



USPAP Q&A

Vol. 9, No. 11

November 2007

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.

Intentionally “Deflating” Opinions of Value

Question:

Most appraisers know that “inflating” values is unethical, but some appraisers think that “deflating” values is acceptable, particularly in light of difficult market conditions. I think that both actions are unethical. Am I correct?

Response:

Yes. The ETHICS RULE requires an appraiser to be independent, impartial, and objective, and to perform assignments without bias. An appraiser who intentionally “inflates” or “deflates” an opinion of value would be in violation of the Conduct section of that Rule.

When does Appraiser-Client Confidentiality End?

Question:

I performed an appraisal assignment for a lender client who has subsequently gone out of business. Now the borrower is requesting a copy of the appraisal from me since the company is defunct and there is no way to contact them. Does my obligation for appraiser-client confidentiality end since the client no longer exists?

Response:

No. USPAP has no provision for terminating appraiser-client confidentiality. An appraiser is required to comply with the requirements of the Confidentiality section of the ETHICS RULE, regardless of the status of the client.

Note: the following question is reprinted from a prior monthly USPAP Q&A. It is also included in the 2008-2009 Frequently Asked Questions (FAQ #78).

Readdress or Transfer**Question:**

Is it acceptable to readdress or transfer a completed appraisal report?

Response:

No. Once a report has been prepared for a named client or clients, the appraiser cannot 'readdress' (transfer) the report to another party. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship. Therefore, this action is misleading.

However, you can consider the request as a new assignment. In so doing, you may establish a new appraiser-client relationship and appraise the property for this new client.

Additional information can be found in Advisory Opinion 26, *Readdressing (Transferring) a Report to Another Party*. Important considerations, such as the handling of confidential information and other factors, are addressed in Advisory Opinion 27, *Appraising the Same Property for a New Client*.

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:

John S. Brennan, Director of Research and Technical Issues

The Appraisal Foundation
1155 15th Street, NW, Suite 1111
Washington, DC 20005

(202) 624-3044

(202) 347-7727 fax

john@appraisalfoundation.org