Chapter 1 Quiz

1. *The primary purpose of most civil lawsuits is to*
   a. compensate for harm.
   b. deter crime.
   c. protect society.
   d. punish a wrongdoer.
   [Rationale] The goal of most civil lawsuits is to compensate the injured person for the harm done.

2. *Given the scope of work, an appraisal review may NOT always include an opinion of ______ developed by the reviewer.*
   a. adequacy
   b. quality
   c. reasonableness
   d. value
   [Rationale] In some review assignments, the scope of work will be limited to developing and communicating an opinion of the quality of the work being reviewed. However, in other assignments, the reviewer’s scope of work will be extended to include the reviewer’s own opinion of value.

3. *Which is most likely to be considered a significant issue found by a reviewer in a review assignment?*
   a. misspelling found within the reconciliation section
   b. over-discussing neighborhood characteristics of an area with which the client is familiar
   c. non-compliance with the ETHICS RULE of USPAP
   d. transposition of a number not affecting the value opinion
   [Rationale] Of the answer choices provided, non-compliance with the ETHICS RULE of USPAP is the only significant item. The other choices would be considered minor or insignificant.

4. *Which is a form of compensation that might be awarded by a court?*
   a. incarceration
   b. *injunction*
   c. litigation
   d. punitive
   [Rationale] A form of compensation the court may award is an injunction ordering the defendant to do something or refrain from doing something. The other choices are not forms of compensation.

5. *Which body has sole authority for disciplinary licensing action of appraisers?*
a. Appraisal Standards Board  
b. civil court  
c. **state regulatory agency**  
d. USPAP  
[Rationale] State regulatory agencies have sole authority over appraisal standards and disciplinary licensing action against appraisers.

6. **Common law rules are based upon ___________ law.**  
a. Albanian  
b. **English**  
c. German  
d. United States  
[Rationale] Long-established rules based on English law can be referred to as common law rules.

7. **A sum of money over and above any compensatory damages award, which is intended to act as a penalty for wrong-doing to the defendant, is known as a(n)**  
a. civil settlement.  
b. errors and omissions settlement.  
c. judicial reward.  
d. **punitive damages award.**  
[Rationale] Punitive damages are a sum of money over and above any compensatory damages award, and are intended to act as punishment to the defendant.

8. **_____________ may impose additional standards of practice requirements than those set forth by the Appraisal Standards Board.**  
a. The Appraiser Qualifications Board  
b. Common Pleas courts  
c. English laws  
d. **State regulatory agencies**  
[Rationale] While the Appraisal Standards Board (ASB) has all authority over appraisal standards, state regulatory agencies can develop and impose greater criteria, and often do.
Chapter 2

Discussion 2.1

A. Disclosure When No Prior Service Has Been Performed

SCENARIO: If an appraiser has not provided any services regarding the subject property within the prior three years, does the Conduct section of the ETHICS RULE require an appraiser to disclose that no prior service has been performed?

ANALYSIS: Yes, the disclosure must be made regardless of whether any service was provided or not. Standards Rule 2-3 for Real Property Appraisal requires the signed certification to include a statement, similar in content to the following, with each report:

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

B. Disclosure of Multiple Prior Appraisal Assignments

SCENARIO: Arthur has appraised a particular property four times in the past three years. He has just received another appraisal request for the same property. Is Arthur required to disclose the number of times that he has appraised the property in the previous three years, or just that he has performed an appraisal of the property in the previous three years?

ANALYSIS: Arthur must disclose each prior service to the client prior to acceptance of the assignment and also in the certification of the report. Similar disclosure is required when an appraiser has a current or prospective interest in the subject property or the parties involved. In such case, each interest must be disclosed.

C. Disclosure of “Other” Services

SCENARIO: Jason is a real property appraiser who also operates a side business, designing and crafting custom stained-glass windows. He has been offered an appraisal assignment of a residential property for which he was contracted to install several stained-glass windows two years ago. Jason understands that he must disclose that he has performed a prior service for the subject property within the past three years. Is Jason required to describe the specific service, or merely that a service was performed?

ANALYSIS: The specific type of prior service performed by the appraiser for the subject property must be disclosed. The service provided could be a service included in appraisal practice as an appraiser, or some other type of service performed by the individual acting in some other capacity. In addition to the disclosure made prior to acceptance of the assignment, the disclosure must appear in the report certification.

D. Requirement to Disclose Prior Service
SCENARIO: John, a real property appraiser, appraised a high-end residential property two years ago. He was engaged in the assignment by the property’s owner, a high profile individual. At the time of the assignment, the property owner required John to sign a confidentiality agreement with several prohibitions, for a period of five years, including disclosure of the fact that John had appraised the property. John is offered an appraisal assignment of the property by a national bank. Can John accept the assignment for a different client?

ANALYSIS: If the confidentiality agreement entered into with the property owner would preclude John from including a statement in his certification stating that he had previously appraised the subject property in the prior three years, John cannot accept the assignment.

A USPAP FAQ titled “Client Requirement to Maintain Confidentiality” addresses the issue: …The requirement states, in part, “…an appraiser must disclose…any services…performed by the appraiser.” The appraiser is not required to disclose specific details beyond noting the type of service. For example, the disclosure, both prior to accepting the assignment and in the report’s certification, could include a statement similar to one of the following:

I have performed (note type of services(s)) regarding the subject property within the three years prior to this assignment”; or

“I have previously appraised this property in the three years prior to this assignment.”

If an appraiser cannot make such a statement without violating an agreement with a previous client, the appraiser must not accept the new assignment. Appraisers should review their client agreements to specifically determine what information they have agreed to keep confidential.

E. Disclosure of Prior Services When Working for Only One Client

SCENARIO: Craig is employed as a staff appraiser by a company who uses Craig’s appraisals only for their internal use. In performing his duties, Craig only works on assignments for his employer, who is the client in the assignments, and does not accept assignments from outside parties. Since Craig only performs appraisal services for his employer, does he still need to disclose any previous appraisal or service provided within the previous three years, since his employer already knows this?

