

**BEFORE THE
BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. C20160621-05

**DONALD G. RISNER
12801 Monterey Beach Drive
Bakersfield, CA 93311**

Residential Appraiser License No. 4107

Respondent.

DECISION AND ORDER

The attached Stipulated Surrender of License and Disciplinary Order is hereby adopted by the Chief of the Bureau of Real Estate Appraisers, Department of Consumer Affairs as the Decision and Order in the above entitled matter.

This Decision shall become effective on December 31, 2017.

It is so ORDERED

Original Signed

**JAMES S. MARTIN
CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS**

1 XAVIER BECERRA
Attorney General of California
2 MARC D. GREENBAUM
Supervising Deputy Attorney General
3 MORGAN MALEK
Deputy Attorney General
4 State Bar No. 223382
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 269-6278
6 Facsimile: (213) 897-2804
Attorneys for Complainant

7
8 **BEFORE THE**
BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10
11 In the Matter of the Accusation Against:

Case No. C20160621-05

12 **DONALD G. RISNER**
12801 Monterey Beach Drive
13 Bakersfield, CA 93311

**STIPULATED SURRENDER OF
LICENSE AND ORDER**

14 **Residential Appraiser License No. 4107**

15 **Respondent.**

16
17
18
19 **IT IS HEREBY STIPULATED AND AGREED** by and between the parties to the above-
20 entitled proceedings that the following matters are true:

21 **PARTIES**

22 1. Aaron Klinger, acting on behalf of the Bureau of Real Estate Appraisers
23 (Complainant), Department of Consumer Affairs, brought this action solely in his capacity as the
24 Chief of Enforcement for Complainant and is represented in this matter by Xavier Becerra,
25 Attorney General of the State of California, by Morgan Malek, Deputy Attorney General.

26 2. Donald G. Risner (Respondent) is representing himself in this proceeding and has
27 chosen not to exercise his right to be represented by counsel.

28 3. On or about April 3, 1992, the Bureau (formerly Office of Real Estate Appraisers)
issued Residential Appraiser License No. 4107 to Donald G. Risner (Respondent). The

1 Residential Appraiser License was in full force and effect at all times relevant to the charges
2 brought in Accusation No. C20160621-05 and will expire on August 19, 2018, unless renewed.

3 **JURISDICTION**

4 4. Accusation No. C20160621-05 was filed before the (Bureau), and is currently
5 pending against Respondent. The Accusation and all other statutorily required documents were
6 properly served on Respondent on May 4, 2017. Respondent timely filed his Notice of Defense
7 contesting the Accusation. A copy of Accusation No. C20160621-05 is attached as Exhibit A and
8 incorporated by reference.

9 5. When deemed by the Bureau Chief to be in the public interest, Complainant has the
10 authority under Business and Professions Code section 11315.5 to enter into a settlement related
11 to administrative allegations of violations of Real Estate Appraisers' Licensing and Certification
12 Law or regulations promulgated pursuant thereto, upon any terms and conditions as the Bureau
13 Chief deems appropriate.

14 **ADVISEMENT AND WAIVERS**

15 6. Respondent has carefully read, and understands the charges and allegations in
16 Accusation No. C20160621-05. Respondent also has carefully read, and understands the effects
17 of this Stipulated Surrender of License and Order.

18 7. Respondent is fully aware of his legal rights in this matter, including the right to a
19 hearing on the charges and allegations in the Accusation/Petition to Revoke Probation; the right
20 to be represented by counsel, at his own expense; the right to confront and cross-examine the
21 witnesses against him; the right to present evidence and to testify on his own behalf; the right to
22 the issuance of subpoenas to compel the attendance of witnesses and the production of
23 documents; the right to reconsideration and court review of an adverse decision; and all other
24 rights accorded by the California Administrative Procedure Act and other applicable laws.

25 8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
26 every right set forth above.

27 **CULPABILITY**

9. Respondent admits the truth of each and every charge and allegation in Accusation No. C20160621-05, agrees that cause exists for discipline and hereby surrenders his Residential Appraiser License No. 4107 for the Bureau's formal acceptance.

10. Respondent understands that by signing this stipulation he enables the Bureau Chief to issue an order accepting the surrender of his Residential Appraiser License without further process.

11. Respondent understands and agrees that, by signing this Stipulated Settlement, the Bureau Chief will treat any application for licensure, or certificate of registration as an appraisal management company, or petition for reinstatement as a new application for licensure.

12. Respondent understands and acknowledges that, pursuant to Business and Professions Code section 11409(c)(2), the Bureau of Real Estate Appraisers is not authorized to accept a new application from Respondent for licensure or certification until such time that payment of the costs of investigation, enforcement and prosecution of this case, as imposed by this order, is received in full.

CONTINGENCY

12. This stipulation shall be subject to approval by the Bureau. Respondent understands and agrees that counsel for Complainant and the staff of the Bureau may communicate directly with the Bureau Chief regarding this stipulation and surrender, without notice to or participation by Respondent. By signing the stipulation, Respondent understands and agrees that he may not withdraw his agreement or seek to rescind the stipulation prior to the time the Bureau Chief considers and acts upon it. If the Bureau Chief fails to adopt this stipulation as its Decision and Order, the Stipulated Surrender and Disciplinary Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Bureau shall not be disqualified from further action by having considered this matter.

13. The parties understand and agree that Portable Document Format (PDF) and facsimile copies of this Stipulated Surrender of License and Order, including Portable Document Format (PDF) and facsimile signatures thereto, shall have the same force and effect as the originals.

14. This Stipulated Surrender of License and Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions, negotiations, and commitments (written or oral). This Stipulated Surrender of License and Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

15. In consideration of the foregoing admissions and stipulations, the parties agree that the Bureau Chief may, without further notice or formal proceeding, issue and enter the following Order:

ORDER

IT IS HEREBY ORDERED that Residential Appraiser License No. 4107, issued to Respondent Donald G. Risner, is surrendered and accepted by the Bureau of Real Estate Appraisers.

1. The surrender of Respondent's Residential Appraiser License and the acceptance of the surrendered license by the Bureau shall constitute the imposition of discipline against Respondent. This stipulation constitutes a record of the discipline and shall become a part of Respondent's license history with the Bureau of Real Estate Appraisers.

2. Respondent shall lose all rights and privileges as a real estate appraiser in California as of the effective date of the Bureau's Decision and Order.

3. Respondent shall cause to be delivered to the Bureau his license certificate on or before the effective date of the Decision and Order.

4. If Respondent ever files an application for licensure or a petition for reinstatement in the State of California, the Bureau shall treat it as a petition for reinstatement. Respondent must comply with all the laws, regulations and procedures for reinstatement of a revoked license in effect at the time the petition is filed, and all of the charges and allegations contained in Accusation No. C20160621-05 shall be deemed to be true, correct and admitted by Respondent when the Bureau determines whether to grant or deny the petition.

5. Respondent shall not be eligible to apply for a new license or for a certification of registration as an appraisal management company until one year from the effective date of this Stipulated Surrender.

6. Respondent may petition for reinstatement of his license no sooner than one year from the effective date of the Decision and Order. If Respondent petitions for reinstatement, the Chief shall treat it as a new application for licensure and Respondent must comply with all the laws, regulations and procedures for licensure in effect at the time the petition is filed. If Respondent does petition to reinstate his license, he must pay a fine of Ten Thousand Dollars (\$10,000.00) and enforcement costs of eleven thousand seven hundred twenty five dollars and thirty cents (\$11,725.30) before a license can be issued.

ACCEPTANCE

I have carefully read the Stipulated Surrender of License and Order. I understand the stipulation and the effect it will have on my Residential Appraiser License. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Bureau of Real Estate Appraisers.

DATED: 11/27/2017

Original Signed

DONALD O. RIGBY
Respondent

ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted
for consideration by the Bureau of Real Estate Appraisers.

Dated: 11/27/17

Respectfully submitted,

XAVIER BECERRA
Attorney General of California
MARC D. GREENBAUM
Supervising Deputy Attorney General

Original Signed

MORGAN MALEK
Deputy Attorney General
Attorneys for Complainant

LA2017603706
52705980.docx

Exhibit A

Accusation No. C20160621-05

1 XAVIER BECERRA
Attorney General of California
2 MARC D. GREENBAUM
Supervising Deputy Attorney General
3 MORGAN MALEK
Deputy Attorney General
4 State Bar No. 223382
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2643
6 Facsimile: (213) 897-2804
Attorneys for Complainant
7

8 **BEFORE THE**
BUREAU OF REAL ESTATE APPRAISERS
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

10
11 In the Matter of the Accusation and Petition to
Revoke Probation Against:

Case No. C20160621-05

12 **DONALD G. RISNER**
13 **12801 Monterey Beach Drive**
Bakersfield, CA 93311
14 **Residential Appraiser License No. 004107**

**SECOND AMENDED ACCUSATION
AND SECOND AMENDED PETITION
TO REVOKE PROBATION**

15 Respondent.
16
17
18

19 Complainant alleges:

20 **PARTIES**

21 1. Elizabeth Seaters, acting on behalf of the Bureau of Real Estate Appraisers
22 (Complainant), Department of Consumer Affairs brings this Accusation and Petition to Revoke
23 Probation solely in her official capacity as Chief of Enforcement for Complainant.

24 2. On or about April 3, 1992, the Bureau of Real Estate Appraisers (formerly Office of
25 Real Estate Appraisers) issued residential appraiser license number 004107 to Donald G. Risner
26 ("Respondent"). Respondent's real estate appraiser license was in full force and effect at all
27 times relevant to the charges brought herein. Respondent's real estate appraiser license will
28 expire on August 19, 2018, unless renewed.

