Preamble to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

Real estate is one of the basic sources of wealth in the global economy. Therefore, homeowners, business entities, governments, individuals, and others who own, manage, sell, purchase, invest in, or lend money on the security of real estate must have ready access to the services of Appraisal Institute Members, Candidates and Practicing Affiliates who provide unbiased opinions of value, as well as sound information, analyses, and advice on a wide range of real estate–related issues.

Members, Candidates and Practicing Affiliates of the Appraisal Institute also are increasingly called upon to use their expertise to value other property types such as personal property, machinery and equipment, and businesses. Therefore, the services of Appraisal Institute Members, Candidates and Practicing Affiliates are vital to the well being of our society and the global economy, and foster economic growth, stability, and public confidence.

Because of this vital role and the commitment of Appraisal Institute Members, Candidates, Practicing Affiliates, and Affiliates to professionalism, the Appraisal Institute has adopted its Code of Professional Ethics and Standards of Professional Appraisal Practice to establish requirements for ethical and competent practice. These requirements also serve to promote and maintain a high level of public trust and confidence in Appraisal Institute Members, Candidates, Practicing Affiliates, and Affiliates.

The Code of Professional Ethics is composed of the Canons, Ethical Rules, and Explanatory Comments. The Standards of Professional Appraisal Practice are composed of the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Standards Board (ASB) of The Appraisal Foundation, and the Certification Standard of the Appraisal Institute; or the International Valuation Standards (IVS), promulgated by the International Valuation Standards Committee (IVSC), applicable national Standards, and the Certification Standard of the Appraisal Institute. The Appraisal Institute has also issued Guide Notes that provide guidance on how the Standards of Professional Appraisal Practice may apply to specific issues.

Each Appraisal Institute Member, Candidate, Practicing Affiliate, and Affiliate must comply with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which establish requirements not only for appraisal, appraisal review, and appraisal consulting services, but also for real property consulting services. These obligations exceed those imposed on state certified and licensed real estate appraisers and distinguish Appraisal Institute Members, Candidates, Practicing Affiliates, and Affiliates in the marketplace. Moreover, if a Member, Candidate, Practicing Affiliate or Affiliate fails to comply with the Code of Professional Ethics or Standards of Professional Appraisal Practice, the Member, Candidate, Practicing Affiliate or Affiliate will be subject to disciplinary or remedial action under Regulation No. 6 of the Appraisal Institute.

The commitment of Appraisal Institute Members, Candidates, Practicing Affiliates, and Affiliates to professionalism extends to helping ensure that other Members, Candidates, Practicing Affiliates, and Affiliates understand and comply with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. Therefore, each Member, Candidate, Practicing Affiliate, and Affiliate of the Appraisal Institute has a responsibility to provide the Director of Screening of the
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Appraisal Institute with any significant factual information that reasonably suggests that another Member, Candidate, Practicing Affiliate, or Affiliate may have violated the Code of Professional Ethics or Standards of Professional Appraisal Practice. Each Member, Candidate, Practicing Affiliate, or Affiliate also has a responsibility to volunteer to serve on peer review committees reviewing possible violations under Regulation No. 6 of the Appraisal Institute.
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Definitions

The following definitions apply to the Code of Professional Ethics. Each Member, Candidate, Practicing Affiliate, or Affiliate must know and understand each defined term in the Code of Professional Ethics. Where a definition in the Code of Professional Ethics is used verbatim or adapted from a definition in the Uniform Standards of Professional Appraisal Practice (USPAP), such source is noted. Since the Code of Professional Ethics applies to Members, Candidates, Practicing Affiliates and Affiliates of the Appraisal Institute, whereas USPAP applies solely to appraisers as defined by USPAP, some references in USPAP definitions to “appraiser” have been changed to “Member, Candidate, Practicing Affiliate and Affiliate.” Further, because the Code of Professional Ethics also applies to real property consulting, some USPAP definitions have been adapted to incorporate real property consulting where appropriate.

Admissions Matter
Any action relating to a requirement for admission to Appraisal Institute affiliation, candidacy, or Designated Membership.

Appraisal (Source: adapted from USPAP definition of “appraisal” as a noun)
The act or process of developing an opinion of value; an opinion of value. Also known as valuation.

Comment: An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value).

Appraisal Consulting (Source: USPAP)
The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.

Comment: An appraisal consulting assignment involves an opinion of value but does not have an appraisal or an appraisal review as its primary purpose.

Appraisal Review (Source: Adapted from USPAP)
The act or process of developing and communicating an opinion for a client about the quality of another appraiser’s work.

Comment: The subject of an appraisal review assignment may be all or part of an appraisal report, workfile, or a combination of these.

Assignment
An appraisal, appraisal review, or appraisal consulting service provided for a client.

Assumption (Source: USPAP)
That which is taken to be true.

Biased
Not reasonably supported, and favoring or promoting the cause or interest of the client, one’s self, or another.
Definitions

Comment: A Member, Candidate, Practicing Affiliate or Affiliate may never develop, prepare, use, or report a biased analysis, opinion, or conclusion.

Evidence that a Member, Candidate, Practicing Affiliate or Affiliate developed, prepared, used, or reported a biased analysis, opinion, or conclusion may include, but is not limited to, deviation from reasonable appraisal, appraisal review, appraisal consulting, or real property consulting practices resulting in an analysis, opinion, or conclusion that is not reasonably supported and that favors or promotes the client’s, the Member’s, Candidate’s, Practicing Affiliate’s, Affiliate’s, or another’s interest or cause. Many of these reasonable practices are outlined in the Standards of Professional Appraisal Practice of the Appraisal Institute, Guide Notes to the Standards of Professional Appraisal Practice, and Appraisal Institute courses, seminars, and textbooks such as The Appraisal of Real Estate. The intended use of the analysis, opinion, or conclusion is relevant in determining the direction of a client’s interest.

Client (Source: Adapted from USPAP)
The party or parties who engage an appraiser (by employment or contract) in a specific service.

Comment: The client identified by the appraiser in an appraisal, appraisal review, appraisal consulting service (or in the service workfile), or real property consulting service is the party or parties with whom the appraiser has a relationship in the related service, and may be an individual, group, or entity.

Committee
Any Board, Committee, Subcommittee, Council, or Panel formed pursuant to the Bylaws or Regulations of the Appraisal Institute.

Confidential Information (Source: USPAP)
Information that is either:
• identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
• classified as confidential or private by applicable law or regulation*.

*NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. As a result, the Federal Trade Commission issued a rule focused on the protection of “non-public personal 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.)

Consulting
See appraisal consulting and real property consulting.

Extraordinary Assumption (Source: Adapted from USPAP)
An assumption, directly related to a specific service, which, if found to be false, could alter the appraiser’s opinions or conclusions.
Definitions

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Hypothetical Condition  (Source: USPAP)

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Intended Use  (Source: Adapted from USPAP)

The use or uses of an appraiser's reported appraisal, appraisal review, appraisal consulting, or real property consulting service analyses, opinions, and conclusions, as identified by the appraiser based on communication with the client at the time of the service.

Intended User  (Source: Adapted from USPAP)

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, appraisal consulting, or real property consulting report by the appraiser on the basis of communication with the client at the time of the service.

Know or Knowingly

The Candidate, Practicing Affiliate, or Affiliate realizes what he or she is doing, is aware of the nature of his or her conduct, and is not acting through mistake or accident.

Knowledge can be inferred from the Member’s, Candidate’s, Practicing Affiliate’s or Affiliate’s conduct and from all the facts and circumstances surrounding the case. The determination of “knowingly” should be made in the context of the individual’s training, background, and other relevant experience. A Member, Candidate, Practicing Affiliate or Affiliate will be deemed to have acted (or failed to act) “knowingly” if he or she acted in disregard of the requirements of the Code of Professional Ethics or Standards of Professional Appraisal Practice or the recognized methods and techniques such as those set forth in Appraisal Institute courses, seminars, textbooks, and other publications. The term “knowingly” includes not only what the Member, Candidate, Practicing Affiliate or Affiliate knew, but also what he or she reasonably should have known given all the facts and circumstances of the case and his or her training, appraisal background, and experience.

Peer Review Committee

The Professional Practice Compliance and Enforcement Committee, the Professional Practice Appeals Panel, the Professional Practice Appeals Panel, a Professional Practice Appeal Board, any Investigators, or any Hearing Committee duly constituted under Regulation No. 6 of the Appraisal Institute.

Peer Review Proceeding

All actions taken pursuant to Regulation No. 6 of the Appraisal Institute to determine whether a Member, Candidate, Practicing Affiliate or Affiliate may have violated or did violate the requirements of the Standards of Professional Appraisal Practice or Code of Professional Ethics of the Appraisal
Definitions

Institute and to take appropriate remedial or disciplinary measures. The term “peer review proceeding” also applies to actions taken pursuant to this Regulation to determine whether a Member, Candidate, Practicing Affiliate or Affiliate has failed to comply with the terms of suspension; has been convicted of a crime committed prior to becoming a Member, Candidate, Practicing Affiliate or Affiliate; or has knowingly made false statements, submitted false information, or failed to fully disclose information requested in an application for admission to membership, candidacy, or affiliation and to take appropriate disciplinary action.

