



USPAP

Marla L. Britton, SR/WA

Senior Associate

SRF Consulting Group, Inc.



AMERICAN ASSOCIATION OF
STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO
THE VOICE OF TRANSPORTATION

WHAT DOES USPAP STAND FOR?

- United States Patent Application Publication
- United States Property Appraiser Protocol
- Uniform Standards of Professional Appraisal Practice



HISTORY OF USPAP

- Adopted January 30, 1989
 - represents the generally accepted and recognized standards of appraisal practice
 - considered the minimum set of quality control standards
- Evolution of Standards
 - Annually revised through 2005
 - Changed to 2-year cycle beginning in 2006



WHEN DO USPAP RULES & STANDARDS APPLY?

- When either the service or appraiser is required by:
 - **Law** – includes constitutions, legislative and court-made law, administrative rules, and ordinances.
 - **Regulation** – includes rules or orders, having legal force, issued by an administrative agency.
 - **Agreement** – between client & appraiser



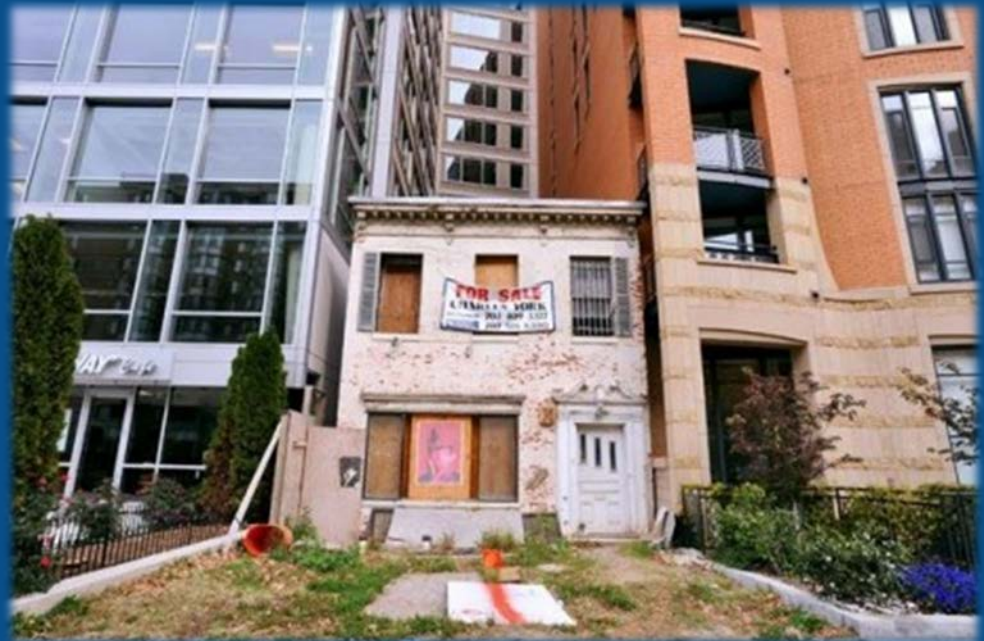
2014 – 2015 MAJOR CHANGES

- Definition Revisions
 - Assignment Results
 - Scope of Work
- Competency Rule
 - **ADDED** - In all cases, the appraiser must **perform** competently when completing the assignment.



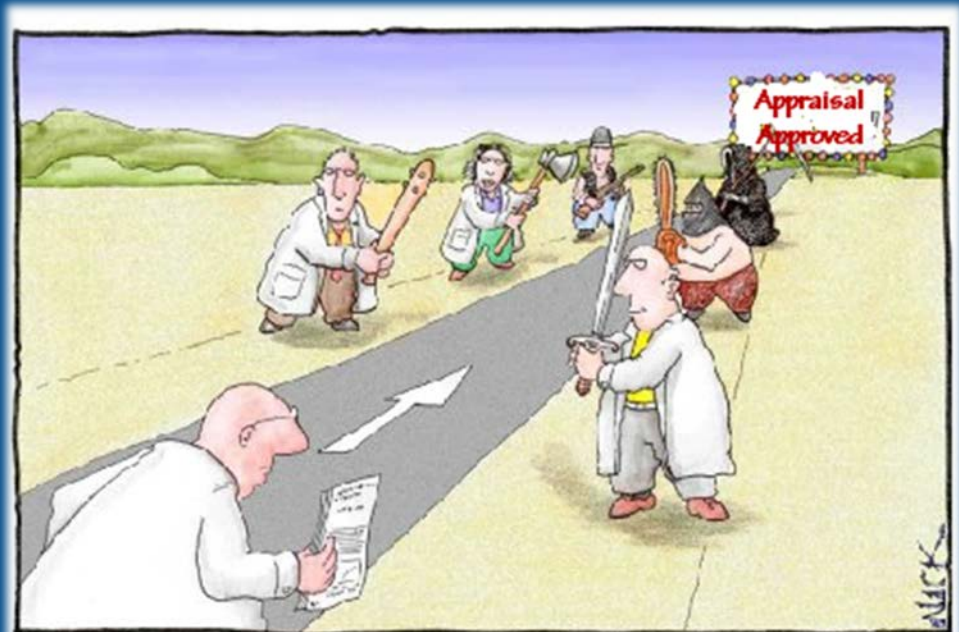
2014 – 2015 MAJOR CHANGES

- Standard 2 & 8
 - 2 Written Report Options
 - Appraisal Report
 - Restricted Appraisal Report
- Standard 3
 - review appraiser to state the date of the appraisal review in the review report
- Standard 4 & 5 Retired



OTHER USPAP CONFUSIONS

- USPAP does NOT recommend Forms
- It is the responsibility of the appraiser to properly develop an appraisal, and to properly report the assignment results



Most appraisers regarded the new streamlined appraisal-review process as "quite an improvement."

