AARO Spring Conference
Scott Robinson, MAI, SRA, AI-GRS
Appraisal Institute President

Standards of Valuation Practice & Valuers’ Code of Professional Ethics

April 10, 2016
Appraisal Institute

Standards of Valuation Practice & Valuers’ Code of Professional Ethics
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• Created and adopted by the AI Board in 2014.
• The Appraisal Institute’s own standards for use by its members and others who wish to use them.
• An additional set of standards for AI members and valuation professionals.
• May be used where national/international standards are not required.
Standards of Valuation Practice & Valuers’ Code of Professional Ethics

What they are...

• The Appraisal Institute’s own standards.
• An **additional** set of standards.
• Principles-based.
• Simpler, streamlined and straightforward.
• Easy to enforce.
• Focus is on the core principle rather than on compliance with rules that have no impact on the credibility of the results.
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What they are NOT...

• They are NOT intended to supplant USPAP or other national standards.

• They are NOT an alternative to USPAP or IVS or other relevant standards.

• They are NOT rules-based.

• They do NOT dictate methodology.
SVP Scope

• Requires correctly employed methods and techniques to produce credible results.
  • Does not address specific methods and techniques, nor how they should be applied.

• Provides appraisers with greater flexibility within framework.
• Fits within the appraisal regulatory structure.
• Allows all types of real property valuation work.
• Improves the public trust.
• Allows regulators to improve quality and availability of credible and competent real property service providers.
  • AMC registration obligations taken on by state appraisal boards serve as a recent example of expanded state appraisal board responsibility at reasonable cost.
Considerations

• Appraisers compete with wide range of professional service providers.
• Real estate appraisers are bound to USPAP and subject to state board oversight and enforcement.
• AI SVP and VCPE level the playing field, even with unique licensing requirements.
• The goal is to better serve client needs.
Uniform Standards of Professional Appraisal Practice
Examples of Rules-Based Complications

- Financial reporting
- Litigation
- ADR
- Private party
- Portfolio valuation
- Evaluations
- International clients
- Department of Transportation
Issues with Intended Users

• Restricted appraisal report

• Excessive reporting requirements
  - Analysis of prior sales of the subject in the last three years; analysis of current listings; options and agreements of sale.
  - Scope of work & explanation of exclusion of approach to value – redundant.
  - Certification statements.
  - Disclose prior services for subject property.
  - Disclaimer for Restricted Appraisal Report.
  - Recite value definition rather than reference it.
  - Must state use of real estate and H&BU conclusion.
    - More than needed for certain ADR, VFR private party & portfolio appraisals.
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Additional Valuation Standards

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THANK YOU!

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