Real Property Consulting

The act or process of developing and reporting an analysis, recommendation, or opinion concerning real property, where an opinion of value is not a component of the analysis, recommendation, or opinion.

Report (Source: Adapted from USPAP)

Any communication, written or oral, of an appraisal, appraisal review, appraisal consulting, or real property consulting service that is transmitted to the client.

Comment: Most reports are written and most clients mandate written reports. Oral report requirements (see the Record Keeping section of the Ethics Rule of USPAP) are included to cover court testimony and other oral communications of an appraisal, appraisal review, appraisal consulting, or real property consulting service.

Service

Work that a Member, Candidate or Practicing Affiliate performs for a client that is subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. Services include appraisal, appraisal review, appraisal consulting, and real property consulting.

Comment: The Appraisal Institute Bylaws provide that an Affiliate is an individual who does not provide any Services as defined by the Code of Professional Ethics.

Value (Source: USPAP)

The monetary relationship between properties and those who buy, sell, or use those properties.

Comment: Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified—for example, market value, liquidation value, or investment value.

Workfile (Source: Adapted from USPAP)

Documentation necessary to support an appraiser's analyses, opinions, and conclusions. A workfile must include at a minimum the following:

- the name of the client and the identity, by name or type, of any other intended users;
- true copies of any written reports, documented on any type of media;
- summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser’s limiting and hypothetical conditions, and the appraiser’s signed and dated certification; and
- all other data, information, and documentation necessary to support the appraiser’s analyses, opinions, and conclusions and to show compliance with the Code of Professional Ethics and...
Standards of Professional Appraisal Practice of the Appraisal Institute, or references to the location(s) of such other documentation accessible to the appraiser.
Exceptions to the Ethical Rules

If any part of an Ethical Rule is contrary to the law or public policy of any jurisdiction, such part shall be void and of no force or effect in such jurisdiction.

When a Member, Candidate, Practicing Affiliate or Affiliate violates an Ethical Rule due to an event beyond his or her control, such as an act of God or illness, the peer review committee(s) (or any member or duly authorized agent thereof) reviewing the matter should consider such event and all the relevant facts about the case to avoid an inequitable result.
Canon 1:
A Member, Candidate, Practicing Affiliate or Affiliate Must Refrain from Conduct that is Detrimental to the Appraisal Institute, the Profession, and the Public

Ethical Rules

E.R. 1-1
It is unethical to knowingly:

(a) act in a manner that is misleading or fraudulent;
(b) use, or permit an employee or third party to use, a misleading analysis, opinion, conclusion, or report;
(c) communicate, or permit an employee or third party to communicate, any analysis, opinion, conclusion, or report in a manner that is misleading;
(d) contribute to or participate in the development, preparation, or use of an appraisal, appraisal review, appraisal consulting, or real property consulting analysis, opinion, or conclusion that reasonable appraisers would not believe to be justified; or
(e) contribute to or participate in the preparation or delivery of a report containing an appraisal, appraisal review, appraisal consulting, or real property consulting analysis, opinion, or conclusion that reasonable appraisers would not believe to be justified, whether or not such report is signed or delivered by the Member, Candidate or Practicing Affiliate.

E.R. 1-2
It is unethical to engage in misconduct of any kind that leads to a conviction of a crime involving fraud, dishonesty, or false statements or a crime involving moral turpitude.

E.R. 1-3
It is unethical to fail to properly identify the issue to be addressed and have the knowledge and experience to complete the service competently prior to agreeing to perform any service, or alternatively, to:

(a) disclose the lack of knowledge and/or experience to the client before agreeing to perform the service;
(b) take all steps necessary or appropriate to complete the service competently; and
(c) describe the lack of knowledge and/or experience and the steps taken to complete the service competently in the report.
195 **E.R. 1-4**
196 It is unethical in the performance of a service to knowingly fail to:
197   (a) identify the appropriate Standards to be applied;
198   (b) disclose in any report the Standards applied; or
199   (c) take all steps necessary or appropriate to understand the Standards applied.
Canon 2:
A Member, Candidate, Practicing Affiliate or Affiliate Must Assist the Appraisal Institute in Fulfilling Its Role Relating to Qualifications and Compliance with Ethics and Standards

Ethical Rules

E.R. 2-1
It is unethical:
(a) to knowingly violate the confidentiality obligations set forth in the Bylaws, Regulations, policies and procedures of the Appraisal Institute.
(b) to fail to treat knowledge of a referral initiating a peer review proceeding, or knowledge of the existence of such referral or any subsequent screening or review of the matter, confidentially.

E.R. 2-2
It is unethical to accept an appointment to, or to fail to immediately resign from, an Appraisal Institute committee dealing with an admissions matter or peer review proceeding if the individual is unable or unwilling to fulfill the responsibilities of a member of said committee.

E.R. 2-3
It is unethical to knowingly:
(a) make false statements or submit misleading information to the Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents;
(b) fail or refuse to promptly submit any relevant documentation or information that is or should be in the possession or control of such individual when requested to do so by the Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents;
(c) fail or refuse to promptly answer all relevant questions when requested to do so by the Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents;
(d) fail or refuse to appear for a personal interview or participate in an interview conducted by telephone when requested to do so by the Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents;
(e) fail to comply with the terms of a summons issued by a duly authorized Hearing Committee;
(f) fail or refuse to cooperate with the Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents; or
(g) fail or refuse to fulfill an obligations established by the Bylaws, Regulations, policies and procedures of the Appraisal Institute.
It is unethical to fail to prepare a workfile for each service (appraisal, appraisal review, appraisal consulting, or real property consulting). The workfile must be prepared for each service prior to the issuance of an oral or written report.

It is unethical to fail to preserve each workfile for:

(a) a period of five years from the date of preparation of such workfile;
(b) a period of two years following final disposition of a proceeding in which testimony pertaining to the subject matter of the workfile is given;
(c) a period commencing upon notification that a service is the subject of a peer review proceeding under Regulation No. 6 until notification by the Appraisal Institute of final disposition of such peer review proceeding;
(d) a period commencing upon a request from Admissions relating to a service (appraisal, appraisal review, appraisal consulting, or real property consulting) until notification by the Appraisal Institute of the completion of review by Admissions;
(e) a period of two years following the final disposition of a review of a service (appraisal, appraisal review, appraisal consulting, or real property consulting) by a state licensing and/or certification board,

whichever period shall be the last to expire.

It is unethical to enter into a contract that:

(a) includes an obligation that is inconsistent with the requirements of the Code of Professional Ethics, Standards of Professional Appraisal Practice, Bylaws, or Regulations of the Appraisal Institute; or
(b) does not provide that a service (appraisal, appraisal review, appraisal consulting, or real property consulting) will be developed and reported in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

It is unethical for a Member, Candidate, Practicing Affiliate or Affiliate to fail to sincerely and demonstrably seek other employment if:

(a) an employer prevents him or her from complying with the requirements of the Code of Professional Ethics or Standards of Professional Appraisal Practice of the Appraisal Institute; or
(b) he or she learns that his or her employer fails to comply with the Code of Professional Ethics or Standards of Professional Appraisal Practice of the Appraisal Institute.
Canon 3:
A Member, Candidate, Practicing Affiliate or Affiliate Must
Not Develop or Report Biased Analyses, Opinions, and
Conclusions When Providing Services (Appraisal, Appraisal
Review, Appraisal Consulting, or Real Property Consulting)

Ethical Rules

E.R. 3-1
It is unethical to knowingly contribute to or participate in the development, preparation, use, or
reporting of an analysis, opinion, or conclusion that is biased.

E.R. 3-2
It is unethical to knowingly permit an entity that is wholly or partially owned or controlled by a
Member, Candidate, Practicing Affiliate or Affiliate to contribute to or participate in the development,
preparation, use, or reporting of an analysis, opinion, or conclusion that is biased.

E.R. 3-3
It is unethical to agree to provide or provide a service (appraisal, appraisal review, appraisal
consulting, or real property consulting) that is contingent upon reporting a predetermined analysis,
opinion, or conclusion.

E.R. 3-4
It is unethical to agree to or accept compensation for an appraisal, appraisal review, or appraisal
consulting assignment when such compensation is contingent on the analysis, opinion, or conclusion
reached, the attainment of a stipulated result, or the occurrence of a subsequent event, unless:
(a) it is appropriate to perform the assignment under the International Valuation Standards;
(b) contingent fee arrangements are customary for the assignment and are permitted by
   appropriate national Standards; and
(c) the existence and basis of any contingent fee is clearly and conspicuously disclosed in
   reporting the results of the assignment.

E.R. 3-5
It is unethical to agree to or accept compensation for a real property consulting service when such
compensation is contingent on the analysis, opinion, or conclusion reached or the occurrence of a
subsequent event, unless:
(a) the appraiser is not acting in a disinterested manner and would not reasonably be perceived
   as performing a service that requires impartiality; and
(b) the appraiser clearly and conspicuously discloses the existence and basis of any contingent
   fee in reporting the results of the service.
E.R. 3-5 does not apply to an appraiser when providing real property consulting services that are subject to the requirements of another licensed occupation or profession.

