



VIRTUAL/TELECONFERENCE
REAL ESTATE APPRAISERS BOARD
Virtual, 4822 Madison Yards Way, Madison
Contact: Valerie Payne (608) 266-2112
February 9, 2021

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 (1-4)**
- B. Approval of Minutes of November 10, 2020 (5-7)**
- C. Reminders: Conflicts of Interest, Scheduling Concerns
- D. 9:00 A.M. Public Hearing: CR 20-086 (SPS 85), Real Estate Appraisers (8-16)**
 - 1) Review of Public Comments
- E. Administrative Matters – Discussion and Consideration**
 - 1) Department, Staff, and Board Updates
 - 2) Annual Policy Review **(17)**
 - 3) Election of Officers, Appointment of Liaisons and Alternates, and Delegation of Authorities **(18-24)**
 - 4) Board Members – Term Expiration Dates
 - a. Clementi, Carl N. – 5/1/2020
 - b. Coates, Jennifer M. – 5/1/2021
 - c. Kneesel, Thomas J. – 5/1/2022
 - d. Myers, Dennis – 5/1/2021
 - e. Wagner, David – 5/1/2022
- F. Administrative Rule Matters – Discussion and Consideration**
 - 1) Preliminary Rule Draft for SPS 85 to 87, Relating to Uniform Standards of Professional Appraisal Practice (USPAP) **(25-29)**
 - 2) Pending or Possible Rulemaking Projects
- G. Fourth Exposure Draft – 2022-2023 Uniform Standards of Professional Appraisal Practice (USPAP) – Discussion and Consideration (30-63)**
- H. COVID-19 – Discussion and Consideration**

- I. **Speaking Engagements, Travel, or Public Relation Requests, and Reports – Discussion and Consideration**
 - 1) Consider Attendance: Spring 2021 Association of Appraiser Regulatory Officials (AARO) Conference, April 30, 2021-May 2, 2021, San Antonio, TX
- J. Report from the Real Estate Appraisers Application Advisory Committee
- K. Discussion and Consideration of Items Added After Preparation of Agenda
 - Introductions, Announcements and Recognition
 - 1) Administrative Matters
 - 2) Election of Officers
 - 3) Appointment of Liaisons and Alternates
 - 4) Delegation of Authorities
 - 5) Education and Examination Matters
 - 6) Credentialing Matters
 - 7) Practice Matters
 - 8) Legislative and Policy Matters
 - 9) Administrative Rule Matters
 - 10) Liaison Reports
 - 11) Board Liaison Training and Appointment of Mentors
 - 12) Informational Items
 - 13) Division of Legal Services and Compliance (DLSC) Matters
 - 14) Presentations of Petitions for Summary Suspension
 - 15) Petitions for Designation of Hearing Examiner
 - 16) Presentation of Stipulations, Final Decisions and Orders
 - 17) Presentation of Proposed Final Decisions and Orders
 - 18) Presentation of Interim Orders
 - 19) Petitions for Re-Hearing
 - 20) Petitions for Assessments
 - 21) Petitions to Vacate Orders
 - 22) Requests for Disciplinary Proceeding Presentations
 - 23) Motions
 - 24) Petitions
 - 25) Appearances from Requests Received or Renewed
 - 26) 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 012 – M.T.F. **(64-65)**
 - b. 20 APP 036 – J.J.C. **(66-67)**
 - c. 20 APP 043 – M.S.S. **(68-69)**

- 2) **Case Closings**
 - a. 20 APP 035 – A.R.C. **(70-73)**
 - b. 20 APP 042 – J.G.S. **(74-77)**
 - c. 20 APP 044 – G.A.T. **(78-81)**
 - d. 20 APP 046 – R.A.W. **(82-85)**
- 3) **Proposed Stipulations, Final Decisions, and Orders**
 - a. 19 APP 019 – Gary P. Kraeger **(86-91)**
 - b. 19 APP 027 – Christine S. Szopinski **(92-97)**
 - c. 19 APP 031 – Lyle M. Pomplun **(98-104)**
 - d. 20 APP 002 – Tricia A. Hendrickson **(105-112)**
 - e. 20 APP 003 – Lisa E. Olson **(113-118)**
 - f. 20 APP 031 – Mark P. Bluel **(119-124)**
 - g. 20 APP 032 – Paul L. Bunczak **(125-130)**
 - h. 20 APP 034 – Martin Casey **(131-136)**
 - i. 20 APP 037 – Donald J. Coopman **(137-142)**
 - j. 20 APP 040 – Steven M. Leary **(143-148)**
 - k. 20 APP 045 – Aaron H. Vaziri **(149-154)**
- 4) **Monitoring Matters**
 - a. Candice N. Paquet (Coopman) – Requesting Reinstatement of Certificate of Licensure **(155-166)**

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: MAY 4, 2021

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.

