

619 STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING

620 In reporting the results of a real property appraisal, an appraiser must communicate each analysis,
621 opinion, and conclusion in a manner that is not misleading.

622 Comment: STANDARD 2 addresses the content and level of information required in a report
623 that communicates the results of a real property appraisal.

624 STANDARD 2 does not dictate the form, format, or style of real property appraisal reports.
625 The form, format, and style of a report are functions of the needs of intended users and
626 appraisers. The substantive content of a report determines its compliance.

627 Standards Rule 2-1

628 Each written or oral real property appraisal report must:

629 (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
630 (b) contain sufficient information to enable the intended users of the appraisal to understand the
631 report properly; and
632 (c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical
633 conditions, and limiting conditions used in the assignment.

634 Standards Rule 2-2

635 Each written real property appraisal report must be prepared under one of the following three options
636 and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal
637 Report, or Restricted Use Appraisal Report.¹⁶

638 Comment: When the intended users include parties other than the client, either a Self-
639 Contained Appraisal Report or a Summary Appraisal Report must be provided. When the
640 intended users do not include parties other than the client, a Restricted Use Appraisal Report
641 may be provided.

642 The essential difference among these three options is in the content and level of information
643 provided. The appropriate reporting option and the level of information necessary in the
644 report are dependent on the intended use and the intended users.

645 An appraiser must use care when characterizing the type of report and level of information
646 communicated upon completion of an assignment. An appraiser may use any other label in
647 addition to, but not in place of, the label set forth in this Standard for the type of report
648 provided.

649 The report content and level of information requirements set forth in this Standard are
650 minimums for each type of report. An appraiser must supplement a report form, when
651 necessary, to ensure that any intended user of the appraisal is not misled and that the report
652 complies with the applicable content requirements set forth in this Standards Rule.

653 A party receiving a copy of a Self-Contained Appraisal Report, Summary Appraisal Report, or
654 Restricted Use Appraisal Report in order to satisfy disclosure requirements does not become
655 an intended user of the appraisal unless the appraiser identifies such party as an intended user
656 as part of the assignment.

657 (a) **The content of a Self-Contained Appraisal Report must be consistent with the intended use of the**
658 **appraisal and, at a minimum:**

659 (i) **state the identity of the client and any intended users, by name or type;**¹⁷
660 Comment: An appraiser must use care when identifying the client to ensure a clear
661 understanding and to avoid violations of the Confidentiality section of the ETHICS
662 RULE. In those rare instances when the client wishes to remain anonymous, an
663 appraiser must still document the identity of the client in the workfile but may omit
664 the client's identity in the report.

665 Intended users of the report might include parties such as lenders, employees of
666 government agencies, partners of a client, and a client's attorney and accountant.

668 (iii) **describe information sufficient to identify the real estate involved in the appraisal,**
669 **including the physical and economic property characteristics relevant to the**
670 **assignment;**¹⁹

671 Comment: The real estate involved in the appraisal can be specified, for example, by
672 a legal description, address, map reference, copy of a survey or map, property sketch
673 and/or photographs or the like. The information can include a property sketch and
674 photographs in addition to written comments about the legal, physical, and economic
675 attributes of the real estate relevant to the type and definition of value and intended
676 use of the appraisal.

677 (iv) **state the real property interest appraised;**
678 Comment: The statement of the real property rights being appraised must be
679 substantiated, as needed, by copies or summaries of title descriptions or other
680 documents that set forth any known encumbrances.

681 (v) **state the type and definition of value and cite the source of the definition;**
682 Comment: Stating the definition of value also requires any comments needed to
683 clearly indicate to the intended users how the definition is being applied.

684 When reporting an opinion of market value, state whether the opinion of value is:

685 in terms of cash or of financing terms equivalent to cash, or
686 based on non-market financing or financing with unusual conditions or
687 incentives.

688 When an opinion of market value is not in terms of cash or based on financing terms
689 equivalent to cash, summarize the terms of such financing and explain their
690 contributions to or negative influence on value.

691 When an opinion of reasonable exposure time has been developed in compliance
692 with Standards Rule 1-2(c), the opinion must be stated in the report.

693 (vi) **state the effective date of the appraisal and the date of the report;**²¹

694 Comment: The effective date of the appraisal establishes the context for the value
695 opinion, while the date of the report indicates whether the perspective of the

696 appraiser on the market and property as of the effective date of the appraisal was
697 prospective, current, or retrospective.