3. In a disciplinary action entitled *In the Matter of the Administrative Findings Against: Donald G. Risner*, Case Number C20131224-01, the Bureau issued a decision effective December 17, 2014, in which Respondent's Real Estate Appraiser License was revoked. However, the revocation was stayed, and Respondent was monitored on probation for two (2) years from the effective date on terms and conditions. A copy of that decision is attached as Exhibit "A" and is incorporated for reference.

JURISDICTION

4. This Second Amended Accusation and Second Amended Petition is brought before the Bureau of Real Estate Appraisers for the Department of Consumer Affairs, under the authority of the following laws.

5. Business and Professions Code Section 11310.1 states: "Protection of the public shall be the highest priority of the Office of Real Estate Appraisers in exercising its licensing, regulatory, and disciplinary functions."

6. Business and Professions Code Section 11313 states, in relevant part:

"The bureau is under the supervision and control of the Director of Consumer Affairs. The duty of enforcing and administering this part is vested in the chief, and he or she is responsible to the Director of Consumer Affairs therefor."

7. Business and Professions Code Section 11315.3 states:

"The suspension, expiration, or forfeiture by operation of law of a license or certificate of registration issued by the office, or its suspension, forfeiture, or cancellation by order of the office or by order of a court of law, or its surrender without the written consent of the office, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the office of its authority to institute or continue a disciplinary proceeding against the licensee or registrant upon any ground provided by law or to enter an order suspending or revoking the license or certificate of registration, or otherwise taking disciplinary action against the licensee or registrant on any such ground."

8. Probationary term 12 in the disciplinary action entitled *In the Matter of the Administrative Findings Against: Donald G. Risner*, Case Number C20131224-01 states:

"12. Violation of Probation. If Respondent violates probation in any respect, the Bureau Chief, after giving Respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during

1 probation, the Bureau Chief shall have continuing jurisdiction until the matter is final,
2 and the period of probation shall be extended until the matter is final."

3 **STATUTORY AND REGULATORY PROVISIONS**

4 9. Business and Professions Code Section 11319 provides, in pertinent part, the Uniform
5 Standards of Professional Appraisal Practice (USPAP) constitute the minimum standard of
6 conduct and performance for real estate appraisers.

7 10. California Code of Regulations, title 10, section 3721 states:

8 "(a) The Chief may issue a citation, order of abatement, assess a fine or private or
9 public reproof, suspend or revoke any license or Certificate of Registration, and/or
10 may deny the issuance or renewal of a license or Certificate of Registration of any
11 person or entity acting in a capacity requiring a license or Certificate of Registration
12 who has:

13 ...

14 (6) Violated any provision of USPAP;

15 ..."

16 11. Business and Professions Code section 11316 states in relevant part:

17 "(a) The director may assess a fine against a licensee, applicant for licensure, person
18 who acts in a capacity that requires a license under this part, course provider,
19 applicant for course provider accreditation, or a person who, or entity that, acts in a
20 capacity that requires course provider accreditation for violation of this part or any
21 regulations adopted to carry out its purposes."

22 12. Business and Professions Code section 11409 states in relevant part:

23 "(a) Except as otherwise provided by law, any order issued in resolution of a
24 disciplinary proceeding may direct a licensee, applicant for licensure, person who acts
25 in a capacity that requires a license under this part, registrant, applicant for a
26 certificate of registration, course provider, applicant for course provider accreditation,
27 or a person who, or entity that, acts in a capacity that requires course provider
28 accreditation found to have committed a violation or violations of statutes or
 regulations relating to real estate appraiser practice to pay a sum not to exceed the
 reasonable costs of investigation, enforcement, and prosecution of the case."

USPAP REQUIREMENTS

13 13. See Exhibit "B" for a copy of the applicable sections of USPAP, which are hereby
14 incorporated by reference.

15 \\

2 **FACTUAL BACKGROUND**

3 14. On or about March 1, 2015, Respondent completed an appraisal of the property
4 located at 416 Decatur Street, Bakersfield, California. The report contains certain errors and
5 omissions in violation of the Uniform Standards of Professional Appraisal Practice (USPAP),
6 listed as follows:

7 a) Respondent falsely stated the neighborhood one-unit housing lower price range
8 and predominant price (S.R. 1-2(e)(i) and 2-2(a)(iii));

9 b) Respondent falsely stated the subject had forced air heating and central air
10 conditioning, whereas it had a wall heater and evaporative cooler (S.R. 1-2(e)(i) and 2-
11 2(a)(iii));

12 c) Respondent used MLS photographs for all of the comparable sales used while
13 cropping off the MLS trademarks from three of the six comparable sales used, which was
14 contrary to the assignment conditions (S.R. 1-2(h), 2-2(a)(vii) and Scope of Work Rule;

15 d) Respondent falsely stated the subject's zoning as R-1, Single Family
16 Residential, whereas it was R-2, Medium-density Residential District (S.R. 1-3(a) and 2-
17 2(a)(iii));

18 e) Respondent created a misleading report by failing to collect, verify, and analyze
19 all information necessary for credible assignment results via the Sales Comparison
20 Approach (S.R. 1-4(a) and 2-2(a)(viii));

21 i. Comparable Sale Two: Respondent falsely stated Comparable Sale Two
22 was conventionally financed, whereas it was a cash sale.

23 ii. Comparable Sale Three: Respondent falsely stated this sale sold for
24 \$90,000 with conventional financing, whereas it sold for \$85,000 with private party
25 financing. Respondent falsely stated it had a two-car garage, whereas it had a one-car
26 garage.

27 iii. Comparable Sale Four: Respondent falsely stated this closed sale was a
28 pending sale. Respondent also misrepresented the pending sale date, which was more

1 than a year previously than it was at the time of his appraisal report. Additionally,
2 Respondent failed to appropriately discuss and analyze the significant age disparity of
3 75 years between this property and the subject.

4 iv. Comparable Sale Six: Respondent falsely stated it had a two-car garage,
5 whereas it had a one-car garage.

6 f) Based upon the findings noted in above items a, b, c, d and e, Respondent failed
7 to correctly employ those recognized methods and techniques that are necessary to produce
8 a credible appraisal (S.R. 1-1(a));

9 g) Based upon the findings noted in above items a, b, c, d and e, Respondent
10 committed substantial errors of omission or commission that significantly affected the
11 appraisal (S.R. 1-1(b));

12 h) Based on the findings noted in above items a, b, c, d and e, Respondent failed to
13 clearly and accurately set forth the appraisal in a manner that would not be misleading (S.R.
14 2-1(a));

15 i) Based on the findings noted in above items a, b, c, d and e, Respondent failed to
16 provide sufficient information to enable the intended users of the report to understand it
17 properly (S.R. 2-1(b)); and

18 j) Based on the findings noted in above items a, b, c, d, and e, in addition to
19 appraisal that was not credible, Respondent violated the Conduct section of the Ethics Rule.

20 15. On or about April 16, 2015, Respondent completed an appraisal of the property
21 located at 30819 Road 144, Visalia, California. The report contains certain errors and omissions
22 in violation of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as
23 follows:

24 a) Respondent falsely stated the subject neighborhood make-up and land use
25 percentages, such as the significant agriculture and abutting orchards (S.R. 1-2(e)(i) and 2-
26 2(a)(iii));

27 b) Respondent failed to appropriately discuss and analyze the subject's additional
28 three units, several of which were conversions from garages and/or shops. Additionally,

1 Respondent failed to discuss and analyze the status of permits and legality of the living
2 units (S.R. 1-2(e)(i) and 2-2(a)(iii));

3 c) Respondent failed to appropriately discuss and analyze the horse stables and pet
4 cemetery businesses that were located on the subject property (S.R. 1-2(e)(i) and 2-
5 2(a)(iii));

6 d) Respondent failed to appropriately discuss and analyze that the St. John's River
7 runs through the subject property. Additionally, Respondent falsely stated the subject was
8 not in a FEMA Special Flood Hazard Area, whereas it was located in a special flood hazard
9 area (S.R. 1-2(e)(i) and 2-2(a)(iii));

10 e) Respondent falsely stated he had inspected the interior of all the units, whereas
11 he did not inspect two of the units. Additionally, Respondent failed to disclose he had
12 utilized interior photographs of the units he did not inspect that were provided by a real
13 estate salesperson (S.R. 1-2(h), 2-2(a)(vii) and the Scope of Work Rule);

14 f) Respondent used MLS photographs while cropping off the MLS trademarks
15 from five of the six comparable sales used and all of the comparable rental properties used,
16 which was contrary to the assignment conditions (S.R. 1-2(h), 2-2(a)(vii) and Scope of
17 Work Rule;

18 g) Respondent falsely stated the subject's AE-20 zoning as "Limited Multi Family
19 (Fourplex)", whereas it was Exclusive Agricultural Zone, with a 20 acre minimum (S.R. 1-
20 3(a) and 2-2(a)(iii));

21 h) Respondent failed to appropriately discuss and analyze the subject's highest
22 and best use based on the actual zoning. Additionally, Respondent falsely stated the subject
23 current use was legal and conforms to local zoning regulations and building codes (S.R. 1-
24 3(b), 2-2(a)(iii) and 2-2(a)(x));

25 i) Respondent created a misleading report by failing to collect, verify, and analyze
26 all information necessary for credible assignment results via the Sales Comparison
27 Approach. Specifically, Respondent's failed to appropriately discuss and analyze the
28 legality of the subject's living units, in addition to the horse stables and pet cemetery

1 businesses in comparison to the comparable sales used. Respondent failed to discuss and
2 analyze the subject's location on a river in comparison to the comparable sales used.
3 Respondent also failed to provide market support for the site size adjustments applied to
4 each of the comparable sales used. Additionally, Respondent failed to appropriately discuss
5 and analyze the age disparity of the subject and comparable sales used (S.R. 1-4(a) and 2-
6 2(a)(viii));

7 i. Comparable Sale One: Respondent failed to discuss and analyze this
8 property sided to a school district building and was also located across the street from
9 a low income elderly housing project.