E.R. 3-6
It is unethical to agree to provide or provide a service (appraisal, appraisal review, appraisal consulting, or real property consulting) that includes a hypothetical condition, unless:

(a) use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;

(b) use of the hypothetical condition results in a credible analysis; and

(c) the applicable disclosure requirements set forth in USPAP for hypothetical conditions are complied with.

E.R. 3-7
It is unethical to agree to provide or provide a service (appraisal, appraisal review, appraisal consulting, or real property consulting) that includes an extraordinary assumption unless:

(a) the extraordinary assumption is required to properly develop credible opinions and conclusions;

(b) the appraiser has a reasonable basis for the extraordinary assumption;

(c) use of the extraordinary assumption results in a credible analysis; and

(d) the appraiser complies with the applicable disclosure requirements set forth in USPAP for extraordinary assumptions.

E.R. 3-8
It is unethical to agree to provide or to provide a service (appraisal, appraisal review, appraisal consulting, or real property consulting) if an appraiser has any direct or indirect, current, or prospective personal interest in the subject or outcome of the service or with respect to the parties involved in the service, unless:

(a) prior to agreeing to provide the service, the appraiser carefully considers the facts and reasonably concludes that his or her judgment will not be affected and reasonable persons, under the same circumstances, would reach the same conclusion;

(b) such personal interest is fully and accurately disclosed to the client prior to the appraiser agreeing to provide the service; and

(c) such personal interest is fully and accurately disclosed in each report resulting from such service.

E.R. 3-9
It is unethical, during the period that commences at the time that an appraiser is contacted concerning a service (appraisal, appraisal review, appraisal consulting, or real property consulting) and expires a reasonable length of time after the completion of such service, to knowingly acquire an interest in property or assume a position that could possibly affect his or her judgment or violate his or her responsibilities to the client unless, prior to such acquisition or change of position,
(a) he or she carefully considers the facts and reasonably concludes that the proposed acquisition or change of position will not affect his or her judgment or violate his or her responsibilities to the client;

(b) he or she makes full disclosure to the client and obtains from the client a written statement consenting to or approving such acquisition or change of position;

(c) at the time of such disclosure, he or she gives the client the right to terminate the service without payment of any fee or other charge; and

(d) the facts concerning such acquisition or change of position are fully and accurately described in each report resulting from the service.
Canon 4:
A Member, Candidate, Practicing Affiliate or Affiliate Must
Not Disclose Confidential Information to Unauthorized Parties

Ethical Rules

E.R. 4-1
It is unethical to disclose confidential information or an analysis, opinion, or conclusion specific to a
government service (appraisal, appraisal review, appraisal consulting, or real property consulting) to anyone other
than:
(a) the client and those persons specifically authorized by the client;
(b) third parties, when and to the extent that the appraiser is legally required to do so by statute,  
ordinance, or court order; and
(c) the duly authorized committees of the Appraisal Institute.

E.R. 4-2
If an appraiser is furnished confidential information by a client and a third party subsequently requests
a service (appraisal, appraisal review, appraisal consulting, or real property consulting) that will be
materially affected by the use of, or the failure to use, such confidential information, it is unethical to
agree to provide such subsequent service, unless:
(a) the source that provided such confidential information permits the information to be used in
the subsequent service; or
(b) such information has subsequently been made public or is available from another source and
therefore is no longer confidential.

E.R. 4-3
It is unethical for a current or former Appraisal Institute committee member to discuss or disclose
confidential information, analyses, opinions, conclusions, or factual data derived through committee
activities with anyone other than:
(a) the individual whose report or workfile contains the confidential information, analyses,
opinions, conclusions, or factual data;
(b) such individual’s client and those persons specifically authorized by that client to receive the
confidential information, analyses, opinions, conclusions, or factual data;
(c) third parties, when and to the extent that the committee member is legally required to do so
by statute, ordinance, or court order; and
(d) committee members and their duly authorized agents within the scope of the Bylaws and
Regulations of the Appraisal Institute.
Canon 5:
A Member, Candidate, Practicing Affiliate or Affiliate Must
Not Advertise or Solicit in a Manner that is Misleading or
Otherwise Contrary to the Public Interest

Ethical Rules

E.R. 5-1
It is unethical to utilize misleading advertising. Further, it is unethical to knowingly permit a business
entity that is wholly or partially owned or controlled by a Member, Candidate, Practicing Affiliate or
Affiliate to utilize misleading advertising.

E.R. 5-2
It is unethical to use or refer to the Appraisal Institute or its designations in a manner that is
misleading, or to use or display the registered designations, logos, or emblems of the Appraisal
Institute in a manner contrary to Regulation No. 5.

E.R. 5-3
It is unethical to solicit services (appraisal, appraisal review, appraisal consulting, or real property
consulting) in a misleading manner. Further, it is unethical to knowingly permit an entity wholly or
partially owned or controlled by a Member, Candidate, Practicing Affiliate or Affiliate to solicit services
in a misleading manner.

E.R. 5-4
It is unethical to fail to disclose the payment by a Member, Candidate, Practicing Affiliate or Affiliate,
or by an entity wholly or partially owned or controlled by a Member, Candidate, Practicing Affiliate or
Affiliate, of a fee, commission, or thing of value for the procurement of a service (appraisal, appraisal
review, appraisal consulting, or real property consulting). The disclosure of fees, commissions, and
things of value paid in connection with the procurement of a service must appear in the certification of
any resulting written report and in any transmittal letter in which an analysis, opinion, or conclusion is
stated.

Intra-company payments to employees or partners for business development are not deemed to be a
“fee, commission, or thing of value” for the purpose of this Rule. E.R. 5-4 does not apply to a
Member, Candidate, Practicing Affiliate or Affiliate when providing real property consulting services
that are subject to the requirements of another licensed occupation or profession.

E.R. 5-5
It is unethical to prepare or use in any manner a resume or statement of qualifications that is
misleading.
Explanatory Comments to Canon 1

Canon 1 Comment
Public confidence and trust in the Appraisal Institute, Members, Candidates, Practicing Affiliates, Affiliates, and the profession is essential to the well being of our society and the global economy. The Appraisal Institute serves a vital public need by educating and training professionals concerning real property, by conferring professional membership designations on individuals who meet stringent requirements, and by conducting peer review that enhances the quality of work product, and disciplines and deters unethical conduct. In turn, the services of Appraisal Institute Members, Candidates, Practicing Affiliates and Affiliates foster economic growth and stability. If a Member, Candidate, Practicing Affiliate or Affiliate engages in conduct that is detrimental to the Appraisal Institute, the profession, or the public, such individual undermines the public confidence and trust that is necessary for the Appraisal Institute, Members, Candidates, Practicing Affiliates, Affiliates, and the profession to perform their vital roles in our society and the global economy.

E.R. 1-1(a) Comment
If an Appraisal Institute Member, Candidate, Practicing Affiliate or Affiliate knowingly acts in a misleading or fraudulent manner when providing a service or when engaged in an activity unrelated to a service, such individual harms the reputation of the Appraisal Institute, its Members, Candidates, Practicing Affiliates, Affiliates, and the profession, thereby undermining the confidence and trust that the public and clients must have in the integrity of the Appraisal Institute, Members, Candidates, Practicing Affiliates, Affiliates, and the profession. Therefore, the prohibition in Ethical Rule 1-1(a) against acting in a misleading or fraudulent manner applies to all activities of a Member, Candidate, Practicing Affiliate or Affiliate, including appraisal, appraisal review, appraisal consulting, and real property consulting, as well as activities unrelated to such services.

For example, if a Member prepares a report that includes information that the Member knows or should know will lead the intended users of the report to an improper conclusion, the Member acts in a manner that is misleading, in violation of Ethical Rule 1-1(a).

A second example is that if a Member acts in a misleading or fraudulent manner while engaged in real estate brokerage, such Member violates Ethical Rule 1-1(a). Any such misleading or fraudulent conduct will be contrary to the public interest, and will reflect adversely upon the Member, the Appraisal Institute, Members, Candidates, Practicing Affiliates and Affiliates generally, and the profession.

