



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.

Can an appraisal management company be the client?

Question:

I received an appraisal order from an appraisal management company (AMC) which has requested to be identified as the client in the appraisal report. The AMC will not provide its client's name. Does USPAP allow me to identify the AMC as the client if the AMC will not disclose the name of its client?

Response:

There is nothing in USPAP that precludes an AMC from being a client; however, appraisers must comply with all applicable assignment conditions. Assignment conditions required by some users of appraisal services, including those prepared for federally-regulated financial institutions, specify who the client must be.

Therefore, the AMC may be the client under USPAP, but there could be additional applicable assignment conditions depending on the intended use and intended users.

Having an AMC as the client can be similar to the situation in which an appraiser is engaged by an attorney. The identity of the party that engaged the attorney might not be made available to the appraiser, but USPAP does not preclude the appraiser from naming the attorney as the client.

January 1, 2010 Change Regarding Restricted Use Appraisal Report

Question: What is the change effective January 1, 2010 regarding the Restricted Use Appraisal Report?

Response: In the 2008-09 edition of USPAP the ETHICS RULE included a requirement that when utilizing the Restricted Use Appraisal Report option, “*the workfile must be available for inspection by the client.*” However, STANDARDS 2, 8 and 10 also included a requirement that all appraisal reports must “*contain sufficient information to enable the intended users of the appraisal to understand the report.*”

The second requirement above made the initial requirement for the workfile to be available to the client when using a Restricted Use Appraisal Report unnecessary. Therefore, it was removed for the 2010-11 edition of USPAP.

Disposal of Workfiles

Question:

I am aware of and comply with the workfile retention requirements in the Record Keeping section of the ETHICS RULE in USPAP. However, once the required retention period has passed, does USPAP dictate a method I must employ to dispose of the workfiles?

Response:

No. USPAP does not dictate a particular method for disposal of workfiles. However, because there are no provisions in USPAP for termination of the appraiser-client relationship and the appraiser’s confidentiality obligations, appraisers must ensure that they do not violate the Confidentiality section of the ETHICS RULE even when disposing of workfiles.

This means that appraisers must be certain that whatever method they employ to dispose of workfiles does not allow for the unauthorized communication of *assignment results* or *confidential information* (both, as defined in USPAP) in the disposal process.

Due Process of Law

Question:

I am a personal property appraiser that specializes in the appraisal of coins and currency. I am required, by federal law, to report United States counterfeit coins and currency to the U.S. Secret Service. In reporting these counterfeit coins and currency, I am also required under federal law to provide them with the name and contact information of my client. Would disclosing my client’s name under these circumstances be a jurisdictional exception under USPAP?

Response:

No. This issue does not constitute a jurisdictional exception. The Confidentiality section of the ETHICS RULE in USPAP prohibits an appraiser from disclosing *confidential information*, as defined in USPAP. However, it is not a violation of USPAP to disclose the name of the appraiser's client. This would only hold true if the client's name qualified as *confidential information*, or if the appraiser contractually agreed with the client not to disclose the client's name.

Even if the appraiser agreed not to disclose the name of the client, the Confidentiality section of the ETHICS RULE permits the appraiser to disclose the client's name to "such third parties as may be authorized by due process of law." If federal law mandates an appraiser to communicate confidential information, the appraiser must comply with that law.

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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