ANALYSIS: Yes. Disclosure must be made, even if the same individual who directs Craig to appraise the subject property in this assignment also did so in the previous assignment. Additionally, there is a possibility that others within the company with whom Craig is corresponding may not realize that Craig has provided previous services to the subject property. Therefore, not disclosing the prior service could be misleading. It is also possible that the person with whom Craig communicates could change from time to time and not be aware of the previous service. Therefore, the disclosure process must be in compliance as required by the Conduct section of the ETHICS RULE.

F. Disclosure of Prior Services Using Preprinted Forms

SCENARIO: Monique is a residential appraiser who primarily works for lenders who specify that appraisals performed by her for their use be communicated using common reporting forms developed by Fannie Mae and Freddie Mac. The instructions for completing these forms prohibit any modifications to the certification, which is self-contained in the form. How can Monique
comply with the Conduct section of the ETHICS RULE, which requires disclosure of whether or not a prior service was performed regarding the subject property at the time of the assignment and in the report certification, and still use the pre-printed forms specified by the client?

**ANALYSIS:** Typically, deletions or modifications of preprinted industry forms are most often not permitted. However, additional certification statements that do not constitute material alterations to the appraisal report are allowed. Until such time that the forms are revised to include the required disclosure, additional “supplemental” certifications will be necessary. There are other common examples of instances where supplemental certifications must be added to pre-printed industry forms, such as those required by private industry trade organizations.

### G. Final Inspection and Disclosure of Prior Services

**SCENARIO:** A few months ago, Jessica completed the appraisal of a property that involved a proposed construction of a new residential dwelling. The appraisal was “subject to” completion of the proposed improvements. Now, the client has asked Jessica to perform a final inspection of the property to confirm that the improvements have been completed per the proposed specifications. Is the request for the final inspection considered a new assignment? If so, does Jessica need to disclose the prior appraisal completed a few months ago, even if this would be obvious to the client?

**ANALYSIS:** If the final inspection was part of the original agreement for services when Jessica was engaged in the assignment, the final inspection process and communication to the client connected with it are extensions of the original assignment. But, if there was no such provision in the original agreement with the client and the request is received subsequent to the completion of the original assignment, Jessica must consider the subsequent request to perform a final inspection as a new assignment. As a new assignment, disclosure of the previous assignment is required by the Conduct section of the ETHICS RULE, even though the client likely is aware that Jessica performed the original assignment.

### Discussion 2.2

**Appraisal Fee Splits and Report Disclosure**

**SCENARIO:** Residential appraiser, Joan, has been engaged by an Appraisal Management Company (AMC) that was acting as the duly authorized representative of the lender, who is their client. The AMC has instructed appraiser Joan to collect the appraisal fee from the property owner, who is the borrower in the lender’s transaction. She is to keep her portion of the fee, negotiated at the time of the assignment, and forward the remainder of the amount collected from the property owner to the AMC. Further, the AMC has instructed appraiser Joan not to disclose the amount of the total fee, or the negotiated fee split between her and the AMC in the appraisal report.

Are the arrangement and the prohibition of disclosing the arrangement by Joan in the appraisal report in compliance with USPAP?
ANALYSIS: Unless a fee was paid by the appraiser in connection with the procurement of the assignment, USPAP has no requirement that a “split” of the total fee collected be disclosed in the appraisal report. That being said, appraisers must be cautious and consider whether the portion of the fee split being forwarded to the AMC is a fee paid in connection with the procurement of the assignment, or is simply the AMC’s portion of the fee for their services in the assignment.

If the money being forwarded to the AMC represents a fee being paid by the appraiser in connection with the procurement of the assignment, the Management section of the ETHICS RULE applies, which states in part:

An appraiser must disclose that he or she paid a fee or commission, or gave a thing of value in connection with the procurement of an assignment.

If this is the case, disclosure is required as presented in this excerpt from the Comment to the Management section of the ETHICS RULE:

Disclosure of fees, commissions, or things of value connected to the procurement of an assignment must appear in the certification and in any transmittal letter in which conclusions are stated.

It must be realized, though, that merely collecting monies from one party on behalf of another party and forwarding those funds to them is not, in and of itself, an example of paying a fee for procurement of the assignment. If there was no compensation paid by the appraiser to procure the assignment, there is no USPAP requirement that the split of the total fee paid for the assignment must be disclosed in the report.

There may be other laws or regulations that may be applicable in this scenario. Appraisers should be familiar with any laws and regulations addressing fee arrangements in their particular jurisdiction.

Discussion 2.3

AO-19 Unacceptable Assignment Conditions in Real Property Appraisal Assignments

Depending on the intent of and the situation in which the statement was made or this information was provided, it could be a violation of professional ethics. The following are based upon the illustrations and guidance set forth in AO-19. Consider these examples and discuss the potential ethical violation of each.

1. “We need comps for (property description) that will support a loan of $___________. Can you provide them?”

   The dollar amount stated in the request establishes a benchmark. An opinion of value can be a relationship to a benchmark. Choosing comparables results in a range of value; this is an appraisal and must satisfy USPAP Standards.

2. “Sale Price: ____________”

   If sale price information is being provided to inform the appraiser of the pending contract and is not a condition of the assignment, it is acceptable. If achieving this sale price is a condition of the assignment, accepting the assignment with that condition violates USPAP.

3. “Approximate (or minimum) value needed: ____________.”
“Amount needed: ______________.”
“Owner’s estimate of value: ___________.”

As long as the amount is only to inform the appraiser of the ordering party’s objective or someone else’s opinion, it is acceptable. If this is a condition of the assignment, accepting the assignment with that condition violates USPAP.

4. “If this property will not appraise for at least ___________, stop and call us immediately.”
   “Please call and notify if it is NOT possible to support a value at or above ____________, BEFORE YOU PROCEED!!”

The appraisal must be appropriately developed under STANDARD 1 before the appraiser can advise as to a value opinion. Of course, the reporting standards for an oral report also apply. If this is a condition of the assignment, accepting the assignment with that condition violates USPAP.

Discussion 2.4

1. Who May Have Access to Information

SCENARIO: Barry, an appraiser, has applied for a professional designation of a major appraisal organization. As part of the approval process, Barry must submit sample appraisals reports for review by the designation committee of the organization. The committee is comprised of appraisers.

   Can Barry comply with USPAP and supply the sample reports?