10 ii. Comparable Sale Two: Respondent falsely stated this sale was
11 conventional financed, whereas it sold with FHA financing.

12 j) Respondent falsely stated all the subject units were rented, whereas one of the
13 units was not. Additionally, Respondent fabricated a current monthly rent for the vacant
14 unit (S.R. 1-4(c)(i)(iii) and 2-2(a)(viii));

15 k) Respondent falsely stated the subject's studio unit had a bedroom, whereas it
16 did not (S.R. 1-4(i)(iii) and 2-2(a)(viii));

17 l) Respondent inflated Comparable Rental One's monthly rent while overstating
18 the gross building area (S.R. 1-4(i)(iii) and 2-2(a)(viii));

19 m) , Respondent significantly overstated Comparable Rental Three's gross building
20 area while misrepresenting projected rents as the currently monthly rents for the vacant
21 units (S.R. 1-4(i)(iii) and 2-2(a)(viii));

22 n) Respondent provided an Opinion of Market rent that was not supported by the
23 comparable rental properties used (S.R. 1-4(i)(iii)(iv) and 2-2(a)(viii));

24 o) Respondent's Income Approach was flawed and not credible due to his usage
25 of an unsupported Opinion of Market Rent (S.R. 1-6(a) and 2-2(a)(viii));

26 p) Based upon the findings noted in above items a, b, c, d, e, f, g, h, i, j, k, l, m, n
27 and o, Respondent failed to correctly employ those recognized methods and techniques that
28 are necessary to produce a credible appraisal (S.R. 1-1(a));

1 q) Based upon the findings noted in above items a, b, c, d, e, f, g, h, i, j, k, l, m, n
2 and o, Respondent committed substantial errors of omission or commission that
3 significantly affected the appraisal (S.R. 1-1(b));

4 r) Based on the findings noted in above items a, b, c, d, e, f, g, h, i, j, k, l, m, n and
5 o, Respondent failed to clearly and accurately set forth the appraisal in a manner that would
6 not be misleading (S.R. 2-1(a));

7 s) Based on the findings noted in above items a, b, c, d, e, f, g, h, i, j, k, l, m, n and
8 o, Respondent failed to provide sufficient information to enable the intended users of the
9 report to understand it properly (S.R. 2-1(b)); and

10 t) Based on the findings noted in above items a, b, c, d, e, f, g, h, i, j, k, l, m, n and
11 o, in addition to appraisal that was not credible, Respondent violated the Conduct section of
12 the Ethics Rule.

13 16. Respondent failed to fully comply with the terms and conditions of his probation by
14 violating USPAP, consistently submitting late appraisal logs, work samples, payment of fines and
15 completion of his required education, in violation as follows:

16 a) Probation Condition 1: Obey All Laws. Based on paragraphs 13 and 14 above,
17 Respondent failed to conform to the minimum guidelines set forth in the Uniform Standards
18 of Professional Appraisal Practice (USPAP); and

19 b) Probation Condition 3: Comply with Probation. Respondent failed to fully
20 comply with probation.

21 c) Probation Condition 4: Monitoring. Respondent failed to fully comply with
22 monitoring by being delinquent in his submission of appraisal logs, work samples, payment
23 of fines and completion of a 15-hour basic education course of the Uniform Standards of
24 Professional Appraisal Practice.

25 d) Probation Condition 5: Appraisal Log/Work Samples. Respondent was late
26 multiple times in his submission of his appraisal logs and work samples.

27 e) Probation Condition 7: Payment of Fine. Respondent was late multiple times in
28 fine payments.

1 f) Probation Condition 8: Uniform Standards of Professional Appraisal Practice
2 Course. Respondent was late in his completion of the 15-hour basic education course.

3 **ACCUSATION**

4 **FIRST CAUSE FOR DISCIPLINE**

5 **(Violating USPAP)**

6 17. Respondent's license is subject to discipline pursuant to California Code of
7 Regulations, title 10, section 3721(a)(6) for his violations of USPAP. The violations are described
8 in paragraphs 14 and 15 above, inclusive, and hereby incorporated by reference.

9 **PETITION TO REVOKE PROBATION**

10 **FIRST CAUSE FOR DISCIPLINE**

11 **(Violating Probationary Terms)**

12 18. This Petition to Revoke is brought based upon Respondent's violation of probationary
13 terms 1, 3, 4, 5, 7, and 8 of the decision *In the Matter of the Administrative Findings Against:*
14 *Donald G. Risner*, Case Number C20131224-01. Those terms are as follows:

15 "1. **Obey All Laws.** Respondent shall comply with all federal, state and local laws,
16 and conform to the minimum guidelines set forth under the Uniform Standards of
17 Professional Appraisal Practice (USPAP), and all other laws and regulations pertaining to
real estate appraisers.

18 3. **Comply With Probation.** Respondent shall fully comply with the terms and
19 conditions of the probation imposed by the Bureau Chief and shall cooperate fully with
20 representatives of the Bureau in its monitoring and investigation of Respondent's
compliance with the terms and conditions of probation.

21 4. **Monitoring.** Respondent shall be subject to, and shall permit and cooperate
22 with, monitoring and investigation of Respondent's professional practice. Such monitoring
and investigation shall be conducted by representatives of the Bureau.

23 5. **Appraisal Log/Work Samples.** Commencing on the effective date of the
24 Decision and Order and continuing through the period of probation, Respondent shall
25 maintain a log of all appraisals and appraisal reviews Respondent performs on a Log of
Appraisal Experience form provided by the Bureau. Respondent shall submit a complete
26 and accurate copy of the log of all appraisals, and appraisal reviews, completed each six
months. Each six month log shall be submitted to the Bureau within 30 days following the
27 end of each six month period. Respondent understands that the Bureau may (has the option
to) select work samples for review from each submitted six month log. Failure to submit
28 the log or any selected work samples in compliance with these terms shall extend probation

1 for a period equivalent to the period of noncompliance. Respondent shall complete a
2 minimum of twelve appraisals per each year of probation, commencing on the effective
3 date of the Decision and Order. If respondent fails to complete twelve appraisals per year,
probation shall be tolled pursuant to condition entitled Tolling of Probation for Out-of State
Residence/Practice below.

4 7. **Payment of Fine.** Respondent shall pay a fine pursuant to Business and
5 Professions Code section 11316(a) and California Code of Regulations, Title 10, section
6 3721(a), in the sum of Four Thousand Dollars (\$4,000). Payment of this fine shall be made
7 in quarterly installments with payments of not less than Five Hundred Dollars (\$500.00),
8 with the first payment due within 30 days of the effective date of the final Decision and
9 Order as signed by the Bureau Chief. Payment shall be made to the Real Estate Appraisers
10 Regulation Fund c/o Bureau of Real Estate Appraisers, 1102 Q Street, Suite 4100,
11 Sacramento, California 95811, by check or money order and shall indicate on its face the
12 notation: "BREA Case No. C20131224-01." Respondent shall also submit a copy of the
13 invoice with payment, which will be provided by the Bureau. If full payment is not
received by the Bureau by the date due as noted in the invoice, a 10 percent penalty shall be
added to the unpaid balance and interest will accrue on the unpaid balance at the pooled
money investment rate in effect at that time, until full amount is paid. Respondent shall not
be eligible to renew his or her license until such time as full payment of the outstanding fine
has been made. Failure to make payment on the fine shall constitute a violation of the
probationary order.

14 8. **Uniform Standards of Professional Appraisal Practice Course/Examination.**
15 Respondent shall take and pass an Bureau approved 15-hour basic education course on the
16 Uniform Standards of Professional Appraisal Practice within 6 months of the date the
17 Decision and Order of the Bureau Chief is final. The course must be "The Appraisal
18 Foundations National USPAP Course" (or its equivalent as determined solely by the
19 Appraisers Qualifications Board ("AQB") Course Approval Program), and must be taught
20 by an AQB Certified USPAP Instructor who is also a Certified Residential or Certified
21 General appraiser in good standing with the Bureau. The course may be taken on line or in
22 a classroom setting and must include an administered closed book final examination.
23 Respondent must submit proof of successful completion of the course and final exam
24 within 6 months following the date the Decision and Order of the Bureau Chief is final.
25 Respondent understands that it is his or her responsibility to ensure that the course meets all
26 the requirements listed above and to apply for, schedule, and make all arrangements to take
27 the course."

28 19. Respondent has violated his probationary conditions, as set forth in paragraph 18,
inclusive, and hereby incorporated by reference.

PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
and that following the hearing, the Bureau of Real Estate Appraisers issue a decision:

- 1 1. Revoking the probation that was granted by the Bureau of Real Estate Appraisers in
2 *In the Matter of the Administrative Findings Against: Donald G. Risner*, Case
3 Number C20131224-01 and imposing the disciplinary order that was stayed thereby
4 revoking the Real Estate Appraisers License number 004107 issued to Donald G.
5 Risner.
- 6 2. Revoking or suspending Real Estate Appraisers License number 004107 issued to
7 Donald G. Risner.
- 8 3. Ordering Donald G. Risner to pay Bureau reasonable costs of the investigation and
9 enforcement of this case, pursuant to Business and Professions Code section 11409.
- 10 4. Ordering Donald G. Risner to pay the Bureau of Real Estate Appraisers a fine in the
11 amount of Ten Thousand Dollars (\$10,000.00) pursuant to Business and Professions
12 Code section 11316.
- 13 5. Taking such other and further action as deemed necessary and proper.

14
15 DATED: 7/13/17

Original Signed

ELIZABETH SEATERS
Chief of Enforcement
Bureau of Real Estate Appraisers
Department of Consumer Affairs
State of California
Complainant

16
17
18
19
20 LA2017603706
52452997.docx

Exhibit A

Decision & Order for *In the Matter of the Administrative Findings Against: Donald G. Risner,*
Case Number C20131224-01

BEFORE THE
BUREAU CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS
BUREAU OF REAL ESTATE APPRAISERS
STATE OF CALIFORNIA

In the Matter of the of the
Real Estate Appraiser License of:

Case No. C20131224-01

Donald G. Risner,
12801 Monterey Beach Drive
Bakersfield, CA 93311

Real Estate Appraiser License No. 004107

Respondent.

