

Who is entitled to a copy of the appraisal and who can rely on the appraisal?

Appraisers are often confronted with one of a variety of questions relating to the same general problem. The scenario is as follows: You completed an assignment for a client some time back – maybe a year ago, a month ago, a week ago – and now another party wants your opinion of the value of the same property. The request may be to simply “readdress” the report you prepared for the previous client. Or the request may be to “recertify” the report, or to “reassign” it. Other times, the request may be for you to provide an “update”, or a “letter update”. And other times the requesting party has no knowledge of, and therefore doesn’t mention, the previously prepared report.

Misconception: If Client-A hired the appraiser to perform an appraisal, the appraiser cannot reappraise the same property for Client-B, unless a written release is provided by Client-A.

Reality: The only reason an appraiser cannot reappraise the same property for Client-B would be that if in doing so you would breach the confidentiality of your relationship with Client-A. If Client-A provided information, and informed the appraiser that it was confidential, and that information is not available from another source (or it’s classified as confidential by privacy laws or regulations), the appraiser could not subsequently reveal confidential information to Client-B without Client-A’s permission. (Advisory Opinion 27)

Misconception: If Bank-A hired the appraiser to perform an appraisal, and now Bank B wants the appraiser ‘recertify’ or ‘readdress’ it to Bank- B.

Reality: Simply “recertifying” or “readdressing” the appraisal report to Bank B is illegal and misleading. The appraiser should treat the request from Bank B as a new assignment, with a new intended user and possibly a different intended use. USPAP has no restrictions against appraising the same property more than once.

It is improper to “readdress” a report to another client for three significant reasons. First, simply changing the name of the client and then forwarding the “readdressed” report to the second client does not change the first appraiser-client relationship. An appraiser-client relationship, once established, is cast in stone and cannot be changed. Typically, the reason the second party wants to be named as “client” is that they want the appraiser-client relationship, and all the rights and obligations thereof, to be between them and the appraiser. The only way to accomplish this is for a new appraiser-client relationship to be established. In short, the only way to be named as “client” in the report is to actually be a client. “Client” is defined in USPAP as the party (or parties) who engage an appraiser in a specific assignment. To be named as the client in a report, one must have been the party who engaged the appraiser. We require a written engagement letter to firmly establish an appraiser-client relationship.

Misconception: As a borrower I paid for the appraisal, why can I not get a copy of the appraisal report that the appraiser performed for the lender?

Reality: Even though you “paid” for the appraisal does not entitle you to a copy of the appraisal or results of the appraisal. The lender (our client and intended user) can, at their discretion, provide you a copy of the appraisal. However, the borrower is usually not the intended user, and the use of the appraisal report (separate from the lender) is generally restricted to the lenders intended use.

Misconception: “If the borrower is going to get a copy of the report, that means they are the intended user.”

Reality: Intended users are identified by the appraiser as intended users at the time of the assignment, based on communications with the client. (Lines 101-103) Just because a person or entity receives a copy of the report does not mean they are an intended user. (Statement 9, Lines 3031-3035)