**VIRTUAL/TELECONFERENCE
REAL ESTATE APPRAISERS BOARD
MEETING MINUTES
NOVEMBER 10, 2020**

PRESENT: Carl Clementi, Jennifer Coates, Thomas Kneesel, Dennis Myers, David Wagner

STAFF: Valerie Payne, Executive Director; Jameson Whitney, Legal Counsel; Daniel Betekhtin, Bureau Assistant; Kimberly Wood, Program Assistant Supervisor-Adv.; and other DSPS Staff

CALL TO ORDER

Carl Clementi, Chairperson, called the meeting to order at 9:01 a.m. A quorum was confirmed with five (5) 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 AUGUST 4, 2020

MOTION: Jennifer Coates moved, seconded by Thomas Kneesel, to approve the minutes of August 4, 2020 as published. Motion carried unanimously.

ADMINISTRATIVE RULE MATTERS

Preliminary Rule Draft for SPS 85, Relating to Real Estate Appraisers

MOTION: Dennis Myers moved, seconded by Jennifer Coates, to affirm that the Board has reviewed the preliminary rule draft for SPS 85, relating to real estate appraisers, and has no comments for the Department of Safety and Professional Services to consider. Motion carried unanimously.

Scope Statement for SPS 85 to 87, Relating to Uniform Standards of Professional Appraisal Practice (USPAP)

MOTION: Dennis Myers moved, seconded by Thomas Kneesel, to recommend that the Department of Safety and Professional Services approve the Scope Statement for SPS 85 to 87, relating to the Uniform Standards of Professional Appraisal Practice. 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; Dennis Myers-yes; and David Wagner-yes. Motion carried unanimously.

The Board convened into Closed Session at 10:23 a.m.

DIVISION OF LEGAL SERVICES AND COMPLIANCE (DLSC) MATTERS

Administrative Warnings

20 APP 039 – S.M.J.

MOTION: Dennis Myers moved, seconded by Carl Clementi, to issue an Administrative Warning in the matter of S.M.J., DLSC Case Number 20 APP 039. Motion carried unanimously.

Case Closing

MOTION: Carl Clementi moved, seconded by Jennifer Coates, to close the following DLSC Cases for the reasons outlined below:

1. 19 APP 025 – J.E.B. – Prosecutorial Discretion (P3)
2. 20 APP 033 – E.J.B. – No Violation

Motion carried unanimously.

Proposed Stipulations, Final Decisions and Orders

MOTION: Dennis Myers moved, seconded by Carl Clementi, to adopt the Findings of Fact, Conclusions of Law and Order in the matter of disciplinary proceedings of the following cases:

1. 19 APP 014 – Fredrick C. Cattelan
2. 19 APP 020 – Nicholas Kozic
3. 19 APP 022 – Jacob T. Hamilton
4. 19 APP 028 – Kenneth L. Martin

Motion carried unanimously.

RECONVENE TO OPEN SESSION

MOTION: Dennis Myers moved, seconded by Carl Clementi, to reconvene into Open Session. Motion carried unanimously.

The Board reconvened into Open Session at 10:33 a.m.

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

MOTION: Dennis Myers moved, seconded by Jennifer Coates, 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 10:35 a.m.

DRAFT

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Dale Kleven Administrative Rules Coordinator		2) Date When Request Submitted: 1/27/21 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: Real Estate Appraisers Board			
4) Meeting Date: 2/9/21	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? 9:00 A.M. Public Hearing: CR 20-086 – SPS 85, Real Estate Appraisers 1. Review Public Comments	
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 (Fill out Board Appearance Request) <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 <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px;"> <i>Dale Kleven</i> </div> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px; text-align: right;"> <i>January 27, 2021</i> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px;"> Signature of person making this request </div> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px; text-align: right;"> Date </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px;"> Supervisor (if required) </div> <div style="width: 40%; border-bottom: 1px solid black; padding-bottom: 5px; text-align: right;"> Date </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 70%; border-bottom: 1px solid black; padding-bottom: 5px;"> Executive Director signature (indicates approval to add post agenda deadline item to agenda) </div> <div style="width: 20%; border-bottom: 1px solid black; padding-bottom: 5px; text-align: right;"> Date </div> </div>			
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

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

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.

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 were 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. No comments were received.

Fiscal Estimate and Economic Impact Analysis:

The Fiscal Estimate and Economic Impact Analysis document is attached.

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 may be contacted by email at Daniel.Hereth@wisconsin.gov, or 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.

Place where comments are to be submitted and deadline for submission:

Comments may be submitted to Dale Kleven, Administrative Rules Coordinator, Department of Safety and Professional Services, Division of Policy Development, P.O. Box 8366, Madison, WI 53708-8366, or by email to DSPSAdminRules@wisconsin.gov. Comments must be received at or before the public hearing to be held at 9:00 a.m. on February 9, 2021, to be included in the record of rule-making proceedings.

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.