A third example is that if a Member misleads the Appraisal Institute, by an act of omission or commission, as to the Member’s eligibility for a particular membership status or category, the Member violates Ethical Rule 1-1(a). Such conduct undermines the confidence that the public and clients must have in the integrity of the Member’s services, Members, Candidates, Practicing Affiliates and Affiliates generally, the Appraisal Institute, and the profession. If a Member acts in a misleading or fraudulent manner in activity unrelated to a service, the public and clients can legitimately question whether such a lack of personal integrity will impact the services a Member provides.
E.R. 1-1(b) Comment

A misleading analysis, opinion, conclusion, or report harms the public interest and undermines the confidence of the public and clients in Members, Candidates, Practicing Affiliates, Affiliates, the profession, and the Appraisal Institute. Furthermore, because the public and clients rely on the expertise and integrity of Members, Candidates, Practicing Affiliates and Affiliates, they will give credibility to any analysis, opinion, conclusion, or report that a Member, Candidate, Practicing Affiliate or Affiliate uses, or permits an employee or third party to use, even if it is misleading. Therefore, Ethical Rule 1-1(b) prohibits a Member, Candidate, Practicing Affiliate or Affiliate from knowingly using an analysis, opinion, conclusion, or report that is misleading. Further, to the extent that a Member, Candidate, Practicing Affiliate or Affiliate is in a position to control such use, Ethical Rule 1-1(b) prohibits a Member, Candidate, Practicing Affiliate or Affiliate from knowingly permitting an employee or third party to use a misleading analysis, opinion, conclusion, or report. A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid ethical responsibility by doing indirectly that which the Member, Candidate, Practicing Affiliate or Affiliate cannot do directly. Further, a Member, Candidate, Practicing Affiliate or Affiliate who uses, or permits an employee or third party to use, a misleading analysis, opinion, conclusion, or report, but who does not take the appropriate steps to ascertain whether such analysis, opinion, conclusion, or report is in fact misleading, is responsible for the use of the misleading analysis, opinion, conclusion, or report under this Ethical Rule.

One example of a violation of Ethical Rule 1-1(b) is if in the performance of an appraisal a Member knowingly develops a misleading analysis of comparable sales.

A second example is that if a Member knowingly develops a misleading opinion concerning the appropriate depreciation for an industrial building and provides the opinion to another appraiser to use in developing a conclusion as to the value of the industrial building, such Member violates Ethical Rule 1-1(b) even though the Member did not develop the final conclusion.

A third example is that if a Member incorporates a misleading conclusion prepared by the Member’s partner into a report prepared by the Member, such Member is in violation of Ethical Rule 1-1(b) if the Member found or should have found the misleading conclusion given the Member’s training and background, as well as all of the relevant facts and circumstances.

E.R. 1-1(c) Comment

A misleading analysis, opinion, conclusion, or report harms the public interest and undermines the confidence of the public and clients in Members, Candidates, Practicing Affiliates, Affiliates, the profession, and the Appraisal Institute. Furthermore, because the public and clients rely on the expertise and integrity of Members, Candidates, Practicing Affiliates and Affiliates, they will give credibility to any analysis, opinion, conclusion, or report that a Member, Candidate, Practicing Affiliate or Affiliate communicates, or permits an employee or third party to communicate. Therefore, Ethical Rule 1-1(c) prohibits a Member, Candidate, Practicing Affiliate or Affiliate from knowingly communicating an analysis, opinion, conclusion, or report in a manner that is misleading. Further, to the extent that such Member, Candidate, Practicing Affiliate or Affiliate is in a position to control such use, Ethical Rule 1-1(c) prohibits a Member, Candidate, Practicing Affiliate or Affiliate from knowingly permitting an employee or third party to communicate an analysis, opinion, conclusion, or report in a manner that is misleading. A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid ethical responsibilities by doing indirectly that which the Member, Candidate, Practicing Affiliate or Affiliate cannot do directly. Further, a Member, Candidate, Practicing Affiliate or Affiliate who communicates,
or permits an employee or third party to communicate, an analysis, opinion, conclusion, or report in a manner that is misleading, but who does not take the appropriate steps to ascertain whether such analysis, opinion, conclusion, or report is in fact communicated in a manner that is misleading, is responsible for the communication of the misleading analysis, opinion, conclusion, or report under this Ethical Rule.

Under this Ethical Rule, a Member, Candidate, Practicing Affiliate or Affiliate must pay particular attention to a client’s request for permission to quote all or a portion of an analysis, opinion, conclusion, or report to ensure that the client will not communicate the analysis, opinion, conclusion, or report in a misleading manner.

E.R. 1-1(d) Comment

A Member, Candidate or Practicing Affiliate must use his or her expertise to develop, prepare, and use analyses, opinions, and conclusions that are justified. To do otherwise harms the public interest and undermines public and client confidence in the Member, Candidate or Practicing Affiliate; Members, Candidates and Practicing Affiliates generally; the Appraisal Institute, and the profession. Therefore, Ethical Rule 1-1(d) prohibits a Member, Candidate or Practicing Affiliate from knowingly contributing to or participating in the development, preparation, or use of an appraisal, appraisal review, appraisal consulting, or real property consulting analysis, opinion, or conclusion that reasonable appraisers would not believe to be justified. This Ethical Rule applies to a Member, Candidate, and Practicing Affiliate regardless of whether he or she is publicly identified with the analysis, opinion, or conclusion because the ethical issue is the same in either situation.

The test under Ethical Rule 1-1(d) is whether reasonable appraisers would believe the analysis, opinion, or conclusion to be “justified,” rather than “misleading.” Members, Candidates and Practicing Affiliates can and do differ as to the appropriate solutions to a real property issue. If, however, reasonable appraisers conclude that an analysis, opinion, or conclusion is not reasonably supported, then such analysis, opinion, or conclusion would not be “justified” under this Ethical Rule. Evidence that a Member, Candidate or Practicing Affiliate did not develop, prepare, or use an analysis, opinion, or conclusion that reasonable appraisers would believe to be justified may include, but is not limited to, deviation from reasonable appraisal, appraisal review, appraisal consulting, or real property consulting practices such as those outlined in the Standards of Professional Appraisal Practice of the Appraisal Institute, Guide Notes to the Standards of Professional Appraisal Practice, and Appraisal Institute courses, seminars, and textbooks such as The Appraisal of Real Estate.

One example of a violation of Ethical Rule 1-1(d) is if a Member knowingly develops an opinion that is not reasonably supported and the Member provides such opinion to another appraiser to use in the performance of an appraisal service, even if the Member does not sign the final report. A second example is if in the performance of an appraisal service that requires a sales comparison approach, a Member knowingly makes inappropriate adjustments to the sales comparables resulting in a conclusion that is not reasonably supported, the Member violates Ethical Rule 1-1(d).

E.R. 1-1(e) Comment

A Member, Candidate or Practicing Affiliate must utilize his or her expertise to prepare or deliver reports that contain analyses, opinions, and conclusions that are justified. To do otherwise harms the public interest and undermines public and client confidence in the Member, Candidate or Practicing Affiliate; Members, Candidates and Practicing Affiliates generally; the Appraisal Institute, and the
profession. Therefore, Ethical Rule 1-1(e) prohibits a Member, Candidate or Practicing Affiliate from knowingly contributing to or participating in the preparation or delivery of an appraisal, appraisal review, appraisal consulting, or real property consulting analysis, opinion, or conclusion that reasonable appraisers would not believe to be justified. This Ethical Rule applies to a Member, Candidate or Practicing Affiliate regardless of whether he or she signs or delivers the report because the ethical issue is the same in either situation.

The test under Ethical Rule 1-1(e) is whether reasonable appraisers would believe the analysis, opinion, or conclusion to be “justified,” rather than “misleading.” Members, Candidate and Practicing Affiliates can and do differ as to the appropriate solutions to a real property issue. If, however, reasonable appraisers conclude that an analysis, opinion, or conclusion is not reasonably supported, then such analysis, opinion, or conclusion would not be “justified” under this Ethical Rule. Evidence that a Member, Candidate or Practicing Affiliate did not develop, prepare, or use an analysis, opinion, or conclusion that reasonable appraisers would believe to be justified may include, but is not limited to, deviation from reasonable appraisal, appraisal review, appraisal consulting, or real property consulting practices such as those outlined in the Standards of Professional Appraisal Practice of the Appraisal Institute, Guide Notes to the Standards of Professional Appraisal Practice, and Appraisal Institute courses, seminars, and textbooks such as The Appraisal of Real Estate.

One example of a violation of Ethical Rule 1-1(e) is if a Member knowingly develops an opinion of the highest and best use of a property that is not reasonably supported and the Member provides such opinion to another appraiser to use in a report, even if the Member does not sign the final report. A second example is if a Member prepares an appraisal report that contains a sales comparison approach that is not reasonably supported because the Member knowingly makes inappropriate adjustments to the sales comparables, the Member violates Ethical Rule 1-1(e).

E.R. 1-2 Comment

The public and clients must have confidence in the personal honesty and integrity of Members, Candidates, Practicing Affiliates and Affiliates, whom they entrust with matters of critical personal, corporate, and public importance. If a Member, Candidate, Practicing Affiliate or Affiliate fails to comply with his or her legal obligations to society in all activities, not just in the services the Member, Candidate, Practicing Affiliate or Affiliate performs, the public and clients will lose confidence and trust in the honesty and integrity of the Member, Candidate, Practicing Affiliate or Affiliate; Members, Candidates, Practicing Affiliates, and Affiliates generally; and those who practice the profession. The public and clients will also lose confidence and trust in the Appraisal Institute. As a consequence, the ability of Members, Candidates, Practicing Affiliates, Affiliates, the profession, and the Appraisal Institute to perform their vital roles in our society and the global economy will be adversely affected. If a Member, Candidate, Practicing Affiliate or Affiliate fails to comply with his or her obligations to society, particularly those relating to fraud, dishonesty, false statements, or moral turpitude, the public and clients can legitimately question whether such Member, Candidate, Practicing Affiliate or Affiliate will fail to comply with his or her obligations under the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute when providing services. Therefore, a Member, Candidate, Practicing Affiliate or Affiliate must not engage in misconduct of any kind that leads to conviction of a crime involving fraud, dishonesty, false statements, or moral turpitude. The types of crimes referred to in E.R. 1-2 are not limited to felonies.
For the purposes of E.R. 1-2, “moral turpitude” means an act of baseness, vileness, or depravity in private and social duties which a person owes to other people, or to society in general, an act contrary to accepted and customary rules of right and duty between people, in essence contrary to justice, honesty, or good morals.

