

Valuers Code of Professional Ethics

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1 **Definitions**

2 The following definitions apply to the Valuers Code of Professional Ethics. All instances of the
3 following terms in the Valuers Code of Professional Ethics shall have the definitions below.

4 5 **Appraisal**

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

9 10 **Assignment Results**

11 Opinions and conclusions developed in an appraisal or review.

12 13 **Biased**

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

16 17 **Client**

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

19 20 **Confidential Information**

21 Information that is either:

- 22
23 • identified by the client as confidential when providing it to a Valuer and that is not available
24 from any other source; or
- 25
26 • classified as confidential or private by applicable law or regulation.

27 28 **Credible**

29 Worthy of belief; supported by analysis of relevant information. Credibility is always measured in the
30 context of intended use.

31 32 **Engagement**

33 An agreement between a Valuer and a client to provide a service.

34 35 **Hypothetical Condition**

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

37 38 **Intended Use**

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

40 41 **Intended User**

42 The party or parties the Valuer intends will use the Report.

43 44 **Justified**

45 Reasonably supported.

46 47 **Know or Knowingly**

48 The individual realizes what he or she is doing, is aware of the nature of his or her conduct, and is not
49 acting through mistake or accident.

50 Comment: Knowledge can be inferred from the individual's conduct and from all
51 the facts and circumstances surrounding the conduct. A determination of
52 "knowingly" should be made in the context of the individual's training, background,
53 and experience. An individual may have acted (or failed to act) "knowingly" if he or
54 she acted in disregard of the requirements of the applicable Ethics and/or
55 Standards or the profession's recognized methods and techniques. The term
56 "knowingly" includes not only what the individual knew, but also what the individual
57 reasonably should have known given all the facts and circumstances of the
58 conduct and the individual's training, background, and experience.

59

60 **Moral Turpitude**

61 An act of baseness, vileness, or depravity in private and social duties which a person owes to other
62 people or to society in general; an act contrary to accepted and customary rules of right and duty
63 between people; in essence contrary to justice, honesty, or good morals.

64

65 **Report**

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

70

71 **Review**

72 The act or process of developing and communicating an opinion to a client about the quality of
73 another's appraisal or review Report.

74

75 **Special Assumption**

76 An assumption, directly applicable to a specific appraisal or review, which, if found to be false, could
77 alter the opinions or conclusions in an appraisal or review.

78

79 **Valuation Practice**

80 Services performed by an individual acting as a Valuer, including but not limited to providing
81 appraisal and review opinions.

82

83 **Value**

84 The monetary relationship between properties and those who buy, sell, or use those properties.
85 Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth
86 of a property at a given time in accordance with a specific definition of value. In Valuation Practice,
87 value must always be qualified - for example, market value, liquidation value, or investment value.

88

89 **Valuer**

90 One who is expected to engage in Valuation Practice in an unbiased and competent manner.
91 This term is synonymous with appraiser.

92

93 **Exceptions to the Ethical Rules**

94 If any part of an Ethical Rule is contrary to a law or regulation of any jurisdiction, such part shall be
95 void and of no force or effect in such jurisdiction.

96 **CANON 1: One Must Refrain from Conduct that is**
97 **Detrimental to the Profession and the Public**

98
99 **Ethical Rules**

100
101 **ER 1-1**

102 It is unethical to knowingly:

- 103
104 (a) act in a manner that is misleading;
105
106 (b) act in a manner that is fraudulent;
107
108 (c) use, or fail to take steps to prevent another from using, a misleading Report;
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110 (d) transmit, or fail to take steps to prevent another from transmitting, a misleading Report; or
111
112 (e) transmit a Report containing an analysis, opinion, or conclusion that reasonable Valuers
113 would not believe to be justified.

114
115 **ER 1-2**

116 It is unethical to engage in conduct of any kind that leads to a conviction of a crime involving fraud,
117 dishonesty, false statements, or moral turpitude.

118
119 **ER 1-3**

120 In Valuation Practice it is unethical to knowingly fail to properly identify the issue to be addressed and
121 have the knowledge and experience to complete the service competently prior to agreeing to
122 perform a service, or alternatively, to:

- 123
124 (a) disclose the lack of knowledge and/or experience to the client before agreeing to perform the
125 service;
126
127 (b) take all steps necessary or appropriate to complete the service competently; and
128
129 (c) describe the lack of knowledge and/or experience and the steps taken to complete the
130 service competently in the Report.

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132 **ER 1-4**

133 In Valuation Practice it is unethical in the performance of a service to knowingly fail to:

- 134
135 (a) identify appropriate Standards to apply; and
136
137 (b) disclose in any Report the Standards applied.

138
139 **ER 1-5**

140 It is unethical:

- 141
142 (a) To base an analysis, opinion, or conclusion, either partially or completely, on a personal

143 characteristic such as race, color, religion, national origin, gender, sexual orientation, gender
144 identity or expression, marital status, familial status, age, receipt of public assistance income,
145 disability, or any protected characteristic under applicable law, or a conclusion that
146 homogeneity of such characteristics is necessary to maximize value; and
147

148 (b) To transmit a Report containing an analysis, opinion or conclusion based, either partially or
149 completely, on a personal characteristic such as race, color, religion, national origin, gender,
150 sexual orientation, gender identity or expression, marital status, familial status, age, receipt of
151 public assistance income, disability, or any protected characteristic under applicable law, or a
152 conclusion that homogeneity of such characteristics is necessary to maximize value.
153

154 Ethical Rules 1-5(a) and 1-5(b) do not apply when applicable law or regulation either requires or does
155 not prohibit consideration of a personal characteristic, and consideration of that personal characteristic is
156 relevant to the analysis, opinion, or conclusion.
157

158 **ER 1-6**

159 When related to Valuation Practice, it is unethical to:

- 160
- 161 (a) engage in discriminatory conduct based on an actual or perceived personal characteristic; or
 - 162
 - 163 (b) make derogatory statement(s) based on an actual or perceived personal characteristic.

