COMMONLY ENCOUNTERED USPAP VIOLATIONS

Below is a list of USPAP violations most commonly encountered by the Oregon Appraiser Certification and Licensure Board (ACLB) Staff and the Enforcement Oversight Committee as a result of investigating allegations filed with the Board. This list was developed for informational purposes only and does not constitute legal advice or instructions on how to properly comply with USPAP or properly complete an appraisal assignment.

Most Commonly Encountered USPAP Violations:

Record Keeping- Failing to maintain all appraisal reports transmitted to the client. Lack of documentation in the workfile regarding neighborhood data. No support for characteristics, one-unit housing trends and present land use percentage.

Scope of Work- Failing to develop, apply, and/or disclose a credible scope of work (including extraordinary assumptions and/or hypothetical conditions). An example is the failure to state the extraordinary assumptions and/or hypothetical conditions relied on in the assignment.

Sales History- Failing to report and analyze all agreements of sale, options and listings, of the subject current as of the effective date of the appraisal and/or failure to analyze all sales of the subject that occurred within the three years prior to the effective date of the appraisal. Violations also include failure to report and analyze prior listings of the subject when the listings would have a significant effect on the credibility of the assignment results and the failure to reconcile this data with other data in the report.

Market Analysis- Failure to provide a market analysis of sufficient depth to be credible for the intended use. Some examples include:
- Lack of delineation of neighborhood boundaries;
- Not identifying the relevant characteristics criteria of the neighborhood; and
- Failing to identify market trends, including the analysis of and the effect, if any, of bank owned (“REO”) and/or “Short Sale” properties and/or the analysis of current listings in the neighborhood.
- Misinterpretation of the 1004MC that results in a conclusion that is contrary to what the data indicates in the 1004MC. (An example is when the 1004MC shows an overall increasing trend, the appraiser concludes a stable trend and the report fails to contain additional data or support for the stable conclusion.)

Site Analysis- Failing to identify, analyze, and/or report the relevant characteristics of the site and improvements of the subject property in detail. Some examples include:
- Failing to report and describe the specific and accurate zoning for the subject property;
- Failing to report and analyze easements on the property; and
• Failing to report and analyze the existence of detrimental site conditions on adjacent properties.

**Sales Comparison Section of Comparable Properties**—Failing to select and/or support the selection of comparable sales using recognized methods and techniques. Some examples include:

• Leaving the subject’s neighborhood when comparable sales data is readily available in the immediate neighborhood;
• Searching by price;
• Utilizing sales of superior quality, superior site characteristics, and/or superior amenities when more similar sales to the subject were readily available; and
• Lack of documentation in the workfile for the comparable sales and search criteria selected.

**Sales Comparison Adjustments**—Failure to support adjustments in the sales comparison approach in a market value appraisal based on recognized methods and techniques. Some examples include:

• Developing paired sales analysis but not documenting in the appraisal report and/or workfile;
• Utilizing “rules of thumb” adjustments without documenting market-based support; and
• Inadequately summarizing the information analyzed and the reasoning that supports the analysis, opinions and conclusion when using varied adjustments.

**Cost Approach**—Failure to develop and/or support cost new, estimate of site value, and the estimate of accrued depreciation. Some examples include:

• Stating that certain methods or techniques were relied upon but they were not actually performed;
• Reliance on land sales for site value with no documentation in the workfile;
• Unsupported estimates of effective age and/or economic life.

**Boilerplate Language**—Failing to edit canned statements or boilerplate to avoid conflicting, inappropriate, and/or incorrect statements so as to produce a misleading appraisal report. An example includes making statements not applicable to the appraisal.

**Highest and Best Use**—Failure to provide an adequate analysis and to summarize the support and rational for the opinion of the highest and best use.

**Communication of Assignment Results**—Failure to communicate the assignment results in sufficient detail to enable the intended users to understand the appraisal report properly. Some examples include:
• Failing to report and describe additional features of the property such as a swimming pool and/or extra garages, barns; and
• Failing to reconcile the quality and quantity of data available and analyzed within the approaches, and failing to reconcile the relevance of the approaches, methods and techniques used to develop an opinion of value.

**Most Common Encountered Error in Oregon Administrative Rule:**

**OAR 161-025-0060** - Failing to disclose in all appraisal reports whether the comparable sales analyzed in the appraisal report were or were not confirmed by a party to the transaction or an agent or representative of a party to the transaction.