

10/09 APPRAISERS ARE REMINDED THAT THEY MUST COMPLY WITH THE COMPETENCY RULE OF USPAP PERTAINING TO GEOGRAPHIC COMPETENCY.

Appraisers who are requested to perform an appraisal assignment in a geographic area that they may not be familiar with must ensure that they comply with the Competency Rule of USPAP:

COMPETENCY RULE (*In part*)

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively, must:

1. disclose the lack of knowledge and/or experience to the client before accepting the assignment;
2. take all steps necessary or appropriate to complete the assignment competently; and
3. describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.

Comment: **Competency applies to** factors such as, but not limited to, an appraiser's familiarity with a specific type of property, a market, **a geographic area**, or an analytical method. If such a factor is necessary for an appraiser to develop credible assignment results, the appraiser is responsible for having the competency to address that factor or for following the steps outlined above to satisfy this COMPETENCY RULE. . . .

In an assignment where geographic competency is necessary, an appraiser preparing an appraisal in an unfamiliar location must spend sufficient time to understand the nuances of the local market and the supply and demand factors relating to the specific property type and the location involved. Such understanding will not be imparted solely from a consideration of specific data such as demographics, costs, sales, and rentals. The necessary understanding of local market conditions provides the bridge between a sale and a comparable sale or a rental and a comparable rental. If an appraiser is not in a position to spend the necessary amount of time in a market area to obtain this understanding, affiliation with a qualified local appraiser may be the appropriate response to ensure development of credible assignment results. . . .

(Refer to USPAP for the entire COMPETENCY RULE.)