

USPAP Q&A

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This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to inform appraisers, regulators, and users of appraisal services of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems.

Supplemental Standards Defined

Question:

What are supplemental standards?

Response:

Supplemental standards are requirements that

- are issued by a government agency, a government sponsored enterprise or another entity that establishes public policy;
- have a material effect on development and reporting, and
- apply to all properties or assignments in a particular category.

Contractual agreements that are unique to the contracting entity and which apply specifically to a particular property or assignment are not supplemental standards.

Supplemental Standards Described

Question:

What makes a requirement a supplemental standard?

Response:

In order for a requirement to become a supplemental standard in an assignment, the requirement must add to the purpose, intent and content of the requirements set forth in USPAP and have a material effect on the development and reporting of assignment results. The requirements applicable in an assignment, as that term is used in USPAP, relate to the development and communication of an appraisal, appraisal review or appraisal consulting assignment.

Requirements that extend beyond this purpose, intent and content framework, such as the number of copies of a report, the kind of exhibits, or the time-frame for assignment completion, might be legitimate service contract requirements. However, they are not supplemental standards applicable to an appraisal, appraisal review or appraisal consulting assignment in the context of the SUPPLEMENTAL STANDARDS RULE.

When Supplemental Standards Diminish USPAP Requirements

Question:

Can a supplemental standard require less than USPAP?

Response:

No. Supplemental standards may augment USPAP but must not diminish the purpose, intent, or content of USPAP.

Supplemental Standards Rule and Specific Assignment Obligations

Question:

I was told that the SUPPLEMENTAL STANDARDS RULE makes it a violation of the ETHICS RULE if I do not comply with every condition in an assignment that I accept. How can this be? I can't control every possible factor in performing an appraisal. Please explain why this is necessary and exactly what it means.

Response:

This portion of the SUPPLEMENTAL STANDARDS RULE is necessary to ensure appraisers recognize their USPAP-related obligations when accepting an assignment that includes supplemental standards.

It is essential to recognize that not all assignment conditions are supplemental standards. Further, even when a requirement that is a supplemental standard is not met, that failure to comply is not necessarily a violation of the ETHICS RULE.

If an appraiser accepts an assignment involving supplemental standards and then the appraiser knowingly fails to comply with those supplemental standards, that action is a violation of the ETHICS RULE because the appraiser did not comply with the agreed-upon supplemental standard. If instead an appraiser fails to meet a supplemental standard due to an inadvertent error, such action may be a violation of, for example in a real property appraisal, Standards Rule 1-1(b), but it is not a violation of the ETHICS RULE.

**For further information regarding
USPAP Q&A, please contact:**

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