

MY MAIN USPAP ISSUE

The purpose of USPAP is to promote and maintain a high level of public trust in establishing requirements for appraisals and "reliable" valuations.

The problem is, however, that it is subjective. Assuming one can support the conclusion or opinion; beauty is in the eye of the beholder, or in this case, the appraiser. Likewise, evaluation and selection is in the eye of the appraiser - which is why two different and reasonable and competent appraisers can reach two different, but equally credible opinions, on the same property.

And that is the problem I have with USPAP or its compliance and attempts to regulate "good taste" or "attractiveness" in the guise of using "appropriate" comps while avoiding one's biases or pre-judgment and experience.

USPAP is used both as a shield and a sword. While it is federally promulgated and has been adopted by many states, it is not the law of every state and therefore you have inconsistent application, inconsistent compliance, inconsistent enforcement, and inconsistent practices. While it portends to be black and white, it is dealt with in a world of gray and then in various shades of gray.

In USPAP there is an attempt to define several popular terms. I firmly believe more should be defined. For example, I recently received a survey from the ASB asking about whether the requirements of USPAP ensure a "credible and useful" appraisal product. While the term "credible" is defined in USPAP in terms of "believability" (another subjective criteria), the term "useful" is not, and, useful is certainly a broad or ambiguous term as something may be useful regardless whether it is credible or reliable or even true ... just look at Wikipedia.

Discipline and enforcement of USPAP standards is another area of concern. Is USPAP a standard of practice, as it says in its title, or actually a guideline or something we all aspire to? It does not require perfection, but only credibility. If it is a national standard, but a state remains the license-granting authority, it becomes a question of who is regulating the practice, the state or the federal government or the ASB or, at least in Illinois, the Illinois Department of Financial and Professional Regulation. Who decides what is best for the geographic area, those with knowledge of the area who have been licensed by the state or someone else? And, if there is a conflict, who has precedence or priority the state or the federal government?

You can't show bias - but is that the same as noting the benefit of your education or experience to assist in forming your opinion.

Also, there is the issue of the whether a report is "misleading" because it uses or omits what may be truthful and descriptive unacceptable words and observations, but which in and of themselves are not illegal.

USPAP does not define "misleading", but we are all supposed to know what it means by seeing it. It is well-known you are not supposed to use words like "pride of ownership" or "poor neighborhood" - but what about "well-maintained"? What about when talking about a neighborhood or a particular property or if the town or municipality is debt-free or its bonds are AAA-rated or it carries no or little debt?

Finally, tying in with this, we have the issue of discipline - both public, private, and its ramifications and enforceability and the inconsistent treatment between states for the same violation. For example, in some states if the word "discipline" is used in any kind of investigation result, it is a public matter and it is published for even minor transgressions, and, at least if you do residential - it may be a death knell.

The pool of appraisers is rapidly dwindling, and while BPO, AVM and other alternative valuation methods are increasing pressure, making the practice harder. Inconsistent compliance only make things tougher and exacerbates the problem.