



# 2012-2013 USPAP STANDARD 3 COMPLIANCE REVIEW REPORT

## SCOPE OF STANDARD 3 COMPLIANCE REVIEW

(Please check all that are applicable.)

- |   |  |
|---|--|
| <input type="checkbox"/> Desk Compliance Report | <input type="checkbox"/> Field Compliance Report |
| <input type="checkbox"/> Appraisal Report       | <input type="checkbox"/> Workfile                |
| <input type="checkbox"/> Subject Inspection     | <input type="checkbox"/> Comparable Inspection   |
| <input type="checkbox"/> Data Verification      |  |

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Primary Sources \_\_\_\_\_

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Secondary Sources \_\_\_\_\_

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## STANDARD 3 REVIEW INSTRUCTIONS

If you have questions concerning this Standard 3 Compliance Review Report, please reference 2012-2013 Edition of USPAP. If additional clarification is needed, please contact the NRPAB office at 402-471-9037.

1. Read through the appraisal report and workfile at least once in its entirety before you begin the review.
2. Complete the Board approved Standard 3 Compliance Review Report in its entirety. In completing this report, you must state specific violations of the Uniform Standards of Professional Appraisal Practice, and reference the proper USPAP Standard Rule number. Supplemental addendums may be added to the Standard 3 Compliance Review Report if deemed appropriate and necessary. All comments must be complete, concise, and detailed. If additional space is needed for your response, please attach separate sheet with continued response. Reference USPAP Standards Rule number the response is related to.
3. If a question is not applicable, please enter N/A where appropriate.
4. This USPAP Standard 3 Review Form is a fillable PDF, all comments are to be typed. Hand written comments will not be accepted.
5. Sign the Certification and provide any appropriate limiting conditions.
6. Submit the Standard 3 Compliance Review Report to the Board's office. The report may be emailed to [pcvuj.c@ngp@nebraska.gov](mailto:pcvuj.c@ngp@nebraska.gov), faxed to 402-471-9017, or mailed to the following address:

Nebraska Real Property Appraiser Board  
Nebraska State Office Building  
PO Box 94963  
Lincoln, Ne 68509-4963

# 2012-2013 USPAP STANDARD 3 COMPLIANCE REVIEW REPORT

## SUBJECT APPRAISAL REPORT INFORMATION

Legal Description: \_\_\_\_\_

Property Address: \_\_\_\_\_  
                                    Box or Street Number                                    City                                    State                                    Zip Code + 4

Property Type: \_\_\_\_\_ Land/Site (Acres/SF) \_\_\_\_\_

Improvements:

Interest Appraised:

Signature Date/Report: \_\_\_\_\_ Effective Date of Value: \_\_\_\_\_

Date of Inspection: \_\_\_\_\_ Value Conclusion Stated in the Report: \_\_\_\_\_

Report Type Used:       Self Contained                       Summary                       Restricted-Use

Personal Property included in the Appraisal Report:

General Comments:

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1. Identify the work under review and the characteristics of that work relevant to the intended use and purpose of this review:
  
2. Identify any ownership interest in the subject property under review:
  
3. Identify the date of the work under review and the effective date of the opinions or conclusions in the work:
  
4. Identify the appraiser who completed the work under review, unless the identity is withheld by the client:
  
5. Identify the physical, legal, and economic characteristics of the property, property type(s), or market area in the work under review:
  
6. Identify the effective date of this Standard 3 Compliance Review Report:
  
7. Identify any extraordinary assumptions and/or hypothetical conditions necessary in the review assignment, and identify if and/or how their use may affect the assignment results:
  
  
8. Identify scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule:
  
  
9. Does the Scope of Work include the reviewer's development of an opinion of value?  Yes  No  
Reviewer's Explanation:
  
  
10. State reviewer's opinion as to whether the analyses are appropriate within the context of the requirements applicable to that work, and whether the opinions and conclusions are credible within the context of the requirements applicable to that work. Explain any reasons for disagreement with the appraiser's analyses, opinions or conclusions:

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## APPRAISAL REPORT REVIEW

(Answer the following questions providing as much detail as possible. Also include and explain any supporting information used to arrive at your conclusion.)

*Ethics Rule:* An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics. An appraiser must also comply with USPAP when obligated by law or regulation, or by agreement with the client or intended users. In addition, to these requirements, an individual should comply any time that individual represents that he or she is performing the service as an appraiser.