(END OF TEXT OF RULE)

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date December 2, 2020
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) SPS 85	
4. Subject Real estate appraisers	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected 20.165 (1) (g)
7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0	
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Policy Problem Addressed by the Rule 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.	
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The proposed rule was posted on the Department of Safety and Professional Services' website for 14 days in order to solicit comments from businesses, representative associations, local governmental units, and individuals that may be affected by the rule. No comments were received.	
13. Identify the Local Governmental Units that Participated in the Development of this EIA. No local governmental units participated in the development of this EIA.	
14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) The proposed rule will not have a significant impact on specific businesses, business sectors, public utility rate payers, local governmental units, or the state's economy as a whole. The Department estimates one-time administrative costs of \$122.53. These costs may be absorbed in the agency budget.	

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The benefit to implementing the rule is reflecting s. 440.09, Stats., as created by 2019 Wisconsin Act 143, and current classifications within the Appraiser Qualifications Board's Real Property Appraiser Qualification Criteria. If the rule is not implemented, it will not reflect current requirements for issuing reciprocal credentials to service members, former service members, and the spouses of service members and former service members or current real property appraiser classifications.

16. Long Range Implications of Implementing the Rule

The long range implication of implementing the rule is reflecting the requirements for issuing reciprocal credentials to service members, former service members, and the spouses of service members and former service members and current real property appraiser classifications.

17. Compare With Approaches Being Used by Federal Government

None

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

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.

19. Contact Name

Dale Kleven

20. Contact Phone Number

(608) 261-4472

This document can be made available in alternate formats to individuals with disabilities upon request.

ADMINISTRATIVE RULES
Fiscal Estimate & Economic Impact Analysis

ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
 - Less Stringent Schedules or Deadlines for Compliance or Reporting
 - Consolidation or Simplification of Reporting Requirements
 - Establishment of performance standards in lieu of Design or Operational Standards
 - Exemption of Small Businesses from some or all requirements
 - Other, describe:
-

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
-

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Kimberly Wood, Program Assistant Supervisor-Adv.		2) Date When Request Submitted: 12/29/2020 <small>Items will be considered late if submitted after 12:00 p.m. on the deadline date which is 8 business days before the meeting</small>	
3) Name of Board, Committee, Council, Sections: All Boards			
4) Meeting Date:	5) Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6) How should the item be titled on the agenda page? Annual Policy Review	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required: N/A	
10) Describe the issue and action that should be addressed: Please be advised of the following Annual Policy Review items: <ol style="list-style-type: none"> 1. Attendance/Quorum: Thank you for your service and for your commitment to meeting attendance. If you cannot attend a meeting or if you have scheduling conflicts impacting your attendance, please let us know ASAP. Timely notification is appreciated as quorum is required for our Boards, Sections and Councils to meet pursuant to Open Meetings Law. 2. Walking Quorum: Please refrain from discussing Board/Section/Council business with other members outside of legally noticed meetings so to avoid walking quorum issues pursuant to Open Meetings Law. 3. Agenda Deadlines: Please communicate agenda topics to your Executive Director before the agenda submission deadline which is 8 business days prior to a meeting. 4. Travel Voucher and Per Diem Submissions: Please submit all Per Diem and Reimbursement claims to DSPS within 30 days of the close of each month in which expenses are incurred. 5. Lodging Accommodations/Hotel Cancellation Policy: Lodging accommodations are available to eligible members. Standard eligibility: member must leave home before 6:00 a.m. to attend a meeting by the indicated start time. <ul style="list-style-type: none"> • If a member cannot attend a meeting it is their responsibility to cancel their reservation within the applicable cancellation timeframe. If a meeting is changed to occur remotely or is cancelled or rescheduled DSPS staff will cancel or modify reservations as appropriate. 6. Inclement Weather Policy: In the event of inclement weather the agency may change a meeting from an in-person venue to one that is executed remotely. 			
11) Authorization			
<i>Kimberly Wood</i>		12/29/2020	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
Directions for including supporting documents: <ol style="list-style-type: none"> 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 & Professional Services**

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Megan Glaeser, Bureau Assistant		2) Date When Request Submitted: 3 February 2021 <small>Items will be considered late if submitted after 12:00 p.m. on the deadline date which is 8 business days before the meeting</small>	
3) Name of Board, Committee, Council, Sections: Real Estate Appraisers Board			
4) Meeting Date: 9 February 2021	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Administrative Matters 1) Election of Officers, Appointment of Liaisons and Alternates, Delegation of Authorities	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session	8) Is an appearance before the Board being scheduled? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required: N/A	
10) Describe the issue and action that should be addressed: 1) The Board should conduct Election Officers: Chairperson, Vice Chairperson & Secretary 2) The newly elected Chairperson should review and appoint/reappoint Liaisons and Alternates as appropriate 3) The Board should review and then consider its existing delegated authorities and any proposals for modification of delegations. a. Credentialing Delegations (Questions: Sarah Norberg) b. Monitoring Delegations (Questions: Amy Mayo)			
11) Authorization			
Megan Glaeser		3 February 2021	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda) Date			
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REAL ESTATE APPRAISERS BOARD

