

315 **COMPETENCY RULE**

316 **Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser**  
 317 **must properly identify the problem to be addressed and have the knowledge and experience to complete**  
 318 **the assignment competently; or alternatively, must:**

- 319 **1. disclose the lack of knowledge and/or experience to the client before accepting the assignment;**
- 320 **2. take all steps necessary or appropriate to complete the assignment competently; and**
- 321 **3. describe the lack of knowledge and/or experience and the steps taken to complete the assignment**  
 322 **competently in the report.**

323 Comment: Competency applies to factors such as, but not limited to, an appraiser’s familiarity  
 324 with a specific type of property, a market, a geographic area, or an analytical method. If such  
 325 a factor is necessary for an appraiser to develop credible assignment results, the appraiser is  
 326 responsible for having the competency to address that factor or for following the steps  
 327 outlined above to satisfy this COMPETENCY RULE.

328 The background and experience of appraisers varies widely, and a lack of knowledge or  
 329 experience can lead to inaccurate or inappropriate appraisal practice. The COMPETENCY  
 330 RULE requires an appraiser to have both the knowledge and the experience required to  
 331 perform a specific appraisal service competently.

332 The COMPETENCY RULE requires recognition of, and compliance with, laws and  
 333 regulations that apply to the appraiser or to the assignment.

334 If an appraiser is offered the opportunity to perform an appraisal service but lacks the  
 335 necessary knowledge or experience to complete it competently, the appraiser must disclose his  
 336 or her lack of knowledge or experience to the client before accepting the assignment and then  
 337 take the necessary or appropriate steps to complete the appraisal service competently. This  
 338 may be accomplished in various ways, including, but not limited to, personal study by the  
 339 appraiser, association with an appraiser reasonably believed to have the necessary knowledge  
 340 or experience, or retention of others who possess the required knowledge or experience.

341 In an assignment where geographic competency is necessary, an appraiser preparing an  
 342 appraisal in an unfamiliar location must spend sufficient time to understand the nuances of the  
 343 local market and the supply and demand factors relating to the specific property type and the  
 344 location involved. Such understanding will not be imparted solely from a consideration of  
 345 specific data such as demographics, costs, sales, and rentals. The necessary understanding of  
 346 local market conditions provides the bridge between a sale and a comparable sale or a rental  
 347 and a comparable rental. If an appraiser is not in a position to spend the necessary amount of  
 348 time in a market area to obtain this understanding, affiliation with a qualified local appraiser  
 349 may be the appropriate response to ensure development of credible assignment results.

350 Although this Rule requires an appraiser to identify the problem and disclose any deficiency  
 351 in competence prior to accepting an assignment, facts or conditions uncovered during the  
 352 course of an assignment could cause an appraiser to discover that he or she lacks the required  
 353 knowledge or experience to complete the assignment competently. At the point of such  
 354 discovery, the appraiser is obligated to notify the client and comply with items 2 and 3 of this  
 355 Rule.