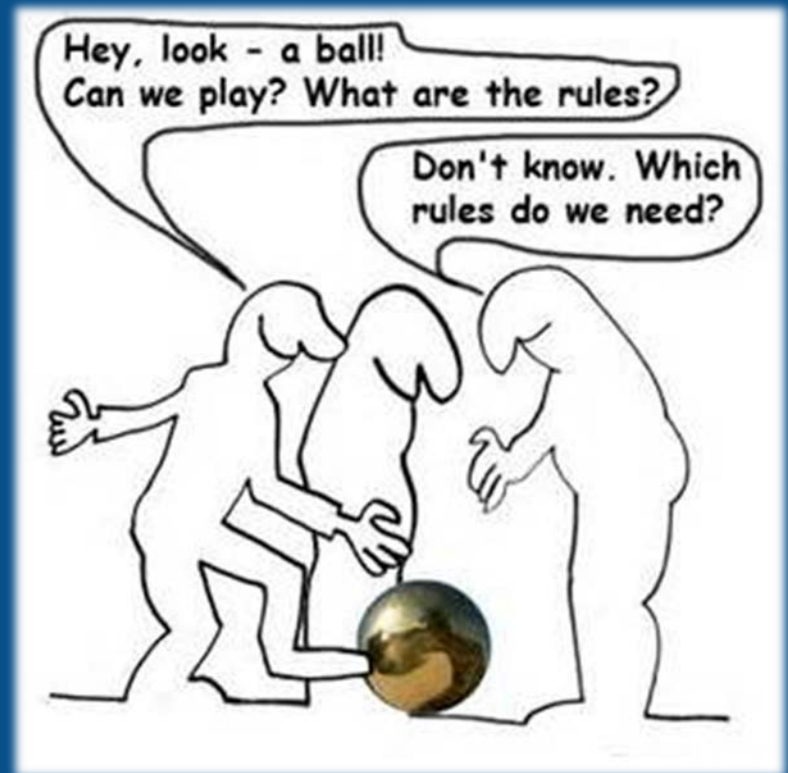
ASSIGNMENT CONDITION(S)

- Assumptions
- Extraordinary Assumption(s)
- Hypothetical Condition(s)
- Laws & Regulation(s)
- Jurisdictional Exception



JURISDICTIONAL EXCEPTION RULE

- an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP



EXAMPLE 1

The Federal Highway Administration (FHWA) permits a “waiver valuation.”

- Is this an application of the **JURISDICTIONAL EXCEPTION RULE?**

EXAMPLE 2

The FHWA publishes a “Guide for Preparing an Appraisal Scope of Work.”

One of the items listed is that the property being acquired should be “appraised as if free and clear of contamination,” unless otherwise specified. Is this a:

- Jurisdictional Exception
- Extraordinary Assumption
- Hypothetical Condition

EXAMPLE 3

I'm doing an appraisal assignment for a Gov. agency subject to provisions of the Uniform Act. In the before value, the regulation requires appraisers to disregard any decrease or increase in the market value caused directly by the project. This regulation appears to conflict with USPAP Standard that addresses analysis of the effect on value of anticipated public or private improvements.

- Does this situation create a USPAP jurisdictional exception?

WHEN DOES THE JURISDICTIONAL EXCEPTION RULE APPLY?

- The Rule applies anytime there is a conflict between the requirements of USPAP and the applicable law or regulation of a jurisdiction. The JURISDICTIONAL EXCEPTION RULE exempts appraisers from the part or parts of USPAP that are precluded by law or regulation.
- An appraiser using the JURISDICTIONAL EXCEPTION RULE must properly identify and comply with the law or regulation that precludes compliance with USPAP.

EXAMPLE 4

I am doing an appraisal assignment for a Gov. agency subject to URA.

They have provided a reference to a State Court of Appeals ruling which indicates standing timber and landscaping impacted by a public project must be appraised based on the value it contributes to the subject property as a whole, and not as individual items.

They have informed me this case is frequently cited in condemnation cases and almost always upheld by the courts. Based on this, the agency has adopted a policy that all standing timber and landscaping be valued in this manner.

• **Is this a Jurisdictional Exception?**

EXAMPLE 5

I am required by USPAP to develop of an opinion of reasonable exposure time linked to my value opinion. The assignment I am working on must, by regulation, comply with “Yellow Book”.

Those standards require market value opinion be based on a reasonable exposure time, but prohibits the appraiser from linking the value to a specific exposure time.

- Is this a Jurisdictional Exception?

PROPOSED 2016-2017 CHANGES

Revise Definition of “Report”

- any communication, transmitted to the client or to a party authorized by the client, of an appraisal or appraisal review that includes a signed certification.



PROPOSED 2016-2017 CHANGES

Report “Drafts” and Record Keeping Rule

- Requiring any draft or preliminary communication of assignment results not intended by the appraiser to be a report must clearly state that it is preliminary or a draft and that the opinions and conclusions are subject to change.
- Any draft or preliminary communication must not include a signed certification
- True copies of all written reports, documented on any type of media.