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the
Chief of the Bureau of Real Estate Appraisers, Department of Consumer Affairs as the
Decision and Order in the above entitled matter.

This Decision shall become effective on 12-17-14

It is so ORDERED 11-17-14

Original Signed

JAMES MARTIN, BUREAU CHIEF,
BUREAU OF REAL ESTATE APPRAISERS
DEPARTMENT OF CONSUMER AFFAIRS

Bureau of Real Estate Appraisers
1102 Q Street, Suite 4100
Sacramento, CA 95811

Telephone: (916) 552-9742
Facsimile: (916) 440-7406

**BEFORE THE
CHIEF OF THE BUREAU OF REAL ESTATE APPRAISERS
STATE OF CALIFORNIA**

In the Matter of the Administrative Findings
Against:

Case No. C20131224-01

Donald G. Risner
12801 Monterey Beach Drive
Bakersfield, CA 93311
Real Estate Appraiser License No. 004107

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

Respondent.

In the interest of a prompt and speedy settlement of this matter, consistent with the public interest and mission of the Bureau of Real Estate Appraisers ("Bureau"), the parties hereby agree to the following Stipulated Settlement and Disciplinary Order ("Stipulated Settlement") which will be submitted to the Chief of the Bureau of Real Estate Appraisers ("Bureau Chief") for approval and adoption as the final disposition of this proceeding:

PARTIES

1. Elizabeth Seaters, acting on behalf of the Bureau of Real Estate Appraisers ("Complainant"), brings this action solely in her official capacity as Chief of Enforcement for Complainant.

2. Donald G. Risner ("Respondent") is representing himself and has chosen not to exercise his right to be represented by counsel.

3. On or about April, 3, 1992, Complainant issued Real Estate Appraiser License No. 004107 to Respondent. Respondent's License was in full force and effect at all times relevant to the attached Administrative Findings and, in absence of any superseding action, will expire on August 19, 2016.

1

2

4

5

6

7

8

9

0

1

1 11. Respondent agrees that his Real Estate Appraiser License No. 004107 is subject to
2 discipline and he agrees to be bound by the Bureau Chief's imposition of discipline as set forth in
3 the following Disciplinary Order.

4 CONTINGENCY

5 12. This Stipulated Settlement shall be subject to approval by the Bureau Chief.
6 Respondent understands and agrees that counsel for Complainant and Complainant's staff may
7 communicate directly with the Bureau Chief regarding this Stipulated Settlement, without notice
8 to or participation by Respondent or his counsel. By signing this Stipulated Settlement,
9 Respondent understands and agrees that he may not withdraw his agreement or seek to rescind
10 this Stipulated Settlement prior to the time the Bureau Chief considers and acts upon it. If the
11 Bureau Chief fails to adopt this Stipulated Settlement as Complainant's Decision and Order, the
12 Stipulated Settlement shall be of no force or effect, and, except for this paragraph, it shall be
13 inadmissible in any legal action between the parties, and the Bureau Chief shall not be
14 disqualified from further action by having considered this matter.

15 13. The parties understand and agree that PDF or facsimile copies of this Stipulated
16 Settlement, including PDF or facsimile signatures thereto, shall have the same force and effect as
17 the originals.

18 14. This Stipulated Settlement is intended by the parties to be an integrated writing
19 representing the complete, final, and exclusive embodiment of their agreement. It supersedes any
20 and all prior or contemporaneous agreements, understandings, discussions, negotiations, and
21 commitments (written or oral). This Stipulated Settlement may not be altered, amended,
22 modified, supplemented, or otherwise changed except by a writing executed by an authorized
23 representative of each of the parties.

24 15. In consideration of the foregoing admissions and stipulations, the parties agree that
25 the Bureau Chief may, without further notice or formal proceeding, issue and enter the following
26 Disciplinary Order:
27
28

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Respondent's Real Estate Appraisers License No. 004107 is revoked and issued a published reproof. However, the revocation shall be stayed, and Respondent shall be monitored on probation for two (2) years from the effective date of the Decision and Order on the terms and conditions described below. The published reproof will not be stayed.

1. **Obey All Laws.** Respondent shall comply with all federal, state and local laws, and conform to the minimum guidelines set forth under the Uniform Standards of Professional Appraisal Practice (USPAP), and all other laws and regulations pertaining to real estate appraisers.

2. **Active License Status.** Respondent shall at all times maintain an active license status with the Bureau, including during any periods of suspension. If the license is expired at the time the Decision and Order of the Bureau Chief becomes effective, the license must be renewed within 30 days of the effective date of the Decision and Order.

3. **Comply With Probation.** Respondent shall fully comply with the terms and conditions of the probation imposed by the Bureau Chief and shall cooperate fully with representatives of the Bureau in its monitoring and investigation of Respondent's compliance with the terms and conditions of probation.

4. **Monitoring.** Respondent shall be subject to, and shall permit and cooperate with, monitoring and investigation of Respondent's professional practice. Such monitoring and investigation shall be conducted by representatives of the Bureau.

5. **Appraisal Log/Work Samples.** Commencing on the effective date of the Decision and Order and continuing through the period of probation, Respondent shall maintain a log of all appraisals and appraisal reviews Respondent performs on a Log of Appraisal Experience form provided by the Bureau. Respondent shall submit a complete and accurate copy of the log of all appraisals, and appraisal reviews, completed each six months. Each six month log shall be submitted to the Bureau within 30 days following the end of each six month period. Respondent understands that the Bureau may (has the option to) select work samples for review from each

1 submitted six month log. Failure to submit the log or any selected work samples in compliance
2 with these terms shall extend probation for a period equivalent to the period of noncompliance.
3 Respondent shall complete a minimum of twelve appraisals per each year of probation,
4 commencing on the effective date of the Decision and Order. If respondent fails to complete
5 twelve appraisals per year, probation shall be tolled pursuant to condition entitled Tolling of
6 Probation for Out-of State Residence/Practice below.

7 6. **Monitoring Costs.** Respondent shall pay costs associated with monitoring each and
8 every year of probation. Respondent shall comply with the Bureau's probation compliance
9 monitoring program. Failure to pay costs or comply with probation monitoring shall be
10 considered a violation of probation. Said costs shall be in a sum sufficient to cover the costs
11 incurred by the Bureau in reviewing appraisals, and other monitoring, in an amount not to exceed
12 \$250.00 per six (6) months.

13 7. **Payment of Fine.** Respondent shall pay a fine pursuant to Business and Professions
14 Code section 11316(a) and California Code of Regulations, Title 10, section 3721(a), in the sum
15 of Four Thousand Dollars (\$4,000). Payment of this fine shall be made in quarterly installments
16 with payments of not less than Five Hundred Dollars (\$500.00), with the first payment due within
17 30 days of the effective date of the final Decision and Order as signed by the Bureau Chief.
18 Payment shall be made to the Real Estate Appraisers Regulation Fund c/o Bureau of Real Estate
19 Appraisers, 1102 Q Street, Suite 4100, Sacramento, California 95811, by check or money order
20 and shall indicate on its face the notation: "BREA Case No. C20131224-01." Respondent shall
21 also submit a copy of the invoice with payment, which will be provided by the Bureau. If full
22 payment is not received by the Bureau by the date due as noted in the invoice, a 10 percent
23 penalty shall be added to the unpaid balance and interest will accrue on the unpaid balance at the
24 pooled money investment rate in effect at that time, until full amount is paid. Respondent shall
25 not be eligible to renew his or her license until such time as full payment of the outstanding fine
26 has been made. Failure to make payment on the fine shall constitute a violation of the
27 probationary order.

28

1 **8. Uniform Standards of Professional Appraisal Practice Course/Examination.**

2 Respondent shall take and pass an Bureau approved 15-hour basic education course on the
3 Uniform Standards of Professional Appraisal Practice within 6 months of the date the Decision
4 and Order of the Bureau Chief is final. The course must be "The Appraisal Foundations National
5 USPAP Course" (or its equivalent as determined solely by the Appraisers Qualifications Board
6 ("AQB") Course Approval Program), and must be taught by an AQB Certified USPAP Instructor
7 who is also a Certified Residential or Certified General appraiser in good standing with the
8 Bureau. The course may be taken on line or in a classroom setting and must include an
9 administered closed book final examination. Respondent must submit proof of successful
10 completion of the course and final exam within 6 months following the date the Decision and
11 Order of the Bureau Chief is final. Respondent understands that it is his or her responsibility to
12 ensure that the course meets all the requirements listed above and to apply for, schedule, and
13 make all arrangements to take the course.

14 **9. Minimum Education Requirements.** Educational courses imposed as a term or
15 condition of probation may not be credited towards Respondent's continuing education
16 requirements required for renewal of Respondent's real estate appraiser license.

17 **10. Automatic Suspension.** Failure to comply with the education requirements as
18 contained in this Stipulated Settlement and Disciplinary Order shall result in an automatic
19 suspension of Respondent's real estate appraiser license.

20 **11. Tolling of Probation For Out-of-State Residence/Practice.** In the event
21 Respondent should leave California to reside or practice outside this state, Respondent must
22 notify Complainant, in writing, of the dates of departure and return. Periods of non-California
23 residency or practice outside the state shall extend the running of the probationary period, or of
24 any suspension, for an equivalent period. No obligation imposed herein, including requirements
25 to file written reports, reimburse Complainant costs, shall be suspended or otherwise affected by
26 such periods of out-of-state residency or practice except at the written direction of Complainant.

