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## **Confidentiality runs through it: 2016 USPAP changes**

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In a few short months, the new version of USPAP will be upon us. The following covers some of the issues that appraisers and appraisal users will have to get used to.

The recent trend in USPAP is to become more "user-friendly" - surely an overused but appropriate term in this case - and the Appraisal Standards Board has achieved some success in this area.

This set of changes cleans up some rough edges throughout the document and makes an important structural change to USPAP by eliminating the remaining statements and turning those still left standing into advisory opinions.

Few people cared about statements, or, more importantly, understood why they were statements and not in fact part of the standards rules or advisory opinions. They always lurked in a gray area between standards and methodology guidance, which uspap always claimed to stay away from, mostly. Their existence goes right back to the beginning of uspap.

The summary notes that the guidance that had been "included in retired statements (2, 3, 4, 6, and 9) has been adapted into respective advisory opinions ... with administrative edits and revisions to language and guidance that better reflect current practices and terminology."

More importantly, some changes to the confidentiality rule are worth noting. The first has to do with access: "An appraiser must take reasonable steps to safeguard access to confidential information and assignment results by unauthorized individuals, whether such information or results are in physical or electronic form." Following is language added to the rule regarding those who must maintain confidentiality: "An appraiser must ensure that employees, co-workers, sub-contractors, or others who may have access to confidential information or assignment results, are aware of the prohibitions on disclosure of such information or results." This change clearly puts it on the appraiser to make sure those around him or her act to protect confidentiality.

A clarification was made to the assignment results which were edited from the last round. The definition states rather definitively: "Physical characteristics are not assignment results." This is an effort on the part of ASB to refine and clarify what is confidential and what is not.

With respect to disclosing client identities in reports, it was necessary to add language to the standard rules as the guidance in the statement was removed. Thus, it is stated that an "appraiser must use care when identifying the client to avoid violations of the confidentiality section of the Ethics Rule. If a client requests that the client's identity be withheld from the report, the appraiser may comply with this request. In these instances, the appraiser must document the identity of the client in the workfile and must state in the report that the identity of the client has been withheld at the client's request."

This change is made in both reporting options in Standard 2 and in Standard 3.

A necessary clarifying change is the addition of "reasonable" to "exposure time" in the definition. This needed clarification reduces confusion between reasonable exposure time in USPAP and

exposure time which may be a component of some value definitions, but is distinct from reasonable exposure time in USPAP.

Changes were made to standard 3, the reviewing standard, but that is for another article. Standard 3 may be the most tinkered with standard, as the review profession continues to evolve and the notion of what is appraisal review and how review is conducted and reported continues to be refined.

If there is a theme to the actions of the ASB, surely confidentiality is one of the strong currents within the 2016 version of USPAP.

There are many who continue to believe that USPAP changes too much and that changes in USPAP are made for the sake of change itself. Not so. USPAP is a document that reflects the dynamism of the appraisal profession which itself must be responsive to large legal, economic, regulatory trends. If the profession reacts to change, USPAP needs to be continually fine-tuned to meet the results of change.

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