Does appraisal report reveal any apparent violations of the USPAP Ethics Rule by the appraiser?  Yes  No

Reviewer's Explanation:

*Record Keeping Rule:* An appraiser must prepare a workfile for each appraisal, or appraisal review, or appraisal consulting assignment. A workfile must be in existence prior to the issuance of any report. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report. An appraiser must also retain the workfile for a period of at least five years after preparation, or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, and the appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.

Does appraisal report reveal any apparent violations of the USPAP Record Keeping Rule by the appraiser?  Yes  No

Reviewer's Explanation:

*Competency Rule:* An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. The appraiser must determine, prior to accepting an assignment, that he or she can perform the assignment competently. A competent appraiser has the ability to properly identify the problem to be addressed, has the knowledge and experience to complete the assignment competently, and has recognition of and complies with laws and regulations that apply to the appraiser or to the assignment. If the appraiser determines he or she is not competent, he or she must disclose the lack of knowledge and/or experience to the client before accepting the assignment, take all steps necessary or appropriate to complete the assignment competently, and describe in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently. When facts or conditions are discovered during the course of an assignment that cause an appraiser to determine that he or she lacks the required knowledge and experience to complete the assignment competently, the appraiser must notify the client and take all necessary or appropriate steps to complete the assignment competently, and describe in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

Does appraisal report reveal any apparent violations of the USPAP Competency Rule by the appraiser?  Yes  No

Reviewer's Explanation:

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*Scope of Work Rule:* For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must: (1) identify the problem to be solved; (2) determine and perform the scope of work necessary to develop credible assignment results; (3) disclose the scope of work in the report. An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. An appraiser must also not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use, or allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased. The report must contain sufficient information to allow intended users to understand the scope of work performed.

Does appraisal report reveal any apparent violations of the USPAP Scope of Work Rule by the appraiser?  Yes  No

Reviewer's Explanation:

*Jurisdictional Exception Rule:* If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment. In an assignment involving a jurisdictional exception, an appraiser must identify the law or regulation that precludes compliance with USPAP, comply with that law or regulation, clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation, and cite in the report the law or regulation requiring this exception to USPAP compliance.

Does appraisal report reveal any apparent violations of the USPAP Jurisdictional Exception Rule by the appraiser?

Yes  No  N/A

Reviewer's Explanation:

*Standard 1 - Real Property Appraisal Development:* In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

### Standards Rule 1-1

a) Has the appraiser shown an awareness and understanding of, and employed those recognized methods and techniques necessary to produce a credible appraisal?  Yes  No

Reviewer's Explanation:

b) Has the appraiser committed any substantial error of omission or commission that significantly affects the appraisal?

Yes  No

Reviewer's Explanation:

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- c) Has the appraiser rendered appraisal services in a careless or negligent manner that in any way affects the credibility of the results?  Yes  No

Reviewer's Explanation:

### Standards Rule 1-2

- a) Has the appraiser identified the client and any other intended users?  Yes  No

Reviewer's Explanation:

- b) Has the appraiser identified the intended use of the appraiser's opinions and conclusion?  Yes  No

Reviewer's Explanation:

- c) Has the appraiser identified the type and definition of value and, if the value opinion to be developed is market value, ascertained whether the value is to be the most probable price:

- (i) in terms of cash; or
- (ii) in terms of financial arrangements equivalent to cash; or
- (iii) in other precisely defined terms; and
- (iv) if the opinion of value is to be based on non-market financing or financing with unusual conditions or incentive, the terms of such financing must be clearly identified and the appraiser's opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data;

Yes  No

Reviewer's Explanation:

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d) Has the appraiser identified the effective date of the appraiser's opinions and conclusions?  Yes  No

Reviewer's Explanation:

e) Has the appraiser properly identified the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including:

- (i) its location and physical, legal, and economic attributes;
- (ii) the real property interest to be valued;
- (iii) any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal;
- (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature; and
- (v) whether the subject property is a fractional interest, physical segment, or partial holding?

