



Practical considerations for RICS valuers operating in the USA

USA

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Glossary

The following table matches the *Red Book Global Standards* term to the corresponding USPAP term.

Red Book Global Standards term	USPAP term
Asset	Real property or business asset
Instruction	Assignment
Valuation	Appraisal
Valuer	Appraiser
Basis of value	Definition of value
Terms of engagement	Scope of work
Valuation date	Effective date of appraisal
Assumption	Extraordinary assumption
Special assumption	Hypothetical assumption

1 Introduction

Uniform Standards of Professional Appraisal Practice (USPAP) is the recognised ethical and performance standard for the appraisal profession in the USA, and its content is the responsibility of The Appraisal Foundation (TAF). **Neither TAF nor its Appraisal Standards Board (ASB) is a government entity with the power to make, judge or enforce law.** The purpose of USPAP is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. It contains standards for all types of appraisal services, including real estate, personal property, business and mass appraisal. USPAP editions are typically in effect for two years, with a new edition published every other year.

In the USA, real property valuations are governed by the individual states. So-called 'mandatory states' require that real estate valuations be provided only by those holding an appraisal license from the state, and compliance with USPAP is required for state-licensed and state-certified appraisers involved in federally-related real estate transactions.

This practice information document provides an overview of the practical considerations and differences RICS members should be aware of if they want to undertake valuations in the USA. RICS members still need to operate in accordance with [Red Book Global Standards](#) when operating outside of their country of origin, but there are additional practical and reporting requirements when operating in the USA to ensure compliance with USPAP. Wherever *Red Book Global Standards* are referenced throughout this practice information, this implies the incorporation of International Valuation Standards (IVS), produced by the International Valuation Standards Council (IVSC).

The following versions were used when writing this document:

- RICS Global Valuation Standards 2022
- IVS 2022
- USPAP 2024

The concepts discussed in this document are unlikely to change rapidly and so should remain valid in future versions. However, it is strongly recommended that valuers still refer to the latest edition of each standard.

A preliminary step to obtaining an appraisal licence or certification in the USA is to take a 15-hour USPAP class with an exam. Therefore, this practice information does not provide an exhaustive comparison of *Red Book Global Standards* and USPAP, but rather acts as a guide to the additional aspects of USPAP (which do not appear in *Red Book Global Standards*) that need to be considered when preparing a valuation that is compliant with both standards. Valuers are recommended to still refer to the original standards.

It is the continuing view of the standards boards of TAF, IVSC and RICS that none of the additional requirements of USPAP conflict with *Red Book Global Standards*, and therefore do

not present a barrier to compliance. Fortunately, because both standards share the same core valuation principles, valuers who are accustomed to providing valuations compliant with *Red Book Global Standards* should not find it difficult to conform to USPAP.

1.1 Scope

This document comprises professional practice information to support the practice and knowledge of RICS members and regulated firms providing professional valuation services in the USA. RICS does not enforce the requirements that are discussed, but is simply summarising requirements applicable to real estate valuations in the USA. The scope of this document is limited to real estate valuations and reviews only, including those concerning trade-related property.

In addition to detailing the mandatory requirements when providing valuations in the USA, practical information is also provided for other issues RICS members can encounter in the USA, such as professional indemnity insurance requirements in the USA.

- Section 2 outlines the practical steps needed to obtain an appraisal license and certification in the USA, and sets out the education and experience requirements for different categories.
- Section 3 provides a high-level comparison of some differences between USPAP and *Red Book Global Standards*.

2 Licensing and certification requirements

RICS valuers wanting to practice in the USA will need to comply with immigration and Permanent Resident Card ('Green Card') requirements. They will also need to be aware that each state has mandatory licensing requirements for real property valuation.

Requirements can change over time and may vary slightly from state to state. It is the valuer's responsibility to check the various licensing requirements of the state in which the property is located. Note that a license in one state does not provide the valuer with a license to operate in other states, as each state will have its own licensing conditions. However, when a valuer qualifies in one state, it may be possible to get a temporary permit to practice in another state.

Further details about licensing and certification requirements for each state are available via either the [Appraisal Institute](#) or [Appraisal Subcommittee](#).

