

Appraisal Checklist for SI/SD Determinations (USPAP 2020-21)

This checklist focuses on common appraisal deficiencies and provides reasons that a report might be rejected or returned for correction. See supporting citations & explanations on the back page.

There should be only one "No" (for item 10). It is OK to leave an item blank if it doesn't apply.

Assignment Conditions/Certification

Y N Pg

1			Is the local floodplain administrator identified as an intended user?
2			Is the intended use identified as something like, "to support a building permit application subject to significant improvement/significant damage determination under NFIP regulations"?
3		-	Does your local ordinance permit an appraisal of this type?
4			Is the value definition stated, and the definition source cited?
5			Is the appraiser state certified/licensed?
6			Is the appraisal effective date (date of value) correct for the assignment conditions?
7			Is there a certification statement of compliance with USPAP?

Pertinent Facts

Y N Pg

8			Is the building described as it existed prior to damage or the start of work?
9			Is the building description/quality rating consistent with the images provided?
10			Are there misrepresentations, untrue statements, or incorrect building descriptions?

Methodology

Y N Pg

11			Is the valuation methodology appropriate/correct?
12			If there is a replacement cost estimate, is it from a recognized cost estimating service, by analysis of multiple examples of similar construction, or by another acceptable method?
13			Is depreciation estimated by recognized methodology, properly applied?
14			Is the value of land, site improvements, and accessory structures excluded?

Report Documentation

Y N Pg

15			Are the images in the report sufficient to assess building quality/condition?
16			Are replacement cost & depreciation estimates supported by adequate documentation?
17			If deductions were made, is the value of land & other improvements well documented?

Appraisal Report Accepted ____ or Rejected ____

Reason for rejection:

USPAP = Uniform Standards of Professional Appraisal Practice; governs all certified appraisers; "SR" stands for "Standards Rule"; see: <http://www.uspap.org/>

SI/SD Desk Reference = Guidance for local officials, appraisers, and the public.

Assignment Conditions/Certification

1. USPAP SR 2-2(a)(ii) requires appraisers to state the identity of intended users other than the client. Because they rely on the appraisal, the client and floodplain administrator are always intended users.
2. USPAP SR 2-2(a)(iii) requires appraisers to report the appraisal's intended use. Knowing the intended use helps determine the applicable definition of value, and appropriate valuation methodology.
3. What valuation methods does your local ordinance permit?
4. USPAP SR 2-2(a)(vi) requires appraisers to *"state the type and definition of value and cite the source of the definition;"* If the NFIP "market value" is appraised, then the local ordinance Market Value definition should be cited. If ACV is estimated, then the NFIP Actual Cash Value definition should be cited.
5. See SI/SD, Section 4.5.1, 1st paragraph - Professional appraisals by licensed appraisers subject to USPAP are identified to be the most accurate and reliable.
6. See SI/SD, Sec 4.5, 1st paragraph – When permitting for an improvement, the appraisal effective date should be before the start of construction of the improvement. If permitting for the repair of damage, then the appraisal effective date should be immediately before the damage occurred.
7. See SI/SD Sec, 4.5.1, 1st paragraph. A statement of compliance with USPAP is required.

Pertinent Facts

8. USPAP SR 2-1(a) requires appraisers to, *"clearly and accurately set forth the appraisal in a manner that is not misleading;"* Is the building description consistent with the facts on the appraisal effective date?
9. USPAP SR 2-1(a) requires appraisers to, *"clearly and accurately set forth the appraisal in a manner that is not misleading;"* Are building images consistent with the description and quality on which value was based?
10. USPAP SR 2-1(a) requires appraisers to, *"clearly and accurately set forth the appraisal in a manner that is not misleading;"* Is the appraisal report a truthful report of the facts on which value was based?

Methodology

11. USPAP SR 1-1(a) requires appraisers to, *"be aware of, understand, and correctly employ those recognized techniques that are necessary to produce a credible appraisal;"* Use of the condominium form report is not appropriate.
12. USPAP SR 1-1(a) requires appraisers to, *"be aware of, understand, and correctly employ those recognized techniques that are necessary to produce a credible appraisal;"* Replacement cost should be the conclusion of a recognized analytical process.
13. USPAP SR 1-1(a) requires appraisers to, *"be aware of, understand, and correctly employ those recognized techniques that are necessary to produce a credible appraisal;"* Depreciation should be the conclusion of a recognized analytical process.
14. See USPAP SR 1-1(a) & SI/SD Sec 4.5, 3rd paragraph, second bullet point.

Report Documentation

15. USPAP SR 2-1(b) requires appraisal reports to, *"contain sufficient information to enable the intended user(s) of the appraisal to understand the report properly;"* See also SI/SD 4.5.1, last paragraph.
16. USPAP SR 2-2(a)(x)(1) requires appraisers to, *"provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by: summarizing the appraisal methods and techniques employed;"*, and, USPAP SR 2-2(a)(x)(5) requires appraisers, when they prepare reports, to, *"summarize the information analyzed and the reasoning that supports the analyses, opinions, and conclusions,..."*
17. USPAP SR 2-2(a)(x)(1) requires appraisers to, *"provide sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1 by: summarizing the appraisal methods and techniques employed;"*, and, USPAP SR 2-2(a)(x)(5) requires appraisers, when they prepare reports, to, *"summarize the information analyzed and the reasoning that supports the analyses, opinions, and conclusions,..."*