ANALYSIS: Yes. However, the appraiser must be aware of and comply with applicable laws or regulations that would pertain to such disclosure. The Confidentiality section of the ETHICS RULE states, in part:

An appraiser must protect the confidential nature of the appraiser-client relationship.
An appraiser must act in good faith with regard to the legitimate interests of the client in the use of confidential information and in the communication of assignment results.
An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment.
An appraiser must not disclose: (1) confidential information or (2) assignment results to anyone other than:
   the client;
   persons specifically authorized by the client;
   state appraiser regulatory agencies;
   third parties as may be authorized by due process of law; and
   a duly authorized professional peer review committee except when such disclosure to a committee would violate applicable law or regulation. (Bold added for emphasis)

Comment: When all confidential elements of confidential information are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of the remaining information, as modified.
2. Confidentiality About Property Condition

SCENARIO: In the course of inspecting a subject property for an appraisal being performed for a lender-client, the homeowner has asked the appraiser to keep confidential certain information about the condition of the property in the appraisal report to the lender.

Can the appraiser treat this information as confidential?

ANALYSIS: No. The homeowner in this case is not part of the appraiser-client relationship. In fact, failing to disclose certain, pertinent information to the lender-client would not be in compliance with the Conduct section of the ETHICS RULE and would produce a misleading report.
Chapter 2 Quiz

1. The Conduct section of the ETHICS RULE specifies that an appraiser must NOT perform an assignment in a(n) __________ manner.
   A. grossly negligent
   B. haphazard
   C. improper
   D. offensive
   Rationale: An appraiser must not perform an assignment in a grossly negligent manner.

2. Diana accepted an assignment from a client who stipulated that the value opinion must be over a certain amount or it is unacceptable. By accepting the assignment with this condition, it could cause Diana to
   A. allow a hypothetical condition.
   B. lack independence.
   C. readdress the report.
   D. violate a jurisdictional exception.
   Rationale: The appraiser who accepts an assignment with a stipulation to meet or exceed a predetermined amount lacks independence.

3. Zachary’s client instructs him to report a specific property value as a condition of the assignment. The assignment
   A. is an acceptable assignment condition.
   B. is allowed as long as the appraiser confirms the value.
   C. is a violation of the ETHICS RULE.
   D. permits the appraiser’s independence.
   Rationale: If the client instructs the appraiser that conclusions be reported in a particular manner, this unacceptable assignment condition precludes the appraiser’s independence and violates the Conduct section of the ETHICS RULE.

4. Joe appraised a house located across from a factory, which he determined is negatively affecting the value of the subject property. Joe applied a location adjustment in his sales comparison approach. However, the client asked Joe not to discuss the factory in the report. Since Joe addressed the condition with an adjustment, has he complied with USPAP?
   A. No, because USPAP requires explanation for each adjustment.
   B. No, omitting the discussion could produce a misleading report.
   C. Yes, since an adjustment was included.
   D. Yes, since the client requested the omission.
   Rationale: USPAP does not specifically require a discussion for each adjustment; however, the report could be misleading without it. Even with an adjustment, the report could be misleading without discussion of the effects of the factory on the subject property. The client’s request is an unacceptable condition that could cause the report to be misleading.

5. Appraiser Gloria’s client requested that she appraise a property that she has appraised twice in the past three years. With this in mind, which statement is FALSE?
   A. The appraiser must disclose each prior service in the certification of the report.
B. The appraiser must disclose each prior service to the client.
C. The appraiser must make disclosure prior to accepting the assignment.
D. The appraiser must not disclose any interest in the subject property or parties involved.

Rationale: The appraiser must disclose each prior service to the client. The appraiser must make disclosure prior to accepting the assignment. The appraiser must disclose each prior service in the certification of the report.

6. Which action would constitute “performing a prior service” for a property?
   A. performing an appraisal assignment for the property
   B. researching the property’s physical characteristics
   C. using the property as a comparable sale
   D. verifying the financial characteristics of a transaction for the property

Rationale: Using a property as a comparable sale, or researching and verifying the financial characteristics of a transaction and/or the physical characteristics of the property, are not examples of “performing a service” regarding that property.

7. Blake performed an appraisal on a partially-constructed home, where he returned two months later to perform a final inspection of the completed property per the original agreement with the client. The final inspection would be considered a(n)
   A. extension of the first assignment.
   B. new assignment subject to disclosure of the first assignment.
   C. new assignment to ensure that the work was completed as agreed to.
   D. subsequent request subject to disclosure of the first assignment.

Rationale: If the final inspection was part of the original agreement for services when the appraiser was engaged in the assignment, the final inspection process and communication to the client connected with it are extensions of the original assignment.

8. Josh received an appraisal request from a lender-client who told him to immediately call if the value of the property is less than the amount stipulated by the lender, as he doesn’t intend to pay for an appraisal that won’t benefit his position. Will acceptance of this assignment be in compliance with USPAP?
   A. No. An appraiser may not accept an assignment with unacceptable assignment conditions.
   B. No. It is not permissible unless Josh discloses this fact in the certification per STANDARD 2.
   C. Yes. It is permissible for a client to call the client with the value prior to adequately supporting the opinion.
   D. Yes. This would be a hypothetical condition, which is acceptable.

Rationale: An appraiser may not accept an assignment with unacceptable assignment conditions.

9. A real property appraiser has taken great precaution to safeguard his electronic signature; however, the signature has been illegally obtained and used without the appraiser’s authorization. Has the appraiser violated USPAP?
   A. No, if the appraiser used great care, he is not responsible for unauthorized use.
   B. No, USPAP does not reference the issue.
   C. Yes, an appraiser is always liable, regardless of how the signature was obtained.
D. Yes, this is one of many examples of the danger of using electronic signatures. Rationale: The appraiser is not liable unless his carelessness caused the signature to be used without authorization. The use of electronic signatures is common practice; however, the appraiser must use great care to prevent unauthorized use. The issue is referenced in the Management section of the ETHICS RULE.

10. Confidential information can be disclosed to persons specifically authorized by the client, state appraisal agencies, third parties as authorized by law, or a(n)
   A. attorney at law.
   B. duly authorized professional peer review committee.
   C. party who paid for the appraisal.
   D. potential client who is using the information to place the appraiser on an “approved” list.
Rationale: An attorney, without authorization by due process, is not entitled to confidential information. Paying for an appraisal does not make one a party to the appraiser-client relationship nor entitle that party to confidential information. A potential client is not the same as a professional peer review committee.