In the US, TAF's [Appraiser Qualifications Board \(AQB\)](#) sets out the national criteria to become or remain a valuer. Those criteria are implemented at the state level. States are allowed to exceed the national AQB requirements, and some have specific additional requirements.

Most states have some form of background check requirement for a real property appraiser license or certification. For example, some states in the USA require applicants to possess a background that would not endanger public trust, and they must not have been convicted of a crime within five years of applying for licensing or certification.

At the time of writing, there is no reciprocity arrangement between RICS and TAF in terms of reciprocal recognition of qualifications; however, this may change in future as discussions are ongoing.

[How to Become a Real Property Appraiser](#), prepared by TAF, sets out a detailed description of the current requirements to become a real estate appraiser in the USA.

2.1 Licensing categories

There are four separate licensing categories for real property valuers in the USA.

2.1.1 Trainee appraiser

In most states, trainee appraisers may only work under the supervision of a state-certified supervisory appraiser. A trainee appraiser can only appraise properties that the supervisory appraiser is permitted and competent to appraise with their current credentials. The supervisory appraiser is also required to sign the appraisal report.

Education requirement: 75 hours of qualifying education in the last five years and supervisory appraiser/trainee appraiser course. Contact your [State Appraiser Regulatory Agency](#) for a list of approved courses.

Experience requirement: None

Examination: None

2.1.2 Licensed residential appraiser

Licensed residential appraisers may appraise one to four residential units (single family homes, duplexes, triplexes or fourplexes) that are non-complex (generally referring to where the property to be appraised, its form of ownership and/or the market conditions are out of the ordinary) with a combined transaction value of less than \$1,000,000, and one to four complex residential units with a combined transaction value of less than \$400,000.

Education requirement: 150 hours of qualifying education. Contact your [State Appraiser Regulatory Agency](#) for a list of approved courses.

Experience requirement: 1,000 hours in no fewer than six months. [Practical Applications of Real Estate Appraisal \(PAREA\)](#) can replace up to 100% of the required experience hours.

PAREA offers an alternative pathway through the following:

- **Virtual simulations:** the programme creates realistic scenarios for evaluation practice using internet resources, and possibly virtual reality.
- **Integrates theory and practice:** students are exposed to scenarios that integrate a theoretical understanding of appraisal with its real-world implementation.
- **Mentorship:** a common feature of PAREA programmes is advice from experienced appraisers who may evaluate your work and provide insights.

Examination: You must successfully complete your education and experience prior to taking the exam. Contact your [State Appraiser Regulatory Agency](#) to register for the exam.

Refer to TAF's [National Uniform Licensing and Certification Examination page](#) for more details about the exam's requirements.

2.1.3 Certified residential appraiser

Certified residential appraisers can appraise one to four residential units without regard to value or complexity.

Education requirement: 200 hours of qualifying education. Contact your [State Appraiser Regulatory Agency](#) for a list of approved courses.

A college-level education or requisite experience is also required. For requirements, refer to TAF's [How to Become a Real Property Appraiser](#) page.

Experience requirement: 1,500 hours in no fewer than twelve months. [Practical Applications of Real Estate Appraisal \(PAREA\)](#) can replace up to 100% of the required experience hours.

Examination: You must successfully complete your education and experience prior to taking the exam. Contact your [State Appraiser Regulatory Agency](#) to register for the exam.

Refer to TAF's [National Uniform Licensing and Certification Examination page](#) for more details about the exam's requirements.

2.1.4 Certified general appraiser

Certified general appraisers may appraise all types of real property.

Education requirement: 300 hours of qualifying education, including a 15-hour USPAP class. Contact your [State Appraiser Regulatory Agency](#) for a list of approved courses.

A bachelor's degree from an accredited college or university in any field of study is also required.

Applicants with a college degree from a foreign country may have their education evaluated for 'equivalency' by one of the following:

- an accredited, degree-granting domestic college or university
- a foreign degree credential evaluation service that is a member of the National Association of Credential Evaluation Services (NACES) or
- a foreign degree credential evaluation service that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university, or by a state licensing board that issues credentials in another discipline.