One example of a violation of Ethical Rule 1-2 is if a Member prepares a fraudulent appraisal as part of a “flipping scheme” resulting in a conviction of the Member of a crime. A second example is if a Member knowingly underreports income received for work as a general contractor that leads to a conviction of the Member of a crime, such Member violates Ethical Rule 1-2.

Under the Regulation No. 6 of the Appraisal Institute, a violation of Ethical Rule 1-2 will result in automatic expulsion from membership in the Appraisal Institute subject to the right of appeal.

E.R. 1-3 Comment

Ethical Rule 1-3 generally relates to the competency that a Member, Candidate or Practicing Affiliate must have or obtain to accept and perform a service. While a similar requirement appears in the Competency Rule of USPAP, the Appraisal Institute has adopted this requirement as an Ethical Rule in its Code of Professional Ethics because a failure to comply with its requirements constitutes a lack of integrity such that a violation can result in disciplinary action.
The Appraisal Institute serves a vital public need by conferring professional membership designations on individuals who meet stringent requirements and by conducting peer review that enhances the quality of work product, and disciplines and deters unethical conduct. As a result of these programs, the public associates Appraisal Institute Members, Candidates, Practicing Affiliates and Affiliates with a high degree of personal integrity and a commitment to professionalism. To facilitate these critical objectives and maintain the reputation of the Appraisal Institute and its Members, Candidates, Practicing Affiliates and Affiliates must preserve confidentiality in admissions matters and peer review proceedings, fulfill committee responsibilities, cooperate with appropriate committees, prepare and preserve their workfiles, and ensure that they do not place themselves in a position where they cannot comply with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Confidentiality encourages Candidates to advance their qualifications through the admissions designation process, encourages peer review to occur, fosters candid and valuable interchange on the issues of qualifications and the quality of services, ensures that the consequences of an admissions matter or peer review proceeding are proper and proportionate, and ensures that the Appraisal Institute can govern itself effectively. Therefore, each Member, Candidate, Practicing Affiliate or Affiliate who has contact with or is involved in an admissions matter or peer review proceeding must scrupulously observe the rules governing the confidentiality of those functions. If a Member, Candidate, Practicing Affiliate or Affiliate fails to observe such confidentiality rules, the judicial protection given to the Appraisal Institute with respect to admissions matters and peer review proceedings may erode, thereby impairing the ability of the Appraisal Institute to carry out these critical functions. Such a result would harm the public, the Appraisal Institute, its Members, Candidates, Practicing Affiliates, Affiliates, and the profession. Further, each Member, Candidate, Practicing Affiliate and Affiliate must scrupulously observe any other Bylaws, Regulations, policies and procedures regarding confidentiality of governance and other matters.

While the Appraisal Institute recognizes that individuals who serve on committees dealing with admissions matters and peer review proceedings are volunteers, such individuals must fulfill their responsibilities diligently, objectively, and completely for the Appraisal Institute to effectively fulfill the vital functions of admissions and peer review. If after appointment to a committee dealing with an admissions matter or a peer review proceeding, an individual is unable or unwilling to fulfill any of his or her responsibilities on such committee, he or she must immediately resign from the committee.

For the Appraisal Institute to effectively fulfill the vital functions of admissions, peer review, education, other programs, and governance, Members, Candidates, Practicing Affiliates and Affiliates must fully adhere to the Bylaws, Regulations, policies and procedures of the Appraisal Institute.
Explanatory Comments to Canon 2

Members, Candidates, Practicing Affiliates and Affiliates must honestly and fully cooperate with the Appraisal Institute, its committees, and their authorized agents. Such cooperation includes but is not limited to Members, Candidates, Practicing Affiliates and Affiliates fulfilling the obligations they have under the Bylaws and Regulations of the Appraisal Institute, submitting full and accurate documentation and information promptly upon request and when otherwise required, participating in requested interviews, responding fully and honestly to any questions, and fully complying with the terms of a summons issued by a Hearing Committee. Members, Candidates, Practicing Affiliates and Affiliates may not mislead any Appraisal Institute committee, or member or authorized agent thereof.

Therefore, for example, a Member violates Ethical Rule 2-3 if the Member submits a continuing education log to the Appraisal Institute representing that the Member took a course that the Member did not in fact take or represents that the course provided a greater number of hours of continuing education than it actually did. As another example, a Member violates Ethical Rule 2-3 if the Member fails or refuses to submit relevant information in the Member’s possession about the status of litigation related to a peer review file, when requested to do so by a peer review committee or authorized member or agent thereof.

A Member, Candidate, Practicing Affiliate or Affiliate violates Ethical Rule 2-3 if the Member, Candidate, Practicing Affiliate or Affiliate fails to promptly comply with a request for information or documentation that the Member, Candidate, Practicing Affiliate or Affiliate was required to preserve under Ethical Rule 2-5, even if such information is not physically in his or her possession or control.

As used in Ethical Rule 2-3, “relevant information” means information the appropriate committee (or member or agent thereof) reasonably believes may be relevant in fulfilling its responsibilities. As used in Ethical Rule 2-3, “relevant question” means a question that the appropriate committee (or member or duly authorized agent thereof) reasonably believes may be relevant in fulfilling its responsibilities.

Ethical Rule 2-3 also uses the phrase “Appraisal Institute, an Appraisal Institute committee or member thereof, or one of their duly authorized agents.” The Articles of Incorporation, Bylaws, and Regulations of the Appraisal Institute provide the authority for the Appraisal Institute and the establishment, powers, and duties of various committees. As a corporate entity, the Appraisal Institute will carry out its functions and exercise its authority through various agents. Committees of the Appraisal Institute will sometimes fulfill their powers and duties as committees of the whole, but such committees may also carry out some powers and duties through individual members of the committees and authorized agents. For the Appraisal Institute to effectively carry out critical functions, including, but not limited to, peer review, admissions, and continuing education, a Member’s, Candidate’s, Practicing Affiliate’s, or Affiliate’s obligations under Ethical Rule 2-3 extend not only to the Appraisal Institute and its committees, but to their authorized agents as well. Authorized agents of the Appraisal Institute and its committees include but are not limited to appropriate Appraisal Institute staff such as the Director of Ethics and Standards Counseling, a paralegal in the Professional Practice Department, the Director of Experience Screening and Review, or a member of the Admissions staff.

Under Regulation No. 6 of the Appraisal Institute, a violation of Ethical Rule 2-3(b), (c), or (d) will result in automatic expulsion from membership, candidacy or affiliation in the Appraisal Institute subject to the right of appeal.

Members, Candidates, Practicing Affiliates and Affiliates also must strictly adhere to the Bylaws, Regulations, policies and procedures of the Appraisal Institute when participating in governance of the organization. Failure to do so can make governance ineffective and harm the interests of the
Explanatory Comments to Canon 2

Appraisal Institute. Therefore, for example, a Member involved in governance must adhere strictly to any confidentiality obligations set forth in the Bylaws, Regulations, policies and procedures of the Appraisal Institute. As another example, a Member must adhere strictly to the Appraisal Institute antitrust policy.

E.R. 2-4 Comment

The Appraisal Institute has promulgated the Code of Professional Ethics and Standards of Professional Appraisal Practice in part to establish requirements that will help ensure that Members, Candidates and Practicing Affiliates will develop and report credible analyses, opinions, and conclusions. Such requirements also give the public and clients confidence that Members’, Candidates’ and Practicing Affiliates’ analyses, opinions, and conclusions are based on sound data and reasoning, and that such analyses, opinions, and conclusions are not predetermined or mere speculation.

Ethical Rule 2-4 requires the preparation of a workfile for each service and that such workfile must be prepared prior to the issuance of an oral or written report. This Ethical Rule helps ensure that Members, Candidates and Practicing Affiliates have sound bases for their analyses, opinions, and conclusions prior to issuance of a report. The Rule also ensures that Members, Candidates and Practicing Affiliates can provide support for their analyses, opinions, and conclusions to clients, courts, the Appraisal Institute, regulatory agencies, and others. By providing such support when needed or requested, the public and clients will have greater confidence in Members’, Candidates’ and Practicing Affiliates’ analyses, opinions, and conclusions, and the rules to which Members, Candidates and Practicing Affiliates are subject can be enforced. A workfile provides evidence of whether the Member, Candidate or Practicing Affiliate complied with the Code of Professional Ethics and Standards of Professional Appraisal Practice.