11. When an appraiser is offered the opportunity to appraise a property for a new client that was the subject of a prior assignment and the appraiser is not bound to keep the previous assignment confidential, the appraiser must
   A. decline the assignment.
   B. disclose all confidential information.
   C. obtain a release from the client in the first assignment.
   D. protect any confidential information from the first assignment and disclose the prior appraisal.
Rationale: The appraiser must protect any confidential information from the first assignment and disclose the prior appraisal.

12. Which best defines a professional peer review committee?
   A. Appraisal Standards Board
   B. committee comprised of other appraisers
   C. lender organization approving appraisers
   D. state investigator board
Rationale: A professional peer review committee is comprised of other appraisers. The committee members must not disclose confidential information that has been submitted to the committee.

13. While performing an appraisal, Alan was asked by the property owner to keep confidential the water damage in the basement caused by flooding during an extremely rainy period five years ago. Since the wet basement appears to be caused from a single incident, what should Alan do?
   A. comply with the homeowner’s request to keep the flood incident and water damage confidential
   B. disclose the water damage information in the appraisal report
   C. perform due diligence to confirm that the flooding was a single incident, then decide whether to report it
   D. report the damage and use a hypothetical condition that the flooding event did not happen
Rationale: Failing to disclose the water damage to the lender-client would not be in compliance with the Conduct section of the ETHICS RULE and would produce a misleading report.

14. Jarrod is a real estate appraiser and a kitchen designer. He has been asked to appraise a property in which he designed the kitchen one year ago. Regarding this situation, which statement is TRUE?
   A. The appraiser needs to disclose that a prior service was done, but no specific details are necessary.
   B. The disclosure only needs to be made in the certification of the report.
   C. **The kitchen design service performed on the property must be disclosed.**
   D. Only appraisal services must be disclosed; other services do not need to be disclosed.
   Rationale: The specific type of prior service performed for the property must be disclosed to the client and in the report certification.

15. Marcus was hired to appraise a home that he had previously appraised one year ago. May Marcus accept the assignment?
   A. No, an appraiser may not accept an assignment on the same property within three years of the prior assignment.
   B. No, since an appraisal was recently performed, he may be biased about certain aspects of the home.
   C. Yes, as long as he discloses the previous service on the property to the client and in the subsequent report certification.
   D. Yes, as long as he does not disclose that he had previously appraised the property.
   Rationale: Prior to accepting an assignment or during an assignment, the appraiser must disclose any services regarding the subject property performed by the appraiser within the three-year period immediately preceding acceptance of the assignment.
Chapter 3

Discussion 3.1
Certification Signature on True Copies of Written Reports

**SCENARIO:** The RECORD KEEPING RULE requires that workfiles must include a true copy of any written appraisal reports. Is a signature required to be included on the certification of the true copy?

**ANALYSIS:** A true copy of an appraisal report is an exact replica of the report that was transmitted. Therefore, in compliance with the RECORD KEEPING RULE, a signature is required on the certification.

In general, and in addition to a true copy of the actual written report or summary of an oral report, the workfile should include (but not be limited to) documentation of:

- A letter of engagement or appraisal order that sets forth any pertinent assignment information, agreements, or assignment conditions, etc.
- Data utilized in the appraiser's analysis, as well as notes and rationale regarding analysis not performed.
- Sources of information, verification efforts, names, and contact information regarding parties from which data was obtained and/or verified.
- Notes regarding comparable data that was used for analysis, as well as comparable data that was not used along with the reasoning for omitting it from analysis.
- Copies of records, legal descriptions, proposed construction documents, sketches, etc. that have been relied upon to determine the characteristics of the subject property.

Discussion 3.2

A. Agreements for Workfile Access and Retrieval

**SCENARIO:** John Wells is a real property appraiser and regularly works with another appraiser, Jason Trent, who provides significant appraisal assistance in assignments. John has custody of all of the workfiles that he and Jason work on together. Jason understands that since he provides significant assistance in assignments and John has custody of the workfiles, he must make access and retrieval arrangements with John for the workfiles.

Does USPAP require this agreement to be in writing?

**ANALYSIS:** No, USPAP has no such requirement. However, a written agreement could lessen the chance that there could be confusion and misunderstanding between the parties.

B. Workfile Retention Requirements

**SCENARIO:** Maryellen is a real property appraiser specializing in commercial properties. Recently, Maryellen was contacted by her state’s appraisal regulatory agency to forward the workfile from an assignment she completed 10 years ago. The property or the appraisal has not been the subject of any litigation.
Since the RECORD KEEPING RULE only requires retention of workfiles for a period of five years, given there has been no court testimony by the appraiser regarding the appraisal, can the state appraisal regulatory agency take action?

**ANALYSIS:** Nothing in USPAP would prevent an investigation of enforcement proceeding from taking place after the applicable retention period required by the RECORD KEEPING RULE has expired. USPAP represents the minimum requirements. Therefore, in addition to jurisdictions having greater requirements; a jurisdiction could also take action after the applicable minimum retention period.

C. Methods of Workfile Disposal

**SCENARIO:** Margo has owned a medium-size appraisal firm for about 10 years. In compliance with the RECORD KEEPING RULE, she is in the process of disposing of some of her older appraisal workfiles that she is no longer required to keep.

Is there a particular way, or specific steps that must be taken, to dispose of workfiles?

**ANALYSIS:** No. According to the USPAP FAQ titled “Disposal of Workfiles”, USPAP does not dictate a particular method for disposal of workfiles. However, because there are no provisions in USPAP for termination of the appraiser-client relationship and the appraiser’s respective confidentiality obligations, appraisers must ensure that they do not violate the Confidentiality section of the ETHICS RULE, even when disposing of workfiles. This means that appraisers must ensure that whatever method they employ to dispose of workfiles does not allow for the communication of assignment results or confidential information (both, as defined in USPAP) in the disposal process.

D. Client Request to Discard Workfiles

**SCENARIO:** Jerry performs appraisals for several lenders. One of the lenders for whom Jerry has performed a significant number of assignments in the past five years has contacted him to announce the closing of their operations and dissolution of their business. Within the announcement letter, the company has directed Jerry to discard the workfiles for all of the assignments he performed for them.

