Guide Note 17

Compliance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
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The Issue

The Bylaws of the Appraisal Institute state that each Member, Candidate, Practicing Affiliate and Affiliate shall abide by, uphold, and conform his or her actions to the Code of Professional Ethics (CPE) and Standards of Professional Practice (Standards or SPP) of the Appraisal Institute.

1. What are the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute?
2. When do the Code of Professional Ethics and Standards of Professional Practice apply?
3. How does the nature of the service provided impact which valuation Standards apply?
4. Is it permissible for a Valuer to be an advocate?
5. What precautions must a Valuer take when providing work that does not fall under the Standards of Professional Practice?

Basis for Proper Practice

Appraisal Institute Bylaws, specifically Articles VI and VII.


What is the Code of Professional Ethics of the Appraisal Institute?

The Code of Professional Ethics sets forth the Appraisal Institute’s guiding principles for ethical conduct. Its purpose is to promote and maintain a high level of public trust in the appraisal profession and, in the

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1 The CPE and the SPP have their origins dating back to the 1930s in the Appraisal Institute’s predecessor organizations, the American Institute of Real Estate Appraisers (AIREA) and the Society of Real Estate Appraisers (SREA). Both organizations had codes of ethics and standards of practice. Some of the fundamental principles have remained virtually unchanged over time, and the specific language of the CPE and valuation Standards have been updated to reflect the evolving nature of the valuation profession.
professional services provided by Appraisal Institute Members, Candidates, and Practicing Affiliates.

The Bylaws of the Appraisal Institute provide that the Appraisal Institute will adopt a Code of Professional Ethics, that it will govern the conduct of all Members, Candidates, Practicing Affiliates and Affiliates, and that it will be enforced. Article VII of the Bylaws states in part:

The Board of Directors shall adopt a Code of Professional Ethics and Standards of Professional Practice, which in addition to the Bylaws, Regulations and policies of the Appraisal Institute shall govern the conduct of all Members, Candidates, Practicing Affiliates and Affiliates of the Appraisal Institute. The Board of Directors shall adopt and maintain Regulations with respect to the enforcement of the Code of Professional Ethics and the Standards of Professional Practice.

Bylaws, Article VI, Part A states in part:

Each Member, Candidate, Practicing Affiliate and Affiliate of the Appraisal Institute shall abide by, uphold and conform his or her actions to the Bylaws, Regulations, Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Regulation 6 sets forth the procedures for enforcement of the CPE.

Key principles embodied in the CPE include:

- The CPE applies to all Appraisal Institute Members, Candidates, Practicing Affiliates, and Affiliates. When one joins the Appraisal Institute, one agrees that he or she is subject to and will abide by the CPE.

- The CPE contains some ethical rules that are similar to rules found in valuation Standards such as the Uniform Standards of Professional Appraisal Practice (USPAP), the International Valuation Standards (IVS), and others. The Appraisal Institute may enforce violations of the CPE with disciplinary actions, whereas violations of valuation Standards are subject to educational actions.

- The CPE contains several provisions that are specific to the Appraisal Institute, such as those concerning references to Appraisal Institute designations and submission of information to the Appraisal Institute.

- The CPE contains provisions that apply when Appraisal Institute Members, Candidates for Designation, and Practicing Affiliates are acting as appraisers, and also contains provisions that apply when they are NOT acting as appraisers.

What are the Standards of Professional Practice of the Appraisal Institute?

While the CPE addresses ethical conduct and the individual’s responsibility to assist the Appraisal Institute in carrying out its mission, the Standards of Professional Practice more directly address how valuation services, specifically but not limited to appraisals and reviews, are prepared. As noted in the previous section, Articles VI and VII of the Appraisal Institute Bylaws provide that the Appraisal Institute will adopt Standards of Professional Practice, that it will govern the conduct of all Members, Candidates, Practicing
Affiliates and Affiliates, and that it will be enforced.

