



Standards of Valuation Practice

Effective November 12, 2021

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1 **Definitions**

2 The following definitions apply to these Standards of Valuation Practice.

3 **Appraisal**

4 The act or process of developing an opinion of value; an opinion of value. An appraisal must be
5 numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more
6 than, more than, not less than, less than) to a stated amount.
7

8 **Assignment Results**

9 Opinions and conclusions developed in an appraisal or review.
10

11 **Biased**

12 Not reasonably supported, and favoring or promoting the cause or interest of the client, one's self, or
13 another.
14

15 **Client**

16 The individual, group or entity who engage a Valuer to perform a service.
17

18 **Credible**

19 Worthy of belief; supported by analysis of relevant information. Credibility is always measured in the
20 context of intended use.
21

22 **Date of Report**

23 The date on which the Report is transmitted to the client.
24

25 **Effective Date**

26 The date on which the appraisal opinion applies.
27

28 **Engagement**

29 An agreement between a Valuer and a client to provide a service.
30

31 **Hypothetical Condition**

32 A condition that is presumed to be true when it is known to be false.
33

34 **Intended Use**

35 The Valuer's intent as to how the Report will be used.
36

37 **Intended User**

38 The party or parties the Valuer intends will use the Report.
39

40 **Report**

41 The final communication, written or oral, of an appraisal or review transmitted to the client. Finality is
42 evidenced by the presence of the Valuer's signature in a written communication or a statement of finality
43 in the oral communication of assignment results. All communications to the client prior to the final
44 communication must be conspicuously designated as such.
45

46	Review
47	The act or process of developing and communicating an opinion to a client about the quality of another's
48	appraisal or review Report.
49	
50	Reviewer
51	A Valuer performing a review.
52	
53	Scope of Work
54	The type of data and the extent of research and analyses.
55	
56	Special Assumption
57	An assumption, directly applicable to a specific appraisal or review, which, if found to be false, could alter
58	the opinions or conclusions in an appraisal or review.
59	
60	Valuation Practice
61	Services performed by an individual acting as a Valuer, including but not limited to providing appraisal
62	and review opinions.
63	
64	Value
65	The monetary relationship between properties and those who buy, sell, or use those properties. Value
66	expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a
67	property at a given time in accordance with a specific definition of value. In Valuation Practice, value must
68	always be qualified - for example, market value, liquidation value, or investment value.
69	
70	Valuer
71	One who is expected to engage in Valuation Practice in an unbiased and competent manner. This term is
72	synonymous with appraiser.

73 **STANDARD A:**
74 **An appraisal must be credible.**

75
76 **SR A-1: Competency**

77 In developing an appraisal, a Valuer must:

- 78
79 (a) be aware of and understand methods and techniques that are necessary to produce credible
80 assignment results;
- 81
82 (b) not commit a substantial error of omission or commission that significantly affects the
83 assignment results; and
- 84
85 (c) not make a series of errors that, considered individually, may not significantly affect the
86 assignment results but which, when considered in the aggregate, establish that the appraisal is
87 being rendered in a careless or negligent manner.

88
89 **SR A-2: Problem Identification**

90 The Valuer must identify the appraisal problem to be solved at the time of engagement. To identify the
91 appraisal problem, the Valuer must ascertain:

- 92
93 (a) the client and any other intended users;
- 94
95 (b) the intended use of the Report;
- 96
97 (c) the type and definition of value;
- 98
99 (d) the effective date of the Valuer's opinions and conclusions;
- 100
101 (e) the property that is the subject of the appraisal and the interest in that property to be
102 appraised;
- 103
104 (f) the characteristics of the subject property that are relevant to the type and definition of value
105 and intended use of the appraisal;
- 106
107 (g) any special assumptions necessary in the appraisal;
- 108
109 (h) any hypothetical conditions necessary in the appraisal; and
- 110
111 (i) other conditions of the engagement that affect the scope of work, including general
112 assumptions and applicable laws, regulations and guidelines.

113
114 **SR A-3: Scope of Work**

115 The Valuer must determine the scope of work necessary to develop an appraisal that is credible given its
116 intended use. The scope of work for an appraisal is appropriate when it meets:

117 (a) what the actions would be of another Valuer who possesses competency to prepare the same
118 appraisal, and

119
120 (b) the expectations of parties who are regularly intended users of appraisals under similar
121 circumstances.

122

123 **SR A-4: Application of Methodology**

124 The Valuer must:

125
126 (a) research and verify data necessary to develop a credible appraisal, and

127
128 (b) correctly employ methods and techniques necessary to produce a credible appraisal.

129 **STANDARD B:**
130 **A review must be credible.**

131
132 **SR B-1: Competency**

133 In developing a review, a Reviewer must:

- 134 (a) be aware of and understand methods and techniques that are necessary to produce credible
135 assignment results;
136
137 (b) not commit a substantial error of omission or commission that significantly affects the review;
138 and
139
140 (c) not make a series of errors that, considered individually, may not significantly affect the review
141 but which, when considered in the aggregate, establish that the review is being rendered in a
142 careless or negligent manner.
143

144
145 **SR B-2: Problem Identification**

146 The Reviewer must identify the review problem to be solved at the time of engagement. To identify the
147 review problem, the Reviewer must ascertain:

