

# **EXHIBIT 11**

**Appraisal  
Standards  
Board**

*2004* **USPAP**

*Uniform Standards  
of Professional  
Appraisal Practice  
and Advisory Opinions*

**2004 Edition**

*Effective January 1, 2004 – December 31, 2004*



**THE APPRAISAL FOUNDATION**

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

# UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE and ADVISORY OPINIONS 2004 EDITION

APPRAISAL STANDARDS BOARD



THE APPRAISAL FOUNDATION

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

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**EFFECTIVE:**

January 1, 2004 – December 31, 2004

**ETHICS RULE**

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**To promote and preserve the public trust inherent in professional appraisal practice, an appraiser must observe the highest standards of professional ethics. This ETHICS RULE is divided into four sections: Conduct, Management, Confidentiality, and Record Keeping. The first three sections apply to all appraisal practice, and all four sections apply to appraisal practice performed under Standards 1 through 10.**

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Comment: This Rule specifies the personal obligations and responsibilities of the individual appraiser. However, it should also be noted that groups and organizations engaged in appraisal practice share the same ethical obligations.

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**Compliance with these Standards is required when either the service or the appraiser is obligated by law or regulation, or by agreement with the client or intended users, to comply. In addition to these requirements, an individual should comply any time that individual represents that he or she is performing the service as an appraiser.**

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**An appraiser must not misrepresent his or her role when providing valuation services that are outside of appraisal practice.<sup>1</sup>**

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Comment: Honesty, impartiality, and professional competency are required of all appraisers under these *Uniform Standards of Professional Appraisal Practice* (USPAP). To document recognition and acceptance of his or her USPAP-related responsibilities in communicating an appraisal, appraisal review, or appraisal consulting assignment completed under USPAP, an appraiser is required to certify compliance with these Standards. (See Standards Rules 2-3, 3-3, 5-3, 6-8, 8-3, and 10-3.)

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**Conduct:**

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**An appraiser must perform assignments ethically and competently, in accordance with USPAP and any supplemental standards agreed to by the appraiser in accepting the assignment. An appraiser must not engage in criminal conduct. An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.**

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**In appraisal practice, an appraiser must not perform as an advocate for any party or issue.**

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Comment: An appraiser may be an advocate only in support of his or her assignment results. Advocacy in any other form in appraisal practice is a violation of the ETHICS RULE.

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**An appraiser must not accept an assignment that includes the reporting of predetermined opinions and conclusions.**

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**An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report.<sup>2</sup>**

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**An appraiser must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.**

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<sup>1</sup> See Advisory Opinion AO-21 on page 201.

<sup>2</sup> See Advisory Opinion AO-5 on page 135. References to Advisory Opinions are for guidance only and do not incorporate Advisory Opinions into the Standards Rules.

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274 Comment: An individual appraiser employed by a group or organization that conducts  
 275 itself in a manner that does not conform to these Standards should take steps that are  
 276 appropriate under the circumstances to ensure compliance with the Standards.

277 **Management:**

278 **The payment of undisclosed fees, commissions, or things of value in connection with the procurement**  
 279 **of an assignment is unethical.**

280 Comment: Disclosure of fees, commissions, or things of value connected to the  
 281 procurement of an assignment must appear in the certification and in any transmittal  
 282 letter in which conclusions are stated. In groups or organizations engaged in appraisal  
 283 practice, intra-company payments to employees for business development are not  
 284 considered to be unethical. Competency, rather than financial incentives, should be the  
 285 primary basis for awarding an assignment.

286 **It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for**  
 287 **an assignment, that is contingent on any of the following:**

- 288 1. **the reporting of a predetermined result (e.g., opinion of value);**
- 289 2. **a direction in assignment results that favors the cause of the client;**
- 290 3. **the amount of a value opinion;**
- 291 4. **the attainment of a stipulated result; or**
- 292 5. **the occurrence of a subsequent event directly related to the appraiser's opinions and specific**  
 293 **to the assignment's purpose.**

294 **Advertising for or soliciting assignments in a manner that is false, misleading, or exaggerated is**  
 295 **unethical.**

296 Comment: In groups or organizations engaged in appraisal practice, decisions concerning  
 297 finder or referral fees, contingent compensation, and advertising may not be the  
 298 responsibility of an individual appraiser, but for a particular assignment, it is the  
 299 responsibility of the individual appraiser to ascertain that there has been no breach of  
 300 ethics, that the assignment is prepared in accordance with these Standards, and that the  
 301 report can be properly certified when required by Standards Rules 2-3, 3-3, 5-3, 6-8, 8-3,  
 302 or 10-3.

