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Season's greeting: USPAP 2024 is here! - by William Pastuszek

December 15, 2023 - Appraisal & Consulting



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It's official. The first new edition of The Uniform Standards of Professional Appraisal Practice (USPAP) since 2020 is here. Do I sense a Big Yawn? Stay alert, this is some interesting stuff.

For those who don't already know what USPAP is, here is a summary from The Appraisal Foundation's Website: "The Uniform Standards of Professional Appraisal Practice (USPAP) is the generally recognized ethical and performance standards for the appraisal profession in the United States. USPAP was adopted by Congress in 1989, and contains standards for all types of appraisal services, including real estate, personal property, business, and mass appraisal. Compliance is required for state-licensed and state-certified appraisers involved in federally related real estate transactions."

In essence, USPAP provides the "rules of the road" for the appraisal profession. USPAP establishes minimum performance and ethics benchmarks for the profession and gives appraisal users and others an objective basis to evaluate appraisers' work. USPAP forms the lynchpin of the appraiser regulatory system and provides clear and necessary guidance for the profession.

Without USPAP, the profession would be no better off than appraisers, the public, and the banking system were in the 1980's and 1990's, a time of massive upheaval in real estate, banking, and appraisal. Since then, the appraisal profession has matured and evolved within the context of USPAP. Continuing changes in USPAP have provided a critical and necessary guidepost to the profession even as other forces have worked and continue to attempt to diminish the essential work appraisers do and to minimize the role of objective, impartial, and independent valuation services that are critical to maintaining balance and sanity in residential and commercial lending.

The USPAP preamble states: "the Appraisal Standards Board promulgates USPAP for both appraisers and users of appraisal services. The appraiser's responsibility is to protect the overall public trust and it is the importance of the role of the appraiser that places ethical obligations on those who serve in this capacity. USPAP reflects the current standards of the appraisal profession."

There are those who criticize USPAP for changing too often, for perpetuating systemic bias, and existing in a self-serving "closed loop" outside of effective oversight. The profession's current regulatory system was developed during a period of extreme financial stress and has functioned well. Most recently, it has responded quickly and effectively to calls for greater transparency and faithfulness to its core mission of preserving the public trust. Recent allegations of discriminatory behavior among some appraisers created the impetus for major refinements in USPAP. The changes provide better guidance to appraisers and to allow appraisal users and other interested parties to better assess what constitutes ethical behavior in the context of discrimination. Important: USPAP never permitted discrimination and the changes represent enhancements to that essential requirement.

After numerous exposure drafts, the resulting USPAP provides detailed and practical guidance for

appraisers to understand and comply with applicable anti-discrimination laws. The Standards Board adopted a Nondiscrimination Section in the ETHICS RULE and deleted all language relating to supported and unsupported conclusions in the Conduct section of the ETHICS RULE. In response from those seeking more specific guidance, two ADVISORY OPINIONS were provided that focus more directly on compliance issues, including the appropriate use of demographic and other secondary source data as well as guidance on use of language.

While not everyone is necessarily delighted with these changes, the final result addresses the major issues raised by many concerned and knowledgeable appraisers, regulators, politicians, educators, and citizens.

The revisions provide needed clarity for appraisers to perform their important work and for others to understand how appraisers are fulfilling their professional responsibilities in the current environment.

For a more personal viewpoint as an educator, this edition of USPAP and the associated educational materials will allow educators and others participating USPAP instruction to better understand the ethical obligations to competently perform appraisal practice. (Additional information on USPAP can be found on the website of The Appraisal Foundation.)

This past year has challenged appraisers and the real estate industry. This constant turmoil in the industry, not to mention the nation and the work, feels disquietedly like it's the normal state of affairs.

As most of us learned early in our respective careers, change is inevitable and constant. It also isn't very pretty most of the time. By understanding why change occurs in such unsettling and difficult to understand ways, we find ways to adapt to change and act to react to change. While we can't control external events, we can be proactive by staying informed and find ways to be proactive and react positively to change.

It has been a pleasure to write for you this year. All the best for the holidays upon us and for 2024. May change bring understanding, clarity, and maybe more peace.

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