THE APPRAISAL FOUNDATION
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APPRAISAL STANDARDS BOARD

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.

Geographic Competency in Appraisal Reviews

Question:
I have a client who has asked me to perform a desk review on a property located in a different state. I have no knowledge of the real estate market in that state and have never even stepped foot there. Can I perform a USPAP-compliant appraisal review on this property?

Response:
Yes. If you are engaged to determine whether or not the appraisal under review complies with certain guidelines or standards, geographic competence is not typically relevant. Alternatively, review assignments that include evaluating the selection and adjustment of comparable sales typically require geographic competence. As in all assignments, an appraiser must identify the scope of work required for the assignment and determine if he or she has the knowledge and experience to complete the assignment competently.

Appraisal Without Knowing Sale Price

Question:
I have been asked to perform an appraisal for a home that I know is under contract. No lender is involved and the buyer and seller do not want the appraiser to know the amount of the sales contract. Can I accept this assignment and still comply with USPAP?

Response:
Yes. USPAP does not contain a requirement for the appraiser to know the pending sale price of a subject property.

Standards Rule 1-5(a) does require the appraiser to analyze all current agreements of sale, listings of the subject property, etc. when available during the normal course of business…

> *When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser* ***in the normal course of business****, analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal.* (Bold added for emphasis)

However, if the appraiser's scope of work and the normal course of business render the subject property's pending transaction details unavailable, the appraiser may be able to comply with USPAP without obtaining the information. For more information on the normal course of business, please see Advisory Opinion 24, *Normal Course of Business*.

It should be noted that when the amount of the sale contract is unknown, this does not eliminate the appraiser's responsibility to analyze other information that is available related to the pending sale. This can include information such as marketing history and other details of the pending sale that may be available.

Due Process Under Confidentiality

Question:
I received a request from my state attorney general's office to turn over some appraisal reports I had prepared. Can I comply with this simple request or must it be in the form of a subpoena?

Response:
The Confidentiality section of the ETHICS RULE states, in part:

> *An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client; state enforcement agencies and such third parties* ***as may be authorized by due process of law****…* (Bold added for emphasis)

USPAP does not identify what constitutes "due process of law." While a subpoena or court order might clearly constitute due process, a simple verbal or written request might not. Therefore, for requests of this type, it may be necessary to seek legal counsel to determine what constitutes "due process."

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).

For further information regarding *USPAP Q&A*, please contact:

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