Since the client has directed Jerry to discard the workfiles, would this action be in compliance with USPAP?

**ANALYSIS:** No, workfiles may not be disposed of prior to the applicable retention period specified in the RECORD KEEPING RULE. Even though the client has dissolved their business operations and directed the appraiser to do so, the workfiles must be maintained for the applicable minimum retention period specified.

Appraisers are also reminded that the obligations of USPAP are the minimum requirements. States and other jurisdiction may have greater requirements.

**Discussion 3.3**

A. Geographic and Market Trends

**SCENARIO:** A Certified General Appraiser, Ken, has been asked by one of his regular lender-clients to perform an appraisal of the real property interests for a chain of five auto parts stores.
The stores are all owned by the same borrower. The appraisal is to be performed to establish a current opinion of market value for use in a mortgage finance transaction being secured by all five real properties.

Four of the stores are located within the appraiser’s standard market service area for which he has had significant experience and stored data. The fifth store, however, is located approximately 100 miles away. The appraiser has never worked in this area, nor does he have any knowledge of the market in this particular section of the state. The prospective lender-client, having been advised by the appraiser of his lack of knowledge and experience, expresses his confidence in the appraiser’s ability to acquire market intelligence and complete the assignment. According to the lender-client, this property couldn’t be much different from the other near-identical stores in the appraiser’s market area.

Prior to the site visit, appraiser Ken obtains traffic counts for the busy primary thoroughfare on which the subject is located, as well as the property’s legal description, zoning, and use information. In addition, he obtains demographic and economic data from local, regional, and national sources. Comparable sales and income data were compiled through local real estate brokers, although most of the data is between two to four years old.

As the demographics and physical characteristics of the market appear to be very similar to appraiser Ken’s local market, he applies a market condition adjustment, derived from his local market, to the sales data from the subject market. However, he fails to recognize that a planned bypass thoroughfare of the city, which will open in the coming months, is expected to reduce traffic by 75% on the current highly exposed and traveled street. Further, appraiser Ken does not take note of, and thus does not analyze, the current high level of vacancies and listed commercial properties on the street, due to the anticipated traffic reduction, which should be considered in the market analysis, particularly as it applies to the income approach.

Has appraiser Ken complied with the requirements of the COMPETENCY RULE of USPAP?

**ANALYSIS:** No. While the appraiser did disclose the lack of competency prior to accepting the assignment, he failed to take all steps necessary to gain full market competency. Market competency could have been gained through time commitment, seeking knowledge on all aspects of the market, or affiliation with another appraiser who is competent in the market. This example does not expound on the various reporting obligations; however, the lack of competency must be described in the report along with the steps taken to gain competency to complete the assignment. In the end, the lack of diligence caused the appraiser to overlook the significant forthcoming change in characteristics of the subject area as well as the vacancy and supply/demand issues.

The scenario does not indicate the scope of work in the assignment, nor specify the steps the appraiser took during analysis to determine a market condition adjustment warranted by the local sales data. But, deriving a market condition adjustment from the appraiser’s local market, rather than the subject market as a shortcut using subjectivity, would not be compliant. As well, the changing market conditions of the subject’s market must be addressed and the decision as whether or not to make an adjustment should be fully supported.

**Note:** It should be specifically noted that the scenario could have other issues related to USPAP compliance that cannot be determined from the information provided.

**B. When Competency Applies**
**SCENARIO:** Jane, a real property appraiser, has been offered the opportunity for an appraisal assignment for which the date of the report is retrospective to an effective date prior to her becoming an appraiser. In compliance with the COMPETENCY RULE, can Jane accept the assignment since she wasn’t an appraiser on the effective date specified in the assignment?

**ANALYSIS:** As long as Jane complies with the COMPETENCY RULE at the time of development of the appraisal, the retrospective effective date is of no consequence. Competency is required at the time of the assignment. Therefore, Jane may accept the assignment as long as she is competent in developing her opinions and conclusions (i.e., analysis of market conditions and market data) in the retrospective scenario.

**Discussion 3.4**

**A. Appraiser’s Peers**

**SCENARIO:** Julie has accepted an assignment for an appraisal of real property that is located within her market area. Due to its high cost, Julie does not subscribe to a regional database containing real estate listings and transfer information used by other appraisers in her market. Julie’s scope of work in this assignment includes only gathering data provided by a source that is free of charge, which is what she does in all other assignments. The service offers only limited real estate transfer information, which is known to be substantially less detailed and accurate. Is Julie’s scope of work in this assignment acceptable?

**ANALYSIS:** Assuming that the other appraisers in her market had expertise and competency to perform this assignment, Julie’s planned scope of work is not acceptable. Not using or having access to a data source regularly used by other appraiser’s who would be considered the appraiser’s peers in the same or similar type of assignment is not acceptable. The appraiser must be able to support the decision to exclude any information, method, or technique that would appear to be relevant to the appraiser’s peers. The affordability of the information source would not support its exclusion. As well, those who are regularly intended users in a similar assignment are likely have an expectation that data will be gathered from the regional database.

The scope of work is acceptable when it meets or exceeds the expectations of parties who are regularly intended users for similar assignments; and what an appraiser’s peers’ actions would be in performing the same or a similar assignment.

**B. Information Discovered During the Assignment**

**SCENARIO:** Chris has accepted an assignment from a local lender to appraise a single-family home located in a rural area of his market. The lender has requested a drive-by appraisal and has further indicated that the appraisal must comply with specific lending regulations. Upon obtaining the county’s assessment records for the property, Chris realizes that the subject is actually a manufactured dwelling and not a conventionally built structure as represented by the lender. The lending regulations, which were part of the assignment conditions, prohibit a drive-by inspection for manufactured dwellings, and instead require both an interior and exterior inspection. Does this fact change the scope of work in the assignment?
ANALYSIS: Yes, the scope of work has changed. Appraisers, as indicated by the COMPETENCY RULE, must recognize and comply with all laws and regulations applicable to an assignment. In this case, the lending regulations require the scope of work for manufactured dwellings to include both an interior and exterior inspection. As well, analysis of specified data and employment of specified methods must follow. Therefore, the scope of work originally planned has changed due to the relevant property characteristics realized within the course of the assignment.