303 **Confidentiality:**

304 **An appraiser must protect the confidential nature of the appraiser-client relationship.**

305 **An appraiser must act in good faith with regard to the legitimate interests of the client in the use of**  
 306 **confidential information and in the communication of assignment results.**

307 **An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations**  
 308 **applicable in an assignment\*.**

309 **An appraiser must not disclose confidential information or assignment results prepared for a client**  
 310 **to anyone other than the client and persons specifically authorized by the client; state enforcement**  
 311 **agencies and such third parties as may be authorized by due process of law; and a duly authorized**  
 312 **professional peer review committee except when such disclosure to a committee would violate**  
 313 **applicable law or regulation. It is unethical for a member of a duly authorized professional peer**  
 314 **review committee to disclose confidential information presented to the committee.**

<u>Comment:</u> 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.	315 316 317
<b>*NOTICE:</b> Pursuant to the passage of the Gramm-Leach-Bliley Act in 1999, numerous agencies have adopted new privacy regulations. Such regulations are focused on the protection of information provided by consumers to those involved in financial activities “found to be closely related to banking or usual in connection with the transaction of banking”. These activities have been deemed to include “appraising real or personal property.” (Quotations are from the Federal Trade Commission, Privacy of Consumer Financial Information; Final Rule, 16 CFR Part 313)	318 319 320 321 322 323
<b><u>Record Keeping:</u></b>	324
<b>An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting assignment. The workfile must include:</b>	325 326
• the name of the client and the identity, by name or type, of any other intended users;	327
• true copies of any written reports, documented on any type of media;	328
• summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser’s signed and dated certification; and	329 330
• all other data, information, and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with this Rule and all other applicable Standards, or references to the location(s) of such other documentation.	331 332 333
<b>An appraiser must retain the workfile for a period of at least five (5) years after preparation or at least two (2) years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.</b>	334 335 336
<b>An appraiser must have custody of his or her workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile.</b>	337 338
<u>Comment:</u> A workfile preserves evidence of the appraiser’s consideration of all applicable data and statements required by USPAP and other information as may be required to support the appraiser’s opinions, conclusions, and recommendations. For example, the content of a workfile for a Complete Appraisal must reflect consideration of all USPAP requirements applicable to the specific Complete Appraisal assignment. However, the content of a workfile for a Limited Appraisal need only reflect consideration of the USPAP requirements from which there have been no departure and that are required by the specific Limited Appraisal assignment.	339 340 341 342 343 344 345 346
A photocopy or an electronic copy of the entire actual written appraisal, appraisal review, or appraisal consulting report sent or delivered to a client satisfies the requirement of a true copy. As an example, a photocopy or electronic copy of the Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report actually issued by an appraiser for a real property appraisal assignment satisfies the true copy requirement for that assignment.	347 348 349 350 351
Care should be exercised in the selection of the form, style, and type of medium for written records, which may be handwritten and informal, to ensure that they are retrievable by the appraiser throughout the prescribed record retention period.	352 353 354

355 A workfile must be in existence prior to and contemporaneous with the issuance of a  
356 written or oral report. A written summary of an oral report must be added to the workfile  
357 within a reasonable time after the issuance of the oral report.

358 A workfile must be made available by the appraiser when required by state enforcement  
359 agencies or due process of law. In addition, a workfile in support of a Restricted Use  
360 Appraisal Report must be sufficient for the appraiser to produce a Summary Appraisal  
361 Report (for assignments under STANDARDS 2 and 8) or an Appraisal Report (for  
362 assignments under STANDARD 10), and must be available for inspection by the client in  
363 accordance with the Comment to Standards Rules 2-2(c)(ix), 8-2(c)(ix), and 10-2(b)(ix).

2899 Comment: When the DEPARTURE RULE is invoked, the assignment is  
 2900 deemed to be a Limited Appraisal. Use of the term "Limited Appraisal" makes it  
 2901 clear that the assignment involved something less than or different from the  
 2902 work that could have and would have been completed if departure had not been  
 2903 invoked. The report of a Limited Appraisal must contain a prominent section  
 2904 that clearly identifies the extent of the appraisal process performed and the  
 2905 departures taken. .

2906 The Restricted Use Appraisal Report is for client use only. Before entering into  
 2907 an agreement, the appraiser should establish with the client the situations where  
 2908 this type of report is to be used and should ensure that the client understands the  
 2909 restricted utility of the Restricted Use Appraisal Report.

