



# ETHICS RULE

**An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.** 171  
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**An appraiser must comply with USPAP when obligated by law or regulation, or by agreement with the client or intended users. In addition to these requirements, an individual should comply any time that individual represents that he or she is performing the service as an appraiser.** 173  
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Comment: This Rule specifies the personal obligations and responsibilities of the individual appraiser. An individual appraiser employed by a group or organization that conducts itself in a manner that does not conform to USPAP should take steps that are appropriate under the circumstances to ensure compliance with USPAP. 176  
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This ETHICS RULE is divided into four sections: **Nondiscrimination**, **Conduct**, **Management**, and **Confidentiality**, which apply to all appraisal practice. 180  
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**NONDISCRIMINATION:** 182

**An appraiser must not act in a manner that violates or contributes to a violation of federal, state, or local antidiscrimination laws or regulations.<sup>13</sup> This includes the Fair Housing Act (FHAAct), the Equal Credit Opportunity Act (ECOA), and the Civil Rights Act of 1866.** 183  
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**An appraiser must have knowledge of antidiscrimination laws and regulations and when those laws or regulations apply to the appraiser or to the assignment. An appraiser must complete an assignment in full compliance with applicable laws and regulations.** 186  
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- 1. An appraiser, when completing a residential real property assignment, must not base their opinion of value in whole or in part on race, color, religion, national origin, sex, disability, or familial status.** 189  
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Comment: The FHAAct prohibits discrimination in residential real estate appraisals on the basis of race, color, religion, national origin, sex, disability, or familial status. Under the FHAAct, an appraiser may not use or rely upon information relating to these protected characteristics, with limited exceptions. 191  
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The FHAAct can be violated through disparate treatment (treating individuals of one protected group differently from and less favorably than others not in that protected group) and disparate impact (employing neutral policies or practices that disproportionately harm members of a protected group, except when those policies or practices are justified and there are no less disproportionate policies or practices that could be used instead). 194  
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Section 1981 of the federal Civil Rights Act of 1866 prohibits many forms of discrimination with respect to the making and enforcement of contracts, and Section 1982 of the same law prohibits discrimination with respect to the purchasing, leasing, selling, holding, and conveyance of real and personal property. The Civil Rights Act of 1866 applies to real property appraisals, in addition to personal property and other appraisals. 199  
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13 In *USPAP Guidance and Reference Manual (USPAP GRM)*, see Advisory Opinion 39, *Antidiscrimination Laws and Nondiscrimination*.



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203 **2. An appraiser, when completing an assignment where the intended use is in connection with a credit**  
 204 **transaction, not limited to credit secured by real property, must not base their opinion of value in**  
 205 **whole or in part on race, color, religion, national origin, sex, marital status, age, source of income, or**  
 206 **the good-faith exercise of rights under the Consumer Credit Protection Act.**

207 Comment: ECOA prohibits discrimination in any aspect of a credit transaction on the basis of race, color,  
 208 religion, national origin, sex, marital status, age, source of income, or the good-faith exercise of any right  
 209 under the Consumer Credit Protection Act in any aspect of a credit transaction, with limited exceptions. An  
 210 appraisal used in connection with a credit transaction is an aspect of the credit transaction.

211 **3. An appraiser must not violate any state or local antidiscrimination laws or regulations applicable to**  
 212 **the appraiser or to their assignment.**

213 Comment: State and local laws may expand upon federal antidiscrimination requirements to protect  
 214 additional characteristics and/or prohibit additional practices. The specific laws and regulations that are  
 215 applicable to an appraiser or an assignment will vary.