2020 Elections, Liaisons, and Delegations

ELECTION RESULTS	
Chairperson	Carl Clementi
Vice Chairperson	Jennifer Coates
Secretary	Dennis Myers

Appointment of Liaisons and Alternates

LIAISON APPOINTMENTS	
Credentialing Liaison	Carl Clementi <i>Alternate: Thomas Kneesel</i>
Education and Exams Liaison	Carl Clementi <i>Alternate: Thomas Kneesel</i>
Continuing Education Liaison	Thomas Kneesel <i>Alternate: Jennifer Coates</i>
Monitoring Liaison	Carl Clementi <i>Alternate: Jennifer Coates</i>
Professional Assistance Procedure Liaison	Jennifer Coates <i>Alternate: Dennis Myers</i>
Legislative Liaison	Carl Clementi <i>Alternate: Dennis Myers</i>
Travel Liaison	Carl Clementi <i>Alternate: Jennifer Coates</i>
ASC and AQB Liaison	Carl Clementi <i>Alternate: Thomas Kneesel</i>
REA Application Advisory Committee Chair	Thomas Kneesel <i>Alternate: Carl Clementi</i>
Rules Liaison	Carl Clementi <i>Alternate: Thomas Kneesel</i>
Website Liaison	Jennifer Coates <i>Alternate: Dennis Myers</i>

Delegation of Authorities

Document Signature Delegations

MOTION: Thomas Kneesel moved, seconded by Dennis Myers, to delegate authority to the Chairperson (or in absence of the Chairperson, the highest-ranking officer or longest serving board member in that succession) to sign documents on behalf of the Board in order to carry out its duties. Motion carried unanimously.

MOTION: Jennifer Coates moved, seconded by Dennis Myers, in order to carry out duties of the Board, the Chairperson (or in absence of the Chairperson, the highest-ranking officer or longest serving board member in that succession) has the ability to delegate signature authority for purposes of facilitating the completion of assignments during or between meetings. The members of the Board hereby delegate to the Executive Director or DPD Division Administrator, the authority to sign on behalf of a board member as necessary. Motion carried unanimously.

Delegated Authority for Urgent Matters

MOTION: Jennifer Coates moved, seconded by Thomas Kneesel, that in order to facilitate the completion of urgent matters between meetings, the Board delegates its authority to the Chairperson (or, in the absence of the Chairperson, the highest-ranking officer or longest serving board member in that succession), to appoint liaisons to the Department to act in urgent matters. Motion carried unanimously.

Delegation to Chief Legal Counsel Due to of Loss of Quorum

MOTION: Dennis Myers moved, seconded by Jennifer Coates, to delegate the review of disciplinary cases to the Department's Chief Legal Counsel due to lack of/loss of quorum. Motion carried unanimously.

Monitoring Delegations

MOTION: Jennifer Coates moved, seconded by Thomas Kneesel, to adopt the "Roles and Authorities Delegated to the Monitoring Liaison and Department Monitor" as presented in the February 11, 2020 agenda materials. Motion carried unanimously.

Credentialing Authority Delegations

Delegation of Authority to Credentialing Liaison

MOTION: Thomas Kneesel moved, seconded by Jennifer Coates, to delegate authority to the Credentialing Liaison(s) to serve as a liaison between DSPS and the Board and to act on behalf of the Board in regard to credentialing applications or questions presented to them except that potential denial decisions shall be referred to the full Board for final determination. Motion carried unanimously.

Delegation of Authority to DSPS When Credentialing Criteria is Met

MOTION: Jennifer Coates moved, seconded by Dennis Myers, to delegate credentialing authority to DSPS to act upon applications that meet all credentialing statutory and regulatory requirements without Board or Board liaison review. Motion carried unanimously.

Delegated Authority for Application Denial Reviews

MOTION: Jennifer Coates moved, seconded by Thomas Kneesel, that the Department's Attorney Supervisors, DLSC Administrator, or their designee are authorized to serve as the Board's designee for purposes of reviewing and acting on requests for hearing as a result of a denial of a credential. Motion carried unanimously.

Voluntary Surrenders

MOTION: Dennis Myers moved, seconded by Carl Clementi, to delegate authority to the assigned case advisor to accept or refuse a request for voluntary surrender pursuant to Wis. Stat. § 440.19 for a credential holder who has a pending complaint or disciplinary matter. Motion carried unanimously.

Education, Continuing Education and/or Examination Delegation(s)

MOTION: Jennifer Coates moved, seconded by Dennis Myers, to delegate authority to the Education, Continuing Education and/or Examination Liaison(s) to address all issues related to education, continuing education, and examinations. Motion carried unanimously.

Authorization for DSPS to Provide Board Member Contact Information to National Regulatory Related Bodies

MOTION: Jennifer Coates moved, seconded by Carl Clementi, to authorize DSPS staff to provide national regulatory related bodies with all board member contact information that DSPS retains on file. Motion carried unanimously.