An appraiser must withdraw from the assignment unless the scope of work can be changed, which in this case would include inspecting the interior of the property in order to be in compliance with the lending regulations. An extraordinary assumption could not be used in this assignment since a full interior and exterior inspection is required by the lending regulations.

C. Assignment Conditions Affecting the Scope of Work

SCENARIO: A lender-client has engaged a real property appraiser to perform an appraisal assignment with the direction to only perform an exterior inspection. The appraiser agrees. Does the assignment condition of requiring the appraiser to only inspect the exterior of the subject property affect the scope of work in the assignment?

ANALYSIS: Yes. Assignment conditions are part of the elements of problem identification, which lead to the appraiser’s scope of work decision. When the appraiser forms the scope of work decision, he must be confident of credible assignment results for the intended use and the intended user(s) of the appraisal. If the lender’s specified inspection would not produce credible results, then the appraiser must not accept the assignment with that condition.

If the appraiser has reasonable confidence that credible assignment results can be obtained by complying with the lender’s request but later finds circumstances, such as the relevant property characteristics, that would limit the appraiser’s ability to produce credible results, the appraiser must withdraw from the assignment unless the scope of work can be changed. In this case, that might be extending the inspection to include the interior of the property.

Another option for the appraiser, as an alternative to an interior inspection, would be to use an extraordinary assumption, if its use would be reasonable and credible results could still be obtained.

Discussion 3.5

A. Scope of Work Limited toNaming a New Client

SCENARIO: Real property appraiser, Jerry Blake, recently completed an appraisal for Horizon Bank. Another lender, Midland Bank, was provided with a copy of the report performed by Jerry for Horizon Bank and would like to use the report for their purposes. However, Midland Bank is requesting that they be identified as the client in the appraisal report. Jerry has advised Midland Bank that an appraisal report cannot be transferred or readdressed, once completed, to a different client. Thus, Midland Bank has proposed a new assignment with the scope of work limited to only naming them as the new client.

Can Jerry accept the assignment from Midland Bank, given the scope of work they have specified, and be in compliance with USPAP?
ANALYSIS: No. The scope of work in an assignment must be sufficient to produce credible results, and is a decision made by the appraiser. In this scenario, given the instructions to the appraiser, the scope of work has been limited by a prospective client (Midland Bank), which has resulted in the prospective client making the scope of work decision rather than the appraiser. As well, even if the appraiser agreed with the scope of work proposed, the scope of work may not be sufficient to produce credible assignment results in compliance with USPAP. When assignment conditions are so limited or restricted to produce credible results, the appraiser must decline or withdraw from the assignment, unless the assignment conditions can be modified in order to provide for credible results.

B. Completely Starting Over in a New Assignment

SCENARIO: Joe, a Certified General Appraiser, completed an appraisal assignment of a small commercial property yesterday for a local banking institution. When he arrived at his office this morning, he received a call from the property owner, Craig, telling Joe that another bank in town, Peoples National Bank, offered him a more favorable interest rate and that he would be taking the loan through them instead of the first party who engaged Joe in the original assignment. Craig, the property owner, further informed Joe that the official from Peoples National Bank would be in contact to engage Joe’s services. Joe understands that he can accept an assignment for the subject property from a different client and that he must treat the anticipated request as a new appraisal assignment.

Since he just completed the previous assignment yesterday, does this mean that Joe must completely start over in the new assignment?

ANALYSIS: USPAP does not necessarily require the appraiser to completely start from square one in a new assignment. The key element of consideration is the appropriate scope of work in the second assignment, including the necessity of another inspection of the subject property. After communicating with the official of Peoples National Bank, it may be concluded that the scope of work could be the same or differ from that in the first assignment. Depending on the scope of work decided, some or all of the information and analysis used in the first assignment could be used in the second assignment.

The appraiser must recognize any obligations regarding the use of any confidential information. The Confidentiality section of the ETHICS RULE states, in part: An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client…

In the DEFINITIONS of USPAP, confidential information is defined as information that is either identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or classified as confidential or private by applicable law or regulation.

C. Purpose of Disclosing the Scope of Work in a Report

SCENARIO: In an appraisal, appraisal review, or appraisal consulting report, appraisers must disclose the scope of work that was performed in the assignment.

What is the purpose for disclosing the scope of work in a report?

ANALYSIS: Intended users must be able to understand the extent of the research and analysis performed by an appraiser in an assignment. Therefore, it is important to disclose the scope of
work in the report to clearly document and detail the steps taken by the appraiser in the assignment, which protects both the client and the appraiser.

The Comment in the Disclosure Obligations section of the SCOPE OF WORK RULE states: Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

D. Disclosure of Research and Analysis Not Performed

SCENARIO: Ben Briggner, a real property appraiser, has just completed development of an appraisal for a commercial property located in an urban business area. The type of value in the assignment is a “value-in-use.” Therefore, Ben has not performed certain research and analysis that would typically be performed in a market value assignment. As well, Ben determined that the cost approach was not necessary for credible assignment results and, therefore, did not develop the approach.

In compliance with the disclosure requirements of the SCOPE OF WORK RULE, must Ben disclose the research and analysis that was not performed in the assignment?

ANALYSIS: In this scenario, it may be necessary to disclose and explain the research and analysis that was not performed in the assignment so that intended users understand the scope of work in the assignment and the reasoning for certain research and analysis not being performed. However, the appraiser’s flexibility of disclosing research and analysis not performed does not extend to exclusion of one or more of the approaches to value not developed in the assignment—in this case, the cost approach. Standards Rule 2-2 obligates the appraiser to explain the exclusion of the sales comparison approach, cost approach, or income approach in the report.

E. Reporting the Scope of Work in a Specific Section of the Report

SCENARIO: Juliana Brown is completing the report in a real property appraisal assignment. Juliana is disclosing the scope of work throughout the report, rather than dedicating a specific section of the report to disclosure of the scope of work.

Must the scope of work be disclosed in a specific or separate section of the report, or is the process employed by Juliana of discussing the scope of work throughout the report in compliance with USPAP?