Experience requirement: 3,000 hours in no fewer than eighteen months; 1,500 hours must be in non-residential work. [Practical Applications of Real Estate Appraisal \(PAREA\)](#) can replace up to 50% of the required experience hours.

Examination: You must successfully complete your education and experience prior to taking the exam. Contact your [State Appraiser Regulatory Agency](#) to register for the exam.

Refer to TAF's [National Uniform Licensing and Certification Examination page](#) for more details about the exam's requirements.

2.2 Maintaining a state appraisal license or certification

A state-issued appraisal license or certification is valid for a set time period. In most states, a license or certification is valid for two years, but some states differ. States all require continuing education to renew your license or certification. In most states, 28 hours of continuing education (TAF's term for what RICS refers to as 'continuous professional development' (CPD)), including a 7-hour USPAP update class, must be taken every two years. The other 21 hours are selected from a list of approved courses on selected topics (note that

RICS and IVS have more flexibility in selection of CPD). Again, some states differ, especially where the validity of an appraisal license or certification differs from the usual two years.

Further details on these courses are available at TAF's [Uniform Standards of Professional Appraisal Practice \(USPAP\) Courses page](#).

2.3 Professional indemnity insurance (PII)

When undertaking real estate valuations, professional indemnity insurance (PII) is a mandatory requirement for RICS members. However, in the USA valuers practicing outside some of the larger international consultancies may not be automatically covered by PII through their firm. All valuation practitioners are encouraged to consider taking out their own personal PII policy as good practice. Even without PII, the RICS member would still be responsible for any damages or claims made against them in relation to valuation.

3 Commentary on USPAP versus Red Book Global Standards

This section provides a high-level comparison between USPAP and *Red Book Global Standards*. Fortunately, because both standards share core valuation principles, valuers who are accustomed to providing valuations compliant with *Red Book Global Standards* should not have a challenge conforming with USPAP.

USPAP contains overarching requirements for all valuations, such as valuer objectivity and competence. USPAP also addresses 'jurisdictional exceptions', which are referred to as 'departures in *Red Book Global Standards*'.

3.1 Ethics

An appraiser complying with the fundamental principles of *Red Book Global Standards* PS 2 and the fundamental principles of the IVSC's [Code of Ethical Principles](#) will comply with the USPAP Ethics Rule, which addresses aspects such as an appraiser's conduct, contingency fees, commissions paid and confidentiality.

RICS members are advised to be aware of both the IVSC's Code of Ethical Principles and the [International Ethics Standards](#) from the International Ethics Standards Coalition.

Be aware that discrimination and bias in the valuation process is currently a major focus in the USA. Under both *Red Book Global Standards* and USPAP, valuers are to prepare valuations without bias and in a non-discriminatory fashion.

3.2 Competency

Both standards require the valuer to have both geographic competency (knowledge of the market in a geographical region) and property type competency. If a valuer is not competent when accepting an assignment, USPAP permits a valuer to acquire competency by either association with or retention of others reasonably believed to be competent to assist in the valuation, or alternatively by personal study (the latter not being an option on its own for RICS valuers in order to achieve competency).

In the USA, being competent on its own does not allow you to appraise; the relevant licensing requirements still need to be fulfilled and be current for each state.

3.3 USPAP jurisdictional exception

What is called a 'departure' in *Red Book Global Standards* is considered a 'jurisdictional exception' in USPAP. Note that USPAP does not require the use of the term jurisdictional

exception when invoked. The two standards are very similar regarding what can create a jurisdictional exception, and both require disclosure in the report of what part of a standard was not followed due to the departure/exception.

In *Red Book Global Standards*, the departure must be identified in the terms of engagement. Under USPAP, jurisdictional exception does not need to be referred to in the scope, but there are more onerous requirements in the report: the appraiser needs to cite in their report the law or regulation requiring any exception to USPAP. In *Red Book Global Standards*, the valuer needs to disclose the specific legislative or regulatory requirements only if the departures significantly affect the nature of the procedures performed, the inputs and assumptions used, and/or the valuation conclusions. PS 1.6.3 of *Red Book Global Standards* states:

‘If the valuation falls to be provided in compliance with prescribed statutory or legal procedures or other authoritative requirements then provided those requirements are mandatory in the particular context or jurisdiction, compliance does not by itself constitute a departure – though the requirement to do so must be made clear.’