E.R. 2-5 Comment

For the Appraisal Institute to effectively fulfill the vital functions of admissions and peer review, appropriate committees, as well as members and authorized agents thereof, must have access to relevant workfiles of the Members, Candidates and Practicing Affiliates. Therefore, the Appraisal Institute not only has adopted Ethical Rule 2-4 requiring the preparation of a workfile for each service, but it also has adopted Ethical Rule 2-5 requiring the preservation of workfiles for specified periods of time.

Members, Candidates and Practicing Affiliates have a responsibility to consider and correctly apply the factors that can affect the retention period for a workfile before disposing of such workfile. For example, if a Member prepares an appraisal on April 30, 2012, the Member must initially maintain the workfile relating to that appraisal until at least April 30, 2017. If, however, the Member then gives testimony on April 15, 2015 in a judicial proceeding concerning the appraisal and the judicial proceedings are not completed until May 30, 2016, the retention period changes and the workfile must be maintained until at least May 30, 2018.

E.R. 2-6 Comment

As a condition of membership, candidacy or affiliation, individuals agree to comply with the Bylaws, Regulations, Code of Professional Ethics, and Standards of Professional Appraisal Practice of the Appraisal Institute. Members, Candidates, Practicing Affiliates and Affiliates cannot avoid this obligation by entering into a contract that is inconsistent with their agreement with the Appraisal Institute.
Explanatory Comments to Canon 2

Institute. Therefore, Ethical Rule 2-6(a) prohibits Members, Candidates, Practicing Affiliates and Affiliates from entering into any contract that places one or more obligations on the Member, Candidate, Practicing Affiliate or Affiliate that are inconsistent with the Bylaws, Regulations, Code of Professional Ethics, or Standards of Professional Appraisal Practice of the Appraisal Institute. Ethical Rule 2-6(b) places an affirmative obligation to include in written contracts for services a statement that the service will be developed and reported in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. For oral agreements for services, Members, Candidates and Practicing Affiliates must ensure that their clients understand and agree that the Members, Candidates and Practicing Affiliates will develop and report their services in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

E.R. 2-7 Comment

As a condition of membership, candidacy or affiliation, Members, Candidates, Practicing Affiliates and Affiliates agree to comply with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. Further, the Code of Professional Ethics and Standards of Professional Appraisal Practice serve the public interest by establishing requirements for the ethical and competent provision of services. Because of this agreement and the importance of the resulting obligations, Ethical Rule 2-7 requires a Member, Candidate, Practicing Affiliate or Affiliate to seek other employment if his or her employer prevents the Member, Candidate, Practicing Affiliate or Affiliate from complying with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice. A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid responsibility for his or her failure to comply with such requirements because an employer prevents him or her from complying. Therefore, for example, a Member must demonstrably seek other employment if the Member’s employer mandates that the Member not identify extraordinary assumptions necessary in an assignment.

Because the Code of Professional Ethics and Standards of Professional Appraisal Practice elevate the quality of services provided in the marketplace and enhance confidence of the public and clients in the profession, Ethical Rule 2-7 also requires that a Member, Candidate, Practicing Affiliate or Affiliate demonstrably seek other employment if he or she knows that his or her employer fails to comply with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice. For example, if a Member sees an advertisement that the Member’s employer plans to place and that advertisement refers to an Appraisal Institute designation in a misleading manner, the Member must demonstrably seek other employment if the employer proceeds to run the advertisement.

A second example is if a Member’s employer implements a workfile retention policy that results in the disposal of workfiles that must be retained under Ethical Rule 2-5 and the Record Keeping section of the Ethics Rule of USPAP, the Member must demonstrably seek other employment.

Evidence that a Member, Candidate, Practicing Affiliate or Affiliate sincerely and demonstrably sought other employment may include but not be limited to a significant number of letters seeking employment with other companies, correspondence received from potential employers, a log of calls made to potential employers, or documents indicating efforts to form a new business.
Explanatory Comments to Canon 3

Canon 3 Comment

Given the role that Members, Candidates, Practicing Affiliates and Affiliates serve in our society and the global economy, the public interest demands that each Member, Candidate, Practicing Affiliate and Affiliate develops and reports unbiased analyses, opinions, and conclusions. Therefore, Canon 3 and its associated Ethical Rules prohibit a Member, Candidate, Practicing Affiliate or Affiliate from rendering an analysis, opinion, or conclusion that is not reasonably supported and that favors or promotes the cause or interest of the client, the Member, Candidate, Practicing Affiliate, Affiliate, or another. The Ethical Rules associated with this Canon prohibit Members, Candidates, Practicing Affiliates and Affiliates from developing and reporting biased analyses, opinions, and conclusions and address how a Member, Candidate, Practicing Affiliate or Affiliate must handle issues that may offer an incentive to provide biased analyses, opinions, or conclusions or can create a perception that analyses, opinions, or conclusions are biased. The Ethical Rules set forth requirements concerning how a Member, Candidate, Practicing Affiliate or Affiliate must address situations where a client requests a predetermined analysis, opinion, or conclusion as a condition of engaging the Member, Candidate, Practicing Affiliate or Affiliate; where the Member, Candidate, Practicing Affiliate or Affiliate has a personal interest in the subject or outcome of the service or with respect to the parties involved; and where the Member, Candidate, Practicing Affiliate or Affiliate acquires an interest in property or assumes a position that could possibly affect his or her judgment. The Ethical Rules also provide requirements relating to contingent fees, hypothetical conditions, and extraordinary assumptions. Actual and perceived bias can undermine the confidence that the public and clients must have in the integrity of Members, Candidates, Practicing Affiliates and Affiliates.

E.R. 3-1 Comment

Ethical Rule 3-1 contains the basic prohibition on a Member, Candidate, Practicing Affiliate or Affiliate from knowingly contributing to or participating in the development, preparation, use, or reporting of an analysis, opinion, or conclusion that is biased. Violation of Ethical Rule 3-1 is one of the most serious ethical violations a Member, Candidate, Practicing Affiliates or Affiliate can commit. A Member, Candidate, Practicing Affiliate or Affiliate may never develop, prepare, use, or report a biased analysis, opinion, or conclusion. A biased analysis, opinion, or conclusion is: a) not reasonably supported; and b) favors or promotes the cause or interest of the client, one’s self, or another.

Evidence that a Member, Candidate, Practicing Affiliate or Affiliate developed, prepared, used, or reported a biased analysis, opinion, or conclusion may include, but is not limited to, deviation from reasonable appraisal, appraisal review, appraisal consulting, or real property consulting practices resulting in an analysis, opinion, or conclusion that is not reasonably supported and that favors or promotes the client’s, the Member’s, Candidate’s, Practicing Affiliate’s, Affiliate’s, or another’s interest or cause. Many of these reasonable practices are outlined in the Standards of Professional Appraisal Practice of the Appraisal Institute, Guide Notes to the Standards of Professional Appraisal Practice, and Appraisal Institute courses, seminars, and textbooks such as The Appraisal of Real Estate. The intended use of the analysis, opinion, or conclusion is relevant in determining the direction of a client’s interest.
For example, assume that a seller and a prospective buyer have a dispute as to the market value of Blackacre on X-date. The seller would benefit from a high opinion of value. The seller retains a Member to develop an opinion of the market value of Blackacre on X-date and requests that the value opinion be "as high as possible." The intended use is to assist in establishing a sale price. The Member subsequently delivers a report with a cover letter stating that "subject to the terms and conditions in the report, the market value of Blackacre on X-date was $1,000,000," with a footnote on page 97 of the report stating that the Member's opinion of value is based upon the hypothetical condition that the zoning allows development when, in fact, it does not. The hypothetical condition was not required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison. The hypothetical condition had a substantial effect upon the Member's opinion of value.

In this example, the Member developed and reported a biased opinion of value in violation of Ethical Rule 3-1. The Member deviated from recognized appraisal methods and techniques, resulting in an opinion of value that was not reasonably supported and that deviated in a direction favoring the client's interest. This Member also violated Ethical Rule 3-6 concerning extraordinary assumptions and Ethical Rule 1-1 (misleading opinion that reasonable appraisers would not believe to be justified).

A Member, Candidate, Practicing Affiliate or Affiliate can violate Ethical Rule 3-1 by signing a report that the Member, Candidate, Practicing Affiliate or Affiliate has not read or has partially read, and that contains a biased analysis, opinion, or conclusion. Not only is the Member, Candidate, Practicing Affiliate or Affiliate responsible for the report by signing it, but he or she has knowingly contributed to or participated in the use and reporting of an analysis, opinion, or conclusion that is biased. The Member, Candidate, Practicing Affiliate or Affiliate acted knowingly because he or she acted in disregard of the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, as well as recognized methods and techniques. The Member, Candidate, Practicing Affiliate or Affiliate reasonably should have known about the biased analysis, opinion, or conclusion given the all the facts and circumstances and his or her training, background, and experience.