2910 (xi) include a signed certification in accordance with Standards Rule 10-3.

2911 Standards Rule 10-3 (This Standards Rule contains binding requirements from which departure is  
 2912 not permitted.)

2913 Each written business or intangible asset appraisal report must contain a signed certification that is  
 2914 similar in content to the following form:

2915 I certify that, to the best of my knowledge and belief:

- 2916 — the statements of fact contained in this report are true and correct.
- 2917 — the reported analyses, opinions, and conclusions are limited only by the reported  
 2918 assumptions and limiting conditions and are my personal, impartial, and unbiased  
 2919 professional analyses, opinions, and conclusions.
- 2920 — I have no (or the specified) present or prospective interest in the property that is  
 2921 the subject of this report, and I have no (or the specified) personal interest with  
 2922 respect to the parties involved.
- 2923 — I have no bias with respect to the property that is the subject of this report or to  
 2924 the parties involved with this assignment.
- 2925 — my engagement in this assignment was not contingent upon developing or  
 2926 reporting predetermined results.
- 2927 — my compensation for completing this assignment is not contingent upon the  
 2928 development or reporting of a predetermined value or direction in value that  
 2929 favors the cause of the client, the amount of the value opinion, the attainment of a  
 2930 stipulated result, or the occurrence of a subsequent event directly related to the  
 2931 intended use of this appraisal.
- 2932 — my analyses, opinions, and conclusions were developed, and this report has been  
 2933 prepared, in conformity with the *Uniform Standards of Professional Appraisal  
 2934 Practice*.
- 2935 — no one provided significant business appraisal assistance to the person signing this  
 2936 certification. (If there are exceptions, the name of each individual providing  
 2937 significant business appraisal assistance must be stated.)

2938 Comment: A signed certification is an integral part of the appraisal report. An appraiser  
 2939 who signs any part of the appraisal report, including a letter of transmittal, must also sign  
 2940 this certification.

2941 Any appraiser(s) who signs a certification accepts full responsibility for all elements of  
 2942 the certification, for the assignment results, and for the contents of the appraisal report.

2943 When a signing appraiser(s) has relied on work done by others who do not sign the  
 2944 certification, the signing appraiser is responsible for the decision to rely on their work.

The signing appraiser(s) is required to have a reasonable basis for believing that those individuals performing the work are competent and that their work is credible.	2945 2946
The names of individuals providing significant business appraisal assistance who do not sign a certification must be stated in the certification. It is not required that the description of their assistance be contained in the certification but disclosure of their assistance is required in accordance with SR 10-2(a) or (b)(vii), as applicable.	2947 2948 2949 2950
<b><u>Standards Rule 10-4</u> (This Standards Rule contains specific requirements from which departure is permitted. See DEPARTURE RULE.)</b>	2951 2952
<b>An oral business or intangible asset appraisal report must, at a minimum, address the substantive matters set forth in Standards Rule 10-2(a).</b>	2953 2954
<b><u>Comment:</u> See the <u>Record Keeping</u> section of the ETHICS RULE for corresponding requirements.</b>	2955 2956

1 **ADVISORY OPINION 19 (AO-19)**

2 *This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret*  
 3 *existing standards. Advisory Opinions are issued to illustrate the applicability of appraisal standards in*  
 4 *specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems.*

5 **SUBJECT: Unacceptable Assignment Conditions in Real Property Appraisal Assignments**

6 **APPLICATION: Real Property**

7 **ISSUE:**

8 All real property appraisal assignments involve conditions that affect the appraiser’s scope of work and the  
 9 type of report. What types of conditions are unacceptable?

10 **BACKGROUND:**

11 Many residential property appraisers report requests for service where the caller includes statements or  
 12 information in the request similar to the following:

- 13 1. We need comps for (property description) that will support a loan of \$ \_\_\_\_\_; can you
- 14 provide them?
- 15 2. Sales Price: \_\_\_\_\_.
- 16 3. Approximate (or Minimum) value needed: \_\_\_\_\_.
- 17 4. Amount needed: \_\_\_\_\_.
- 18 5. Owner’s estimate of value: \_\_\_\_\_.
- 19 6. If this property will not appraise for at least \_\_\_\_\_, stop and call us immediately.
- 20 7. Please call and notify if it is NOT possible to support a value at or above \_\_\_\_\_,
- 21 **BEFORE YOU PROCEED!!!!**

22 Appraisers report that the caller usually makes it clear that they do not want the appraiser to do any  
 23 fieldwork. Some callers refer to the service requested as a “comp check” while others refer to it as a  
 24 “preliminary appraisal” or use some terms other than appraisal (such as preliminary evaluation, study,  
 25 analysis, etc.). Some callers indicate that if the numbers will not work, the appraiser can send a bill for  
 26 research services or a “preliminary” inspection. Other callers promise future assignments if the appraiser  
 27 can make the present deal work.