No single document constitutes the SPP. Rather, what constitutes the SPP may vary depending on which set of valuation Standards the AI professional is required to comply with because of law, regulation, agreement with the client, or choice. The Preamble to the Standards of Professional Practice provides that the SPP are composed of:

- the Standards of Valuation Practice (SVP), promulgated by the Appraisal Institute, and the Certification Standard of the Appraisal Institute; or
- applicable national or international Standards and the Certification Standard of the Appraisal Institute.

“Applicable national Standards” include Standards that are generally accepted nationally (for example, USPAP in the United States or CUSPAP in Canada), and “applicable international Standards” include the International Valuation Standards (IVS).

In all cases SPP includes the Certification Standard of the Appraisal Institute, which requires certain certification statements to be included in written appraisal and review reports. These certification statements relate to compliance with the CPE and SPP, the Appraisal Institute’s right to review work for peer review purposes, and the Appraiser’s continuing education status.

It is possible, and in some cases necessary, to comply with more than one set of valuation Standards at one time. For example, it may be possible to comply with SVP, USPAP, and/or IVS simultaneously. The three sets of Standards have many common elements. Compliance with any one does not preclude compliance with others.

**When does the CPE apply?**

The CPE applies whenever a Member, Candidate, Practicing Affiliate or Affiliate of the Appraisal Institute is acting as a Valuer. Certain provisions of the CPE may apply even when a Member, Candidate, Practicing Affiliate or Affiliate of the Appraisal Institute is not acting as a Valuer, for example, ER 1-1 (a) and (b), ER 1-2, ER 2-1, ER 2-2, ER 2-3, ER 2-6, ER 2-7, ER 3-2, ER 4-2, ER 5-1, ER 5-2 and ER 5-4.

**When do the SPP apply?**

The SPP apply whenever a Member, Candidate, Practicing Affiliate or Affiliate of the Appraisal Institute is acting as a Valuer. If the individual is not acting as a Valuer, the SPP do not apply.

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2 For example, an Appraiser/Valuer in the U.S. who is state licensed or certified is generally required by state law to comply with USPAP. Or, an Appraiser/Valuer in the U.S. preparing an appraisal for a “federally related transaction” for a federally insured depository institute is required by federal regulation to comply with USPAP.
What does “acting as an Appraiser/Valuer” mean?

The CPE and SVP define “Valuer” as “One who is expected to provide engage in Valuation Practice in an unbiased and competent manner. This term is synonymous with “Appraiser”.

“Valuation Practice” is defined in the CPE and SVP as “Services performed by an individual acting as a Valuer, including but not limited to providing appraisal and review opinions.”

A key word in the definition of “Valuer” is “expected.” It is the expectation of the client regarding competency and lack of bias that determines whether the individual is “acting as a Valuer.” Client expectation, not whether the individual has valuation credentials, determines when one is “acting as a Valuer.”

Whether one is “acting as a Valuer or Appraiser” or not is established by client expectation, not by whether one provides appraisals or reviews in the assignment.

The client’s expectation begins to form when the individual holds himself or herself out as one who is independent, impartial, and objective, as well as competent to provide the service. Appraisers do this through promoting their business — using advertising, websites, business cards, and the like. The client’s expectation needs to be acknowledged by the Appraiser at the time of the engagement.

Some individuals with valuation credentials act as Appraisers for all the services they provide. Some individuals with valuation credentials act as Appraisers for some of their services, but also provide services for which they are not acting as an Appraiser. Other individuals with valuation credentials only provide services for which they are not acting as Appraisers.

Examples of situations where one who has valuation credentials might not be acting as an Appraiser include:

Example 1. An individual with valuation credentials also has a real estate sales license. When providing services as a real estate sales agent, the individual is not acting as an Appraiser. The SPP does not apply to work performed as a real estate sales agent. To not misrepresent his or her role, the individual should disclose that while he or she is an Appraiser, he or she is not acting as an Appraiser when providing the service.

Example 2. An individual with valuation credentials is also licensed to practice law by the state bar association. When providing services as a lawyer, the individual is not acting as an Appraiser. The SPP does not apply to work performed as a lawyer. To not misrepresent his or her role, the individual should disclose that while he or she is an Appraiser, he or she is not acting as an Appraiser when providing the service.