E.R. 3-2 Comment

A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid ethical responsibility by doing indirectly that which he or she cannot do directly. Therefore, Ethical Rule 3-2 prohibits a Member, Candidate, Practicing Affiliate or Affiliate from knowingly permitting an entity that is wholly or partially owned or controlled by him or her to contribute to or participate in the development, preparation, use, or reporting of an analysis, opinion, or conclusion that is biased. The discussion in the E.R. 3-1 Comment concerning an analysis, opinion, or conclusion that is biased also applies to Ethical Rule 3-2.

E.R. 3-3 Comment

A Member, Candidate or Practicing Affiliate must use his or her expertise and independent judgment to develop and report a reasonably supported analysis, opinion, or conclusion in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. Therefore, a Member, Candidate or Practicing Affiliate clearly cannot accept or provide a service that is contingent upon reporting a predetermined analysis, opinion, or conclusion. Doing so would undermine the trust and confidence that the public must have in Members, Candidates and Practicing Affiliates to provide unbiased and credible analyses, opinions, and conclusions.
Nothing in Ethical Rule 3-3 should be construed to prohibit a Member, Candidate or Practicing Affiliate, from accepting services in phases, with the right to provide a subsequent service contingent upon the results of a prior service, as long as the Member, Candidate or Practicing Affiliate does not render an analysis, opinion, or conclusion that is biased and the Member, Candidate or Practicing Affiliate complies with the requirements of Ethical Rules 3-8 and 3-9, where applicable. Those Ethical Rules concern a personal interest and assuming a position that could possibly affect judgment or violate the Member’s responsibilities to the client.

To illustrate the point involved, assume the following facts. A government agency makes an offer to a property owner to purchase the owner’s property in order to expand a roadway. The agency has not begun condemnation proceedings at this point, but may in the future. The attorney working with the property owner contacts a Member to obtain the Member’s opinion as to whether the market value of the property is more than the amount of the agency’s offer. The Member prepares a Restricted Use Appraisal Report, for the attorney’s use only, in which the Member’s value opinion is “not less than” the amount of the offer. Subsequently, the attorney asks the Member to prepare a Self-Contained Appraisal Report, for which the intended users will be both the government agency and the attorney for the property owner, for purposes of the condemnation litigation. Note that these are two separate assignments, with different, though related, intended uses and different intended users. If the Member accepts these assignments, the Member will not violate Ethical Rule 3-3. The Member was required to develop and report both the first and second service in an unbiased manner. The second service was in essence contingent on the results of the first service, but was not contingent on a “predetermined” analysis, opinion, or conclusion.

**E.R. 3-4 Comment**

Appraisers are participants in the global economy. In the global economy the norms for ethical practice concerning specific conduct may differ depending on applicable national customs and standards. The matter of contingent fee arrangements is an example of an area where the norms for ethical practice differ. For example, USPAP prohibits contingent fee arrangements for valuation services. On the other hand, the International Valuation Standards allow contingent fee arrangements for valuation services as long as the appraiser’s fee does not depend on the predetermined outcome of any valuation or other independent, objective advice contained in the valuation report, and the appraiser discloses whether the fee is contingent upon any aspect of the report.

**E.R. 3-6 Comment**

The requirements set forth in Ethical Rule 3-6 concerning hypothetical conditions reflect those set forth in USPAP. The Appraisal Institute has placed these requirements in the Code of Professional Ethics because failure to comply with such requirements constitutes a lack of integrity and so that a violation can result in disciplinary action.

**E.R. 3-7 Comment**

The requirements set forth in Ethical Rule 3-7 concerning extraordinary assumptions reflect those set forth in USPAP. The Appraisal Institute has placed these requirements in the Code of Professional Ethics because failure to comply with such requirements constitutes a lack of integrity and so that a violation can result in disciplinary action.
E.R. 3-8 Comment

If an appraiser has a personal interest in the subject or outcome of a service or with respect to the parties involved in the service, such interest may provide an incentive for the appraiser to render an analysis, opinion, or conclusion that is biased, misleading, or otherwise unreliable. At a minimum, such a personal interest may create an appearance that any resulting analysis, opinion, or conclusion may be biased, misleading, or otherwise unreliable. An analysis, opinion, or conclusion that is biased, misleading, or otherwise unreliable, or that may perceived to be so, undermines the confidence and trust that the public and clients must have in appraisers.

In deciding whether to accept a service when an appraiser has a direct or indirect, current or prospective personal interest in the subject or outcome of the service or with respect to the parties involved in the service, the appraiser must make a reasonable determination as to whether the his or her judgment will be affected. A determination would be reasonable if reasonable persons in the same circumstances would reach the same determination. If the appraiser concludes that his or her judgment will be affected or if reasonable persons in the same circumstances would conclude that judgment will be affected, the appraiser must refuse the proffered service. In appraisal review assignments, “parties involved in the service” include the individual who prepared the report being reviewed.

Prior to accepting a service where the appraiser has a personal interest in the subject or outcome of a service or with respect to the parties involved in the service, the appraiser must also fully and accurately disclose the personal interest to the client so that the client can make an informed decision as to whether to retain the appraiser. Should the appraiser ultimately accept the service, the appraiser must fully and accurately disclose the personal interest in each report resulting from such service so that any reader can consider any analyses, opinions, and conclusions in the context of the appraiser’s personal interest.

E.R. 3-9 Comment

If an appraiser knowingly acquires an interest in property or assumes a position that could possibly affect the appraiser’s judgment or violate the appraiser’s responsibilities to the client between the time the appraiser is contacted concerning a service and expires when the appraiser completes the service, such interest or change in position may provide an incentive for the appraiser to render an analysis, opinion, or conclusion that is biased, misleading, or otherwise unreliable and harms the client. At a minimum, such interest or change in position may create an appearance that any resulting analysis, opinion, or conclusion may be biased, misleading, or otherwise unreliable and that the appraiser’s interest or position is in conflict with the appraiser’s responsibilities to the client.

If an appraiser knowingly acquires an interest in property or assumes a position that could possibly affect the appraiser’s judgment or violate the appraiser’s responsibilities to the client between the time the appraiser completes a service and expires a reasonable length of time after the completion of such service, such interest or change in position, if anticipated, may provide an incentive for the appraiser to render an analysis, opinion, or conclusion that is biased, misleading, or otherwise unreliable and harms the client. If acquiring such an interest or the change in position was not anticipated, the appraiser at a minimum may create an appearance that the appraiser’s analysis, opinion, or conclusion may be biased, misleading, or otherwise unreliable and that the appraiser’s interest or position is in conflict with the appraiser’s responsibilities to the client.
An analysis, opinion, or conclusion that is biased, misleading, or otherwise unreliable, or that may be perceived to be so, can undermine the confidence and trust that the public and clients must have in Members, Candidates, Practicing Affiliates, the profession, and the Appraisal Institute. Further, an appraiser who violates or appears to violate the appraiser’s responsibilities to the client also undermines the confidence and trust that the public and clients must have in Members, Candidates, Practicing Affiliates, the profession, and the Appraisal Institute.

In deciding whether to acquire an interest in property or assume a position that could possibly affect the appraiser’s judgment or violate the appraiser’s responsibilities to the client, the appraiser must make a reasonable determination as to whether the appraiser’s judgment will be affected or will violate the appraiser’s responsibilities to the client. An appraiser’s determination is reasonable if reasonable persons in the same circumstances would reach the same determination. If the appraiser concludes that the appraiser’s judgment will be affected or will violate the appraiser’s responsibilities to the client, or if reasonable persons in the same circumstances would so conclude, the appraiser must not acquire the interest in property or assume the position.

Even if the appraiser reasonably concludes that the proposed acquisition or change of position will not affect the appraiser’s judgment or violate the appraiser’s responsibilities to the client, the appraiser still cannot go forward with such acquisition or change in position without fulfilling a number of other requirements. The appraiser must make full and accurate disclosure to the client and give the client the right to terminate the service without payment, and the client must provide written permission to the appraiser consenting to or approving the acquisition or change of position. Finally, if the appraiser meets all of these conditions and is able to proceed with the service, the appraiser must fully and accurately describe the acquisition or change of position in the appraiser’s report so that the analyses, opinions, and conclusions can be understood in the context of such information.
Explanatory Comments to Canon 4

Canon 4 Comment
Confidentiality is a critical component of any relationship between a professional and a client. For an appraiser providing services, confidentiality fosters full and candid disclosure of relevant information by the client. Such disclosure enables the appraiser to provide credible analyses, opinions, and conclusions to the client.

The client has a legitimate interest in controlling the disclosure of confidential information, analyses, opinions, and conclusions in part because the client pays for services rendered and because the disclosure of such information, analyses, opinions, and conclusions may harm the client. At the same time, an appraiser must be able to use market data, and at the appraiser’s option, provide other appraisers and the profession with access to such data, to serve the public and clients generally.

To facilitate these objectives, the Appraisal Institute has adopted a definition of confidential information and a series of Ethical Rules relating to and protecting the confidentiality of the appraiser-client relationship.