27 **12. Violation of Probation.** If Respondent violates probation in any respect, the Bureau
28 Chief, after giving Respondent notice and an opportunity to be heard, may revoke probation and

1 carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation
2 is filed against Respondent during probation, the Bureau Chief shall have continuing jurisdiction
3 until the matter is final, and the period of probation shall be extended until the matter is final.

4 13. **License Surrender.** During Respondent's term of probation, if he or she ceases
5 practicing due to retirement, health reasons or is otherwise unable to satisfy the conditions of
6 probation, Respondent may surrender his or her license to the Bureau. The Bureau reserves the
7 right to evaluate Respondent's request and to exercise its discretion whether to grant the request,
8 or to take any other action deemed appropriate and reasonable under the circumstances, without
9 further hearing. Upon formal acceptance of the tendered license, Respondent will no longer be
10 subject to the conditions of probation. Surrender of Respondent's license shall be considered a
11 disciplinary action and shall become a part of Respondent's license history with the Bureau.
12 Respondent may petition the Bureau for reinstatement pursuant to the provisions set forth in
13 Government Code Section 11522. If, following a surrender of his or her license, Respondent ever
14 applies for licensure or any certification of registration to the Bureau and/or petitions for
15 reinstatement in the State of California, the Bureau Chief shall treat it as a new application for
16 licensure or certification. Respondent must comply with all the laws, regulations and procedures
17 for licensure or certification in effect at the time the application or petition is filed, and all of the
18 charges and allegations contained in the attached Administrative Findings will be deemed true
19 when the Bureau Chief determines whether to grant or deny the application, certification or
20 petition. Further, Respondent shall pay the enforcement costs, fine and complete the education,
21 as specified in this Stipulated Settlement prior to filing any application for reinstatement or
22 issuance of a new license or certificate of registration.

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1 ACCEPTANCE

2 I have carefully read the above Stipulated Settlement. I understand the stipulation and the
3 effect it will have on my Real Estate Appraiser License. I enter into this Stipulated Settlement
4 voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the
5 Bureau Chief.

6
7
8 DATED: 11/08/21 **Original Signed**

9 Donald G. Risner
Respondent

10 ENDORSEMENT

11 The foregoing Stipulated Settlement is hereby respectfully submitted for the Bureau Chief's
12 consideration.

13
14 Dated: 11/17/2014

Original Signed

15 Elizabeth Seaters
16 Chief of Enforcement
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit A

Administrative Findings - Case No. C20131224-01

On or about September 7, 2013, Respondent completed a real estate appraisal report for the property located at 4305 Rio Viejo Drive, Bakersfield, California. The report contained errors or omissions, in violation of the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as follows:

- a) Respondent failed to appropriately discuss and analyze neighborhood boundaries and median price ranges (S.R. 1-2(e)(i) and 2-2(b)(iii));
- b) Respondent inconsistently stated the home was 10 years old and under construction at the time of his inspection (S.R. 1-2(e)(i) and 2-2(b)(iii));
- c) Respondent created a misleading report by failing to collect, verify, and analyze all information necessary for credible assignment results via the Sales Comparison Approach. Specifically, Respondent failed to appropriately discuss and analyze the varying conditions of the properties such as Comparable Sale Two, which had new carpet, vinyl flooring and paint, and Comparable Sale Six which was a foreclosure property that was sold in "as is" condition. Additionally, Respondent failed to use more relevant comparable sales while utilizing less relevant comparable sales, resulting in a value conclusion that was not credible (S.R. 1-4(a) and 2-2(b)(viii)).
 - i. Comparable Sale One: Respondent falsely stated this property was conventionally financed whereas it was a cash sale. Respondent also failed to discuss and analyze this property backed to an arterial. Additionally, Respondent provided a false photograph of this property.
 - ii. Comparable Sale Two: Respondent falsely stated this property was conventionally financed whereas it was FHA financed. Respondent also provided a false photograph of this property.
 - iii. Comparable Sale Three: Respondent falsely stated this property was conventionally financed whereas it was a cash sale. Respondent also failed to discuss and analyze a more recent sale of this property.
 - iv. Comparable Sale Four: Respondent falsely stated this property was conventionally financed whereas it was a cash sale.
 - v. Comparable Sale Six: Respondent provided a false photograph of this property.
- d) Based upon the findings noted in above items a, b and c, Respondent failed to correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal (S.R. 1-1(a));
- e) Based upon the findings noted in above items a, b, c, Respondent committed substantial errors of omission or commission that significantly affected the appraisal (S.R. 1-1(b));

- f) Based on the findings noted in above items a, b and c, Respondent failed to clearly and accurately set forth the appraisal in a manner that would not be misleading (S.R. 2-1(a));
- g) Based on the findings noted in above items a, b and c, Respondent failed to provide sufficient information to enable the intended users of the report to understand it properly (S.R. 2-1(b));
- h) Based on the findings noted in above items a, b and c, in addition to an appraisal that was not credible, Respondent violated the Conduct section of the Ethics Rule; and
- i) Respondent failed to maintain and provide to BREa a complete work file, including all versions of his appraisal report, resulting in a violation of the Record Keeping section of the Ethics Rule.

On or about April 28, 2014, Respondent provided to BREa a real estate appraisal report for the property located at 4305 Rio Viejo Drive, Bakersfield, California. The report contained errors or omissions, in violation of the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP), listed as follows:

- a) Respondent misrepresented an altered version of his report as a true copy of his appraisal report that was submitted to the client. Additionally, Respondent provided a false date of appraisal report (S.R. 1-1(a), (b), 2-1(a),(b), 2-2(b)(vi) and the Conduct section of the Ethics Rule).

Exhibit "B"

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

216 ETHICS RULE

217 An appraiser must promote and preserve the public trust inherent in appraisal practice by observing
218 the highest standards of professional ethics.

219 An appraiser must comply with USPAP when obligated by law or regulation, or by agreement with
220 the client or intended users. In addition to these requirements, an individual should comply any time
221 that individual represents that he or she is performing the service as an appraiser.

222 Comment: This Rule specifies the personal obligations and responsibilities of the individual
223 appraiser. An individual appraiser employed by a group or organization that conducts itself in a
224 manner that does not conform to USPAP should take steps that are appropriate under the
225 circumstances to ensure compliance with USPAP.

226 This ETHICS RULE is divided into three sections: Conduct, Management, and Confidentiality
227 which apply to all appraisal practice.

228 Conduct:

229 An appraiser must perform assignments with impartiality, objectivity, and independence, and
230 without accommodation of personal interests.

231 An appraiser:

- 232 • must not perform an assignment with bias;
- 233 • must not advocate the cause or interest of any party or issue;
- 234 • must not accept an assignment that includes the reporting of predetermined opinions and
235 conclusions;
- 236 • must not misrepresent his or her role when providing valuation services that are outside of
237 appraisal practice;
- 238 • must not communicate assignment results with the intent to mislead or to defraud;
- 239 • must not use or communicate a report that is known by the appraiser to be misleading or
240 fraudulent;
- 241 • must not knowingly permit an employee or other person to communicate a misleading or
242 fraudulent report;
- 243 • must not use or rely on unsupported conclusions relating to characteristics such as race,
244 color, religion, national origin, gender, marital status, familial status, age, receipt of public
245 assistance income, handicap, or an unsupported conclusion that homogeneity of such
246 characteristics is necessary to maximize value;
- 247 • must not engage in criminal conduct;
- 248 • must not willfully or knowingly violate the requirements of the RECORD KEEPING RULE; and
- 249 • must not perform an assignment in a grossly negligent manner.

250 Comment: Development standards (1-1, 3-1, 6-1, 7-1 and 9-1) address the requirement that "an
251 appraiser must not render appraisal services in a careless or negligent manner." The above
252 requirement deals with an appraiser being grossly negligent in performing an assignment which
253 would be a violation of the Conduct section of the ETHICS RULE.

ETHICS RULE

254 If known prior to accepting an assignment, and/or if discovered at any time during the assignment,
255 an appraiser must disclose to the client, and in each subsequent report certification:

- 256 • any current or prospective interest in the subject property or parties involved; and
- 257 • any services regarding the subject property performed by the appraiser within the three
258 year period immediately preceding acceptance of the assignment, as an appraiser or in any
259 other capacity.

260 Comment: Disclosing the fact that the appraiser has previously appraised the property is permitted
261 except in the case when an appraiser has agreed with the client to keep the mere occurrence of a
262 prior assignment confidential. If an appraiser has agreed with a client not to disclose that he or she
263 has appraised a property, the appraiser must decline all subsequent assignments that fall within the
264 three year period.

265 In assignments in which there is no appraisal or appraisal review report, only the initial disclosure
266 to the client is required.

267 Management:

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

270 Comment: The disclosure must appear in the certification and in any transmittal letter in which
271 conclusions are stated; however, disclosure of the amount paid is not required. In groups or
272 organizations engaged in appraisal practice, intra-company payments to employees for business
273 development do not require disclosure.

274 An appraiser must not accept an assignment, or have a compensation arrangement for an
275 assignment, that is contingent on any of the following:

- 276 1. the reporting of a predetermined result (e.g., opinion of value);
- 277 2. a direction in assignment results that favors the cause of the client;
- 278 3. the amount of a value opinion;
- 279 4. the attainment of a stipulated result (e.g., that the loan closes, or taxes are reduced); or
- 280 5. the occurrence of a subsequent event directly related to the appraiser's opinions and specific
281 to the assignment's purpose.

282 An appraiser must not advertise for or solicit assignments in a manner that is false, misleading, or
283 exaggerated.

284 An appraiser must affix, or authorize the use of, his or her signature to certify recognition and
285 acceptance of his or her USPAP responsibilities in an appraisal or appraisal review assignment (see
286 Standards Rules 2-3, 3-6, 6-9, 8-3, and 10-3). An appraiser may authorize the use of his or her
287 signature only on an assignment-by-assignment basis.