Example 3. An individual with valuation credentials is a property owner. When appealing his or her own property taxes, the individual is acting as a property owner, not as an Appraiser. The SPP does not apply. To not misrepresent his or her role, the individual should disclose that while he or she is an Appraiser, he or she is not acting as an Appraiser but rather as a property owner.

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3 The Uniform Standards of Professional Appraisal Practice (USPAP), defines “Appraiser” as “one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.” Uniform Standards of Professional Appraisal Practice, 2020-2021 ed. (The Appraisal Foundation, Washington D.C., 2020: DEFINITIONS, p.3.)
Most services provided by individuals acting as Appraisers are appraisals and reviews, but there are many other valuation-related services that clients might seek to obtain from Appraisers because of their competency and independence. Examples of such other services include (but are not limited to):

- Market studies
- Rent surveys\(^4\)
- Providing raw data
- Measuring a building
- Teaching valuation-related courses
- Developing cost estimates
- Researching zoning or other land use issues
- Determining an amount to settle a dispute (not represented as a value opinion) in arbitration

**How does the nature of the service provided impact which valuation Standards apply?**

The CPE and SVP define “Appraisal” as “The act or process of developing an opinion of value; an opinion of value. An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, more than, not less than, less than) to a stated amount.”

When an appraisal is provided, the applicable parts of the SPP are:

If the valuation Standards are the SVP: Standards A and C-1, Definitions.

If the valuation Standards are USPAP and the property is real property: Standards 1 and 2; Ethics Rule, Competency Rule, Record Keeping Rule, Scope of Work Rule, Jurisdictional Exception Rule, Preamble and Definitions.

The CPE and SVP define “Review” as “The act or process of developing and communicating an opinion to a client about the quality of another’s appraisal or review Report.”

When a review is provided, the applicable parts of the SPP include:

If the valuation Standards are the SVP: Standards B and C-2, and Definitions.

If the valuation Standards are USPAP: Standards 3 and 4; Ethics Rule, Competency Rule, Record Keeping Rule, Scope of Work Rule, Jurisdictional Exception Rule, Preamble and Definitions.

\(^4\) A rent survey is distinguished from a rent opinion. In a rent survey, there is no subject property. In a rent opinion, an opinion of rent is developed for a subject property. A rent opinion is an appraisal.
When other services (not appraisal or review) are provided as an Appraiser:

The CPE applies. (The SVP does not apply as it establishes Standards for appraisals and reviews only.)

If under USPAP, the Ethics Rule, Competency Rule, Jurisdictional Exception Rule, Preamble and Definitions apply.

Advocate and Advocacy

The terms “advocate” and “advocacy” should be used with caution because they have multiple meanings. For example, Merriam-Webster’s online dictionary (January 2020) includes these three entries for “advocate”:

1. One who pleads the cause of another.
2. One who defends or maintains a cause or proposal.
3. One who supports or promotes the interests of a cause or group.

According to these definitions, an advocate may promote a cause or interest in which he or she does not necessarily believe.

It IS NOT acceptable for an individual acting as an Appraiser to advocate the cause of another or defend or maintain another’s cause or proposal. It IS acceptable for an Appraiser to support his or her own opinions and conclusions, as long as those opinions or conclusions are credible.

In some cases, the cause of another may coincide with the Appraiser’s own, credible opinions, or conclusions. When this is the case, the Appraiser may support those opinions or conclusions because they are his or her own, not because they represent the cause of another.

For example, consider the case of a client who seeks to reduce his property taxes. The Appraiser prepares a well-supported, credible appraisal that does indeed indicate the property is over-assessed. In presenting the appraisal to the property tax appeal board, the Appraiser is supporting his own appraisal, not the client’s cause, even though the two coincide.

In the foregoing example, if the appraisal prepared by the Appraiser was not credible, it would be unethical for the Appraiser to present his appraisal before the appeal board.