Yes  No

Reviewer's Explanation:

f) Has the appraiser identified any extraordinary assumptions in the assignment?  Yes  No  N/A

Reviewer's Explanation:

g) Has the appraiser identified any hypothetical conditions necessary in the assignment?  Yes  No  N/A

Reviewer's Explanation:

h) Has the appraiser identified the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule?  Yes  No

Reviewer's Explanation:

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## Standards Rule 1-3

- a) Has the appraiser identified and analyzed the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate, and market area trends?  Yes  No

Reviewer's Explanation:

- b) Has the appraiser developed an opinion of the highest and best use of the real estate?  Yes  No

Reviewer's Explanation:

## Standards Rule 1-4

In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results.

- a) If the sales comparison approach is applicable in the assignment, has the appraiser analyzed comparable sales data as are available to indicate a value conclusion?  Yes  No  N/A

Reviewer's Explanation:

- b) Is the cost approach applicable?  Yes  No  N/A  
If the cost approach is applicable, has the appraiser:

- (i) developed an opinion of site value by an appropriate appraisal method or technique?  Yes  No

Reviewer's Explanation:

- (ii) analyzed such comparable cost data as are available to estimate the cost new of the improvements (if any)?

Yes  No

Reviewer's Explanation:

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- (iii) analyzed such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements including accrued depreciation?  Yes  No

Reviewer's Explanation:

- c) Is the income approach applicable?  Yes  No  N/A  
If the income approach is applicable, has the appraiser:

- (i) analyzed such comparable rental data as are available and/or the potential earnings capacity of the property to estimate the gross income potential of the property?  Yes  No

Reviewer's Explanation:

- (ii) analyzed such comparable operating expense data as are available to estimate the operating expenses of the property?  Yes  No

Reviewer's Explanation:

- (iii) analyzed such comparable data as are available to estimate rates of capitalization and/or rates of discount?

Yes  No

Reviewer's Explanation:

- (iv) based projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence?  Yes  No

Reviewer's Explanation:

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- d) If the appraiser is developing an opinion of the value of the leased fee estate or a leasehold estate, has the appraiser analyzed the effect on value, if any, of the terms and conditions of the lease(s)?  Yes  No

Reviewer's Explanation:

- e) If applicable, has the appraiser analyzed the effect on value, of the assemblage of the various estates or component parts of a property and refrained from valuing the whole solely by adding together the individual values of the various estates or component parts?  Yes  No

Reviewer's Explanation:

- f) Has the appraiser analyzed the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective date of the appraisal?  Yes  No

Reviewer's Explanation:

- g) Has the appraiser analyzed the effect on value of any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal?  Yes  No

Reviewer's Explanation:

### Standards Rule 1-5

- a) Has the appraiser analyzed all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal?  Yes  No  N/A

Reviewer's Explanation:

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- b) Has the appraiser analyzed all sales of the subject property that occurred within the three years prior to the effective date of the appraisal?  Yes  No

Reviewer's Explanation:

### Standards Rule 1-6

- a) Has the appraiser reconciled the quality and quantity of data available and analyzed within the approaches?  Yes  No

Reviewer's Explanation:

- b) Has the appraiser reconciled the applicability or suitability of the approaches used to arrive at the value conclusion.

Yes  No

Reviewer's Explanation:

*STANDARD 2 – REPORTING:* In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading. Each written or oral real property appraisal report must contain sufficient information to enable the intended users of the appraisal to understand the report properly, and it must clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment. In addition, each written real property appraisal report must contain a signed certification.

### Standards Rule 2-1

- a) Does the report clearly and accurately set forth the appraisal in a manner that is not misleading?  Yes  No

Reviewer's Explanation:

- b) Does the report contain sufficient information to enable the intended users of the appraisal to understand the report properly?

Yes  No

Reviewer's Explanation:

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- c) Does the report clearly and accurately disclose all assumptions, any extraordinary assumption, hypothetical condition, or limiting condition that directly affects the appraisal and indicated its impact on value?  Yes  No

Reviewer's Explanation:

### Standards Rule 2-2

*Each written real property appraisal report must be prepared under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report (2-2, a), Summary Appraisal Report (2-2,b), or Restricted-Use Appraisal Report (2-2, c).*

- Does the report prominently state which report option the appraiser has used (2-2 a, b, or c)?  Yes  No

Reviewer's Explanation:

