Business Valuation: Mastering Changes in Key Standards Teleconference

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I. Uniform Standards of Professional Appraisal Practice (USPAP)

A. History

1) Birth of the real estate and equipment appraisal industry

2) Birth of the business valuation and intangible asset appraisal industry

3) Savings and loan crisis and the need for stricter standards

a) Passage of FIRREA legislation

b) Creation of The Appraisal Foundation

c) Appraisal Qualifications Board and the advent of appraisal licensing

d) Appraisal Standards Board and the writing of USPAP

e) Adoption as the sole standard for appraisers for a decade

B. Goals of USPAP

1) To create a single standard, particularly for real estate, for use in lending

2) To force the appraiser to be independent and objective

3) To regulate the appraisal industry and serve as a basis for discipline

II. Major Differences Among NACVA, ASA And AICPA Standards

A. Contingency fees are not allowed

B. Calculations are not considered a valuation or appraisal

C. Reliance on third-party appraisals

D. Personal responsibility is essential – The firm does not sign

E. Treatment of hypothetical and extraordinary assumptions