



**THE APPRAISAL FOUNDATION**  
*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

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# **7-Hour National USPAP Update Course**

## **Student Answers**



## Overview

The answers to the Discussion Examples are provided in the same order as identified in each Section. When the answer has been taken from the *Frequently Asked Questions* (FAQs) publication, it is labeled FAQ; when the answer is from an Advisory Opinion (AO), it is labeled AO. In a few instances, the entire answer has been provided.

## Section 1

### Topic: Why and How USPAP Changes – The Result of Exposure

There are no Discussion Examples for this Part.

## Section 1

### Topic: Rationale for and Impact of the 2016-17 Changes to USPAP

#### Discussion Example 1: “Assignment Results and Physical Characteristics”

Yes. Because physical characteristics are not assignment results, they are not confidential unless identified as such by the client **and** they are not available from any other source. Physical characteristics are attributes that are observable or measurable. This differs from opinions and conclusions, which are the result of some level of analysis or judgment.

#### Discussion Example 2: “Identifying Physical Characteristics and Assignment Result Opinions”

Physical Characteristics: 1, 2, 3, 4, 6, and 8.

Assignment Result Opinions: 5 and 7.

#### Discussion Example 3: “Reasonable Steps to Safeguard Access to Confidential Information”

The Confidentiality section of the ETHICS RULE stipulates that except in certain circumstances, the appraiser must not disclose confidential information or assignment results (both as defined in USPAP). Safeguarding confidential information and assignment results requires the appraiser to make a decision as to what is reasonable.

One dictionary defines reasonable as being based in sound judgment. Sound judgment is not a one-size-fits-all proposition. For example, what are reasonable steps for an appraiser who is working in a public space where others might be able to see the work papers or computer screen? The reasonable steps necessary to safeguard private documents from public view could vary.

The same judgment extends to the appraiser's office. It is up to the appraiser to determine when confidential information and assignment results should be kept under lock and key or in a closed folder. The answer could vary depending on the office environment; reasonable steps for an appraiser working from a home office might be different from those required in a large firm with appraisers and others having access to the workspace. USPAP requires an appraiser to exercise good judgment; it does not list steps the appraiser should take to comply.

Confidential information and assignment results can also be stored electronically. This information kept in our desktop computers can be safeguarded in the same manner as physical files. The information can also be kept on an array of portable devices (e.g., laptops, external disk drives, small flash drives, smart phones, etc.). These devices are easily misplaced, lost or stolen. The loss of one of these devices carries the same risk as orally disclosing confidential information or misplacing printed copies of reports.

USPAP cannot specify the steps an appraiser should take to prevent losing these devices or documents, nor can it specify what to do if that happens. Over time, new data storage and security technologies will evolve. USPAP does not specify whether these devices must be encrypted or password protected, nor the level of protection. USPAP cannot specify whether the appraiser must have the ability to remotely erase confidential information.

USPAP can only require the appraiser to exercise sound judgment. Therefore, relying on best professional practices, individual appraisers must seek “reasonable” and practical solutions to maintaining client confidentiality.

**Discussion Example 4:** FAQ 54, “Verifying Completion of an Appraisal (New)”

**Discussion Example 5:** FAQ 249, “Utilizing a Data Entry Service (New)”

**Discussion Example 6:** FAQ 57, “Disclosure of the Client in a Prior Assignment”

**Discussion Example 7:** FAQ 93, “Adequacy of Workfile Documentation”

**Discussion Example 8:** FAQ 82, “Appropriate Workfile Retention and Access Arrangements”

**Discussion Example 9:** FAQ 277, “Identification of the Client in Appraisal Reports”

**Discussion Example 10:** FAQ 278, “Disclosure of the Intended User in a Report”

**Discussion Example 11:** FAQ 281, “Oral Reports and Record Keeping”

**Discussion Example 12:** FAQ 122, “Appraising without Knowing the Intended Use or Intended User”

**Discussion Example 13:** FAQ 297, “Reviewer Disagrees with Value Conclusion”

**Discussion Example 14:** FAQ 309, “Discrediting the Original Appraiser’s Work”

**Discussion Example 15:** FAQ 166, “Exposure Time and Marketing Time”

**Discussion Example 16:** FAQ 167, “Marketing Time on Appraisal Forms”

## **Section 2**

### **Topic: Common USPAP Problems and Issues**

There are no Discussion Examples for this Part.

### **Topic: A Practical Look at Advisory Opinions**

**Discussion Example 17:** FAQ 145, “Retrospective Appraisal Assignments”

**Discussion Example 18:** FAQ 121, “Addressees, Clients, and Intended Users”

**Discussion Example 19:** FAQ 279, “Disclosure of the Intended Use in a Report”

**Discussion Example 20:** AO-2, “Inspection of Subject Property, Illustration 3”

**Discussion Example 21:** AO-2, “Inspection of Subject Property, Illustration 1”

**Discussion Example 22:** FAQ 168, “Exposure Time Value Range”

**Discussion Example 23:** AO-31, “Assignments Involving More than One Appraiser, Illustration 3”

**Discussion Example 24:** FAQ 158, “Differing Scopes of Work (New)”

**Discussion Example 25:** AO-27, “Appraising the Same Property for a New Client, Illustration Example A”

**Discussion Example 26:** FAQ 226, “Appraisal without Knowing Sale Price”

**Discussion Example 27:** FAQ 292, “Developing an Unnecessary Valuation Approach”

**Discussion Example 28:** FAQ 318, “Feasibility Studies and Appraisal Practice”

**Discussion Example 29:** FAQ 301, “Reviewing Two Appraisals on the Same Property”

**Discussion Example 30:** AO-25, “Clarification of the Client in a Federally Related Transaction, Illustration 2”

**Discussion Example 31:** FAQ 31, “Supported and Unsupported Conclusions”

**Discussion Example 32:** FAQ 219, “Multiple Sales or Transfers of the Subject Property”

**Discussion Example 33:** AO-17, “Appraisals of Real Property with Proposed Improvements, Illustration 3”

**Discussion Example 34:** AO-17, “Appraisals of Real Property with Proposed Improvements, Illustration 2”

**Discussion Example 35:** FAQ 230, “Proper Analysis of Agreement of Sale”

**Discussion Example 36:** FAQ 137, “Does Changing the Sale Price Result in a New Assignment?”

### **Topic: Myth or Fact**

**Discussion Example 37:** FAQ 42, “USPAP Certified Advertisement (New)”

**Discussion Example 38:** FAQ 157, “Changing the Scope of Work after the Report Has Been Submitted”

**Discussion Example 39:** FAQ 231, “Value Conclusion Below Contract Price (New)”

**Discussion Example 40:** FAQ 295, “Geographic Competency in Appraisal Reviews”