698 **(vii) describe the scope of work used to develop the appraisal;**²²

699 Comment: Because intended users' reliance on an appraisal may be affected by the
700 scope of work, the report must enable them to be properly informed and not misled.
701 Sufficient information includes disclosure of research and analyses performed and
702 might also include disclosure of research and analyses not performed.

703 When any portion of the work involves significant real property appraisal assistance,
704 the appraiser must describe the extent of that assistance. The signing appraiser must
705 also state the name(s) of those providing the significant real property appraisal
706 assistance in the certification, in accordance with Standards Rule 2-3.23

707 **(viii) describe the information analyzed, the appraisal methods and techniques employed, and**
708 **the reasoning that supports the analyses, opinions, and conclusions; exclusion of the**
709 **sales comparison approach, cost approach, or income approach must be explained;**

710 Comment: A Self-Contained Appraisal Report must include sufficient information to
711 indicate that the appraiser complied with the requirements of STANDARD 1. The
712 amount of detail required will vary with the significance of the information to the
713 appraisal.

714 The appraiser must provide sufficient information to enable the client and intended
715 users to understand the rationale for the opinions and conclusions, including
716 reconciliation of the data and approaches, in accordance with Standards Rule 1-6.

717 When reporting an opinion of market value, a summary of the results of analyzing
718 the subject sales, options, and listings in accordance with Standards Rule 1-5 is
719 required.²⁴ If such information is unobtainable, a statement on the efforts undertaken
720 by the appraiser to obtain the information is required. If such information is irrelevant, a statement
721 acknowledging the existence of the information and citing its
722 lack of relevance is required.

723 **(ix) state the use of the real estate existing as of the date of value and the use of the real**
724 **estate reflected in the appraisal; and, when an opinion of highest and best use was**
725 **developed by the appraiser, describe the support and rationale for that opinion;**

726 **(x) clearly and conspicuously:**

727 **state all extraordinary assumptions and hypothetical conditions; and**
728 **state that their use might have affected the assignment results; and**

729 **(xi) include a signed certification in accordance with Standards Rule 2-3.**

730 **(b) The content of a Summary Appraisal Report must be consistent with the intended use of the**
731 **appraisal and, at a minimum:**

732 Comment: The essential difference between the Self-Contained Appraisal Report and the
733 Summary Appraisal Report is the level of detail of presentation.

734 **(i) state the identity of the client and any intended users, by name or type;25**

735 Comment: An appraiser must use care when identifying the client to ensure a clear
736 understanding and to avoid violations of the Confidentiality section of the ETHICS
737 RULE. In those rare instances when the client wishes to remain anonymous, an
738 appraiser must still document the identity of the client in the workfile but may omit
739 the client's identity in the report.

740 Intended users of the report might include parties such as lenders, employees of
741 government agencies, partners of a client, and a client's attorney and accountant.

742 **(ii) state the intended use of the appraisal;26**

743 **(iii) summarize information sufficient to identify the real estate involved in the appraisal,
744 including the physical and economic property characteristics relevant to the
745 assignment;27**

746 Comment: The real estate involved in the appraisal can be specified, for example, by
747 a legal description, address, map reference, copy of a survey or map, property sketch,
748 and/or photographs or the like. The summarized information can include a property
749 sketch and photographs in addition to written comments about the legal, physical,
750 and economic attributes of the real estate relevant to the type and definition of value
751 and intended use of the appraisal.

752 **(iv) state the real property interest appraised;**

753 Comment: The statement of the real property rights being appraised must be
754 substantiated, as needed, by copies or summaries of title descriptions or other
755 documents that set forth any known encumbrances.

756 **(v) state the type and definition of value and cite the source of the definition;**

757 Comment: Stating the definition of value also requires any comments needed to
758 clearly indicate to the intended users how the definition is being applied.

759 When reporting an opinion of market value, state whether the opinion of value is:

760 in terms of cash or of financing terms equivalent to cash, or
761 based on non-market financing or financing with unusual conditions or
762 incentives.

763 When an opinion of market value is not in terms of cash or based on financing terms
764 equivalent to cash, summarize the terms of such financing and explain their
765 contributions to or negative influence on value.

766 When an opinion of reasonable exposure time has been developed in compliance
767 with Standards Rule 1-2(c), the opinion must be stated in the report.28

768 **(vi) state the effective date of the appraisal and the date of the report;29**

769 Comment: The effective date of the appraisal establishes the context for the value
770 opinion, while the date of the report indicates whether the perspective of the

771 appraiser on the market and property as of the effective date of the appraisal was
772 prospective, current, or retrospective.