CANON 2: One Must Maintain Appropriate Records

Ethical Rules

ER 2-1

It is unethical for a Valuer to fail to maintain records, documented on any type of media, for each Report.

(a) Records for a written Report must include:

- a copy of the written Report(s); and
- any other data, information, and documentation necessary to support the Valuer's analyses, opinions and conclusions and to show compliance with the Valuers Code of Professional Ethics and applicable Standards of Practice, or references to the location(s) of such other documentation accessible to the Valuer.

(b) Records for an oral Report must include:

- the name of the client and the identity, by name or type, of any other intended users;
- the Valuer's signed and dated certification;
- a written summary of the oral Report, or, if the presentation is in the form of testimony, a transcript of that testimony may be retained in the file in place of the summary; and
- all other data, information, and documentation necessary to support the Valuer's analyses, opinions and conclusions and to show compliance with the Valuers Code of Professional Ethics and applicable Standards of Practice, or references to the location(s) of such other documentation accessible to the Valuer.

A Valuer must possess the required records prior to the transmission of a Report.

ER 2-2

In Valuation Practice it is unethical to fail to retain required records for:

- (a) a period of five years from the date of the completion of the service;
- (b) a period of two years following final disposition of a proceeding in which the Valuer gave testimony as part of the service; or
- (c) a period of two years following the final disposition of a review of a service by a governmental licensing or credentialing body;

whichever period shall be the last to expire.

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CANON 3: In Valuation Practice, a Valuer Must Develop and Report Unbiased Analyses, Opinions, and Conclusions

Ethical Rules

ER 3-1

In Valuation Practice 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.

ER 3-2

In Valuation Practice it is unethical to knowingly permit an entity that is wholly or partially owned or controlled by a Valuer to contribute to or participate in the development, preparation, use, or reporting of an analysis, opinion, or conclusion that is biased.

ER 3-3

In Valuation Practice it is unethical to provide a service that is contingent upon reporting a predetermined analysis, opinion or conclusion.

ER 3-4

In Valuation Practice it is unethical to provide a service that includes a Hypothetical Condition, unless:

- (a) use of the Hypothetical Condition is 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 Valuer complies with the applicable disclosure requirements set forth in the applicable Standards for Hypothetical Conditions.

ER 3-5

In Valuation Practice it is unethical to provide a service that includes a Special Assumption unless:

- (a) the Special Assumption is required to properly develop credible opinions and conclusions;
- (b) the Valuer has a reasonable basis for the Special Assumption;
- (c) use of the Special Assumption results in a credible analysis; and
- (d) the Valuer complies with the applicable disclosure requirements set forth in the applicable Standards for Special Assumptions.

ER 3-6

In Valuation Practice it is unethical to provide a service if a Valuer 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 Valuer carefully considers the facts and reasonably concludes that he or she would remain unbiased and reasonable persons, under

257 the same circumstances, would reach the same conclusion;

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259 (b) such personal interest is disclosed to the client prior to the Valuer agreeing to provide
260 the service; and

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262 (c) such personal interest is disclosed in each Report resulting from such service.

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264 **ER 3-7**

265 In Valuation Practice it is unethical, during the period that commences at the time that a Valuer is
266 contacted concerning a service and expires at the completion of such service, to knowingly acquire, or
267 plan to acquire any direct or indirect, current, or prospective personal interest in the subject or outcome
268 of the service or with respect to the parties involved in the service, unless:

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270 (a) the Valuer carefully considers the facts and reasonably concludes that he or she would
271 remain unbiased and reasonable persons, under the same circumstances, would reach the
272 same conclusion;

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274 (b) such personal interest is disclosed to the client and the Valuer obtains from the client a written
275 statement consenting to or approving such acquisition or change of position; and

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277 (c) such personal interest is disclosed in each Report or other communication provided to the client
278 resulting from such service.

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CANON 4: One Must Not Violate Confidentiality

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281

Ethical Rules

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ER 4-1

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In Valuation Practice it is unethical to disclose confidential information or an analysis, opinion, or conclusion specific to a service to anyone other than:

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(a) the client and those persons specifically authorized by the client;

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(b) third parties, when and to the extent that there is a legal obligation to do so by statute, ordinance, or court or regulatory order;

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(c) legal counsel, as reasonably necessary in the event of actual or threatened legal or regulatory action; and

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(d) authorized insurance representatives, for the purpose of seeking or maintaining professional liability insurance coverage.

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297 **CANON 5: One Must Not Advertise or Solicit in a Manner**
298 **that is Misleading or Otherwise Contrary to the Public**
299 **Interest**

300

301 **Ethical Rules**

302

303 **ER 5-1**

304 It is unethical to utilize misleading advertising. Further, it is unethical to knowingly permit a business
305 entity that one wholly or partially owns or controls to utilize misleading advertising.

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307 **ER 5-2**

308 It is unethical to solicit services in a misleading manner. Further, it is unethical to knowingly permit an
309 entity one wholly or partially owns or controls to solicit services in a misleading manner.

310

311 **ER 5-3**

312 It is unethical to fail to disclose in the Report the payment by the Valuer, or by an entity wholly or
313 partially owned or controlled by the Valuer, of a referral fee, in cash or kind, paid in connection with
314 the procurement of a service.

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316 **ER 5-4**

317 It is unethical to prepare or use in any manner a resume or statement of qualifications that is
318 misleading.