E.R. 4-1 Comment
Ethical Rule 4-1 sets forth the general requirements relating to the confidentiality of the appraiser-client relationship. It is unethical for an appraiser to disclose confidential information or an analysis, opinion, or conclusion specific to a service except under specified circumstances. Confidential information is defined as information that is either identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or is classified as confidential or private by applicable law or regulation. Therefore, for example, information that is not confidential includes data secured from public records and information an appraiser can obtain from a source other than the client. General analyses, opinions, and conclusions about the community in which the subject property is located are also not confidential.

One example of the application of Ethical Rule 4-1 is where a Member is provided with information about the sale of a property from a client, who tells the Member that the information is confidential and the information is not available from any other source. If the Member subsequently shares this information with another appraiser seeking comparable data, the Member is in violation of this Ethical Rule.

Another example would be if a Member casually states at a social function that the Member appraised a certain property for $X. This Ethical Rule prohibits the disclosure of service results in such a manner without the client’s express permission.

E.R. 4-2 Comment
Ethical Rule 4-2 addresses the situation where a client requests a service that will be materially affected by the use of, or failure to use, confidential information the appraiser has received from another client. An appraiser may only accept such service if the previous client permits the appraiser to use such information or the information is no longer confidential.
E.R. 4-3 Comment

For the Appraisal Institute to effectively fulfill the vital functions of admissions and peer review, appropriate Appraisal Institute committees must and will have access to confidential information provided to Members, Candidates, Practicing Affiliates and Affiliates by their clients. Clients understand and are on notice that appropriate Appraisal Institute committees will have access to their confidential information, as well as confidential analyses, opinions, and conclusions, because Members, Candidates, Practicing Affiliates and Affiliates must inform their clients that their reports are subject to review by the duly authorized representatives of the Appraisal Institute. Further, clients retain Appraisal Institute Members, Candidates, Practicing Affiliates and Affiliates because of the admissions and peer review functions of the Appraisal Institute and such clients benefit from the resulting increased quality of the services that Members, Candidates, Practicing Affiliates and Affiliates provide. At the same time, Members, Candidates, Practicing Affiliates and Affiliates who serve on committees relating to admissions and peer review functions must not act in a manner that would harm a client or take advantage of serving in these important roles to obtain professional advantage by discussing or disclosing confidential information, analyses, opinions, conclusions, and factual data derived from such activities. Therefore, Ethical Rule 4-3 provides that it is unethical to discuss or disclose confidential information, analyses, opinions, conclusions, and factual data with limited exceptions. Since committee members must keep strictly confidential the information, analyses, opinions, conclusions, and factual data derived through committee activities, the client is protected.
Explanatory Comments to Canon 5

Canon 5 Comment

To serve the public and clients effectively, members of a profession must not only offer their expertise, but they must also properly and accurately inform the public and prospective clients about their qualifications and the functions of the profession. In this way, prospective clients can make informed decisions as to the type and extent of services they need and can identify competent and ethical professionals to provide such services. Such information can also help clients evaluate a service and help hiring parties evaluate potential employees or contractors. Advertising, solicitations, promotions, resumes, and statements of qualifications that are misleading or are otherwise contrary to the public interest undermine these important goals.

E.R. 5-1 Comment

Members, Candidates and Practicing Affiliates may utilize advertising to inform the public and prospective clients of the services they offer, the cost of such services, and their qualifications. However, advertising must not be misleading or calculated to create unrealistic expectations in the minds of the parties to whom the advertising is directed. In promoting their services, Members, Candidates and Practicing Affiliates must take particular care not to state or imply that they will develop, prepare, use, or report an analysis, opinion, or conclusion that is biased or that they will deviate from the strict Standards and Ethical requirements that they have agreed to comply.

A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid ethical responsibility by using a corporation, partnership, or other entity (or multiple entities) to advertise services in a misleading manner. Therefore, a Member, Candidate, Practicing Affiliate or Affiliate may not knowingly permit an entity that is wholly or partially owned or controlled by such Member, Candidate, Practicing Affiliate or Affiliate to utilize misleading advertising, even if the name of a Member, Candidate, Practicing Affiliate or Affiliate is not specifically mentioned in the advertisement.

E.R. 5-2 Comment

The Appraisal Institute has established the categories of Member, Candidate, Practicing Affiliate and Affiliate in part to help the public and clients understand the qualifications that Members, Candidates, Practicing Affiliates and Affiliates hold and the requirements to which they are subject. The different Appraisal Institute designations serve a similar purpose.

The Appraisal Institute is the sole owner of its name, corporate logo, membership designations, and emblems (“marks”), which are registered with the United States Patent and Trademark Office.

Based on these considerations, the Appraisal Institute has established rules for the use of its name, corporate logo, designations, and designation emblems. The authorized or permitted uses of these marks are set forth in the Bylaws, Code of Professional Ethics, Regulation No. 5, Trademark Usage Manual, and various other Regulations of the Appraisal Institute, and are subject to federal law.

The general rule governing any reference to or use of the Appraisal Institute name, corporate logo, membership designations, and designation emblems is that such reference or use must be authorized or permitted and must not be misleading or deceptive.
Explanatory Comments to Canon 5

Therefore, for example, under Ethical Rule 5-2, a Member may only use a membership designation and its associated emblem if the Member currently holds such designation and is a Member in good standing. A Member may not use such designation in a manner that suggests that a partnership, corporation, or other organization holds such designation.

A second example is that under Ethical Rule 5-2, a Candidate may use or refer to the Appraisal Institute name to convey candidacy, but must do so in a manner that complies with Appraisal Institute Bylaws, Regulations and policies. Therefore, for example, a Candidate can use the words “Candidate for Designated Membership, Appraisal Institute,” but cannot place those words under a heading entitled “Professional Designations” or abbreviate those words to appear like a designation.

A third example is that the Appraisal Institute permits some Designated Members to use the Appraisal Institute corporate logo under very limited circumstances to convey a very specific message to the public. If a Member uses the corporate logo but does not meet the requirements for such use, the Member misleads the public and potential clients, thereby violating Ethical Rule 5-2.

The Appraisal Institute name, corporate logo, membership designations, and designation emblems must be used in a manner that preserves and respects the federal trademark rights of the Appraisal Institute and interests therein. Appropriate use ultimately strengthens these marks. Therefore, for example, Designated Members who use the corporate logo and designation emblems must use exact reproductions of the official versions in the appropriate colors and in an appropriate size.

Finally, when a Member, Candidate, Practicing Affiliate or Affiliate uses an advertisement or promotion that refers to the Appraisal Institute marks, such use must be dignified, conservative, and in keeping with the highest professional standards.

E.R. 5-3 Comment

Members, Candidates, and Practicing Affiliates may solicit for services in a manner consistent with the public interest. Therefore, a Member, Candidate or Practicing Affiliate may not solicit for services in a manner that is misleading.

For example, a Member not may inform a prospective client that the Member has qualifications or expertise that the Member does not possess. As another example, a Member may not state or imply that the Member can develop, prepare, use, or report an analysis, opinion, or conclusion that is biased.

A Member, Candidate, Practicing Affiliate or Affiliate cannot avoid ethical responsibility by using a corporation, partnership, or other entity (or multiple entities) to solicit services in a misleading manner. Therefore, a Member, Candidate, Practicing Affiliate or Affiliate may not knowingly permit an entity that is wholly or partially owned or controlled by such Member, Candidate, Practicing Affiliate or Affiliate to solicit services in a manner that is misleading, even if name of a Member, Candidate, Practicing Affiliate or Affiliate is not specifically mentioned in the solicitation.

E.R. 5-4 Comment

The primary basis for someone to refer a service to a Member, Candidate or Practicing Affiliate should be his or her qualifications, rather than financial incentive. At the same time, federal law prohibits a professional organization from prohibiting all referral fees. Therefore, a Member, Candidate or Practicing Affiliate may pay a fee, commission, or thing of value to procure a service, but such payment must be disclosed in the certification of any resulting written report and in any
transmittal letter in which an analysis, opinion, or conclusion is stated. The intended user(s) is (are) entitled to know that a fee, commission, or thing of value was paid to procure the service and to consider such information in evaluating the service.

In construing this rule, disclosure is required only if the payment made is a condition of the referral. For example, if the party to whom a referral is made subsequently invites the referring party to dinner as a token of appreciation, this act would not be payment of a “thing of value” and disclosure would not be required.

Ethical Rule 5-4 does not apply when providing real property consulting services that are subject to the requirements of another licensed occupation or profession. Therefore, for example, if a Member is licensed as a real estate broker and is acting in a capacity as a real estate broker, the Member’s payment and disclosure of a fee, commission, or thing of value for procurement of a real property consulting service are governed by the laws and regulations governing real estate brokers, rather than Ethical Rule 5-4.

E.R. 5-5 Comment

Potential clients, parties hiring employees and contractors, as well as others, need clear and accurate information on which to evaluate qualifications and work product. Therefore, a Member, Candidate, Practicing Affiliate or Affiliate may not prepare or use in any manner a resume or statement of qualifications that is misleading.