773 **(vii) summarize the scope of work used to develop the appraisal;**³⁰

774 Comment: Because intended users' reliance on an appraisal may be affected by the
775 scope of work, the report must enable them to be properly informed and not misled.
776 Sufficient information includes disclosure of research and analyses performed and
777 might also include disclosure of research and analyses not performed.
778 When any portion of the work involves significant real property appraisal assistance,
779 he appraiser must summarize the extent of that assistance. The signing appraiser
780 must also state the name(s) of those providing the significant real property appraisal
781 assistance in the certification, in accordance with Standards Rule 2-3.31

782 **(viii) summarize the information analyzed, the appraisal methods and techniques employed,
783 and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the
784 sales comparison approach, cost approach, or income approach must be explained;**

785 Comment: A Summary Appraisal Report 785 must include sufficient information to
786 indicate that the appraiser complied with the requirements of STANDARD 1. The
787 amount of detail required will vary with the significance of the information to the
788 appraisal.

789 The appraiser must provide sufficient information to enable the client and intended
790 users to understand the rationale for the opinions and conclusions, including
791 reconciliation of the data and approaches, in accordance with Standards Rule 1-6.

792 When reporting an opinion of market value, a summary of the results of analyzing
793 the subject sales, options, and listings in accordance with Standards Rule 1-5 is
794 required.³² If such information is unobtainable, a statement on the efforts undertaken
795 by the appraiser to obtain the information is required. If such information is
796 irrelevant, a statement acknowledging the existence of the information and citing its
797 lack of relevance is required.

798 **(ix) state the use of the real estate existing as of the date of value and the use of the real
799 estate reflected in the appraisal; and, when an opinion of highest and best use was
800 developed by the appraiser, summarize the support and rationale for that opinion;**

801 **(x) clearly and conspicuously:**

802 **state all extraordinary assumptions and hypothetical conditions; and**
803 **state that their use might have affected the assignment results; and**

804 **(xi) include a signed certification in accordance with Standards Rule 2-3.**

805 **(c) The content of a Restricted Use Appraisal Report must be consistent with the intended use of the**
806 **appraisal and, at a minimum:**

807 **(i) state the identity of the client, by name or type;**³³ **and state a prominent use restriction**
808 **that limits use of the report to the client and warns that the appraiser's opinions and**
809 **conclusions set forth in the report may not be understood properly without additional**

810 **information in the appraiser's workfile;**

811 Comment: An appraiser must use care when identifying the client to ensure a clear
812 understanding and to avoid violations of the Confidentiality section of the ETHICS
813 RULE. In those rare instances when the client wishes to remain anonymous, an
814 appraiser must still document the identity of the client in the workfile but may omit
815 the client's identity in the report.

816 The Restricted Use Appraisal Report is for client use only. Before entering into an
817 agreement, the appraiser should establish with the client the situations where this
818 type of report is to be used and should ensure that the client understands the
819 restricted utility of the Restricted Use Appraisal Report.

820 **(ii) state the intended use of the appraisal;34**

821 Comment: The intended use of 821 the appraisal must be consistent with the limitation
822 on use of the Restricted Use Appraisal Report option in this Standards Rule (i.e.,
823 client use only).

824 **(iii) state information sufficient to identify the real estate involved in the appraisal;35**

825 Comment: The real estate involved in the appraisal can be specified, for example, by
826 a legal description, address, map reference, copy of a survey or map, property sketch,
827 and/or photographs or the like.

828 **(iv) state the real property interest appraised;**

829 **(v) state the type of value and cite the source of its definition;36**

830 Comment: When an opinion of reasonable exposure time has been developed in compliance
831 with Standards Rule 1-2(c), the opinion must be stated in the report.

832 **(vi) state the effective date of the appraisal and the date of the report;37**

833 Comment: The effective date of the appraisal establishes the context for the value
834 opinion, while the date of the report indicates whether the perspective of the
835 appraiser on the market and property as of the effective date of the appraisal was
836 prospective, current, or retrospective.

837 **(vii) state the scope of work used to develop the appraisal;38**

838 Comment: Because the client's reliance on an appraisal may be affected by the scope
839 of work, the report must enable them to be properly informed and not misled.
840 Sufficient information includes disclosure of research and analyses performed and
841 might also include disclosure of research and analyses not performed.

842 When any portion of the work involves significant real property appraisal assistance,
843 the appraiser must state the extent of that assistance. The signing appraiser must also
844 state the name(s) of those providing the significant real property appraisal assistance
845 in the certification, in accordance with Standards Rule 2-3.39

846 **(viii) state the appraisal methods and techniques employed, state the value opinion(s) and**
847 **conclusion(s) reached, and reference the workfile; exclusion of the sales comparison**
848 **approach, cost approach, or income approach must be explained;**

849 Comment: An appraiser must maintain a specific, coherent workfile in support of a
850 Restricted Use Appraisal Report. The contents of the workfile must include sufficient
851 information to indicate that the appraiser complied with the requirements of
852 STANDARD 1 and for the appraiser to produce a Summary Appraisal Report.