28 Appraisers ask, “Can I respond to such requests without violating USPAP and, if so, how?”

29 **ADVICE FROM THE ASB ON THE ISSUE:**

30 **Relevant USPAP & Advisory References**

31 Appraisers receiving requests for services that include the kind of information and situations described in  
 32 the Background section of this Advisory Opinion should carefully review:

- 33 • the Conduct and Management sections of the ETHICS RULE, particularly in regard to
- 34 assignments offered under condition of “predetermined opinions or conclusions” or
- 35 compensation conditioned on the reporting of a predetermined value result, a direction in
- 36 assignment results that favors the cause of the client, the amount of a value opinion, the
- 37 attainment of a stipulated result, or the occurrence of a subsequent event directly related to the
- 38 appraiser’s opinions and specific to the assignment’s purpose.
- 39 • The definitions of “Appraisal,” “Appraisal Practice,” “Assignment” and “Scope of Work” in
- 40 the DEFINITIONS section of USPAP.

- Standards Rule 1-1(b), particularly as it relates to diligence in the level of research and analysis necessary to develop credible opinions and conclusions. 41
- Standards Rules 1-2(f), (g), and (h), regarding identification of the scope of work necessary to complete an assignment and any extraordinary assumptions or hypothetical conditions necessary in an assignment. 42
- Standards Rules 1-5(a) and (b), regarding the analysis of current or historical market activity regarding the property appraised. 43
- The DEPARTURE RULE, with particular attention to the appraiser's burden of proof in connection with the appraiser's scope of work decision and burden of disclosure in connection with any departures from specific requirements. 44
- Statement on Appraisal Standards No. 7 (SMT-7), particularly the Scope of Work and Levels of Reliability sections. 45
- As guidance, Advisory Opinions AO-11, 12, 13, and 15. 46

**Unacceptable Conditions** 54

Certain types of conditions are unacceptable in any assignment because performing an assignment under such conditions violates USPAP. Specifically, an assignment condition is unacceptable when it: 55

- precludes an appraiser's impartiality. Because such a condition destroys the objectivity and independence required for the development and communication of credible results; 57
- limits the scope of work to such a degree that the assignment results are not credible, given the purpose of the assignment and the intended use of those results; 58
- limits the content of a report in a way that results in the report being misleading. 59

**Accepting Assignment Conditions** 62

The purpose of an assignment and the intended use of the assignment results affect whether assignment conditions are acceptable. Some assignment conditions may be acceptable in one type of assignment but not in another. An appraiser should carefully consider the information provided by the client in a prospective assignment before accepting or declining the assignment. (See Statement on Appraisal Standards No. 9 (SMT-9)) 63

In the highly competitive financial services market, cost versus benefit is always an issue. Residential appraisers, particularly, have seen an increase in the use of sophisticated loan application screening tools by their lender-clients. Many lenders believe an appraiser can enhance their screening efforts by doing "preliminary work" that they do not view as an "appraisal." 64

Other client groups also ask appraisers to provide services under conditions that limit the appraiser's scope of work. Investors, trust administrators, and portfolio account managers often require opinions and data from appraisers in order to make decisions. Attorneys often rely on appraisers in counseling their clients and in preparing for litigation. 65

When considering a request for service, appraisers should ascertain: 66

- whether the service involves an appraisal, 67
- what levels of risk are associated with the service, and 68
- whether there are any unacceptable conditions attached to the assignment. 69

Appraisers should take care to communicate with prospective clients to reach a common understanding about assignment conditions. Further, the appraiser and client need to recognize that: 70

- 1) **the type of assignment in each request described in the Background section of this Advisory Opinion is an appraisal.** 71

84 If an appraiser is asked whether a specific property has a value (a point, a range, or a relationship to some  
85 benchmark), that request is for an opinion of value (an appraisal). Appraisers, obligated to comply with  
86 USPAP, must develop a real property appraisal in accordance with STANDARD 1. Communicating that  
87 value opinion must be accomplished in accordance with STANDARD 2.

