

Uniform Standards of Professional Appraisal Practice

AZ Chapter ASFMRA

Spring Outlook Forum

Uniform Standards of Professional Appraisal Practice

2005 Changes

Changes to Definitions

2005 Edition

DEFINITIONS

Appraisal Review—edited

Cash Flow Analysis—deleted

Report—edited

Impact on your work?

Editing Changes Throughout

Purpose - Former use confusing

- **Type & definition of value**
- **Intended use**
- **Problem to be solved**

**If “purpose” used means what
Webster says it means**

Source of Value Definition

EDIT

**Clarify requirement to include
citation of source of value
definition**

Unclear in 2004?

Highest and Best Use

**Remove requirement to value land
“as if vacant”**

SR 1-3(b) and Standard 6

Reason: theory/technique

Not USPAP's role

Hypothetical Conditions and Extraordinary Assumptions

Disclosure & Impact

**Old: in conjunction w/each
opinion/conclusion AND impact
on value**

**New: clear and conspicuous
disclosure AND “might have
affected assignment results”**

Review

STANDARD 3

Applies only to work of another appraiser in:

- Appraisal
- Appraisal review
- Appraisal consulting

Exposure Time

**Requirement for reporting in SMT
6 deleted**

**Reason: Exposure time reporting
not necessary for all
assignments**

**NOTE: Requirement to develop
still in USPAP**

Levels of Reliability

Statement 7

Edits to accurately address levels of reliability

Old: Incorrectly stated that Complete Appraisal is always more reliable than a Limited Appraisal

Advisory Opinion 21

Retitled “USPAP Compliance”

Revised/edited to provide greater
clarity

Retired Advisory Opinion-6

Material in AO-6 now covered in
AOs 20 and 21 and FAQs

Miscellaneous Edits

Reconciliation:

Added reconciliation to 2-2,
(a)(b)(c), (ix)

Certification:

If appraisal includes PP, IP
appraised by others, RP
appraiser responsible only
for RP

Scope of Work Exposure Draft

February 15, 2005

Comments Due April 1, 2005

Scope of Work v. Departure

Scope of work: all development activities

Departure: Specific requirements only

Labels “Complete” & “Limited” potentially misleading

Proposed Solution

Remove Departure Rule

Add Scope of Work Rule

Appropriate scope of work

Produces assignment results
credible in light of intended use

Acceptable when meets or exceeds
market participants' expectation &
peers' actions

Net Impact

	Current	Proposed
<u>N/A</u>	No departure	Part of scope
<u>Necessary</u>	Must do	Must do
<u>App./not nec.</u>	Departure	Part of scope
Omit apprch.	Disclose	Disclose
	Departure only only if applicable	

Reporting

Reporting revised only w/respect
to development changes

ASB may consider reporting
changes in future

Conclusion

BENEFITS:

Resolve misunderstandings related to departure, enhanced public trust, improved USPAP clarity

Send your comments to ASB!