
403 were developed ~~when performing for an~~ specific appraisal assignment, ~~an~~ appraisal review  
404 assignment, or a valuation service other than an appraisal or appraisal review.

405 Comment: Physical characteristics are not assignment results.

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

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

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

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

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

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

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

426 **STATE:** to report facts, opinions, or conclusions with a minimal presentation of information.



427 **SUMMARIZE:** to report facts, opinions, or conclusions more extensively than a mere  
428 statement but more concisely than a comprehensive description.

**Section 7: Other Edits to Improve Clarity of USPAP**

**Rationale**

The Board proposes several edits for clarity and consistency:

- 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 a revision of Standards Rule 8-2(b)(xii)(3) to make it consistent with Standards Rule 8-2(a)(x)(3); and
- 2. The removal of 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) because it repeats wording already present in the SCOPE OF WORK RULE. This proposed change is shown above in the proposed changes to Reporting Standards.

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

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

- 431 **(a) analyze all agreements of sale, options, and listings of the subject property**  
432 **current as of the effective date of the appraisal; and**
- 433 **(b) analyze all sales and other transfers of the subject property that occurred**  
434 **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**

- 435 **(a)(x)(3) summarizing the results of analyzing the subject sales and other transfers,**  
436 **agreements of sale, options, and listings in accordance with Standards Rule 1-**  
437 **5;**
- 438 **(b)(xii)(3) summarizing the results of analyzing the subject sales and other**  
439 **transfers, agreements of sale, options, and listings in accordance with**  
440 **Standards Rule 1-5; and**

441 Comment: If such information is unobtainable, a statement on the efforts undertaken  
442 by the appraiser to obtain the information is required. If such information is

443 irrelevant, a statement acknowledging the existence of the information and citing its  
444 lack of relevance is required.

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

445 **When necessary for credible assignment results, an appraiser must, if such**  
446 **information is available to the appraiser in the normal course of business:**

447 (a) **analyze all agreements of sale, validated offers or third-party offers to sell,**  
448 **options, and listings of the subject property current as of the effective date of**  
449 **the appraisal if warranted by the intended use of the appraisal; and**

450 (b) **analyze all prior sales and other transfers of the subject property that**  
451 **occurred within a reasonable and applicable time period if relevant given the**  
452 **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**

453 (x) **provide sufficient information to indicate that the appraiser complied with**  
454 **the requirements of STANDARD 7 by:**

455 (1) **summarizing the appraisal methods or techniques employed;**

456 (2) **stating the reasons for excluding the sales comparison, cost, or**  
457 **income approach(es) if any have not been developed;**

458 (3) **summarizing the results of analyzing the subject property’s sales**  
459 **and other transfers, agreements of sale, options, and listings when,**  
460 **in accordance with Standards Rule 7-5, it was necessary for credible**  
461 **assignment results and if such information was available to the**  
462 **appraiser in the normal course of business;**

463 Comment: If such information is unobtainable, a statement on the efforts  
464 undertaken by the appraiser to obtain the information is required. If such  
465 information is irrelevant, a statement acknowledging the existence of the  
466 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**

467 (xii) provide sufficient information to indicate that the appraiser complied with  
468 the requirements of STANDARD 7 by:

469 (1) stating the appraisal methods and techniques employed;

470 (2) stating the reasons for excluding the sales comparison, cost, or  
471 income approach(es) if any have not been developed;

472 (3) summarizing the results of analyzing the subject sales and other  
473 transfers, agreements of sale, options, and listings when, in  
474 accordance with Standards Rule 7-5, it was necessary for credible  
475 assignment results and if such information was available to the  
476 appraiser in the normal course of business; and

477 Comment: If such information is unobtainable, a statement on the efforts  
478 undertaken by the appraiser to obtain the information is required. If such  
479 information is irrelevant, a statement acknowledging the existence of the  
480 information and citing its lack of relevance is required.

