

## What's New

As with previous editions, this 6th edition of *Appraising Personal Property: Principles and Methodology* is packed with changes which improve clarity and expand discussions. Changes also include loads of new material— much of which focuses on frequently-encountered issues that have proven to be confusing to appraisers. In addition, since this book is USPAP-centric, it necessarily reflects changes incorporated by The Appraisal Foundation's Appraisal Standards Board (ASB) into the 2014-2015 edition of USPAP which is in effect from January 1, 2014 through December 31, 2015.

All major changes (and there are over 240 of them!) made since the preceding 5th edition of this book are highlighted and easy to locate. Just look for this "Updated!" icon:



Thumb through this book to see all the many expanded discussions and new topics some of which include:

- When to include comparables in the appraisal report
- Identifying the client
- Purpose vs. objective of an appraisal
- Assignment results described
- Choice of most appropriate market
- Reasonable exposure time
- Sale to "public" means to "customary purchasers"
- Fair value
- Estimate of replacement cost not an appraisal
- Loss-of-value
- Identifying the appraisal problem
- Cost approach
- ACV insurance policies
- Cashing out losses for only wholesale
- How to apply first year depreciation
- Divorce appraisals
- Charity auctions
- Penalty for substantial and gross valuation misstatements
- Qualified appraisal must conform to substance and principles of USPAP
- Date of donation
- Required information for donation appraisal
- Taxpayer cost/date/manner of acquisition
- Fractional giving
- IRS Art Appraisal Panel
- Estate tax exemption amount
- Endowment effect
- Publicly-available table of depreciation rates
- Relevant appraisal dates
- Draft/interim reports
- Differing market characteristics
- Principle of contribution
- Online resource for identifying fakes and reproductions
- Disclaimer regarding appraisals for tax matters
- Appraisal Practices Board
- Significant appraisal assistance provided by others
- Members of sponsoring organizations required to comply with USPAP and Minimum Qualification Criteria
- Disclosing interest in property or client
- Disclosing past services performed
- Liens and encumbrances
- When USPAP applies
- Personal Property Appraiser Qualification Criteria
- Fee structures
- Do not put "USPAP" after your name
- Reference resources
- Art title insurance

- Describing property
- Writing in the third person
- Required report content depends on appraisal option used
- Differences between appraisal report and restricted appraisal report options
- Sample report wording
- While on site
- Delivering assignment report
- Pre-agreement consulting services
- Forensic appraisal reviews
- Shelf-life of an appraisal
- Making changes to appraisal reports
- Adding items to a report
- Client-requested changes to a report
- Essential tips when giving a deposition

In addition to the above, updates to this book resulting specifically from changes incorporated by the ASB into the 2014-2015 edition of USPAP can be found sprinkled throughout this book in the relevant locations. The changes that were made to the 2014-2015 edition of USPAP include the following:

- **Retirement of STANDARDS 4 and 5 “*Real Property Appraisal Consulting, Development and Real Property Appraisal Consulting, Reporting*”:** During the public exposure period, the ASB received many comments regarding the possible retirement of STANDARDS 4 and 5 due to their being a constant source of confusion and misuse. As a result, STANDARDS 4 and 5 have been retired. Should the appraiser be involved in what had heretofore been considered “consulting services,” he or she should look to USPAP’s Advisory Opinion 21 “*USPAP Compliance*” which has been revised to illustrate just such situations in which an assignment includes services other than either an appraisal or appraisal review, such as “consulting.”
- **Revisions to USPAP’s Reporting Requirements, including the type and number of Report Options:** Prior to 2014, USPAP had **three** different written report options for real property and personal property appraisal assignments—the Self-Contained Appraisal Report, the Summary Appraisal Report, and the Restricted Use Appraisal Report. Effective January 1, 2014, however, there are only two written report options for real property and personal property appraisers. They include the **Appraisal Report** option and the **Restricted Appraisal Report** option. Related edits were made (primarily to Standards Rule 8-2 and to Advisory Opinions 11 and 12) to reflect this change.
- **Revisions to Advisory Opinion 11 “*Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*” and Advisory Opinion 12 “*Use of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*”:** Due to changes in the number of reporting format options from three to two, Advisory Opinions 11 and 12 were necessarily edited to demonstrate the effect of these changes.
- **Revision to the DEFINITION of “Assignment Results”:** This revision clarifies that assignment results include opinions **or** conclusions and that the assignment results are not specifically limited to the value conclusion in an appraisal assignment or to the final opinion of the quality of another appraiser’s work in an appraisal review assignment. Rather, “assignment results” pertain to **all opinions** (whether a value opinion, a review opinion—or otherwise) formed as a result of an appraisal or appraisal review assignment.

- **Revision to the DEFINITION of “Scope of Work”:** The SCOPE OF WORK RULE applies **only** to appraisal and appraisal review assignments, whereas the term scope of work used to be broadly defined to include **all** assignments performed under appraisal practice. This revision clarifies and aligns the “definition” of “Scope of Work” with the SCOPE OF WORK RULE by amending the definition to apply **only** to appraisal or appraisal review assignments and **not** to **all** appraisal practice assignments.
- **Revision to the PREAMBLE (When do USPAP Rules and Standards Apply?):** An additional paragraph was added to address when USPAP RULES and STANDARDS apply, including a list of appraiser obligations which must be met by the appraiser in order for the appraiser to be considered USPAP compliant. This revision was made in order to clearly state when the RULES and STANDARDS of USPAP apply.
- **Revision to the Conduct section of USPAP’s ETHICS RULE:** The ETHICS RULE Conduct section requires that for a new assignment that an initial disclosure be made to the client of any appraiser interest in the client or subject property, or if the appraiser performed any services regarding the subject property within three years prior to accepting the new assignment. In addition, the Comment section requires that disclosure of such interests or past services must also be made in the new appraisal or appraisal review report’s USPAP certification. The revision clarifies that a disclosure in the report’s certification is only required for appraisal and appraisal review assignments, and not for any other type of report.
- **Revision to the COMPETENCY RULE:** The COMPETENCY RULE currently requires that an appraiser be competent to perform the assignment. If not, the appraiser must either acquire the necessary competency to perform the assignment or withdraw from the assignment. However, the COMPETENCY RULE did not expressly require the appraiser to **act competently** in the given assignment—only that he or she **was competent**. The revision now clearly states that the appraiser must perform competently when completing the assignment.
- **Revision to Standards Rule 3-5:** In order to be consistent with the other STANDARDS, a revision was made to Standards Rule 3-5 requiring the inclusion of the **date of report** in a review appraisal report.

All these updates makes this 6th edition of *Appraising Personal Property: Principles and Methodology* the only complete and up-to-date course book and how-to guide for the personal property appraiser.