*This Standard 3 Compliance Review Report includes Standards Rule 2-2 (b). If you are reviewing a Self-Contained (2-2,a) or Restricted-Use Report (2-2,c) please contact the Nebraska Real Property Board office before continuing with the review. Board staff will provide you with the appropriate Standard 3 Compliance Review Report pages in order for you to complete the review.*

- (i) Does the report state the identity of the client and any intended users by name or type?  Yes  No

Reviewer's Explanation:

- (ii) Does the report state the intended use of the appraisal?  Yes  No

Reviewer's Explanation:

- (iii) Does the report summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment?  Yes  No

Reviewer's Explanation:

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(iv) Is the real property interest appraised clearly stated?  Yes  No

Reviewer's Explanation:

(v) Does the report state the type and definition of value and its source?  Yes  No

Reviewer's Explanation:

(vi) Is the effective date of the appraisal and the date of the report clearly stated?  Yes  No

Reviewer's Explanation:

(vii) Has the appraiser provided sufficient information based on the report option to clearly and accurately disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal?  Yes  No

Reviewer's Explanation:

(viii) Does the report provide sufficient information based on the report option used to understand the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions? Does the report clearly disclose the exclusion of any of the approaches to value and the reasoning behind the exclusion?

Yes  No

Reviewer's Explanation:

(ix) Does the report state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, is there sufficient information in the report to understand the support a rationale for that opinion?  Yes  No

Reviewer's Explanation:

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- (x) Does the report clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results?  Yes  No

Reviewer's Explanation:

- (xi) Has the appraiser included a signed certification in accordance with Standards Rule 2-3?  Yes  No

Reviewer's Explanation:

Has the appraiser stated in the certification the following: "I have performed no (or the specified Services) as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding the acceptance of this assignment."  Yes  No

Reviewer's Explanation:

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### LIST OF STANDARDS OF USPAP NOT MET IN REPORT (Include comments to support USPAP violations)

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## BASIC ASSUMPTIONS AND LIMITING CONDITIONS

The submitted compliance report is subject to the underlying assumptions and limiting conditions qualifying the information it contains as follows:

1. Reviewer may or may not have inspected the subject property or comparables. If not, all information about the subject property was taken from the appraisal report and/or work file, and reviewer did not research any additional data, as agreed upon with the client based on the intended use unless otherwise noted.
2. Possession of this Standard 3 Compliance Review Report, or copy thereof, does not carry with it the right of publication. Disclosure of the contents of this report is governed by the Nebraska Real Property Appraiser Board.
3. The purpose of this review is to communicate any substantial errors or inadequacies in the subject appraisal report, and establish that the subject appraisal report does or does not meet the minimum requirements of the Uniform Standards of Professional Appraisal Practice.
4. This Standard 3 Compliance Review Report is intended solely for the internal use of the Nebraska Real Property Appraiser Board. The contents of this report shall not be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent of the Nebraska Real Property Appraiser Board.
5. The reviewer may be required to defend any analyses, conclusions or opinions found in this Standard 3 Compliance Review Report.
6. Unless stated otherwise in this Standard 3 Compliance Review Report, the analyses, opinions and conclusions in this report are based solely on the data, analyses and conclusions contained in the appraisal report and/or the workfile.
7. All analyses, opinions and conclusions expressed by the reviewer are limited by the scope of the work process as defined in this Standard 3 Compliance Review Report.
8. Any analyses, conclusions or opinions found in this Standard 3 Compliance Review Report apply only to the work specifically identified and described in this report.
9. The reviewer has made no legal survey, therefore, reference to a sketch, plat, diagram or previous survey appearing in this Standard 3 Compliance Review Report is only for the purpose of assisting the reader to visualize the property.
10. Reviewer assumes no responsibility for legal matters existing or pending related to subject property and appraisal report.
12. The compensation received for this assignment is in no manner contingent upon the conclusion of this Standard 3 Compliance Review Report.
13. Reviewer Competency: The signatory of this compliance report is a fully qualified certified appraiser who has been involved in the valuation, review and/or compliance analysis of similar properties. The education and experience in valuation review and compliance analysis of similar reports satisfies the Competency Rule of USPAP.

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## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have performed no (or the specified) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have \_\_\_\_\_ or \_\_\_\_\_ have not made a personal inspection of the subject of the work under review. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the subject of the work under review.)
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification. (If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
State Credential Number

\_\_\_\_\_  
Date of Review Report