When not acting as an Appraiser, one can advocate a position or can advocate on behalf of another, but with extreme caution. Has the need of the client been properly identified? Does the client fully understand the nature of the role? Is the individual viewed by others as an independent, unbiased third party? Is there an expectation that the individual is in an advocacy role? When the service being provided includes opinions or conclusions that may be construed as appraisal or review opinions, the individual must take extreme care to ensure that (1) the role is correctly identified for the service and (2) parties are not misled as to the role. Under no circumstances can an individual acting as an Appraiser/Valuer act as an advocate of another’s cause.
What precautions must an Appraiser take when providing services not as an Appraiser?

An Appraiser must not misrepresent his or her role when not acting as an Appraiser. This underscores the need to avoid sending conflicting messages when soliciting business. It also underscores the need to have clarification from the client regarding the client’s expectations. Does the client expect the Appraiser to be an independent, unbiased third party? Or does the client not have that expectation?

Any written communication given to the client as a result of a service performed not as an Appraiser should clearly state that while the individual has valuation credentials, he or she is not acting as an Appraiser when providing the service. For example, a broker price opinion (BPO) or comparative market analysis (CMA) provided as a real estate sales agent or broker should include such a clause.

Appraisers should not use appraisal designations or other Appraiser credentials in reports, in correspondence, on websites, on business cards or the like when representing themselves in a capacity other than an Appraiser. However, it is acceptable to list valuation credentials on a resume or qualifications page along with other professional or personal credentials.

Examples

Example 1: Appraiser and real estate agent
Jenny is a Practicing Affiliate of the Appraisal Institute and a licensed real estate agent. She is active both as a real estate Appraiser and as a real estate agent.

Does the SPP apply to Jenny’s real estate sales activity?

*The SPP applies only to individuals who are acting as Appraisers. Even though Jenny is an Appraiser, she is not acting as an Appraiser when engaged to provide real estate sales services. The key here is the client’s expectation. If a client hires Jenny expecting her to provide services as an Appraiser, then Jenny is acting as an Appraiser. If a client hires Jenny expecting her to provide services as a real estate agent, then Jenny is acting as a real estate agent.*

What if Jenny is not sure whether the client is expecting her to act as an Appraiser or as a real estate agent?

*Jenny should ask, by posing such questions as, “Did you ask me to provide this service because I’m an Appraiser or because I’m a real estate agent?” “How did you find my name?” “Are you looking for services typically provided by an Appraiser or by a real estate agent?”*

What precautions should Jenny take when preparing competitive market analyses or broker price opinions as a real estate agent?

*Jenny must be careful not to misrepresent her role. For example, she should include a statement with her CMAs and BPOs saying that while she has valuation credentials, she is acting as a real estate agent, not as an Appraiser, when providing this service.*
May Jenny have one set of business cards and one website featuring both her appraisal practice and her sales practice?

Since Jenny must be careful not to misrepresent her role, she should promote her two lines of business separately. Having one set of business cards featuring both lines of business would send confusing messages to current and potential clients about her role. If she has one website, she should not promote both her appraisal practice and sales practice on one web page.

**Example 2: Tax appeal, non-advocacy, no contingent fee**

Miguel is a Candidate for Designation with the Appraisal Institute. He is also a U.S. state certified Appraiser and must comply with USPAP. Most of his work is for lenders, but he was recently contacted by a property owner about appraising her property and presenting his appraisal before the property tax appeal board so that her taxes might be reduced.

May Miguel accept this assignment?

Yes. He will need to have competency not only with regard to the property type and the market, but with the intended use. Is he knowledgeable of how properties are taxed in the jurisdiction?

Miguel possesses the requisite competency and determines that an opinion of market value is what is needed to proceed with the tax appeal. Would it be acceptable for Miguel to charge a flat fee for appraising the property and then, if the value conclusion suggests an appeal is possible (i.e., his market value opinion is lower than indicated by the assessed value and so the property appears to be over-assessed) charge an hourly fee for assisting in the appeal process?

Yes. In completing the assignment Miguel must follow USPAP. USPAP’s Ethics Rule prohibits contingent fee arrangements, but such an hourly fee arrangement is not a contingent fee arrangement.