288 An appraiser must not affix the signature of another appraiser without his or her consent.

289 Comment: An appraiser must exercise due care to prevent unauthorized use of his or her signature.
290 An appraiser exercising such care is not responsible for unauthorized use of his or her signature.

291 **Confidentiality:**292 **An appraiser must protect the confidential nature of the appraiser-client relationship.**293 **An appraiser must act in good faith with regard to the legitimate interests of the client in the use of**
294 **confidential information and in the communication of assignment results.**295 **An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations**
296 **applicable in an assignment.²**297 **An appraiser must not disclose: (1) confidential information; or (2) assignment results to anyone**
298 **other than:**

- 299
- the client;
300 - persons specifically authorized by the client;
301 - state appraiser regulatory agencies;
302 - third parties as may be authorized by due process of law; or
303 - a duly authorized professional peer review committee except when such disclosure to a
304 - committee would violate applicable law or regulation.

305 **A member of a duly authorized professional peer review committee must not disclose confidential**
306 **information presented to the committee.**307 **Comment: When all confidential elements of confidential information and assignment results are**
308 **removed through redaction or the process of aggregation, client authorization is not required for the**
309 **disclosure of the remaining information, as modified.**

² Pursuant to the passage of the Gramm-Leach-Bliley Act in 1999, numerous agencies have adopted 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.)

387 SCOPE OF WORK RULE³

388 For each appraisal and appraisal review assignment, an appraiser must:

- 389 1. identify the problem to be solved;
- 390 2. determine and perform the scope of work necessary to develop credible assignment results; and
- 391 3. disclose the scope of work in the report.

392 An appraiser must properly identify the problem to be solved in order to determine the appropriate
393 scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to
394 produce credible assignment results.

395 Comment: Scope of work includes, but is not limited to:

- 396 • the extent to which the property is identified;
- 397 • the extent to which tangible property is inspected;
- 398 • the type and extent of data researched; and
- 399 • the type and extent of analyses applied to arrive at opinions or conclusions.

400 Appraisers have broad flexibility and significant responsibility in determining the appropriate
401 scope of work for an appraisal or appraisal review assignment.

402 Credible assignment results require support by relevant evidence and logic. The credibility of
403 assignment results is always measured in the context of the intended use.

404 Problem Identification

405 An appraiser must gather and analyze information about those assignment elements that are necessary to
406 properly identify the appraisal or appraisal review problem to be solved.

407 Comment: The assignment elements necessary for problem identification are addressed in the
408 applicable Standards Rules (i.e., SR 1-2, SR 3-2, SR 6-2, SR 7-2 and SR 9-2). In an appraisal
409 assignment, for example, identification of the problem to be solved requires the appraiser to
410 identify the following assignment elements:

- 411 • client and any other intended users;
- 412 • intended use of the appraiser's opinions and conclusions;
- 413 • type and definition of value;
- 414 • effective date of the appraiser's opinions and conclusions;
- 415 • subject of the assignment and its relevant characteristics; and
- 416 • assignment conditions.

417 This information provides the appraiser with the basis for determining the type and extent of
418 research and analyses to include in the development of an appraisal. Similar information is
419 necessary for problem identification in appraisal review assignments.

420 Communication with the client is required to establish most of the information necessary for
421 problem identification. However, the identification of relevant characteristics is a judgment
422 made by the appraiser that requires competency in that type of assignment.

³ See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure* and Advisory Opinion 29, *An Acceptable Scope of Work*.

SCOPE OF WORK RULE

423 Assignment conditions include assumptions, extraordinary assumptions, hypothetical
424 conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the
425 scope of work. Laws include constitutions, legislative and court-made law, administrative
426 rules, and ordinances. Regulations include rules or orders, having legal force, issued by an
427 administrative agency.

428 Scope of Work Acceptability⁴

429 **The scope of work must include the research and analyses that are necessary to develop credible**
430 **assignment results.**

431 Comment: The scope of work is acceptable when it meets or exceeds:

- 432 • the expectations of parties who are regularly intended users for similar assignments; and
- 433 • what an appraiser's peers' actions would be in performing the same or a similar
434 assignment.

435 Determining the scope of work is an ongoing process in an assignment. Information or
436 conditions discovered during the course of an assignment might cause the appraiser to
437 reconsider the scope of work.

438 An appraiser must be prepared to support the decision to exclude any investigation,
439 information, method, or technique that would appear relevant to the client, another intended
440 user, or the appraiser's peers.

441 **An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the**
442 **assignment results are not credible in the context of the intended use.**

443 Comment: If relevant information is not available because of assignment conditions that limit
444 research opportunities (such as conditions that place limitations on inspection or information
445 gathering), an appraiser must withdraw from the assignment unless the appraiser can:

- 446 • modify the assignment conditions to expand the scope of work to include gathering the
447 information; or
- 448 • use an extraordinary assumption about such information, if credible assignment results
449 can still be developed.

450 **An appraiser must not allow the intended use of an assignment or a client's objectives to cause the**
451 **assignment results to be biased.**

452 Disclosure Obligations

453 **The report must contain sufficient information to allow intended users to understand the scope of work**
454 **performed.**

455 Comment: Proper disclosure is required because clients and other intended users rely on the
456 assignment results. Sufficient information includes disclosure of research and analyses
457 performed and might also include disclosure of research and analyses not performed.

⁴ See Advisory Opinion 29, *An Acceptable Scope of Work*.

STANDARD 1

STANDARD 1: REAL PROPERTY APPRAISAL, DEVELOPMENT

In developing a real property appraisal, an appraiser 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.

Comment: STANDARD 1 is directed toward the substantive aspects of developing a credible appraisal of real property. The requirements set forth in STANDARD 1 follow the appraisal development process in the order of topics addressed and can be used by appraisers and the users of appraisal services as a convenient checklist.

Standards Rule 1-1

In developing a real property appraisal, an appraiser must:

- (a) be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

Comment: This Standards Rule recognizes that the principle of change continues to affect the manner in which appraisers perform appraisal services. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Important changes in the cost and manner of constructing and marketing commercial, industrial, and residential real estate as well as changes in the legal framework in which real property rights and interests are created, conveyed, and mortgaged have resulted in corresponding changes in appraisal theory and practice. Social change has also had an effect on appraisal theory and practice. To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal.

- (b) not commit a substantial error of omission or commission that significantly affects an appraisal; and

Comment: An appraiser must use sufficient care to avoid errors that would significantly affect his or her opinions and conclusions. Diligence is required to identify and analyze the factors, conditions, data, and other information that would have a significant effect on the credibility of the assignment results.

- (c) not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.

Comment: Perfection is impossible to attain, and competence does not require perfection. However, an appraiser must not render appraisal services in a careless or negligent manner. This Standards Rule requires an appraiser to use due diligence and due care.

Standards Rule 1-2

In developing a real property appraisal, an appraiser must:

- 515 (a) identify the client and other intended users;⁵
- 516 (b) identify the intended use of the appraiser's opinions and conclusions;⁶
- 517 Comment: An appraiser must not allow the intended use of an assignment or a client's
518 objectives to cause the assignment results to be biased.⁷
- 519 (c) Identify the type and definition of value, and, if the value opinion to be developed is market
520 value, ascertain whether the value is to be the most probable price:
- 521 (i) in terms of cash; or
- 522 (ii) in terms of financial arrangements equivalent to cash; or
- 523 (iii) in other precisely defined terms; and
- 524 (iv) If the opinion of value is to be based on non-market financing or financing with unusual
525 conditions or incentives, the terms of such financing must be clearly identified and the
526 appraiser's opinion of their contributions to or negative influence on value must be
527 developed by analysis of relevant market data;
- 528 Comment: When exposure time is a component of the definition for the value
529 opinion being developed, the appraiser must also develop an opinion of reasonable
530 exposure time linked to that value opinion.⁸
- 531 (d) identify the effective date of the appraiser's opinions and conclusions;⁹
- 532 (e) identify the characteristics of the property that are relevant to the type and definition of value
533 and intended use of the appraisal,¹⁰ including:
- 534 (i) its location and physical, legal, and economic attributes;
- 535 (ii) the real property interest to be valued;
- 536 (iii) any personal property, trade fixtures, or intangible items that are not real property but
537 are included in the appraisal;
- 538 (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants,
539 contracts, declarations, special assessments, ordinances, or other items of a similar
540 nature; and

⁵ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

⁶ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

⁷ See Advisory Opinion 19, *Unacceptable Assignment Conditions in Real Property Appraisal Assignments*.

⁸ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

⁹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

¹⁰ See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

STANDARD 1

- 541 (v) whether the subject property is a fractional interest, physical segment, or partial
542 holding;

543 Comment on (i)-(v): The information used by an appraiser to identify the property
544 characteristics must be from sources the appraiser reasonably believes are reliable.

545 An appraiser may use any combination of a property inspection and documents, such as a
546 physical legal description, address, map reference, copy of a survey or map, property sketch,
547 or photographs, to identify the relevant characteristics of the subject property.

548 When appraising proposed improvements, an appraiser must examine and have available for
549 future examination, plans, specifications, or other documentation sufficient to identify the
550 extent and character of the proposed improvements.¹¹

551 Identification of the real property interest appraised can be based on a review of copies or
552 summaries of title descriptions or other documents that set forth any known encumbrances.

553 An appraiser is not required to value the whole when the subject of the appraisal is a
554 fractional interest, a physical segment, or a partial holding.

- 555 (f) identify any extraordinary assumptions necessary in the assignment;

556 Comment: An extraordinary assumption may be used in an assignment only if:

- 557 • it is required to properly develop credible opinions and conclusions;
558 • the appraiser has a reasonable basis for the extraordinary assumption;
559 • use of the extraordinary assumption results in a credible analysis; and
560 • the appraiser complies with the disclosure requirements set forth in USPAP for
561 extraordinary assumptions.

