

ADVISORY OPINION 26

1 **ADVISORY OPINION 26 (AO-26)**

2 *This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret*
3 *existing standards. Advisory Opinions are issued to illustrate the applicability of appraisal standards in specific*
4 *situations and to offer advice from the ASB for the resolution of appraisal issues and problems.*

5 **SUBJECT: Readdressing (Transferring) a Report to Another Party**

6 **APPLICATION: Real Property, Personal Property, and Intangible Property**

7 **THE ISSUE:**

8 **After an assignment has been completed and the report has been delivered, an appraiser may be asked to**
9 **“readdress” (transfer) the report to another party. Does USPAP allow an appraiser to “readdress” (transfer) a**
10 **report by altering it to indicate a new recipient as the client or additional intended user when the original report**
11 **was completed for another party?**

12 **ADVICE FROM THE ASB ON THE ISSUE:**

13 **Relevant USPAP & Advisory References**

- 14 • The Confidentiality and Conduct sections of the ETHICS RULE.
- 15 • Standards Rules such as 1-2(a) and 1-2(b); 7-2(a) and 7-2(b); and 9-2(a), which require an
- 16 appraiser to identify the client, intended users, and intended use.
- 17 • Standards Rules such as 2-1(a), 8-1(a), 10-1(a), which require an appraiser to clearly and
- 18 accurately set forth the appraisal in a manner that is not misleading.
- 19 • SCOPE OF WORK RULE, which requires an appraiser to ascertain whether other laws or
- 20 regulations apply to the assignment in addition to USPAP.
- 21 • Statement on Appraisal Standards No. 9, which requires the appraiser to identify and disclose the
- 22 client and intended users and the intended use in an appraisal, appraisal review, or appraisal
- 23 consulting assignment.
- 24 • Statement on Appraisal Standards No. 10, which describes applicability of USPAP in federally
- 25 related transactions.
- 26 • Advisory Opinion 25, which covers clarification of the client in a federally related transaction.
- 27 • Advisory Opinion 27, which addresses appraising the same property for a new client.

28 **Comments**

29 **No. Once a report has been prepared for a named client(s) and any other identified intended users and for an**
30 **identified intended use, the appraiser cannot “readdress” (transfer) the report to another party.**

31 USPAP defines the Client as:

32 *The party or parties who engage an appraiser (by employment or contract) **in a specific assignment***
33 *(Bold added for emphasis).*

34 Assignment is defined as:

35 *A valuation service provided as a **consequence of an agreement** between an appraiser and a client*
36 *(Bold added for emphasis).*

37 Intended Use is defined as:

38 *the use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting*
39 *assignment opinions and conclusions, as identified by the appraiser based on communication with the*
40 *client **at the time of the assignment*** (Bold added for emphasis).

41 Intended User is defined as:

42 *the client and any other party as identified, by name or type, as users of the appraisal, appraisal*
43 *review, or appraisal consulting report by the appraiser on the basis of communication with the client **at***
44 ***the time of the assignment*** (Bold added for emphasis).

45 Identification of the client, any other intended users, and the intended use are key elements in all assignments.
46 Because these identifications drive the appraiser's scope of work decision, as well as other elements of the
47 assignment, they must be determined **at the time of the assignment**. They cannot be modified after an
48 assignment has been completed. See Statement on Appraisal Standards No. 9 for further clarification.

49 **Illustrations:**

50 Question #1

51 An appraiser was engaged by Client A to appraise a property. The appraiser delivered the appraisal report to
52 Client A. The client has decided not to pursue the transaction that generated the need for the appraisal report.
53 The appraiser is contacted by Client B. Client B requests that the original report be readdressed (transferred) by
54 replacing Client A's name with Client B's name in the report. Is this acceptable?

55 Answer: No. Simply changing the client name on the report cannot change or replace the original
56 appraiser-client relationship that was established with Client A. Therefore, this action is misleading.

57 Question #2

58 How can this circumstance be handled according to Standards?

59 Answer: The appraiser can consider Client B's request as a new assignment. In so doing, the appraiser may
60 establish a new appraiser-client relationship with Client B and appraise the property for this new client.
61 Important considerations, i.e., confidential information and other factors are further addressed in AO-27 –
62 "Appraising the Same Property for a New Client".

63 Question #3

64 Why might Client B want their name on the report that was completed for Client A?

65 Answer: Client B may want to establish an appraiser-client relationship because it provides all the rights,
66 obligations, and liabilities such a relationship places on the appraiser.

67 A prudent method to establish an appraiser-client relationship is to have a written engagement letter or
68 contract with any client at the time of the assignment.