

EXHIBIT A

STANDARD 8: PERSONAL PROPERTY APPRAISAL, REPORTING

FAQ See also
FAQ 127-264

1453 **In reporting the results of a personal property appraisal, an appraiser must communicate each**
1454 **analysis, opinion, and conclusion in a manner that is not misleading.**

1455 Comment: STANDARD 8 addresses the content and level of information required in a report that
1456 communicates the results of a personal property appraisal.

1457 STANDARD 8 does not dictate the form, format, or style of personal property appraisal reports. The
1458 substantive content of a report determines its compliance.

1459 **STANDARDS RULE 8-1, GENERAL REPORTING REQUIREMENTS**

1460 **Each written or oral personal property appraisal report must:**

- 1461 **(a) clearly and accurately set forth the appraisal in a manner that will not be misleading;**
- 1462 **(b) contain sufficient information to enable the intended user(s) of the appraisal to understand the report**
1463 **properly; and**
- 1464 **(c) clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and**
1465 **limiting conditions used in the assignment.**

1466 **STANDARDS RULE 8-2, CONTENT OF A PERSONAL PROPERTY APPRAISAL REPORT**

1467 **Each written personal property appraisal report must be prepared under one of the following options and**
1468 **prominently state which option is used: Appraisal Report or Restricted Appraisal Report.⁷⁶**

1469 **An appraiser may use any other label in addition to, but not in place of, the labels set forth in this Standards Rule**
1470 **for the type of report provided. The use of additional labels such as analysis, consultation, evaluation, study, or**
1471 **valuation does not exempt an appraiser from adherence to USPAP.**

1472 **The report content and level of information requirements in this Standards Rule are minimums for each type of**
1473 **report.**

- 1474 **(a) The content of an Appraisal Report must be appropriate for the intended use of the appraisal and, at a**
1475 **minimum:**
 - 1476 **(i) state the identity of the client, or if the client requested anonymity, state that the client's identity is**
1477 **withheld at the client's request but is retained in the appraiser's workfile;⁷⁷**

1478 Comment: Because the client is an intended user, they must be identified in the report as such.
1479 However, if the client has requested anonymity the appraiser must use care when identifying the client
1480 to avoid violations of the Confidentiality section of the ETHICS RULE.

- 1481 **(ii) state the identity of any other intended user(s) by name or type;**

1482 Comment: A party receiving a copy of an Appraisal Report in order to satisfy disclosure requirements
1483 does not become an intended user of the appraisal unless the appraiser identifies such party as an
1484 intended user as part of the assignment.

- 1485 **(iii) state the intended use of the appraisal;**
- 1486 **(iv) summarize information sufficient to identify the property involved in the appraisal, including the**
1487 **physical and economic property characteristics relevant to the assignment;**
- 1488 **(v) state the property interest appraised;**

⁷⁶ See Advisory Opinion 38, *Content of an Appraisal Report and Restricted Appraisal Report*.

⁷⁷ See Advisory Opinion 36, *Identification and Disclosure of Client, Intended Use, and Intended Users*. Also applicable to Standards Rules 8-2(a)(ii) and (iii).

(vi) state the type and definition of value and cite the source of the definition;	1489
<u>Comment:</u> Stating the definition of value also requires any comments needed to clearly indicate to the intended users how the definition is being applied.	1490 1491
When reporting an opinion of value, state whether the opinion is:	1492
• in terms of cash or of financing terms equivalent to cash; or	1493
• based on non-market financing or financing with unusual conditions or incentives.	1494
When an opinion of value is based on non-market financing terms or financing with unusual conditions or incentives, summarize the terms of such financing and any influences on value.	1495 1496
When an opinion of reasonable exposure time has been developed in compliance with Standards Rule 7-2(c), the opinion must be stated in the report. ⁷⁸	1497 1498
(vii) state the effective date of the appraisal and the date of the report;⁷⁹	1499
(viii) summarize the scope of work used to develop the appraisal;⁸⁰	1500
<u>Comment:</u> Summarizing the scope of work includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.	1501 1502
(ix) summarize the extent of any significant personal property appraisal assistance and, in an assignment involving appraisers with expertise in different specialties (e.g., antiques, fine art, or machinery and equipment), disclose the role of each appraiser signing the certification;⁸¹	1503 1504 1505
(x) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 7 by:	1506 1507
(1) summarizing the appraisal methods or techniques employed;	1508
(2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed;	1509 1510
(3) summarizing the results of analyzing the subject property's sales, agreements of sale, options, and listings when, in accordance with Standards Rule 7-5, it was necessary for credible assignment results and if such information was available to the appraiser in the normal course of business;⁸²	1511 1512 1513 1514
<u>Comment:</u> If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required.	1515 1516 1517
(4) stating the value opinion(s) and conclusion(s); and	1518
(5) summarizing the information analyzed and the reasoning that supports the analyses, opinions, and conclusions, including reconciliation of the data and approaches;	1519 1520
(xi) state, as appropriate to the class of personal property involved, the use of the property existing as of the effective date and the use of the property reflected in the appraisal;	1521 1522
<u>Comment:</u> In the context of personal property, value can be a function of the current and alternative use of the subject property, the choice of the appropriate market or market level for the type of item, the type and definition of value, and intended use of the report.	1523 1524 1525