- 562 (g) identify any hypothetical conditions necessary in the assignment; and

563 Comment: A hypothetical condition may be used in an assignment only if:

- 564 • use of the hypothetical condition is clearly required for legal purposes, for purposes of
565 reasonable analysis, or for purposes of comparison;
566 • use of the hypothetical condition results in a credible analysis; and
567 • the appraiser complies with the disclosure requirements set forth in USPAP for
568 hypothetical conditions.

- 569 (h) determine the scope of work necessary to produce credible assignment results in accordance with
570 the SCOPE OF WORK RULE.¹²

571 **Standards Rule 1-3**

572 When necessary for credible assignment results in developing a market value opinion, an appraiser must:

¹¹ See Advisory Opinion 17, *Appraisals of Real Property with Proposed Improvements*.

¹² See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

- 573 (a) Identify and analyze the effect on use and value of existing land use regulations, reasonably
 574 probable modifications of such land use regulations, economic supply and demand, the physical
 575 adaptability of the real estate, and market area trends; and

576 Comment: An appraiser must avoid making an unsupported assumption or premise about
 577 market area trends, effective age, and remaining life.

- 578 (b) develop an opinion of the highest and best use of the real estate.

579 Comment: An appraiser must analyze the relevant legal, physical, and economic factors to the
 580 extent necessary to support the appraiser's highest and best use conclusion(s).

581 **Standards Rule 1-4**

582 In developing a real property appraisal, an appraiser must collect, verify, and analyze all information
 583 necessary for credible assignment results.

- 584 (a) When a sales comparison approach is necessary for credible assignment results, an appraiser
 585 must analyze such comparable sales data as are available to indicate a value conclusion.

- 586 (b) When a cost approach is necessary for credible assignment results, an appraiser must:

- 587 (i) develop an opinion of site value by an appropriate appraisal method or technique;
 588 (ii) analyze such comparable cost data as are available to estimate the cost new of the
 589 improvements (if any); and
 590 (iii) analyze such comparable data as are available to estimate the difference between the
 591 cost new and the present worth of the improvements (accrued depreciation).

- 592 (c) When an income approach is necessary for credible assignment results, an appraiser must:

- 593 (i) analyze such comparable rental data as are available and/or the potential earnings
 594 capacity of the property to estimate the gross income potential of the property;
 595 (ii) analyze such comparable operating expense data as are available to estimate the
 596 operating expenses of the property;
 597 (iii) analyze such comparable data as are available to estimate rates of capitalization and/or
 598 rates of discount; and
 599 (iv) base projections of future rent and/or income potential and expenses on reasonably clear
 600 and appropriate evidence.¹³

601 Comment: In developing income and expense statements and cash flow projections,
 602 an appraiser must weigh historical information and trends, current supply and
 603 demand factors affecting such trends, and anticipated events such as competition
 604 from developments under construction.

- 605 (d) When developing an opinion of the value of a leased fee estate or a leasehold estate, an appraiser
 606 must analyze the effect on value, if any, of the terms and conditions of the lease(s).

¹³ See Statement on Appraisal Standards No. 2, *Discounted Cash Flow Analysis*.

STANDARD 1

607 (e) When analyzing the assemblage of the various estates or component parts of a property, an
608 appraiser must analyze the effect on value, if any, of the assemblage. An appraiser must refrain
609 from valuing the whole solely by adding together the individual values of the various estates or
610 component parts.

611 Comment: Although the value of the whole may be equal to the sum of the separate estates or
612 parts, it also may be greater than or less than the sum of such estates or parts. Therefore, the
613 value of the whole must be tested by reference to appropriate data and supported by an
614 appropriate analysis of such data.

615 A similar procedure must be followed when the value of the whole has been established and
616 the appraiser seeks to value a part. The value of any such part must be tested by reference to
617 appropriate data and supported by an appropriate analysis of such data.

618 (f) When analyzing anticipated public or private improvements, located on or off the site, an
619 appraiser must analyze the effect on value, if any, of such anticipated improvements to the extent
620 they are reflected in market actions.

621 (g) When personal property, trade fixtures, or intangible items are included in the appraisal, the
622 appraiser must analyze the effect on value of such non-real property items.

623 Comment: When the scope of work includes an appraisal of personal property, trade fixtures
624 or intangible items, competency in personal property appraisal (see STANDARD 7) or
625 business appraisal (see STANDARD 9) is required.

626 Standards Rule 1-5

627 When the value opinion to be developed is market value, an appraiser must, if such information is
628 available to the appraiser in the normal course of business:¹⁴

629 (a) analyze all agreements of sale, options, and listings of the subject property current as of the
630 effective date of the appraisal; and

631 (b) analyze all sales of the subject property that occurred within the three (3) years prior to the
632 effective date of the appraisal.¹⁵

633 Comment: See the Comments to Standards Rules 2-2(a)(viii) and 2-2(b)(viii) for
634 corresponding reporting requirements relating to the availability and relevance of information.

635 Standards Rule 1-6

636 In developing a real property appraisal, an appraiser must:

637 (a) reconcile the quality and quantity of data available and analyzed within the approaches used;
638 and

639 (b) reconcile the applicability and relevance of the approaches, methods and techniques used to
640 arrive at the value conclusion(s).

¹⁴ See Advisory Opinion 24, *Normal Course of Business*.

¹⁵ See Advisory Opinion 1, *Sales History*.

641 **STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING**

642 **In reporting the results of a real property appraisal, an appraiser must communicate each analysis,**
 643 **opinion, and conclusion in a manner that is not misleading.**

644 Comment: STANDARD 2 addresses the content and level of information required in a report
 645 that communicates the results of a real property appraisal.

646 STANDARD 2 does not dictate the form, format, or style of real property appraisal reports.
 647 The form, format, and style of a report are functions of the needs of intended users and
 648 appraisers. The substantive content of a report determines its compliance.

649 **Standards Rule 2-1**

650 **Each written or oral real property appraisal report must:**

- 651 (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;
- 652 (b) contain sufficient information to enable the intended users of the appraisal to understand the
 653 report properly; and
- 654 (c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical
 655 conditions, and limiting conditions used in the assignment.

656 **Standards Rule 2-2**

657 **Each written real property appraisal report must be prepared under one of the following options and**
 658 **prominently state which option is used: Appraisal Report or Restricted Appraisal Report.¹⁶**

659 Comment: When the intended users include parties other than the client, an Appraisal Report
 660 must be provided. When the intended users do not include parties other than the client, a
 661 Restricted Appraisal Report may be provided.

662 The essential difference between these two options is in the content and level of information
 663 provided. The appropriate reporting option and the level of information necessary in the
 664 report are dependent on the intended use and the intended users.

665 An appraiser must use care when characterizing the type of report and level of information
 666 communicated upon completion of an assignment. An appraiser may use any other label in
 667 addition to, but not in place of, the label set forth in this Standard for the type of report
 668 provided.

669 The report content and level of information requirements set forth in this Standard are
 670 minimums for each type of report. An appraiser must supplement a report form, when
 671 necessary, to ensure that any intended user of the appraisal is not misled and that the report
 672 complies with the applicable content requirements set forth in this Standards Rule.

673 A party receiving a copy of an Appraisal Report or Restricted Appraisal Report in order to
 674 satisfy disclosure requirements does not become an intended user of the appraisal unless the
 675 appraiser identifies such party as an intended user as part of the assignment.

¹⁶ See Advisory Opinion 11, *Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2* and Advisory Opinion 12, *Use of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*.

STANDARD 2

676 (a) The content of an Appraisal Report must be consistent with the intended use of the appraisal
677 and, at a minimum:

678 (i) state the identity of the client and any intended users, by name or type;¹⁷

679 Comment: An appraiser must use care when identifying the client to ensure a clear
680 understanding and to avoid violations of the Confidentiality section of the ETHICS
681 RULE. In those rare instances when the client wishes to remain anonymous, an
682 appraiser must still document the identity of the client in the workfile but may omit
683 the client's identity in the report.

684 Intended users of the report might include parties such as lenders, employees of
685 government agencies, partners of a client, and a client's attorney and accountant.

686 (ii) state the intended use of the appraisal;¹⁸

687 (iii) summarize information sufficient to identify the real estate involved in the appraisal,
688 including the physical, legal, and economic property characteristics relevant to the
689 assignment;¹⁹

690 Comment: The real estate involved in the appraisal can be specified, for example, by
691 a legal description, address, map reference, copy of a survey or map, property sketch,
692 and/or photographs or the like. The summarized information can include a property
693 sketch and photographs in addition to written comments about the legal, physical,
694 and economic attributes of the real estate relevant to the type and definition of value
695 and intended use of the appraisal.

696 (iv) state the real property interest appraised;

697 Comment: The statement of the real property rights being appraised must be
698 substantiated, as needed, by copies or summaries of title descriptions or other
699 documents that set forth any known encumbrances.

700 (v) state the type and definition of value and cite the source of the definition;

701 Comment: Stating the definition of value also requires any comments needed to
702 clearly indicate to the intended users how the definition is being applied.

703 When reporting an opinion of market value, state whether the opinion of value is:

- 704 • in terms of cash or of financing terms equivalent to cash, or
705 • based on non-market financing or financing with unusual conditions or
706 incentives.

707 When an opinion of market value is not in terms of cash or based on financing terms
708 equivalent to cash, summarize the terms of such financing and explain their
709 contributions to or negative influence on value.

¹⁷ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

¹⁸ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

¹⁹ See Advisory Opinion 2, *Inspection of Subject Property*, and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.

