

Rationale for proposed changes to Standards Rule 1-5 and Standard 2

Proposed change to Standards Rule 1-5:

The inclusion of the word 'transfer' will help the public, users of valuation services, appraisers, real estate agents, purchasers, sellers, and others deep in mind that interests in real property, all or part of the bundle of rights, may be conveyed by sale, lease, easement, license, gift, foreclosure, eminent domain, and the like.

Analysis and reporting of any or all of these conveyances of property rights is an important part of the appraisal process.

Proposed changes to Standard 2:

The existing Standards Rule 2-1 clearly sets out what is required in any appraisal report to protect the public trust. Having multiple reporting options does nothing to add to this. Users of appraisal services have varying levels of sophistication regarding real property, valuation of real property, and the relevant characteristics of the subject property and other properties in the subject market. An appraisal report which is written in for the intended audience, the intended users of the appraisal, is all that is needed to protect the public trust.

Many users of valuation services and appraisers equate a less bulky appraisal report with less work on the part of the appraiser and therefore a lower cost and faster delivery time for the appraisal. To protect the public trust, the data collection and analysis must be sufficient to meet the needs of the intended users of the appraisal and appraisal report.

Additionally, the current reporting options 'pigeon holes' do not enhance the transfer of relevant information from the appraiser to the intended users of the appraisers work product. There are times when one sentence adequately conveys all the relevant information on a part of a property needed for the client and intended users to make their decision regarding the property. While another aspect of the property will require much more explanation for at least one of the intended users of the appraisal.