If Miguel’s appraised value suggests the property is over-assessed, isn’t he acting as an advocate when assisting in the appeal process?

Miguel would not be acting as an advocate if he provides his own well-supported, credible opinion of value. It would be UNACCEPTABLE for him to argue an opinion of value that reasonable Appraisers would not believe to be justified.

**Example 3: Tax appeal with advocacy and contingent fee**

Molly is a Designated Member of the Appraisal Institute. She also is licensed with her state as a Tax Representative. Tax Representatives in her state typically are paid a percentage of the property tax savings they achieve for their clients. They are perceived to be advocates for their clients, not independent third parties. Although Molly has 20 years of experience as an Appraiser, she no longer holds herself out as an Appraiser. She does not put her designation on her website or business cards, though it is mentioned as a credential on her curricula vitae.

When providing tax appeal services, Molly always argues for the lowest value possible. Is Molly’s practice acceptable?
Yes. Molly is not acting as an Appraiser, but as a licensed property tax representative. The SPP does not apply to Molly’s property tax services because she is not acting as an Appraiser.

An attorney for a property owner tells Molly that she will come across as more credible if she makes it clear that she holds an Appraisal Institute designation. How should Molly respond?

If Molly were to use her appraisal designation, she would be confusing her clients, potential clients, and others as to her role. She cannot allow that to happen.

Example 4: Tax appeal for a related party
Jon is a Candidate for Designation with the Appraisal Institute. In researching county records, Jon concludes that his parents’ home is over-assessed. He would like to appeal the real estate taxes with the county on behalf of his parents.

Can Jon proceed with the tax appeal?

Yes.

Is Jon acting as an Appraiser when he proceeds with the real estate tax appeal?

No. He cannot be acting as an Appraiser because an Appraiser must always be able to act without bias and is expected to act with independence, impartiality, and objectivity. Since the property in question is his parents’ home, he could not possibly be perceived to be without bias. Therefore, he can proceed with the tax appeal, but as the son of the homeowners, not as an Appraiser.

Does the SPP apply to Jon’s activity in appealing the taxes?

No, because he is acting as the son of the owners, not as an Appraiser.

What precautions must Jon take when making his case before the appeal board?

Jon must make it clear that while he has valuation credentials, he is acting not as an Appraiser but as the owners’ son.

May Jon present comparable data on an adjustment grid when arguing for the appeal?

Yes.

Example 5. Serving on city planning commission
Ellen is a Practicing Affiliate with the Appraisal Institute and has been appraising in her hometown for 10 years. She is thinking about running for a position on the Planning Commission. She would not receive any compensation for her work as a commissioner.

Would the SPP apply to Ellen’s work as a commissioner?
No. Ellen would be acting as a commissioner, not as an Appraiser. She must, however, make sure that point is clear in any circumstances where it might come up. The answer would be the same if Ellen did receive compensation.

Ellen is elected to the Planning Commission. At their first meeting, a question is raised by another commissioner as to whether a zoning change would impact values in a particular neighborhood. The other commissioner turns to Ellen and says, “You’re an Appraiser. What do you think?” How should Ellen respond?

Ellen must make it clear that while she has valuation credentials, in her capacity as a commissioner she is not serving as an Appraiser. Further, presumably at this point she has not completed the research and analysis to properly answer the question. She should suggest that an independent Appraiser be consulted regarding the matter.

Example 6: Asked by HOA to “look at” appraisal
Jose was just awarded his AI-RRS Designation. He moved into a residential subdivision a few years ago. All of his neighbors know he is an active real estate Appraiser. At a recent homeowner’s association meeting, a matter came up relating to the amount of insurance on the subdivision’s clubhouse. An Appraiser had been hired, and the Board of Directors had just received a copy of the appraisal report. The president of the Board asks Jose if he could take a quick look at the appraisal report and see if it is okay.

If Jose agrees to look at the appraisal report and comment on it, would the SPP apply? Does the fact that Jose would not be getting paid make any difference? How should Jose respond?