88 Appraisers, like other professionals, must ensure that those who use their services recognize the amount of  
89 work required—and the expertise needed—to develop a credible value conclusion about a property.

90 However, this does not mean that the appraiser cannot provide an economic and competitive service.  
91 Indeed, the *Uniform Standards of Professional Appraisal Practice* recognize the need for different kinds of  
92 appraisals. A competent appraiser can vary the scope of work in an assignment, in accordance with the  
93 purpose and intended use of the appraiser's opinions and conclusions in the assignment, and remain in  
94 compliance with USPAP. (See Statement 7 (SMT-7), particularly the Scope of Work and Levels of  
95 Reliability sections, and Advisory Opinion AO-15, specifically The Appraisal Assignment and Using the  
96 Departure Rule sections.)

97 **2) assignment limitations affect the level of risk accepted by each party in an assignment;**

98 Appraisers and users of appraisals should recognize that assignment limitations affect the reliability of an  
99 appraiser's opinions and conclusions. In some assignments, an appraiser can reasonably apply  
100 extraordinary assumptions or the DEPARTURE RULE to compensate for assignment limitations. In other  
101 situations, the use of the same assumptions or departure may not be acceptable.

102 When the client's intended use is to screen a potential business for feasibility, a higher reliance on  
103 assumptions or extraordinary assumptions is more appropriate than when the client's intended use is for  
104 loan documentation or loan settlement. While the client can accept a higher level of risk in different  
105 situations, an appraiser should take reasonable care to inform the client of the risks involved with the  
106 assignment limitations.

107 **3) assignment conditions that compromise an appraiser's impartiality and objectivity in an**  
108 **assignment are unacceptable.**

109 While a client may feel that offering preference in current or future assignments on the basis of "making  
110 the numbers work" in a specific assignment is appropriate, attaching such a condition to an assignment  
111 compromises an appraiser's impartiality and destroys the appraiser's credibility.

112 The *Uniform Standards of Professional Appraisal Practice* is explicit about such matters. Accepting an  
113 appraisal assignment under such a condition violates the Conduct section of the ETHICS RULE in USPAP,  
114 which states:

115 *An appraiser must perform assignments ethically and competently, in accordance with USPAP*  
116 *and any supplemental standards applicable to the assignment. An appraiser must not engage in*  
117 *criminal conduct. An appraiser must perform assignments with impartiality, objectivity, and*  
118 *independence, and without accommodation of personal interests.*

119 *An appraiser must not accept an assignment that includes the reporting of predetermined opinions*  
120 *and conclusions.*

121 Furthermore, accepting compensation for completing an appraisal assignment under such a condition  
122 violates the Management section of the ETHICS RULE in USPAP, which states:

123 *It is unethical for an appraiser to accept an assignment, or to have a compensation arrangement for an*  
124 *assignment, that is contingent on any of the following:*

1. *the reporting of a predetermined result (e.g., opinion of value);* 125
2. *a direction in assignment results that favors the cause of the client;* 126
3. *the amount of a value opinion;* 127
4. *the attainment of a stipulated result; or* 128
5. *the occurrence of a subsequent event directly related to the appraiser's opinions **and** specific to the assignment's purpose. (Bold added for emphasis)* 129

**Illustrations:** 131

Some of the requests shown in the Background section of this Advisory Opinion share common characteristics. Possible responses to each common group of requests could be: 132

1. *We need comps for (a specific property) that will support a loan of \_\_\_\_\_; can you provide them?* 134

“Maybe, but I’ll need to research the market to know whether the ‘comps’ will support a value range relative to the loan amount. In doing this, I will be deciding which sales are ‘comps’ and what those ‘comps’ mean. Those decisions will result in a range of value for your prospective borrower’s property, which is an appraisal. 136  
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You also need to recognize that there are risks in this kind of assignment. If I do what you ask, it will probably be a limited appraisal. You should realize that my value conclusion could change if I subsequently perform an appraisal. Under the research and analysis limitations you suggest, I would not have verified some of the data and would have to use extraordinary assumptions about the market data and your borrower’s property information. I would not have performed some of the analyses steps I might complete in an appraisal assignment without those limitations. If all of that is agreeable to you, we can proceed.” 140  
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2. *SalesPrice: \_\_\_\_\_.* 147