78 See Advisory Opinion 35, *Reasonable Exposure Time in Real and Personal Property Opinions of Value*.

79 See Advisory Opinion 34, *Retrospective and Prospective Value Opinions*.

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

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

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

- 1526 (xii) when, in compliance with Standards Rule 7-3, an opinion of the appropriate market or market level
 1527 was developed by the appraiser, state that opinion and summarize the support and rationale for
 1528 that opinion;
- 1529 (xiii) clearly and conspicuously:
- 1530 • state all extraordinary assumptions and hypothetical conditions; and
 - 1531 • state that their use might have affected the assignment results; and
- 1532 (xiv) include a signed certification in accordance with Standards Rule 8-3.
- 1533 (b) The content of a Restricted Appraisal Report must be appropriate for the intended use of the appraisal
 1534 and, at a minimum:
- 1535 (i) state the identity of the client, or if the client requested anonymity, state that the identity is
 1536 withheld at the client's request but is retained in the appraiser's workfile;⁸³
- 1537 Comment: Because the client is an intended user, they must be identified in the report as such.
 1538 However, if the client has requested anonymity the appraiser must use care when identifying the client
 1539 to avoid violations of the Confidentiality section of the ETHICS RULE.
- 1540 (ii) state the identity of any other intended user(s) by name;
- 1541 Comment: A Restricted Appraisal Report may be provided when the client is the only intended user; or,
 1542 when additional intended users are identified by name.
- 1543 A party receiving a copy of a Restricted Appraisal Report in order to satisfy disclosure requirements
 1544 does not become an intended user of the appraisal unless the appraiser identifies such party as an
 1545 intended user as part of the assignment.
- 1546 (iii) clearly and conspicuously state a restriction that limits use of the report to the client and the named
 1547 intended user(s);
- 1548 (iv) clearly and conspicuously warn that the report may not contain supporting rationale for all of the
 1549 opinions and conclusions set forth in the report;
- 1550 (v) state the intended use of the appraisal;
- 1551 (vi) state information sufficient to identify the property involved in the appraisal;
- 1552 (vii) state the property interest appraised;
- 1553 (viii) state the type of value and cite the source of its definition;
- 1554 Comment: When an opinion of reasonable exposure time has been developed in compliance with
 1555 Standards Rule 7-2(c), the opinion must be stated in the report.⁸⁴
- 1556 (ix) state the effective date of the appraisal and the date of the report;⁸⁵
- 1557 (x) state the scope of work used to develop the appraisal;⁸⁶
- 1558 Comment: Stating the scope of work includes disclosure of research and analyses performed and
 1559 might also include disclosure of research and analyses not performed.
- 1560 (xi) state the extent of any significant personal property appraisal assistance;⁸⁷

83 See Advisory Opinion 36, *Identification and Disclosure of Client, Intended Use, and Intended Users*. Also applicable to Standards Rules 8-2(b)(ii) and (v).

