



Appraisal Institute®

Professionals Providing Real Estate Solutions



AARO Spring Conference

Scott Robinson, MAI, SRA, AI-GRS
Appraisal Institute President

Standards of Valuation Practice &
Valuers' Code of Professional Ethics

April 10, 2016

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Standards of Valuation Practice & Valuers' Code of Professional Ethics

- 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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Standards of Valuation Practice & Valuers' Code of Professional Ethics

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.





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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



USPAP
2016-2017

Issues with Intended Users

- Restricted appraisal report
- Excessive reporting requirements
 - Report option (Appraisal Report or Restricted Appraisal Report).
 - 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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