However, such a situation would still constitute a jurisdictional exception in the USA.

Compliance with USPAP does not represent a departure from *Red Book Global Standards*.

3.4 Terms of engagement/scope of work

The phrase ‘terms of engagement’ in *Red Book Global Standards* refers to the conditions of an assignment and actions to be carried out in the process of developing and reporting a valuation assignment. In that context, it is similar to the ‘scope of work’ in an assignment in the USA.

Both USPAP and *Red Book Global Standards* have requirements regarding the proper initiation of the assignment, with the intent to ensure appropriate awareness and understanding by both client and appraiser. These requirements apply from the outset and throughout the valuation process. However, *Red Book Global Standards* has more extensive requirements than USPAP for the initiation of the assignment: communicating with the client via a separate terms of engagement letter, issued in writing at the outset of the assignment and in advance of the valuation report being provided.

USPAP defines the scope of work as the type and extent of research and analyses an appraiser performs to develop a credible conclusion in an appraisal assignment.

An important difference in US jurisdiction is that the scope of work does not include the report, but does refer to the type and extent of research and analysis in an appraisal assignment. Under USPAP, an appraiser must begin to develop the scope of work prior to beginning the assignment, by identifying the problem to be solved. However, the appraiser is not required to disclose the full scope of work that was conducted to the client/intended user(s) until the report is communicated.

USPAP focuses on three key aspects of the scope of work:

- **Identifying the problem:** this involves understanding the client's needs and the specific question the appraisal aims to answer.
- **Determining the scope:** the appraiser considers the complexity of the property, the intended use of the appraisal and regulations to define the research and analysis required for a credible result.
- **Disclosing the scope:** the final appraisal report must transparently disclose the extent of the research, analysis and property inspection undertaken to arrive at the conclusion.

3.5 Inspections, investigations and record keeping

The requirements under USPAP and *Red Book Global Standards* are very similar in respect of inspections, investigations and records. In terms of inspections, under *Red Book Global Standards*, inspections and investigations must always be carried out to the extent necessary to produce a valuation that is professionally adequate for its purpose. By contrast, USPAP does not require a physical inspection, but appraisers do visit most properties. If the property is not visited, the valuer does need to disclose in the scope of work what is being used to establish property condition and quality. In many cases, the client's scope of work will require a site visit/inspection by a certified appraiser.

Both standards require a valuation record or workfile to be retained, but the USPAP standards are more stringent.

Red Book Global Standards requires 'comprehensive documentation' to be maintained for all valuations in an acceptable business format for the terms of engagement (PS 2.7.4). However, the requirement to keep a proper record of inspections, investigations and other key inputs in an appropriate business format is found in VPS 2.3, which is not mandatory for exceptions.

IVS permits either a copy of any draft of the valuation report or a copy of the final report provided to the client, and does not require that the report retained in the workfile be signed.

In USPAP, a signed copy of the valuation report transmitted to the client needs to be included in the workfile.

Furthermore, the USPAP Record Keeping Rule states the workfile must include:

- the name of the client and any other intended users
- true copies of all written reports
- summaries of all oral reports or testimony, including the appraiser's signed and dated certification, and
- all other data, information and documentation required to support the appraiser's opinion.

The USPAP Record Keeping Rule also requires that the appraiser retain the workfile for at least five years after preparation (or at least two years after final disposition of any judicial

proceeding in which the appraiser provided testimony related to the assignment). This period even extends past the retirement of the appraiser.

Finally, a specific requirement of USPAP is that the appraiser is required to analyse all sales of the subject property that occurred in the three years prior to the valuation date along with any agreements of sale (contracts), options, or listings that are current as of the date of appraisal.

3.6 Valuation report requirements

The reporting requirements under USPAP and *Red Book Global Standards* are very similar. A *Red Book Global Standards*-compliant valuation report can easily meet USPAP requirements.

USPAP reporting standards require a copy of the state certification in the appraisal report and the valuer is required to sign as an individual.

3.7 Basis of value, valuation approaches and methods

Under both standards, valuers are responsible for selecting the valuation basis appropriate for the intended use of the assignment results. *Red Book Global Standards'* basis of value is similar to a USPAP 'type' of value. In both cases, the selected basis or type of value must be appropriate for the purpose of the valuation.