84 See Advisory Opinion 35, *Reasonable Exposure Time in Real and Personal Property Opinions of Value*.

85 See Advisory Opinion 34, *Retrospective and Prospective Value Opinions*.

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

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

- (xii) provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 7 by: 1561
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- (1) stating the appraisal methods and techniques employed; 1563
- (2) stating the reasons for excluding the sales comparison, cost, or income approach(es) if any have not been developed; 1564
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- (3) summarizing the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with Standards Rule 7-5; and 1566
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- Comment: If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required. 1568
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- (4) stating the value opinion(s) and conclusion(s); 1571
- Comment: An appraiser must maintain a workfile that includes sufficient information to indicate that the appraiser complied with the requirements of STANDARD 7 and for the appraiser to produce an Appraisal Report.⁸⁸ 1572
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- (xiii) state, as appropriate to the class of personal property involved, the use of the property existing as of the effective date and the use of the property reflected in the appraisal; 1575
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- Comment: In the context of personal property, value can be a function of the current and alternative use of the subject property, the choice of the appropriate market or market level for the type of item, the type and definition of value, and intended use of the report. 1577
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- (xiv) when an opinion of the appropriate market or market level was developed by the appraiser, state that opinion; 1580
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- (xv) clearly and conspicuously: 1582
- state all extraordinary assumptions and hypothetical conditions; and 1583
 - state that their use might have affected the assignment results; and 1584
- (xvi) include a signed certification in accordance with Standards Rule 8-3. 1585

STANDARDS RULE 8-3, CERTIFICATION

A signed certification is an integral part of the appraisal report. 1586
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- (a) The wording of a certification does not have to match the following verbatim, but each of the elements must be addressed: 1588
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- I certify that, to the best of my knowledge and belief: 1590
- the statements of fact contained in this report are true and correct. 1591
 - the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions. 1592
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 - I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved. 1595
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 - I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. 1597
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 - I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. 1600
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⁸⁸ See RECORD KEEPING RULE.

- 1602 — my engagement in this assignment was not contingent upon developing or reporting predetermined
1603 results.
- 1604 — my compensation for completing this assignment is not contingent upon the development or
1605 reporting of a predetermined value or direction in value that favors the cause of the client, the
1606 amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent
1607 event directly related to the intended use of this appraisal.
- 1608 — my analyses, opinions, and conclusions were developed, and this report has been prepared, in
1609 conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 1610 — I have (or have not) made a personal inspection of the property that is the subject of this report. (If
1611 more than one person signs this certification, the certification must clearly specify which individuals
1612 did and which individuals did not make a personal inspection of the appraised property.)⁸⁹
- 1613 — no one provided significant personal property appraisal assistance to the person signing this
1614 certification. (If there are exceptions, the name of each individual providing significant personal
1615 property appraisal assistance must be stated.)⁹⁰

1616 **(b) An appraiser who signs any part of the appraisal report, including a letter of transmittal, must also sign a**
1617 **certification.**

1618 Comment: In an assignment that includes only assignment results developed by the personal property
1619 appraiser(s) from the same personal property specialty, any appraiser who signs a certification accepts full
1620 responsibility for all elements of the certification, for the assignment results, and for the contents of the
1621 appraisal report. In an assignment involving appraisers with expertise in different specialties (e.g., antiques,
1622 fine art, or machinery and equipment), an appraiser who signs a certification may accept responsibility only
1623 for the elements of the certification, assignment results, and report contents specific to the appraiser's
1624 specialty. The role of each appraiser signing a certification must be disclosed in the report.

1625 In an assignment that includes real property, business or intangible asset assignment results not developed
1626 by the personal property appraiser(s), any personal property appraiser who signs a certification accepts full
1627 responsibility for the personal property elements of the certification, for the personal property assignment
1628 results, and for the personal property contents of the appraisal report.

1629 **(c) When a signing appraiser has relied on work done by appraisers and others who do not sign the**
1630 **certification, the signing appraiser is responsible for the decision to rely on their work.**

1631 **(i) The signing appraiser is required to have a reasonable basis for believing that those individuals**
1632 **performing the work are competent; and**

1633 **(ii) The signing appraiser must have no reason to doubt that the work of those individuals is credible.**

1634 Comment: Although a certification must contain the names of individuals providing significant personal
1635 property appraisal assistance, it is not required that a summary of the extent of their assistance be
1636 located in a certification. This disclosure may be in any part(s) of the report.

1637 **STANDARDS RULE 8-4, ORAL APPRAISAL REPORT**

1638 **To the extent that it is both possible and appropriate, an oral personal property appraisal report must address**
1639 **the substantive matters set forth in Standards Rule 8-2(a).**

1640 Comment: See the RECORD KEEPING RULE for corresponding requirements.

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

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