Optional Renewal Notice Insert Delegation

MOTION: Dennis Myers moved, seconded by Jennifer Coates to designate the Chairperson (or, in the absence of the Chairperson, the highest-ranking officer or longest serving board member in that succession) to provide a brief statement or link relating to board-related business within the license renewal notice at the Board's or Board designee's request. Motion carried unanimously.

Legislative Liaison Delegation

MOTION: Jennifer Coates moved, seconded by Carl Clementi, to delegate authority to the Legislative Liaisons to speak on behalf of the Board regarding legislative matters. Motion carried unanimously.

Travel Delegation

MOTION: Jennifer Coates moved, seconded by Dennis Myers, to delegate authority to the Travel Liaison to approve any board member travel. Motion carried unanimously.

Roles and Authorities Delegated for Monitoring

The Monitoring Liaison (“Liaison”) is a Board/Section designee who works with department monitors (“Monitor”) to enforce Board/Section orders as explained below.

~~Current~~ Authorities Delegated to the Monitoring Liaison

The Liaison may take the following actions on behalf of the Board/Section:

1. Grant a temporary reduction in random drug screen frequency upon Respondent’s request if he/she is unemployed and is otherwise compliant with Board/Section order. The temporary reduction will be in effect until Respondent secures employment in the profession. The Department Monitor (“Monitor”) will draft an order and sign on behalf of the Liaison.
2. Grant a stay of suspension if Respondent is eligible per the Board/Section order. The Monitor will draft an order and sign on behalf of the Liaison.
3. Remove the stay of suspension if there are repeated violations or a substantial violation of the Board/Section order. In conjunction with removal of any stay of suspension, the Liaison may prohibit Respondent from seeking reinstatement of the stay for a specified period of time. The Monitor will draft an order and sign on behalf of the Liaison.
4. Grant or deny approval when Respondent proposes continuing/disciplinary/remedial education courses, treatment providers, mentors, supervisors, change of employment, etc. unless the order specifically requires full-Board/Section approval.
5. Grant a maximum of one 90-day extension, if warranted and requested in writing by Respondent, to complete Board/Section-ordered continuing/disciplinary/remedial education.
6. Grant a maximum of one extension or payment plan for proceeding costs and/or forfeitures if warranted and requested in writing by Respondent.
7. Grant a maximum of one extension, if warranted and requested in writing by Respondent, to complete a Board/Section-ordered evaluation or exam.
- ~~7.~~8. Grant full reinstatement of licensure if Respondent has fully complied with all terms of the order without deviation. The Monitor will draft an order and obtain ~~the signature of~~ written authorization from the Liaison to sign on their behalf.
- ~~8.~~9. Grant or deny a request to appear before the Board/Section in closed session.
- ~~9.~~10. Board Monitoring The Liaison may determine whether Respondent’s petition is eligible for consideration by the full Board/Section.
- ~~10.~~11. (*Except Pharmacy and Medical*) Accept Respondent’s written request to surrender credential. If accepted by the Liaison, Monitor will consult with Board Counsel to determine if a stipulation is necessary. If a stipulation is not necessary, Monitor will draft an order and sign on behalf of the Liaison. If denied by the Liaison, the request to surrender credential will go to the full Board for review.

~~11.12.~~ *(Except Pharmacy)* Grant Respondent's petition for a reduction in drug screens per the standard schedule, below. If approved, Monitor will draft an order and sign on behalf of the Liaison. Orders that do not start at 49 screens will still follow the same standard schedule.

- a. ~~Initial Year 1:~~ 49 screens (including 1 hair test, if required by original order)
- b. ~~1st Reduction Year 2:~~ 36 screens (plus 1 hair test, if required by original order)
- c. ~~2nd Reduction Year 3:~~ 28 screens plus 1 hair test
- ~~d. Year 4: 28 screens plus 1 hair test~~
- ~~e. Year 5: 14 screens plus 1 hair test~~
- d. 3rd Reduction: 14 screens plus 1 hair test

~~12.13.~~ *(Dentistry only)* Ability to approve or deny all requests from a respondent.

~~13.14.~~ *(Except Nursing)* ~~Board Monitoring~~ The Liaison may approve or deny Respondent's request to be excused from drug and alcohol testing for work, travel, etc.

~~Current~~ Authorities Delegated to the Department Monitor

The Monitor may take the following actions on behalf of the Board/Section, draft an order and sign:

1. Grant full reinstatement of licensure if education CE is the sole condition of the limitation and Respondent has submitted the required proof of completion for approved courses.
2. Suspend the license if Respondent has not completed Board/Section-ordered education CE and/or paid costs and forfeitures within the time specified by the Board/Section order. The Monitor may remove the suspension and issue an order when proof of completion and/or payment have been received.
3. Suspend the license (or remove stay of suspension) if Respondent fails to enroll and participate in an Approved Program for drug and alcohol testing within 30 days of the order, or if Respondent ceases participation in the Approved Program without Board approval. This delegated authority only pertains to respondents who must comply with drug and/or alcohol testing requirements.