ANALYSIS: There is no requirement by USPAP for the disclosure of the scope of work performed in an assignment to be in a separate or specific section of an appraisal report. The scope of work may be disclosed in a separate or specific section, or throughout the report, provided the report contains sufficient information to allow intended users to understand the scope of work performed in the assignment.
Chapter 3 Quiz

1. Ian and Beth acted as co-appraisers on an appraisal assignment. Ian has custody of the workfile. Beth received a court order to appear with a true copy of the appraisal report kept in the workfile in a case involving possible mortgage fraud. Must Ian provide the copy of the report to Beth so that she may comply with the court order?
   A. No, the Gramm-Leach-Bliley Act of 1999 prohibits appraisers from releasing personal information about clients.
   B. No, since Beth does not have custody of the workfile, she is not obligated to provide a copy of the appraisal report.
   C. Yes, but Ian must first obtain a letter of authorization from the client to release the appraisal report.
   D. Yes, to be compliant with due process of law, Ian must provide the appraisal report copy.

[Rationale] An appraiser having custody of a workfile must allow other appraisers with workfile obligations to have access to the workfile for the purpose of compliance with due process of law, as well as for other purposes.

2. Why should an appraiser be mindful of the proper disposal of workfiles?
   A. An appraiser is required to dispose workfiles prepared over 10 years ago.
   B. An appraiser must ensure that confidential information is not communicated during the disposal process.
   C. The appraiser must obtain approval by clients before disposing of workfiles prepared for those clients.
   D. The RECORD KEEPING RULE specifies particular methods for disposal of workfiles.

[Rationale] An appraiser must ensure that confidential information is not communicated during the disposal process.

3. What is the USPAP time limit for inspection of appraiser’s workfiles by jurisdictions?
   A. no time limit
   B. 3 years
   C. 5 years
   D. 10 years

[Rationale] USPAP does not establish time limits for inspection of appraisal workfiles by jurisdictions.

4. Appraiser Kelly provided testimony in a judicial proceeding concerning a particular appraisal report he prepared. How long after the final disposition of the proceeding must Kelly retain the appraisal workfile?
   A. 6 months
   B. 1 year
   C. 2 years
   D. 5 years

[Rationale] An appraiser must retain the workfile for a period of at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment.

5. When an appraiser is providing a value opinion using an effective date in the past (retrospective), when does the appraiser’s competency apply?
   A. at the time of the assignment
   B. date the report is submitted to the client
6. **Which would NOT be considered a competency factor in a particular assignment?**
   A. analytical method
   B. **appraiser’s credentials**
   C. intended use
   D. laws and regulations

[Rationale] An analytical method is one of the factors that must be considered in an appraiser’s competency. The intended use of the appraiser’s conclusions is one of the factors that must be considered in an appraiser’s competency. Laws and regulations affecting the assignment are factors that must be considered in an appraiser’s competency.

7. **David was presented with an assignment to appraise a residential property in a city in which he is unfamiliar with the market. What may David do?**
   A. accept the assignment and acquire the understanding to produce credible assignment results
   B. accept the assignment and use only comparable properties from his own market
   C. refuse to accept the assignment as USPAP requires competency prior to acceptance
   D. seek consent to accept the assignment from his state licensing authority

[Rationale] When geographic competency is necessary, an appraiser who is unfamiliar with the relevant market characteristics must acquire an understanding necessary to produce credible assignment results for the specific property type and market involved. USPAP does not require competency prior to acceptance of the assignment.

8. **If an appraiser is unable to comply with the COMPETENCY RULE to complete an assignment competently, he is obligated to**
   A. **decline or withdraw from the assignment.**
   B. not charge for the assignment.
   C. notify the licensing authority in his jurisdiction.
   D. take additional education.

[Rationale] When an appraiser is unable to comply with the COMPETENCY RULE to complete an assignment competently, he is obligated to decline or withdraw from the assignment.

9. **According to the SCOPE OF WORK RULE, credibility of assignment results is always measured in context of the**
   A. assignment conditions.
   B. highest and best use.
   C. **intended use.**
   D. intended user.

[Rationale] The credibility of assignment results is always measured in the context of the intended use.

10. **Which is NOT an element of problem identification?**
    A. assignment conditions
    B. client and other intended users
    C. effective date of the opinions and conclusions
D. reporting option to be used in the assignment

[Rationale] Assignment conditions is an element of problem identification. The client and other intended users are an element of problem identification. The effective date of the appraiser’s opinions and conclusions is an element of problem identification.

11. Identification of the subject property’s relevant characteristics is a judgment made by the appraiser that requires
   A. competency in that type of assignment.
   B. a complete property inspection.
   C. consent from the client.
   D. a highest and best use analysis.

[Rationale] Identification of the subject property’s relevant characteristics is a judgment made by the appraiser that requires competency in that type of assignment.

12. Most of the information necessary for the appraiser to identify the problem in a particular assignment
   A. must be identified without client input.
   B. requires communication with the client.
   C. reveals itself while gathering data.
   D. will be the same in every assignment.

[Rationale] Communication with the client is required to establish much of the information necessary for problem identification.

13. An appraiser’s peer(s) is defined as
   A. another appraiser possessing the same credentials.
   B. appraisers who work in the same geographic area.
   C. other appraisers who have expertise and competency in a similar type of assignment.
   D. a regularly intended user in a similar assignment.

[Rationale] USPAP defines an appraiser’s peer as other appraisers who have expertise and competency in a similar type of assignment.

14. When can an extraordinary assumption be used regarding information not available to the appraiser due to assignment conditions?
   A. it cannot be used
   B. when the client directs it be used
   C. when credible assignment results can still be developed
   D. when there are no other intended users

[Rationale] When information is not available due to limitations of assignment conditions, the appraiser may use an extraordinary assumption about such information, if credible results can still be developed.

15. Which is NOT an option when an appraiser finds circumstances that change the research and analysis that he originally planned at the onset of an assignment?
   A. disregard the circumstances and proceed as originally planned
   B. modify the scope of work
   C. use an extraordinary assumption if credible results could be obtained
   D. withdraw from the assignment
[Rationale] The appraiser must withdraw from the assignment, unless the scope of work can be modified or an extraordinary assumption can be used that still produces credible results.
Chapter 4 Quiz

1. **Which is NOT an obligation of STANDARD 2?**
   a. All hypothetical conditions and extraordinary assumptions must be disclosed in the report.
   b. The appraiser must be aware of, understand, and correctly employ recognized methods and techniques.
   c. The report must be clear, accurate, and not be misleading.
   d. A signed certification must be included in all written appraisal reports.
   [Rationale] An appraiser’s obligation to be aware of, understand, and correctly employ recognized methods and techniques necessary to produce credible results is found, along with other development obligations, in STANDARD 1. The remaining answer choices are related to reporting, which is the topic of STANDARD 2.