216 **Whether or not any antidiscrimination law or regulation applies:**

217 **1. An appraiser must not develop and/or report an opinion of value that, in whole or in part, is based on**  
 218 **the actual or perceived race, ethnicity, color, religion, national origin, sex, sexual orientation, gender,**  
 219 **gender identity, gender expression, marital status, familial status, age, receipt of public assistance**  
 220 **income, or disability of any person(s).**

221 Comment: Within the context of the Nondiscrimination section of the ETHICS RULE, “person(s)” includes  
 222 but is not limited to:

- 223 • a property or asset owner;
- 224 • a purchaser or potential purchaser of a property or an asset;
- 225 • an individual who might derive benefit from or use a property or an asset;
- 226 • a client, representative or agent of a client, or any other intended user;
- 227 • or the inhabitants of a geographic area.

228 **2. An appraiser must not base an opinion of value upon the premise that homogeneity of the inhabitants**  
 229 **of a geographic area is relevant for the appraisal.<sup>14</sup>**

230 **3. An appraiser must not perform an assignment with bias with respect to the actual or perceived race,**  
 231 **ethnicity, color, religion, national origin, sex, sexual orientation, gender, gender identity, gender expression,**  
 232 **marital status, familial status, age, receipt of public assistance income, or disability of any person(s).**

233 **4. An appraiser must not use or rely upon another characteristic as a pretext to conceal the use of or**  
 234 **reliance upon race, ethnicity, color, religion, national origin, sex, sexual orientation, gender, gender**  
 235 **identity, gender expression, marital status, familial status, age, receipt of public assistance income,**  
 236 **or disability of any person(s), when performing an assignment.**

237 Comment: Where an antidiscrimination law or regulation applies to the appraiser or the appraiser’s  
 238 assignment, the practices described in 1-4 immediately above may also be prohibited by applicable  
 239 antidiscrimination law, including the FHAct, ECOA, and the Civil Rights Act of 1866. Any practice prohibited  
 240 by an applicable antidiscrimination law or regulation is also prohibited by the preceding requirements of  
 241 the Nondiscrimination section.

14 In USPAP GRM, see Advisory Opinion 40, *Antidiscrimination and the Research, Analysis, and Reporting of Location Data, including Demographics, for Residential Real Property Appraisal Assignments*.



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If an assignment does not involve residential real property and the intended use is not in connection with a credit transaction, the FHAct and ECOA do not apply. If the FHAct and ECOA do not apply, and no other law or regulation prohibits the use of or reliance upon a protected characteristic,<sup>15</sup> then the use of or reliance upon that characteristic is permitted only to the extent that it is essential to the assignment and necessary for credible assignment results.

Comment: Where the FHAct, ECOA, or another antidiscrimination law or regulation applies, any use of or reliance upon a protected characteristic must be expressly permitted by applicable laws or regulations.

**CONDUCT:**

**An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.**

**An appraiser:**

- **must not perform an assignment with bias;**
- **must not advocate the cause or interest of any party or issue;**
- **must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions;**
- **must not misrepresent his or her role when providing valuation services that are outside of appraisal practice;<sup>16</sup>**
- **must not communicate assignment results with the intent to mislead or to defraud;**
- **must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent;**
- **must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent;**
- **must not engage in criminal conduct;**
- **must not willfully or knowingly violate the requirements of the RECORD KEEPING RULE; and**
- **must not perform an assignment in a grossly negligent manner.**

Comment: Development standards (1-1, 3-1, 5-1, 7-1 and 9-1) address the requirement that “an appraiser must not render appraisal services in a careless or negligent manner.” The above requirement deals with an appraiser being grossly negligent in performing an assignment which would be a violation of the Conduct section of the ETHICS RULE.

**If known prior to agreeing to perform an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification:**

- **any current or prospective interest in the subject property or parties involved; and**
- **any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three-year period immediately preceding the agreement to perform the assignment.**

<sup>15</sup> For purposes of this exception, “protected characteristic” means race, ethnicity, color, religion, national origin, sex, sexual orientation, gender, gender identity, gender expression, marital status, familial status, age, receipt of public assistance income, or disability of any person(s), or any other characteristic protected by applicable antidiscrimination laws or regulations.

<sup>16</sup> In USPAP GRM, see Advisory Opinion 21, *USPAP Compliance*.