“As long as the amount is only to inform me of the pending contract [or of the sale price] and is not a condition for your placement of this assignment with me, we can proceed. However, if that amount is a condition of this assignment, accepting an assignment under that condition violates professional ethics.” 148  
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Note: A sale price (in a pending or a settled transaction) is part of the information an appraiser is required to ascertain in accordance with Standards Rules 1-5(a) and (b). Receiving this information with a request for service is appropriate, but accepting an assignment with the price in an agreement of sale, option, or listing or a sale price in a settled transaction as a predetermined value in the assignment violates USPAP. 152  
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3. *Approximate (or Minimum) value needed: \_\_\_\_\_.* 157

4. *Amount needed: \_\_\_\_\_.* 158

5. *Owner's estimate of value: \_\_\_\_\_.* 159

“As long as the amount is only to inform me of your objectives or someone else’s opinion and is not a condition for your placement of this assignment with me, we can proceed. However, if that amount is a condition of this assignment, accepting an assignment under that condition violates professional ethics.” 160  
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6. *If this property will not appraise for at least \_\_\_\_\_, stop and call us immediately.* 164

165 7. Please call and notify if it is NOT possible to support a value at or above \_\_\_\_\_, BEFORE  
166 YOU PROCEED!!!!

167 “Your request is acknowledged, but it is important for you to be aware that I must develop an  
168 appraisal before I can tell you whether the property will support the value indicated. It is also  
169 important for you to be aware that your statement of that amount with this request for service does  
170 not, in my view, establish a ‘condition’ for my performing the appraisal. If you intend it to be a  
171 condition for performing the assignment, I cannot accept the assignment because it violates  
172 professional ethics.”

173 **Research Illustration:**

174 The foregoing illustrations all include an appraisal assignment. In some situations, a client will request a  
175 service that is not an appraisal, appraisal review or appraisal consulting assignment as defined in USPAP.  
176 The service to be performed by the appraiser in the following illustration is:

- 177       ▪ not an appraisal assignment (the appraiser does not develop a value opinion);  
178       ▪ not a real property appraisal consulting assignment (a value opinion is not a component of the  
179       analysis); and  
180       ▪ not a real property appraisal review (there is no appraisal to review).

181 The caller in this illustration is usually in the process of making a business decision and needs impartial and  
182 objective information but has not yet decided whether to pursue the matter at hand. The caller knows there  
183 is the potential for needing an appraisal, depending, in part, on what the sales data shows. The caller also  
184 believes that, if the data indicates that an appraisal is worthwhile, having that work completed by the  
185 appraiser in that subsequent assignment will lessen the time required to perform an appraisal. The  
186 prospective client may ask:

187       “We want you to check your data resources to see if there are sales within the past six months that  
188       are within one mile of [address]. If you find some, we may order an appraisal from you.”

189       One possible response would be:

190       “If what you want is only the sales of properties shown in the databases available to me with the  
191       criteria you specified, I can do that research and send you the result. Then you can decide what  
192       you think your client’s property is worth. If I do only that, it is just research and is not an  
193       appraisal.

194       However, you need to recognize that there are risks if you decide to have the research done that  
195       way. If you decide to limit my work to just gathering the sales data using the research criteria you  
196       set, you are taking the risk that those criteria are both adequate and appropriate to find all of the  
197       market data relevant to your client’s property. You also take the risk that any appraiser’s analysis  
198       of that data would result in a value conclusion within the price range suggested by the sales data  
199       assembled using your criteria. There is no assurance that such would be the case.”

200 **Staff or Multi-Appraiser Firm Context**

201 The foregoing illustrations reflect communications between a client and an appraiser in the context of the  
202 appraiser as an independent contractor (fee appraiser).

203 In a staff context, such as where the appraisal function is established as a business or agency unit, the part  
204 of the entity that uses the appraiser’s opinions and conclusions represents the “client” (intended user) and  
205 the part that completes the assignment represents the “appraiser.”

In that context, the “assignment” originates from the “intended user” part of the entity. The appraisal unit’s response to an “intended user” in situations like those in the foregoing illustrations reasonably could be similar because imposing assignment conditions that compromise an appraiser’s impartiality and objectivity is unacceptable, whatever the setting.

However, the example responses in the illustrations do not apply to the customary interaction and dialogue that occurs between appraisers within organizations or peers in multi-appraiser firms. Such interaction and dialogue within the unit or group that develops the opinions and conclusions in an assignment is not the same as communicating opinions and conclusions to an intended user.

*This Advisory Opinion is based on presumed conditions without investigation or verification of actual circumstances. There is no assurance that this Advisory Opinion represents the only possible solution to the problems discussed or that it applies equally to seemingly similar situations.*

Approved September 15, 1999