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

481 (b) An appraiser must, when necessary for credible assignment results, analyze  
482 the effect on value, if any, of:

483 (i) the nature and history of the business enterprise or intangible asset;

484 (ii) financial and economic conditions affecting the business enterprise or  
485 intangible asset, its industry, and the general economy;

486 (iii) past results, current operations, and future prospects of the business  
487 enterprise

488 (iv) past sales and other transfers of capital stock or other ownership  
489 interests in the business enterprise or intangible asset being appraised;

490 (v) sales and other transfers of capital stock or other ownership interests in  
491 similar business enterprises;

492 (vi) prices, terms, and conditions affecting past sales and other transfers of  
493 similar ownership interests in the asset being appraised or a similar  
494 asset; and

495           **(vii) economic benefit of tangible and intangible assets.**

496           Comment on (i)-(vii): This Standards Rule directs the appraiser to study the  
497           prospective and retrospective aspects of the business enterprise in terms of the  
498           economic and industry environment within which it operates.

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

**Rationale**

These revisions to USPAP are being proposed to bring the standards up to date with current usage. In addition, one of the changes adds consistency to the way the Rules are presented in the PREAMBLE. If these changes 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 <u>comply with the RECORD KEEPING RULE</u> maintain the data, information and analysis necessary to support his or her opinions for appraisal and appraisal review assignments in accordance with the <del>RECORD KEEPING RULE</del>.</li> </ul>
2	ETHICS RULE Lines 177-178	<p><b>In addition to these requirements, an individual should comply with USPAP any time that individual represents whenever representing that <del>he or she is</del> <u>they are</u> performing the service as an appraiser.</b></p>
3	<u>Conduct</u> section of the ETHICS RULE Line 192	<p><b>An appraiser:</b></p> <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	<p>If an appraiser has agreed with a client not to disclose that <del>he or she</del> <u>has they have</u> appraised a property, the appraiser must decline all subsequent agreements to perform assignments that fall within the three-year period.</p>
5	<u>Management</u> section of the ETHICS RULE Lines 221-222	<p><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></p>

#	2020-21 USPAP Location and Line Number	Proposed Change
6	Lines 236 to 241	<p><del>An appraiser</del> <b>Appraisers</b> must affix, or authorize the use of, <del>his or her</del> <b>their</b> signatures to certify recognition and acceptance of <del>his or her</del> <b>their</b> 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> <b>Appraisers</b> may authorize the use of <del>his or her</del> <b>their</b> signatures only on an assignment-by-assignment basis.</p> <p><b>An appraiser must not affix the signature of another appraiser without <del>his or her</del> their consent.</b></p> <p><i>Comment:</i> <del>An appraiser</del> <b>Appraisers</b> must exercise due care to prevent unauthorized use of <del>his or her</del> <b>their</b> signatures. <del>An appraiser</del> <b>Appraisers</b> exercising such care is <del>are</del> <b>are</b> not responsible for unauthorized use of <del>his or her</del> <b>their</b> signatures.</p>
7	<p><u>Being Competent</u> section of the COMPETENCY RULE Lines 305-306</p>	<p><b>An appraiser must determine, prior to agreeing to perform an assignment, that <del>he or she</del> they can perform the assignment competently.</b></p>
8	<p><u>Acquiring Competency</u> section of the COMPETENCY RULE Lines 319-320</p>	<p><b>If an appraiser determines <del>he or she is</del> they are not competent prior to agreeing to perform an assignment, the appraiser must:</b></p>
9	Lines 332-334	<p><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 lacks</del> they lack the required knowledge and experience to complete the assignment competently, the appraiser must:</b></p>
10	<p>STANDARDS RULE 1-1, GENERAL DEVELOPMENT REQUIREMENTS Lines: 448-449</p>	<p>For this reason, it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. <del>Each appraiser</del> <b>Appraisers</b> must continuously improve <del>his or her</del> <b>their</b> skills to remain proficient in real property appraisal.</p>

#	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 <del>reviewer developing his or her</del> <u>development of the reviewer’s own opinion of value or review opinion, the following apply:</u></b>
15	Lines 855-857:	When the assignment includes the <del>reviewer developing his or her</del> <u>development of the reviewer’s</u> own 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</del> <u>their</u> own 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>they</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.