Authorities Delegated to Board Legal Counsel

Board Legal Counsel may take the following actions on behalf of the Board/Section:

1. Sign Monitoring orders that result from Board/Section meetings on behalf of the Board/Section Chair.

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Dale Kleven Administrative Rules Coordinator		2) Date When Request Submitted: 1/27/21 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: Real Estate Appraisers Board																		
4) Meeting Date: 2/9/21	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Administrative Rule Matters – Discussion and Consideration 1. Preliminary Rule Draft for SPS 85 to 87, Relating to Uniform Standards of Professional Appraisal Practice (USPAP) 2. Pending or Possible Rulemaking Projects																
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 (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:															
10) Describe the issue and action that should be addressed:																		
11) <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;"></td> <td style="width: 40%; text-align: center;">Authorization</td> <td style="width: 30%;"></td> </tr> <tr> <td style="border-top: 1px solid black;"><i>Dale Kleven</i></td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black; text-align: right;"><i>January 27, 2021</i></td> </tr> <tr> <td style="border-top: 1px solid black;">Signature of person making this request</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black; text-align: right;">Date</td> </tr> <tr> <td style="border-top: 1px solid black;">Supervisor (if required)</td> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black; text-align: right;">Date</td> </tr> <tr> <td colspan="2" style="border-top: 1px solid black;">Executive Director signature (indicates approval to add post agenda deadline item to agenda)</td> <td style="border-top: 1px solid black; text-align: right;">Date</td> </tr> </table>					Authorization		<i>Dale Kleven</i>		<i>January 27, 2021</i>	Signature of person making this request		Date	Supervisor (if required)		Date	Executive Director signature (indicates approval to add post agenda deadline item to agenda)		Date
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STATE OF WISCONSIN
DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

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

PROPOSED ORDER

An order of the department to amend SPS 85.115, relating to the Uniform Standards of Professional Appraisal Practice.

Analysis prepared by the Department of Safety and Professional Services.

ANALYSIS

Statutes interpreted:

None.

Statutory authority:

Section 458.24, Stats.

Explanation of agency authority:

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.’”

Related statutes or rules:

Section 458.19, Stats., provides requirements for appraisal practice. Specifically, an appraiser is required to include all of the following in each appraisal report prepared by the appraiser:

- If the appraiser has not conducted an on-site inspection of the real estate for which the appraisal report is prepared, a statement must be included that the appraiser has not done so.
- If any buildings or dwelling units are located on the real estate for which the appraisal report is prepared and the appraiser has not conducted an on-site inspection of both the exterior and the interior of each building or dwelling unit, a statement must be included that the appraiser has not done so.
- If the appraisal report pertains to residential real estate, the appraiser’s opinion of the highest and best use of the real estate must be included.

Plain language analysis:

Section SPS 85.115 is updated to incorporate by reference into chs. SPS 85 to 87 the 2022-2023 Uniform Standards of Professional Appraisal Practice issued by the Appraisal Standards Board of The Appraisal Foundation (2022-2023 USPAP). It is anticipated the 2022-2023 USPAP will be finalized in October 2021, at which time it will be reviewed by the Attorney General as required under s. 227.21 (2), Stats.

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 appraisals conducted in connection with federally related transactions must be written appraisals 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 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.

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 incorporate by reference with no later amendments or editions the 2020-2021 Uniform Standards of Professional Appraisal Practice issued by the Appraisal Standards Board of The Appraisal Foundation [68 Ill. Adm. Code 1455.240].

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 provide the Board has adopted the Uniform Standards of Professional Appraisal Practice issued by The Appraisal Foundation [193F IAC 1.1(1)].

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 reference the Uniform Standards of Professional Appraisal Practice, and specifically provide [Mich Admin Code, R 339.23104] the following individuals are exempt from the appraisal review and development requirements of Standard 3:

- A member of the Board of Real Estate Appraisers who is performing an investigation or testifying at an adjudicatory hearing on behalf of the Department.
- A member of the Board of Real Estate Appraisers who is serving in the capacity of a reviewer while reviewing the work experience of an applicant for licensure.

- An investigator employed by or retained by the Department who is performing an investigation or testifying at an adjudicatory hearing.

Minnesota: The Minnesota Statutes, Sections 82B.021 to 82B.24, address the practice of real estate appraisal in Minnesota. The statutes define “standards of professional practice” to mean the Uniform Standards of Professional Appraisal Practice of the Appraisers Standards Board of The Appraisal Foundation in effect as of January 1, 1991, or other version of the standards designated by the Commissioner of the Department of Commerce (Minnesota Statutes, Section 82B.021, Subdivision 26).

Summary of factual data and analytical methodologies:

The proposed rules were developed, in consultation with the Real Estate Appraisers Board, by reviewing the 2022-2023 Uniform Standards of Professional Appraisal Practice (USPAP). As a result of this review, the 2022-2023 USPAP is being incorporated by reference into chs. SPS 85 to 87.