2. **When developing an income approach, Standards Rule 1-4, in part, requires an appraiser to base projections of future rent or income potential and expenses on**
   a. actual income and expense data of the property.
   b. the basis of an extraordinary assumption.
   c. nationally published income and expense data.
   d. reasonably clear and appropriate evidence.
   [Rationale] Standards Rule 1-4 requires that projections when developing an income approach be based on reasonably clear and appropriate evidence.

3. **According to Standards Rule 1-4, what quantity of data must be analyzed when a sales comparison approach is necessary for credible assignment results?**
   a. all that can be located within one mile from the subject property
   b. any sales that occurred within one year of the effective date in the assignment
   c. no fewer than three comparable sales
   d. such comparable sales as are available
   [Rationale] Standards Rule 1-4(a) states that when a sales comparison approach is necessary for credible assignment results, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion.

4. **STANDARD 1 obligates an appraiser to determine the scope of work necessary to produce_______ in accordance with the SCOPE OF WORK RULE.**
   a. client satisfaction
   b. credible assignment results
   c. the greatest value opinion
   d. public trust in appraisal practice
   [Rationale] The introduction of STANDARD 1, in part, communicates that an appraiser, when developing a real property appraisal, must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.
5. An appraiser must develop an opinion of reasonable exposure time linked to the value opinion, when exposure time is a component of the
   a. definition of value.
   b. highest and best use analysis.
   c. intended use of the appraisal.
   d. relevant property characteristics.
   [Rationale] When exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion.

6. Standards Rule 1-2 elaborates on an appraiser’s obligations regarding
   a. acceptance of an assignment.
   b. problem identification and determining the scope of work.
   c. protection of confidential information in an assignment.
   d. the workfile for an assignment.
   [Rationale] The minimum development obligations for a real property appraisal commence with problem identification and the scope of work decision, which is the topic of Standards Rule 1-2 (a-h).

7. STANDARD 2 requires that appraisal reports contain ________ to enable intended users to understand the report properly.
   a. definitions of appraisal terms
   b. exhibits and photographs
   c. simple and common language
   d. sufficient information
   [Rationale] Standards Rule 2-1(b) requires that appraisal reports contain sufficient information to enable the intended users of the appraisal to understand the report properly.

8. In an appraisal report, sufficient information regarding the scope of work includes disclosure of research and analyses performed and might also include disclosure of
   a. the client’s objectives for the assignment’s results.
   b. confidential information used in development.
   c. fees and things of value paid to the appraiser.
   d. research and analyses not performed.
   [Rationale] The Comment to USPAP Standards Rule 2-2(a) and (b)(vii) states (in part): Because intended users’ reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

9. If an appraiser excludes an approach to value in an appraisal assignment, how must the appraiser address the exclusion in a Summary Appraisal Report?
   a. explain the exclusion in the report
   b. no explanation in the report is necessary, but it must be stated in the workfile
   c. only state the exclusion in the report if the client agrees
   d. state the exclusion in the certification
[Rationale] Standards Rule 2-2, in part, requires that the exclusion of the sales comparison approach, cost approach, or income approach is explained.

10. Standards Rule 1-5 states that appraisers must analyze agreements of sale, options, and listings of the subject property that are current as of the effective date of an appraisal in a market value assignment if this information is
   a. available in the normal course of business.
   b. a matter of public record.
   c. not deemed confidential information.
   d. required by the client.
[Rationale] Standards Rule 1-5, in part, elaborates that (in a market value assignment) an appraiser must analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal, if such information is available to the appraiser in the normal course of business.

11. STANDARD 2 requires appraisers to present findings
   a. electronically.
   b. in a manner that will not be misleading.
   c. in an approved written format.
   d. on Foundation forms.
[Rationale] Standards Rule 2-1(a) presents the obligation that the appraiser must clearly and accurately set forth the appraisal in a manner that is not misleading.

12. According to STANDARD 2, regarding the information analyzed and methodology used in an assignment, the exclusion of ________ must be explained.
   a. assignment results that are credible
   b. determining the scope of work necessary
   c. the sales comparison approach, cost approach, or income approach
   d. significant real property appraisal assistance
[Rationale] Standards Rule 2-2, in part, requires that the exclusion of the sales comparison approach, cost approach, or income approach is explained.

13. Regarding the appraiser’s certification, which is a circumstance that would require an additional certification statement?
   a. appraiser is licensed in multiple jurisdictions
   b. fee has been paid for procurement of the assignment
   c. omission of one or more of the approaches to value
   d. reasoning for use of a jurisdictional exception
[Rationale] Payment of any fees, commissions, or things of value (paid by the appraiser in connection with procurement of the assignment) requires that an additional statement be added. Other circumstances where additional statements are required include if there have or have not been prior services provided by the appraiser (in any capacity) or the specific name(s) of individuals providing significant assistance in the assignment.

14. In an Appraisal Report, appraisers must ensure that the current use of the subject property has been stated and that the
a. appraiser has avoided considering other alternative uses of the property.
b. highest and best use conclusion coincides with the stated current use.
c. opinion of highest and best use will accommodate the client’s intended use.

**d. support and rationale for the appraiser’s opinion of highest and best use is summarized.**

[Rationale] In an Appraisal Report, when an opinion of highest and best use was developed by the appraiser, the appraiser must summarize the support and rationale for that opinion.

**15. The two dates required by USPAP that an appraiser should ensure are in the appraisal report, are the effective date of the appraiser’s conclusions and the date of the report.**

Which BEST describes the date of the report?

a. date the appraisal report was prepared
b. engagement date of the appraiser by the client

**c. perspective of the appraiser on the effective date**

[Reason] The date of the report indicates whether the perspective of the appraiser on the market and property (as of the effective date of the appraisal) was prospective, current, or retrospective.