Similarly, under both standards, valuers are responsible for adopting, and as necessary justifying, the valuation approach(es) and the valuation methods used to fulfil individual valuation assignments.

3.8 Valuation Practice Guidance Applications, Advisory Opinions and FAQs

USPAP's Advisory Opinions and FAQs are similar in some aspects to the Valuation Practice Guidance Applications (VPGAs) in *Red Book Global Standards*, which are also advisory and focus in greater detail on the practical application of the standards in specific contexts, whether for a particular valuation purpose or in relation to a particular asset type.

Advisory Opinions are issued by the ASB to provide guidance on how USPAP applies in specific situations. These do not set standards or interpret existing ones, but offer advice from the ASB on resolving appraisal issues and generally serve as a reference for appraisers, regulators and users of appraisal services.

FAQs address common questions about USPAP raised by appraisers and the public. Like Advisory Opinions, they don't create new standards or interpretations, and aim to clarify how USPAP applies in certain scenarios.

3.9 Valuation assumptions

The two standards use different terminology for assumptions, and while they have many similar requirements, there are some differences.

Red Book Global Standards has **assumptions** and **special assumptions**:

- An **assumption** is made where it is reasonable for the valuer to accept that something is true, without the need for specific investigation or verification. Any such assumption needs to be reasonable and relevant, having regard to the purpose for which the valuation is required.
- A **special assumption** is made by the valuer if an assumption assumes facts that either differ from those existing at the valuation date, or that would not be made by a typical market participant in a transaction on that valuation date. Where special assumptions are necessary in order to provide the client with the valuation required, these are to be expressly agreed and confirmed in writing to the client before the report is issued. Special assumptions can only be made if they can reasonably be regarded as realistic, relevant and valid for the circumstances of the valuation.

If an assumption could reasonably be expected to influence the decisions of users of the valuation, it would be labelled a **significant assumption** under IVS (but not under *Red Book Global Standards*). USPAP has **extraordinary assumptions** and **hypothetical conditions**:

- An assumption in *Red Book Global Standards* would be considered an **extraordinary assumption** in USPAP. This is an assignment-specific assumption, valid as of the effective date of the assignment results, regarding uncertain information used in an analysis that, if found to be false, could alter the appraiser's opinions or conclusions.
- A special assumption in *Red Book Global Standards* would be considered a **hypothetical condition** in USPAP. This is a condition – directly related to a specific assignment – that is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
For example, if a property is currently vacant land but a value is requested as if the property were fully developed and stabilised, a hypothetical condition would be appropriate.

Under USPAP, an extraordinary assumption or hypothetical condition needs to be referred to in the report (but not the scope). Under *Red Book Global Standards*, a special assumption needs to be referred to in the report and terms of engagement. Note that the valuation date is the date on which the opinion of value applies.

4 Conclusion

The first objective of a valuer looking to undertake real estate valuations in the USA is to obtain the appropriate appraisal certifications or licenses for each state the valuer wants to provide valuation services in. State certifications have mandatory USPAP training, both at the outset of their time spent working in the USA and on an ongoing basis. An appraiser must comply with USPAP when either the service or the appraiser is required by law, regulation or agreement with the client.

In order to comply with USPAP, an appraiser must meet the following obligations:

- An appraiser must act competently and in a manner that is independent, impartial and objective.
- An appraiser must comply with the Ethics Rule in all aspects of appraisal practice along with adhering to the Scope of Work Rule.
- An appraiser must maintain the data, information and analysis necessary to support their opinions for appraisal and appraisal review assignments, in accordance with the Record Keeping Rule.
- An appraiser must comply with the Competency Rule and the Jurisdictional Exception Rule for all assignments.

Since the objectives of both USPAP and Red Book Global Standards are to maintain public trust in the valuation process, it is not surprising they are more similar than different. Valuers accustomed to providing RICS-compliant appraisals will meet the requirements of USPAP when working in the USA with only a few additional steps.

For additional information, contact your [State Appraiser Regulatory Agency](#) or [TAF](#) directly.

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We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

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