853 When reporting an opinion of market value, a summary of the results of analyzing
854 the subject sales, options, and listings in accordance with Standards Rule 1-5 is
855 required. If such information is unobtainable, a statement on the efforts undertaken
856 by the appraiser to obtain the information is required. If such information is
857 irrelevant, a statement acknowledging the existence of the information and citing its
858 lack of relevance is required.

859 **(ix) state the use of the real estate existing as of the date of value and the use of the real**
860 **estate reflected in the appraisal; and, when an opinion of highest and best use was**
861 **developed by the appraiser, state that opinion;**

862 **(x) clearly and conspicuously:**

863 **state all extraordinary assumptions and hypothetical conditions; and**
864 **state that their use might have affected the assignment results; and**

865 **(xi) include a signed certification in accordance with Standards Rule 2-3.**

866 **Standards Rule 2-3**

867 **Each written real property appraisal report must contain a signed certification that is similar in**
868 **content**

868 **to the following form:**

869 **I certify that, to the best of my knowledge and belief:**

870 **— the statements of fact contained in this report are true and correct.**

871 **— the reported analyses, opinions, and conclusions are limited only by the reported**
872 **assumptions and limiting conditions and are my personal, impartial, and unbiased**
873 **professional analyses, opinions, and conclusions.**

874 **— I have no (or the specified) present or prospective interest in the property that is the**
875 **subject of this report and no (or the specified) personal interest with respect to the**
876 **parties involved.**

877 **— I have performed no (or the specified) services, as an appraiser or in any other capacity,**
878 **regarding the property that is the subject of this report within the three-year period**
879 **immediately preceding acceptance of this assignment.**

880 **— I have no bias with respect to the property that is the subject of this report or to the**
881 **parties involved with this assignment.**

882 **— my engagement in this assignment was not contingent upon developing or reporting**
883 **predetermined results.**

884 **— my compensation for completing this assignment is not contingent upon the**
885 **development or reporting of a predetermined value or direction in value that favors**

886 the cause of the client, the amount of the value opinion, the attainment of a stipulated
887 result, or the occurrence of a subsequent event directly related to the intended use of
888 this appraisal.
889 — my analyses, opinions, and conclusions were developed, and this report has been
890 prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
891 — I have (or have not) made a personal inspection of the property that is the subject of
892 this report. (If more than one person signs this certification, the certification must clearly
specify
893 which individuals did and which individuals did not make a personal
894 inspection of the appraised property.)⁴⁰
895 — no one provided significant real property appraisal assistance to the person signing
896 this certification. (If there are exceptions, the name of each individual providing
897 significant real property appraisal assistance must be stated.)

898 Comment: A signed certification is an integral part of the appraisal report. An appraiser who
899 signs any part of the appraisal report, including a letter of transmittal, must also sign this
900 certification.

901 In an assignment that includes only assignment results developed by the real property
902 appraiser(s), any appraiser(s) who signs a certification accepts full responsibility for all
903 elements of the certification, for the assignment results, and for the contents of the appraisal
904 report. In an assignment that includes personal property, business or intangible asset
905 assignment results not developed by the real property appraiser(s), any real property
906 appraiser(s) who signs a certification accepts full responsibility for the real property elements
907 of the certification, for the real property assignment results, and for the real property contents
908 of the appraisal report.

909 When a signing appraiser(s) has relied on work done by appraisers and others who do not sign
910 the certification, the signing appraiser is responsible for the decision to rely on their work.
911 The signing appraiser(s) is required to have a reasonable basis for believing that those
912 individuals performing the work are competent. The signing appraiser(s) also must have no
913 reason to doubt that the work of those individuals is credible.

914 The names of individuals providing significant real property appraisal assistance who do not
915 sign a certification must be stated in the certification. It is not required that the description of
916 their assistance be contained in the certification, but disclosure of their assistance is required
917 in accordance with Standards Rule 2-2(a), (b), or (c)(vii), as applicable.⁴¹

918 **Standards Rule 2-4**

919 **To the extent that it is both possible and appropriate, an oral real property appraisal report must**
920 **address**
921 **the substantive matters set forth in Standards Rule 2-2(b).**

921 Comment: See the RECORD KEEPING RULE for corresponding requirements.