



USPAP Q&A

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The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. The USPAP Q&A is a form of guidance issued by the ASB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of USPAP in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems. The USPAP Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. USPAP Q&A does not establish new standards or interpret existing standards. USPAP Q&A is not part of USPAP and is approved by the ASB without public exposure and comment.

Addressees, Clients, And Intended Users

Question:

If the party to whom an appraisal report is addressed is the client and is also the only intended user, does USPAP require the report to state the intended user by name or type?

Response:

While USPAP requires all reports to state the client and any other intended user(s), USPAP does not dictate how this should be done. When there is only a single intended user (the client), a simple statement as part of the salutation may be sufficient; however, in other cases, it may not be adequate. The report must clearly and accurately set forth the appraisal in a manner that will not be misleading and must contain sufficient information to enable intended users to understand the report properly.

The purpose of reporting requirements related to client and intended user identification is to: (1) ensure that the client and any other intended users can recognize their relationship to the assignment and report; and (2) ensure that unintended users will not be misled by notifying them that they are neither the client nor an intended user.

STATEMENT 9, *Identification of Intended Use and Intended Users*, provides extensive information on this topic in addition to several examples of statements that may be appropriate for inclusion in a report, such as the following:

This report is intended for use only by (identify the client) and (identify any other intended users by name or type). Use of this report by others is not intended by the appraiser.

Errors and Omissions Insurance

Question:

Does USPAP require appraisers to be covered by Errors and Omissions (E&O) insurance?

Response:

USPAP does not address E&O insurance. However, if an appraiser is required to have E&O insurance as a matter of law or regulation, he or she must comply with that requirement under the COMPETENCY RULE which requires recognition of, and compliance with, laws and regulations that apply to the appraiser or the assignment.

Appraisal Update With No Change In Value

Question:

I was recently contacted by a client for whom I had previously completed an appraisal. The client asked if I could simply tell them that there have been no changes in the market since the time of my appraisal, and that the value of the property remains the same. Am I permitted to do this under USPAP?

Response:

Yes. However, it must also be understood that an appraiser making a determination that the value of a property has not changed is performing an appraisal as defined in USPAP. The Comment to the definition of "Appraisal" states:

*An appraisal must be numerically expressed as a specific amount, as a range of numbers, **or as a relationship (e.g., not more than, not less than) to a previous value opinion** or numerical benchmark (e.g., assessed value, collateral value).
(Bold added for emphasis)*

In addition, the appraiser is obligated to comply with the reporting requirements of USPAP. The request from the client should be treated as a new assignment, which could be completed in accordance with Advisory Opinion 3, *Update of a Prior Appraisal*.

The USPAP Q&A is posted each month on The Appraisal Foundation website (www.appraisalfoundation.org). The ASB compiles the monthly USPAP Q&A into the USPAP Frequently Asked Questions (USPAP FAQ) for publication with each edition of USPAP. In addition to incorporating the most recent questions and responses issued by the ASB, the USPAP FAQ is reviewed and updated to ensure that it represents the most recent guidance from the ASB. The USPAP Frequently Asked Questions can be purchased (along with USPAP and USPAP Advisory Opinions) by visiting the “Foundation Store” page on The Appraisal Foundation website (<https://commerce.appraisalfoundation.org>).

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