- 148 (a) the client and any other intended users;
149
150 (b) the intended use of the Report;
151
152 (c) the objective of the review, including whether it will include the development of the
153 Reviewer's own opinion of value (in the case of a review of an appraisal) or the Reviewer's
154 own review opinion (in the case of a review of a review);
155
156 (d) the work under review, which may be a written or oral appraisal or review Report, or portion
157 thereof;
158
159 (e) any special assumptions necessary in the review; and
160
161 (f) other conditions of the engagement that affect the scope of work, including general
162 assumptions and applicable laws, regulations and guidelines.
163

164
165 **SR B-3: Scope of Work**

166 The Reviewer must determine the scope of work necessary to develop a review that is credible given its
167 intended use. The scope of work for a review is appropriate when it meets:

- 168 (a) what the actions would be of another Reviewer who possesses competency to prepare the
169 same review, and
170
171 (b) the expectations of parties who are regularly intended users of reviews under similar
172 circumstances.
173

174 **SR B-4: Application of Methodology**

175 The Reviewer must:

- 176
- 177 (a) correctly employ methods and techniques necessary to produce a credible review;
- 178
- 179 (b) support review opinions with relevant evidence and logic;
- 180
- 181 (c) develop rationale for any disagreement with the data, analyses, opinions or conclusions
- 182 presented in the work under review; and
- 183
- 184 (d) when the Reviewer's scope of work includes development of the Reviewer's own opinion of
- 185 value, comply with the requirements of Standard A.

186 **STANDARD C:**
187 **A Report must be clear and not misleading.**

188
189 **SR C-1: Not Misleading**

190 A Report must clearly and accurately set forth the appraisal or review opinions and conclusions in a
191 manner that will not be misleading in the context of the intended use.

192
193 **SR C-2: Sufficient Report Content**

194 An appraisal or review Report, whether oral or written, must contain sufficient information to enable the
195 intended user(s) to understand the Report properly in the context of the intended use.

196
197 (a) A written appraisal Report must:

- 198 i. include a signed certification statement in accordance with SR C-3;
199 ii. state that the Valuer has no (or the specified) present or prospective interest in the
200 property that is a subject of this engagement and no (or the specified) personal
201 interest with respect to the parties involved;
202 iii. state either that no one provided significant property appraisal assistance to the
203 Valuer signing the certification, or state the name of each individual who provided
204 such assistance;
205 iv. state the identity of the client; or if the client requested anonymity, state that the
206 client's identity is withheld but retained with the Valuer's records;
207 v. state the identity of any other intended user(s), by name or type, of the appraisal
208 Report;
209 vi. state the intended use of the appraisal Report;
210 vii. identify the property involved in the appraisal;
211 viii. state the property interest appraised;
212 ix. state the type of value and cite the source of its definition;
213 x. state the effective date of the appraisal;
214 xi. state the date of Report;
215 xii. state the scope of work used to develop the appraisal;
216 xiii. state the methods and techniques used to develop the opinions and conclusions;
217 xiv. state the extent of any significant appraisal assistance provided to the Valuer;
218 xv. state the opinion(s) and conclusion(s) reached; and
219 xvi. clearly and conspicuously state all special assumptions and hypothetical conditions;
220 and that their use might have affected the Valuer's opinion(s) and conclusion(s).

221
222 (b) A written review Report must:

- 223 i. include a signed certification statement in accordance with SR C-3;
224 ii. state that the Reviewer has no (or the specified) present or prospective interest in the
225 property that is a subject of the work under review and no (or the specified) personal
226 interest with respect to the parties involved;
227 iii. state either that no one provided significant property appraisal or review assistance to
228 the Valuer signing the certification, or state the name of each individual who provided
229 such assistance;

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- iv. state the identity of the Reviewer’s client; or if the client requested anonymity, state that the client’s identity is withheld but retained with the Reviewer’s records;
 - v. state the identity of any other intended user(s), by name or type, of the review Report;
 - vi. state the intended use of the review Report;
 - vii. state the objective of the review;
 - viii. state the identity of the work under review, including the date of Report and effective date of value specified in the work under review;
 - ix. state the date of the review Report;
 - x. state the scope of work used to develop the review;
 - xi. when the Reviewer’s scope of work includes the Reviewer’s development of an opinion of value:
 - state which information, analyses, opinions and conclusions in the work under review the Reviewer accepted as credible and used in developing the Reviewer’s own opinion,
 - state any additional information relied on, and
 - summarize the reasoning for the Reviewer’s opinion of value;
 - xii. state the extent of any significant appraisal or review assistance provided to the Reviewer;
 - xiii. clearly and conspicuously state any special assumptions used in the review, and state that their use might have affected the Reviewer’s opinion(s) and conclusion(s); and
 - xiv. state the Reviewer’s opinion(s) and conclusion(s) about the work under review, including the reasons for any disagreement.

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(c) An oral appraisal or review Report must, to the extent that it is both possible and appropriate, address the substantive matters set forth in SR C-2(a) or (b). A written copy of a signed certification in accordance with SR C-3 must be retained by the Valuer or Reviewer.

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SR C-3: Certification

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A Report must contain the following statement signed by the Valuer(s):

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263

I certify that, to the best of my knowledge and belief, my analyses, opinions and conclusions were developed, and this Report complies with the Standards of Valuation Practice.

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266
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When the signing Valuer(s) relied on work done by others who do not sign the certification, each signing Valuer is responsible for the decision to rely on their work. Each signing Valuer is required to have a reasonable basis for believing that those individuals performing the work are competent and that their work is credible.