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.

TEXT OF RULE

SECTION 1. SPS 85.115 is amended to read:

SPS 85.115 Adoption of standards. The Uniform Standards of Professional Appraisal Practice, ~~2020-2021~~ 2022-2023, issued by the Appraisal Standards Board of The Appraisal Foundation, are incorporated by reference into chs. SPS 85 to 87.

SECTION 2. 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.

(END OF TEXT OF RULE)

Administrative Rule	Status of Current Project	Anticipated Next Steps	Comments
SPS 85, relating to real estate appraisers	The Department and Board will hold a public hearing on the proposed rule on February 9, 2021.	The final draft rule and report to the Legislature will be submitted to the Secretary’s Office for approval.	It is anticipated the final draft rule and report to the Legislature will, as required under s. 458.05 (5), Stats., be submitted to the Board for review at its May 4, 2021 meeting.
SPS 85-87, relating to the Uniform Standards of Professional Appraisal Practice (USPAP)	The Board will review the preliminary draft of the proposed permanent rule at its February 9, 2021 meeting. The Board may provide comments on the preliminary draft for the Department’s consideration.	The preliminary draft rule will be submitted to the Secretary’s Office for approval.	It is anticipated a public hearing on the proposed rule will be held at the Board’s May 4, 2021 meeting.

The Legislature is back in session.

Pending Bills	Status	Anticipated Next Steps	Comments
None at this time.			

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

AGENDA REQUEST FORM

1) Name and Title of Person Submitting the Request: Dale Kleven Administrative Rules Coordinator		2) Date When Request Submitted: 1/27/21 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: Real Estate Appraisers Board			
4) Meeting Date: 2/9/21	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? Fourth Exposure Draft – 2022-2023 Uniform Standards of Professional Appraisal Practice (USPAP) – Discussion and Consideration	
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 (Fill out Board Appearance Request) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed:			
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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: Fourth Exposure Draft of proposed changes for the 2022-23 edition of the *Uniform Standards of Professional Appraisal Practice (USPAP)*

DATE: December 15, 2020

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

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

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

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

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.

Introduction

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

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

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

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

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

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

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

This exposure draft includes proposed revisions to USPAP.

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

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

Rationale

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

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

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

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

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

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

Standards Rule 2-2(a)(viii)

1 (viii) summarize the scope of work used to develop the appraisal, including but
2 not limited to, indicating whether or not the property that is the subject of
3 the appraisal was inspected;

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

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

Standards Rule 2-2(b)(x)

9 (x) state the scope of work used to develop the appraisal, including but not
10 limited to, indicating whether or not the property that is the subject of the
11 appraisal was inspected;

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

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

Standards Rule 4-2(g)

17 (g) state the scope of work used to develop the appraisal review, including but not
18 limited to, indicating whether or not the property that is the subject of the work
19 under review was inspected associated with the review

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

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

Standards Rule 6-2(g)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Standards Rule 8-2(a)(viii)

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

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

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

Standards Rule 8-2(b)(x)

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

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

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

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

Rationale

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

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

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

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

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

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

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

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

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

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

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

104 Comment: Because the client is an intended user, they must be identified in the

105 report as such. However, if the client has requested anonymity the appraiser

106 must use care when identifying the client to avoid violations of the Confidentiality

107 section of the ETHICS RULE.

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

109 Comment: A party recipient receiving a copy of an Appraisal Report in order to

110 satisfy disclosure requirements does not become an intended user of the

111 appraisal report unless the appraiser identifies such party recipient as an

112 intended user as part of the assignment.

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

113 ~~(b) The content of a Restricted Appraisal Report must be appropriate for the~~

114 ~~intended use of the appraisal and, at a minimum:~~

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

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

119 Comment: Because the client is an intended user, they must be identified in the

120 report as such. However, if the client has requested anonymity the appraiser

121 must use care when identifying the client to avoid violations of the Confidentiality

122 section of the ETHICS RULE.

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

124 Comment: A Restricted Appraisal Report may be provided when the client is the

125 only intended user; or, when additional intended users are identified by name.

126 A party recipient receiving a copy of a Restricted Appraisal Report in order to

127 satisfy disclosure requirements does not become an intended user of the

128 appraisal report unless the appraiser identifies such party recipient as an

129 intended user as part of the assignment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 190 **(b) At a minimum, a business Restricted Appraisal Report must:**

Section 3: Proposed Revision to Two Sentences of the PREAMBLE

Rationale

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

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

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

Proposed Revisions to Two Sentences of the PREAMBLE

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

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

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

Rationale

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

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

Proposed Change to the Certification Language

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

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

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

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

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

Proposed Changes to the Certification Language

STANDARDS RULE 2-3, CERTIFICATION

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

STANDARDS RULE 4-3, CERTIFICATION

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

STANDARDS RULE 6-3, CERTIFICATION

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

STANDARDS RULE 8-3, CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

264 (b) A reviewer who affixes a signature to sign any part of the appraisal review
265 report, including a letter of transmittal, must also affix a signature to sign a
266 certification.