Yes, the SPP would apply. Jose would be acting as an Appraiser, because that is the capacity in which he was asked to “take a quick look.” It makes no difference that Jose would not be getting paid. Jose should respond that as an Appraiser he could provide a review of the appraisal. He should explain that a review is an opinion about another’s work, and it is a professional service that some Appraisers provide. If Jose has the competency to provide a review, and if he can be unbiased in completing it, he may take it on.

Example 7: Litigation support
Ed is a Designated Member of the Appraisal Institute. His company’s website states that he is experienced in diverse valuation matters, holds the MAI designation, and has 25 years of experience appraising properties in the region. Included among the services he provides is litigation support. That is, he is hired by attorneys for advice on matters relating to the valuation of property in litigation. Such advice includes:

- Commenting on an appraisal report prepared by another Appraiser.
- Commenting on a valuation of a property prepared by a non-Appraiser (e.g., an economist or other analyst.)
- Advising on appropriate methods used to value a property.
• Advising whether the methods used in an appraisal report prepared by an Appraiser were appropriate.

• Assisting with developing questions about valuation matters for the attorney to ask in cross-examination.

Would the SPP apply to Ed’s work when provided such litigation support?

Yes, the SPP would apply. If Ed were hired in some capacity other than as an Appraiser, then the SPP would not apply. However, this is unlikely given that he holds himself out as an Appraiser.

What portions of the SPP would apply for each of the types of services listed above?

Commenting on an appraisal report prepared by another Appraiser amounts to providing an opinion of the quality of that work, and so would be a review. The Standards applicable to review would apply. E.g., if the applicable Standards are the SVP, Standards B and C-2 and Definitions would apply. If the applicable Standards are USPAP, Standards 3 and 4; Ethics Rule, Competency Rule, Record Keeping Rule, Scope of Work Rule, Jurisdictional Exception Rule, Preamble and Definitions would apply. The review report may be written or oral.

Commenting on a valuation of a property prepared by a non-Appraiser (e.g., an economist or other analyst) would be a review under the SVP, but not under USPAP. If under SVP, Standards B and C and Definitions would apply. If under USPAP, the Ethics Rule, Competency Rule, Jurisdictional Exception Rule, Preamble and Definitions apply. (However, if Ed agreed or disagreed with the non-appraiser’s value, Ed would at that point be providing his own opinion of value, or appraisal, and so Standards 1 and 2 would also apply.) An appraisal or review report may be written or oral.

Advising on appropriate methods used to value a property would not in itself be an appraisal or review under the SPP. The CPE would apply. The SVP does not apply as it establishes Standards for appraisals and reviews only. If under USPAP, the Ethics Rule, Competency Rule, Jurisdictional Exception Rule, Preamble and Definitions would apply.

Advising whether the methods used in an appraisal report prepared by an Appraiser were appropriate is providing an opinion about the quality of another’s work, so is a review. If the applicable Standards are the SVP, Standards B and C-2 and Definitions would apply. If the applicable Standards are USPAP, Standards 3 and 4; Ethics Rule, Competency Rule, Record Keeping Rule, Scope of Work Rule, Jurisdictional Exception Rule, Preamble and Definitions would apply.

Assisting with developing questions about valuation matters for the attorney to ask in cross-examination is not an appraisal or review under the SPP, as long as Ed does not provide any opinion about the quality of another’s valuation (or review) in the process. The SVP does not apply as it establishes Standards for appraisals and reviews only. If under USPAP, the Ethics Rule, Competency Rule, Jurisdictional Exception Rule, Preamble and Definitions would apply. Regardless of which Standards apply, Ed must be careful he does not act as an advocate as described in the foregoing section.
**Example 8: Arbitration**

Peter is a Designated Member of the Appraisal Institute. He is engaged as the arbitrator in a rent reset dispute that requires both the valuation experts and arbitrator to be Appraisers. The two other Appraisers each prepared an appraisal report, and Peter’s task is to examine the two appraisal reports and determine an award amount. He will report the award in writing to legal counsel.

Is Peter providing an appraisal (opinion of value)?

