One must be mindful of obligations relating to the use of confidential information. The Confidentiality section of the ETHICS RULE states:

An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than the client and persons specifically authorized by the client...

128. **RECERTIFICATION OF VALUE**

**Question:** I heard that recertifications of value are no longer permitted. Is this true?

**Response:** No, that is not true. However, there is confusion surrounding this question because the term ‘Recertification of Value’ is often mistakenly used by some clients in place of the term ‘Update.’

Appraisers may perform a ‘Recertification of Value’ to confirm whether or not the conditions of a prior appraisal have been met. However, if a client wants to know whether the value of a property has changed (or remained the same) since a prior appraisal, this is an ‘Update.’

Regardless of the label used, an appraisal of a property that was the subject of a prior assignment is not an extension of the prior assignment – it is a new appraisal assignment. Information about an appraiser’s obligations in this situation can be found in Advisory Opinion 3, Update of a Prior Appraisal.

129. **RECERTIFICATION OF VALUE AND APPRAISAL UPDATE**

**Question:** The terms “recertification of value” and “appraisal update” are often used interchangeably. Do they have the same meaning?

**Response:** No, these terms do not have the same meaning. The terms “Update” and “Recertification of Value” are discussed in Advisory Opinion 3, Update of a Prior Appraisal.

An “Update” is a new appraisal assignment involving a property that was previously appraised. An Update is subject to the same USPAP requirements as any other appraisal assignment.

A “Recertification of Value” is performed to confirm whether or not the conditions of a prior assignment have been met. One example of a “Recertification of Value” is a “Final Inspection.” When an appraiser is asked to complete a “Final Inspection,” the appraiser is confirming that conditions established in an assignment have, or have not, been met.

“Final Inspections” are commonly used in the case of proposed construction where an appraisal is completed subject to completion per plans and specifications.

Consult Advisory Opinion 3, Update of a Prior Appraisal for additional information.

130. **APPRaisERS “PROVIDING COMPS”**

**Question:** I have a client that just wants me to “provide comps” from a neighborhood. Are there any USPAP requirements I must comply with to perform this task?
Response: To answer this question, it is important to identify exactly what the appraiser is being asked to do. If the appraiser is asked to “provide comps,” that would typically mean the appraiser would be exercising his or her own judgment to determine which sales are most “comparable” to the subject property. The appraiser may choose to include only those sales that he or she deems are most similar to the subject in size, location, quality, etc., which could mean that certain sales may be omitted. In this case, the resulting data would have been “filtered” by the appraiser’s judgment, which would have the net effect of providing a range of value to the client. This range of value is defined as an appraisal under USPAP; therefore, the appraiser would be obligated to comply with STANDARDS 1 and 2.

This should be contrasted to a request for an appraiser to simply provide data. For example, an appraiser asked by a client to provide “sales data of all homes located within a one mile radius” of a specific address could comply with the client’s request without complying with STANDARDS 1 and 2, as the appraiser would just be providing sales data pursuant to the client’s defined parameters. In this example, the appraiser must be careful not to communicate any opinions or conclusions regarding the data provided.

For related guidance on this topic, please refer to Advisory Opinion 19, Unacceptable Assignment Conditions in Real Property Appraisal Assignments and Illustration #4 “Appraisal and Market Information” in Advisory Opinion 21, USPAP Compliance.

131. **SUDDEN MARKET CHANGES RELATED TO CATASTROPHIC EVENTS**

**Question:** I live and work just outside the area that was devastated by Hurricane Katrina. My market area experienced sudden changes in supply and demand, and real estate sales prices climbed rapidly for a period of time following the disaster. Does USPAP provide advice to real estate appraisers on how to handle sudden market changes brought about by such catastrophic events?

**Response:** Although USPAP does not directly address the appraisal issues associated with catastrophic events, the following passages may be especially important in appraisals involving properties in markets that are changing rapidly, for any reason.

Standards Rule 1-2(e) requires an appraiser to identify economic attributes relevant to the subject property. Standards Rule 1-3(a) specifically requires analysis of supply and demand.

For Self-Contained and Summary Appraisal Reports, USPAP requires disclosure of “economic property characteristics relevant to the assignment.” Market conditions (including sudden market changes related to catastrophic events) are “economic property characteristics,” and so should be identified in the development of an appraisal and disclosed in the appraisal report.

Standards Rules 2-2(a)(v) and 2-2(b)(v) address the type and definition of value used in an assignment. The Comments to these Standards Rules state, in part:

*Stating the definition of value also requires any comments needed to clearly indicate to intended users how the definition is being applied.*

In cases of sudden market change, it would be necessary to specifically disclose such things as how the appraisal has addressed the motivation of buyers and sellers, supply and demand, the conditions of the sale (e.g. exposure in a competitive market), etc.