



THE APPRAISAL FOUNDATION

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APPRAISAL STANDARDS BOARD

TO: All Interested Parties

FROM: Gregory J. Accetta, Chair  
Appraisal Standards Board

RE: Results of the Concept Paper on the Reporting Requirements of the *Uniform Standards of Professional Appraisal Practice* and Future Course of Action

DATE: January 25, 2007

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On July 15, 2006, the Appraisal Standards Board (ASB) issued a Concept Paper to solicit comment on the reporting requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP). This was the initial step in reviewing the current reporting requirements in USPAP. The purpose of this communication is to summarize the responses to that Concept Paper and discuss a potential course of action.

As defined in USPAP, reporting is not an aspect of an appraiser's scope of work. However, throughout the ASB's recent examination of the role of scope of work in the development process, the ASB received comments and questions related to reporting. Based on the feedback received, it appears that some appraisers and users of appraisal services question whether or not the reporting Standards offer the same degree of flexibility as the development Standards.

The Concept Paper on the Reporting Requirements of USPAP asked all interested parties to respond to four specific questions. The questions posed were:

1. Do the current reporting requirements in USPAP provide sufficient flexibility to meet existing needs while still preserving public trust?
2. Does USPAP currently provide a clear way to measure the adequacy of report content?
3. Are there any specific reporting-related edits to USPAP that you would recommend?
4. Given the recent changes related to scope of work, is now the time to consider changing anything related to reporting?

## Concept Paper Responses

The responses, concepts, and opinions expressed herein were taken directly from the written and oral comments provided to the Board.

Responses expressing support for some level of change related to reporting Standards were predominant. However, opinions about the appropriate nature and breadth of change were varied. Many who supported a change also requested a cautious approach. A thorough examination of all reporting issues was suggested as a first step.

A minority of respondents did not believe that now was an appropriate time for additional and significant changes to USPAP. The reasoning for the comment cited that more time was necessary to absorb the scope of work changes. One comment even stated that the Board was “nit-picking” the reporting Standards without cause.

A majority of respondents commented on the adequacy of the three reporting options for real and personal property. Many of the comments favored two reporting options similar to those that currently exist in STANDARD 10, *Business Appraisal, Reporting*. A minority of respondents believed that the three reporting options were adequate and well understood by most appraisers. This response was given most frequently by users of appraisal services.

Some respondents did not see the need to differentiate between Self-Contained and Summary Appraisal Report options. Many with this opinion said they did not use the Self-Contained Appraisal Report due to lack of understanding of the Self-Contained Report by users of appraisal services and the enforcement community.

A few respondents favored elimination of all reporting labels in favor of a single comprehensive set of reporting standards. Others suggested different reporting labels. The most common reason cited for these opinions and suggestions was the belief that the current reporting labels are misleading and commonly used by clients inappropriately, equating the report type with the scope of work in a given assignment.

Some strongly urged allowing the Restricted Use Appraisal Report option to be available for use with multiple intended users. The most common reason cited was that all reports are already restricted to the client and any other intended users as identified by the appraiser in the report. On the other hand, there was also strong opposition to allowing the Restricted Use Appraisal Report to be used with more than one intended user; current abuses under this reporting option were cited as the reason for the opposition.

Many noted that additional education was necessary to make clear the differences between “describe,” “summarize” and “state.” The majority of these respondents did not believe the issue was in the terms themselves, or that the terms should be defined in USPAP. Several comments suggested adding to or replacing the existing guidance on the report options.

When it came to the issue of tests for report content, most believed tests similar to those used to evaluate the scope of work were adequate for the reporting standards. Others were not convinced that such tests fit the reporting standards or today’s electronic and Internet delivery formats. However, few solutions were offered.

## **Course of Action**

Members of the ASB read and considered all comments thoroughly. Every response submitted provided useful feedback to the ASB in its review of reporting requirements.

The responses provided by the initial Concept Paper have convinced the Board that valid concerns exist. Because the issues identified are broad in nature, a thorough examination of the reporting requirements will need to be undertaken.

The ASB is considering this issue separately from other potential revisions to the current edition of USPAP. The ASB views the issue of reporting requirements as a long-term project, similar to the process undertaken for the Scope of Work Project. As a result, no changes to the reporting issues addressed in the Concept Paper will appear in the 2008 edition of USPAP. Changes, if any, would most likely appear in the following edition, which is scheduled to become effective on January 1, 2010.

At this time the ASB will not issue additional Concept Papers or move forward with an Exposure Draft on the topic of reporting requirements until it has had an opportunity to meet and deliberate further on the issues.

Interested parties are encouraged to comment in writing to the Appraisal Standards Board. Written comments may be submitted by mail, e-mail and facsimile.

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