- 710 When an opinion of reasonable exposure time has been developed in compliance
711 with Standards Rule 1-2(c), the opinion must be stated in the report.²⁰
- 712 (vi) state the effective date of the appraisal and the date of the report;²¹
- 713 Comment: The effective date of the appraisal establishes the context for the value
714 opinion, while the date of the report indicates whether the perspective of the
715 appraiser on the market and property as of the effective date of the appraisal was
716 prospective, current, or retrospective.
- 717 (vii) summarize the scope of work used to develop the appraisal;²²
- 718 Comment: Because intended users' reliance on an appraisal may be affected by the
719 scope of work, the report must enable them to be properly informed and not misled.
720 Sufficient information includes disclosure of research and analyses performed and
721 might also include disclosure of research and analyses not performed.
- 722 When any portion of the work involves significant real property appraisal assistance,
723 the appraiser must summarize the extent of that assistance. The name(s) of those
724 providing the significant real property appraisal assistance must be stated in the
725 certification, in accordance with Standards Rule 2-3.²³
- 726 (viii) summarize the information analyzed, the appraisal methods and techniques employed,
727 and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the
728 sales comparison approach, cost approach, or income approach must be explained;
- 729 Comment: An Appraisal Report must include sufficient information to indicate that
730 the appraiser complied with the requirements of STANDARD 1. The amount of
731 detail required will vary with the significance of the information to the appraisal.
- 732 The appraiser must provide sufficient information to enable the client and intended
733 users to understand the rationale for the opinions and conclusions, including
734 reconciliation of the data and approaches, in accordance with Standards Rule 1-6.
- 735 When reporting an opinion of market value, a summary of the results of analyzing
736 the subject sales, agreements of sale, options, and listings in accordance with
737 Standards Rule 1-5 is required.²⁴ If such information is unobtainable, a statement on
738 the efforts undertaken by the appraiser to obtain the information is required. If such
739 information is irrelevant, a statement acknowledging the existence of the information
740 and citing its lack of relevance is required.
- 741 (ix) state the use of the real estate existing as of the date of value and the use of the real
742 estate reflected in the appraisal;

²⁰ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

²¹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

²² See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

²³ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.

²⁴ See Advisory Opinion 1, *Sales History*.

STANDARD 2

- 743 (x) when an opinion of highest and best use was developed by the appraiser, summarize the
744 support and rationale for that opinion;
- 745 (xi) clearly and conspicuously:
- 746 • state all extraordinary assumptions and hypothetical conditions; and
 - 747 • state that their use might have affected the assignment results; and
- 748 (xii) include a signed certification in accordance with Standards Rule 2-3.
- 749 (b) The content of a Restricted Appraisal Report must be consistent with the intended use of the
750 appraisal and, at a minimum:
- 751 (i) state the identity of the client, by name or type;²⁵ and state a prominent use restriction
752 that limits use of the report to the client and warns that the rationale for how the
753 appraiser arrived at the opinions and conclusions set forth in the report may not be
754 understood properly without additional information in the appraiser's workfile;
- 755 Comment: An appraiser must use care when identifying the client to ensure a clear
756 understanding and to avoid violations of the Confidentiality section of the ETHICS
757 RULE. In those rare instances when the client wishes to remain anonymous, an
758 appraiser must still document the identity of the client in the workfile but may omit
759 the client's identity in the report.
- 760 The Restricted Appraisal Report is for client use only. Before entering into an
761 agreement, the appraiser should establish with the client the situations where this
762 type of report is to be used and should ensure that the client understands the
763 restricted utility of the Restricted Appraisal Report.
- 764 (ii) state the intended use of the appraisal;²⁶
- 765 Comment: The intended use of the appraisal must be consistent with the limitation
766 on use of the Restricted Appraisal Report option in this Standards Rule (i.e., client
767 use only).
- 768 (iii) state information sufficient to identify the real estate involved in the appraisal;²⁷
- 769 Comment: The real estate involved in the appraisal can be specified, for example, by
770 a legal description, address, map reference, copy of a survey or map, property sketch,
771 and/or photographs or the like.
- 772 (iv) state the real property interest appraised;
- 773 (v) state the type of value and cite the source of its definition;²⁸

²⁵ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁶ See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*.

²⁷ See Advisory Opinion 2, *Inspection of Subject Property*.

²⁸ See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value*. See also Advisory Opinion 7, *Marketing Time Opinions*, and Advisory Opinion 22, *Scope of Work in Market Value Appraisal Assignments, Real Property*.

- 774 Comment: When an opinion of reasonable exposure time has been developed in
775 compliance with Standards Rule 1-2(c), the opinion must be stated in the report.
- 776 (vi) state the effective date of the appraisal and the date of the report;²⁹
- 777 Comment: The effective date of the appraisal establishes the context for the value
778 opinion, while the date of the report indicates whether the perspective of the
779 appraiser on the market and property as of the effective date of the appraisal was
780 prospective, current, or retrospective.
- 781 (vii) state the scope of work used to develop the appraisal;³⁰
- 782 Comment: Because the client's reliance on an appraisal may be affected by the scope
783 of work, the report must enable them to be properly informed and not misled.
784 Sufficient information includes disclosure of research and analyses performed and
785 might also include disclosure of research and analyses not performed.
- 786 When any portion of the work involves significant real property appraisal assistance,
787 the appraiser must state the extent of that assistance. The name(s) of those providing
788 the significant real property appraisal assistance must be stated in the certification, in
789 accordance with Standards Rule 2-3.³¹
- 790 (viii) state the appraisal methods and techniques employed, state the value opinion(s) and
791 conclusion(s) reached, and reference the workfile; exclusion of the sales comparison
792 approach, cost approach, or income approach must be explained;
- 793 Comment: An appraiser must maintain a specific, coherent workfile in support of a
794 Restricted Appraisal Report. The contents of the workfile must include sufficient
795 information to indicate that the appraiser complied with the requirements of
796 STANDARD 1 and for the appraiser to produce an Appraisal Report.
- 797 When reporting an opinion of market value, a summary of the results of analyzing
798 the subject sales, agreements of sale, options, and listings in accordance with
799 Standards Rule 1-5 is required. If such information is unobtainable, a statement on
800 the efforts undertaken by the appraiser to obtain the information is required. If such
801 information is irrelevant, a statement acknowledging the existence of the information
802 and citing its lack of relevance is required.
- 803 (ix) state the use of the real estate existing as of the date of value and the use of the real
804 estate reflected in the appraisal;
- 805 (x) when an opinion of highest and best use was developed by the appraiser, state that
806 opinion;
- 807 (xi) clearly and conspicuously:
- 808 • state all extraordinary assumptions and hypothetical conditions; and

²⁹ See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions*, and Statement on Appraisal Standards No. 4, *Prospective Value Opinions*.

³⁰ See Advisory Opinions 28, *Scope of Work Decision, Performance, and Disclosure*, and Advisory Opinion 29, *An Acceptable Scope of Work*.

³¹ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.

STANDARD 2

809 • state that their use might have affected the assignment results; and

810 (xii) include a signed certification in accordance with Standards Rule 2-3

811 Standards Rule 2-3

812 Each written real property appraisal report must contain a signed certification that is similar in content
813 to the following form:

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

- 815 — the statements of fact contained in this report are true and correct.
- 816 — the reported analyses, opinions, and conclusions are limited only by the reported
817 assumptions and limiting conditions and are my personal, impartial, and unbiased
818 professional analyses, opinions, and conclusions.
- 819 — I have no (or the specified) present or prospective interest in the property that is the
820 subject of this report and no (or the specified) personal interest with respect to the
821 parties involved.
- 822 — I have performed no (or the specified) services, as an appraiser or in any other capacity,
823 regarding the property that is the subject of this report within the three-year period
824 immediately preceding acceptance of this assignment.
- 825 — I have no bias with respect to the property that is the subject of this report or to the
826 parties involved with this assignment.
- 827 — my engagement in this assignment was not contingent upon developing or reporting
828 predetermined results.
- 829 — my compensation for completing this assignment is not contingent upon the
830 development or reporting of a predetermined value or direction in value that favors
831 the cause of the client, the amount of the value opinion, the attainment of a stipulated
832 result, or the occurrence of a subsequent event directly related to the intended use of
833 this appraisal.
- 834 — my analyses, opinions, and conclusions were developed, and this report has been
835 prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 836 — I have (or have not) made a personal inspection of the property that is the subject of
837 this report. (If more than one person signs this certification, the certification must
838 clearly specify which individuals did and which individuals did not make a personal
839 inspection of the appraised property.)³²
- 840 — no one provided significant real property appraisal assistance to the person signing
841 this certification. (If there are exceptions, the name of each individual providing
842 significant real property appraisal assistance must be stated.)

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

846 In an assignment that includes only assignment results developed by the real property
847 appraiser(s), any appraiser(s) who signs a certification accepts full responsibility for all
848 elements of the certification, for the assignment results, and for the contents of the appraisal
849 report. In an assignment that includes personal property, business or intangible asset
850 assignment results not developed by the real property appraiser(s), any real property
851 appraiser(s) who signs a certification accepts full responsibility for the real property elements

³² See Advisory Opinion 2, *Inspection of Subject Property*.

852 of the certification, for the real property assignment results, and for the real property contents
853 of the appraisal report.

854 When a signing appraiser(s) has relied on work done by appraisers and others who do not sign
855 the certification, the signing appraiser is responsible for the decision to rely on their work.
856 The signing appraiser(s) is required to have a reasonable basis for believing that those
857 individuals performing the work are competent. The signing appraiser(s) also must have no
858 reason to doubt that the work of those individuals is credible.

859 The names of individuals providing significant real property appraisal assistance who do not
860 sign a certification must be stated in the certification. It is not required that the description of
861 their assistance be contained in the certification, but disclosure of their assistance is required
862 in accordance with Standards Rule 2-2(a)(vii) or 2-2(b)(vii) as applicable.³³

863 **Standards Rule 2-4**

864 **To the extent that it is both possible and appropriate, an oral real property appraisal report must address**
865 **the substantive matters set forth in Standards Rule 2-2(a).**

866 Comment: See the RECORD KEEPING RULE for corresponding requirements.

³³ See Advisory Opinion 31, *Assignments Involving More than One Appraiser*.