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

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

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

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

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

282 Comment: ~~Although~~ While a certification must contain the names of individuals
283 providing significant appraisal or appraisal review assistance, ~~it is not required~~

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

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

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

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

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

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

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

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

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

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

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

320 Comment: In an assignment that includes only assignment results developed by the
321 personal property appraiser(s) from the same personal property specialty, any
322 appraiser who affixes a signature to ~~signs~~ a certification accepts full responsibility for
323 all elements of the certification, for the assignment results, and for the contents of the
324 appraisal report. In an assignment involving appraisers with expertise in different
325 specialties (e.g., antiques, fine art, or machinery and equipment), an appraiser who
326 affixes a signature to ~~signs~~ a certification may accept responsibility only for the
327 elements of the certification, assignment results, and report contents specific to the
328 appraiser’s specialty. The role of each appraiser signing a certification must be
329 disclosed in the report.

330 In an assignment that includes real property, business or intangible asset assignment
331 results not developed by the personal property appraiser(s), any personal property
332 appraiser who affixes a signature to ~~signs~~ a certification accepts full responsibility for
333 the personal property elements of the certification, for the personal property
334 assignment results, and for the personal property contents of the appraisal report.

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

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

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

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

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

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

349 Comment: In an assignment that includes only assignment results developed by the
350 business and/or intangible asset appraiser(s), any appraiser who affixes a signature

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

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

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

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

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

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

Rationale

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

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

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

Proposed Revision to the SCOPE OF WORK RULE

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

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

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

Section 6: DEFINITIONS

Rationale

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

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

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

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

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

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

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

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

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

Proposed Revision to the DEFINITIONS

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

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

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

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

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

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

400 Comment: Physical characteristics are not assignment results.

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

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

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

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

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

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

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

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

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

Section 7: Other Edits to Improve Clarity of USPAP

Rationale

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

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

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

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

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

424 **(a) analyze all agreements of sale, options, and listings of the subject property**
425 **current as of the effective date of the appraisal; and**

426 **(b) analyze all sales and other transfers of the subject property that occurred**
427 **within the three (3) years prior to the effective date of the appraisal.**

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

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

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

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

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

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

- 440 (a) analyze all agreements of sale, validated offers or third-party offers to sell,
441 options, and listings of the subject property current as of the effective date of
442 the appraisal if warranted by the intended use of the appraisal; and
- 443 (b) analyze all prior sales and other transfers of the subject property that
444 occurred within a reasonable and applicable time period if relevant given the
445 intended use of the appraisal and property type.

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

446 (x) provide sufficient information to indicate that the appraiser complied with
447 the requirements of STANDARD 7 by:

- 448 (1) summarizing the appraisal methods or techniques employed;
- 449 (2) stating the reasons for excluding the sales comparison, cost, or
450 income approach(es) if any have not been developed;
- 451 (3) summarizing the results of analyzing the subject property’s sales
452 and other transfers, agreements of sale, options, and listings when,
453 in accordance with Standards Rule 7-5, it was necessary for credible
454 assignment results and if such information was available to the
455 appraiser in the normal course of business;

456 Comment: If such information is unobtainable, a statement on the efforts
457 undertaken by the appraiser to obtain the information is required. If such
458 information is irrelevant, a statement acknowledging the existence of the
459 information and citing its lack of relevance is required.

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

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

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

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

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

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

Section 8: Style Updates to Pronoun Usage

Rationale

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

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

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

Proposed Revisions to Pronoun Usage throughout USPAP

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

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

#	2020-21 USPAP Location and Line Number	Proposed Change
11	Lines 451-452	Comment: An appraiser <u>Appraisers</u> must use sufficient care to avoid errors that would significantly affect his or her <u>their</u> opinions and conclusions.
12	STANDARDS RULE 3-1, GENERAL DEVELOPMENT REQUIREMENTS Lines 758-759	Each appraiser <u>Appraisers</u> must continuously improve his or her <u>their</u> skills to remain proficient in appraisal review.
13	Lines 767-768:	Comment: A reviewer <u>Reviewers</u> must use sufficient care to avoid errors that would significantly affect his or her <u>their</u> opinions and conclusions.
14	STANDARDS RULE 3-3, APPRAISAL REVIEW METHODS Lines 841-842	When the assignment includes the reviewer developing his or her own a value opinion of value or review opinion, the following apply:
15	Lines 855-857:	When the assignment includes the reviewer developing his or her own a value opinion of value or review opinion, the following apply: <ul style="list-style-type: none"> • The reviewer’s scope of work in developing his or her <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:	Comment: The reviewer <u>Reviewers</u> may include his or her own a <u>a value</u> 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 he or she <u>the reviewer</u> intends to accept responsibility as a cosigner of that work.

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