   *No. He is providing an award amount. If he had developed his own opinion of value, it might have been different. But he did not do that, as that was not his task.*

Must Peter’s award meet the SPP reporting requirements for an appraisal report?

   *No, because he is not providing an appraisal report.*

Is Peter performing a review of the other two Appraiser’s appraisal reports?

   *No. Even though he might be forming opinions about the quality of the work he looks at; he is not communicating those opinions to any other party. “Review” includes the communication of an opinion of the quality.*

What precautions must Peter take in this assignment?

   *Peter must be very careful how he characterizes his conclusion (award amount) in the award, and he must be careful not to transmit review opinions about the work of the other Appraisers. If he transmits an opinion of value or of the quality of another Appraiser’s appraisal, he is subject to the applicable appraisal and/or review Standards.*

**Example 9: Serving on a property tax appeal board**

Maria has been a Designated Member of the Appraisal Institute and a real estate Appraiser in Jefferson County for many years. She was recently appointed to Jefferson County’s tax appeal board. The tax appeal board considers evidence and testimony from both the tax assessor and the property owner (or the property owner’s representative) which may include appraisal reports prepared by appraisers. Based on the evidence and testimony presented by both sides, the tax appeal board decides the fair assessed value.

Does the SPP apply to Maria’s work on the tax appeal board?

   *To answer this question, it must first be determined if Maria is “acting as an Appraiser” or not when serving on the appeal board. If she is, the SPP applies. If she is not, the SPP does not apply.*

   *To determine if Maria is acting as an Appraiser, she should consider the circumstances under which she was appointed to the board. Was it because she is an Appraiser and is expected to act as an Appraiser? Or, is she expected to act in a different capacity, such that her valuation experience is solely a credential that makes her more qualified to serve on the board? If that is the case, she is not acting as an Appraiser.*

If Maria IS acting as an appraiser, which portions apply?
To answer this question, the nature of the service Maria provides must be considered. If she is providing an opinion of “value”, that would be an appraisal that would be subject to the valuation Standards applicable to appraisals (e.g., Standards A and C(1) of the SVP or Standards 1 and 2 of USPAP.)

If Maria is not providing an opinion of value, but instead is contributing to a tax appeal board decision about assessed value, The SVP does not apply as it establishes Standards for appraisals and reviews only. If under USPAP, the Ethics Rule, Competency Rule, Jurisdictional Exception Rule, Preamble and Definitions would apply.

Example 10: Retired Appraiser asked to consult
Ruth was a Designated Member of the Appraisal Institute for 40 years. She recently retired and is now on Non-Practicing Retired status with the AI. A former client contacts her and asks her to consult regarding a valuation matter. The work may or may not include testifying in court. Although Ruth is retired, she still has access to the data necessary to complete an appraisal of the property, and she has many years of experience with this type of request.

Can Ruth accept this assignment?

Yes, but Ruth would have to change her status back to “Practicing” with the Appraisal Institute. She would be subject to the SPP when doing this work.

Summary of Standard Practices

- The Bylaws of Appraisal Institute provide that the Appraisal Institute will adopt a Code of Professional Ethics (CPE) and Standards of Professional Practice (Standards or SPP), that the CPE and SPP will govern the conduct of all Members, Candidates, Practicing Affiliates and Affiliate, and that the CPE and SPP will be enforced.

- What constitutes the SPP may vary depending on which set of valuation Standards the AI professional is required to comply with because of law, regulation, agreement with the client, or choice.

- The SPP always includes the Certification Standard.

- The CPE applies when one is acting as an appraiser. Portions apply when one is NOT acting as an appraiser.

- The SPP apply when one is acting as an Appraiser.

- Whether one is acting as an Appraiser is determined by client expectations.

- When one is not acting as an Appraiser, the SPP does not apply.

- When one is acting as an Appraiser, the specific portions of the valuation Standards that apply depend on whether the service is an appraisal, review, or other valuation-related service.
• An Appraiser cannot provide an opinion or conclusion that is not credible or that reasonable Appraisers would not believe to be justified.

• An Appraiser must be careful not to misrepresent his or her role when not acting as an Appraiser.

Effective November 12, 2020