

Code of Conduct for Certified Appraisers

Aim

The aim of this Code is that appraisals are performed in accordance with International Valuation Standards by honest and competent professional appraisers free of bias or self-interest, whose reports are clear, will not mislead, and will disclose all matters essential to the proper understanding of the appraisal. Appraisers should always promote and preserve public trust in the appraisal profession.

1.0 Scope

- 1.1 Appraisers comply with these Standards either by choice or by requirement placed upon them by law or regulation or at the instructions of clients, intended users, a/or national societies or organizations. An appraisal claiming to be prepared under International Valuation Standards binds the appraiser to follow this Code of Conduct.
- 1.2 Appraisals prepared under these Standards would only normally be acceptable to end users when prepared by a trained professional member of a recognized national professional body that itself enforces standards of qualification, competence, experience and ethics and disclosure in appraisal.

2.0 Definitions

- 2.1 Assumptions are definitions taken to be true. Assumptions involve facts, conditions or situations affecting the subject of, or approach to, an appraisal but which may not be capable or worthy of verification. They are matters that, once declared are to be accepted in understanding the appraisal. All assumptions underlying an appraisal should be reasonable. All appraisals are dependent to some degree on the adoption of assumptions. In particular, definition of Market Value incorporates assumptions to ensure consistency of approach and the appraiser may need to make further assumptions in respect of facts which cannot be known or facts which could be determined.
- 2.2 *Limiting Conditions* are constraints imposed on appraisals.

Limited Conditions may be imposed by:

- 2.2.1. Clients (e.g., where the appraiser is not permitted to investigate fully on one or more of the significant factors likely to affect appraisal);
- 2.2.2 Appraiser (e.g., where the client may not publish the whole or any part of the Appraisal Report or Appraisal Certificate without the appraiser's prior written approval of the form and context in which it may appear), or
- 2.2.3. Local Statutory Law

- 2.3 An appraiser is a person who possesses valid certificate of Association of Certified Appraisers in Bosnia and Herzegovina, necessary qualifications, ability and experience to execute an appraisal and complies all requirements of this Code of Conduct.
- 2.4 Internal appraiser may be engaged for internal purposes if he/she is employed by entity that owns the assets or the accounting firm responsible for preparing the entity's financial records and/or reports. An Internal Appraiser is generally capable of meeting all the requirements of independence and professional objectivity required under this Code of Conduct, but for reasons of public presentation and regulation may not always be acceptable to fill the role of independent appraiser in certain types of assignment.
- 2.5 An External appraiser is an appraiser who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment.
- 2.6 Since all appraisers undertaking assignment under International Valuation Standards must meet the requirements of impartiality, professional objectivity and disclosure required under this Code of Conduct, such appraisers should meet the requirements for independence which may attach to many assignments.

3.0 Ethics

Appraisers should at all times maintain a high standard of honesty and integrity and conduct their activities in a manner not detrimental to their clients, the public, their profession, or their respective national professional valuation body.

3.1 Integrity

- 3.1.1 An appraiser must not act in a manner that is misleading or fraudulent.
- 3.1.2 An appraiser must not knowingly develop and communicate a report that contains false, inaccurate or biased opinions and analysis.
- 3.1.3 An appraiser must not contribute to, or participate in, an appraisal service that other reasonable appraisers would not regard to be justified.
- 3.1.4 An appraiser must act legally and comply with the laws and regulations of the state in which he or she practices or where an assignment is undertaken.
- 3.1.5 An appraiser must not claim, or knowingly let pass, erroneous interpretation of professional qualifications that he or she does not possess.
- 3.1.6 An appraiser should not knowingly use false, misleading or exaggerated claims or advertising in an effort to secure assignments.
- 3.1.7 An appraiser shall ensure that any staff person or subordinate assisting with the assignments adhere to this Code of Conduct.

3.2 Conflict of Interest

- 3.2.1 An appraiser must not act for two or more parties in the same matter, except with the written consent of those concerned.
- 3.2.2 An appraiser must take all reasonable precautions to ensure that no conflict of duty arise between the interests of his or her clients and those of other clients, the appraiser, his or her firm, relatives, friends, or associates. Potential conflicts should be disclosed in writing before accepting instructions. Any such conflict of which the appraiser subsequently becomes aware must be disclosed immediately. If such conflicts come to the attention of the appraiser after completion of the appraisal, disclosure must be made within a reasonable time.

3.3. Confidentiality

- 3.3.1 An appraiser must at all times deal with client`s affairs with proper discretion and confidentiality.
- 3.3.2 An appraiser must not disclose sensitive factual data obtained from a client, or the result of an assignment prepared for a client , to anyone other than those specifically authorised by the client except when legally required.

3.4 Impartiality

- 3.4.1 An appraiser must perform an assignment with the strictest independence, objectivity, and impartiality, and without accommodation of personal interests.
- 3.4.2 An appraiser must not accept an assignment that includes reporting of predetermined opinions and conclusions.
- 3.4.3 Fees connected with the assignment must not depend on the predetermined outcome of any appraisal or other independent, objective advice contained in the appraisal report.
- 3.4.4 Whether the appraiser`s fee is or is not contingent upon any aspect of the report must be disclosed
- 3.4.5 An appraiser must not rely upon critical information supplied by a client, or any other party, without appropriate qualification or confirmation from an independent source unless the nature and extent of such reliance is specified as a limiting condition.
- 3.4.6 An appraiser should not accept an assignment to report on assumed hypothetical conditions that are unlikely to be realized in any reasonable timescale.
- 3.4.7 Hypothetical conditions that are a reasonable possibility may be reported on provided they are accompanied by some discussion both of the prospects of realizing the hypothesis and a consideration of value that reflects the true situation prevailing.
- 3.4.8 An appraiser should not use or rely on unsupported conclusions based on prejudice of any kind or report conclusions reflecting an opinion that such prejudice is necessary to maintain or maximize value.

- 3.4.9 In reviewing another appraiser`s report, an appraiser shall exhibit impartial judgment and justify his or her reasons for agreeing or disagreeing with the conclusions of the report.

4.0 Competence

An appraiser must have the knowledge, skill, and experience to complete the assignment efficiently in relation to an acceptable professional standard. Only those appraisers able to conform to the definition of the appraiser set out in Definitions (para. 3.3 above) should undertake work in connection with these Standards.

4.1 Acceptance of Instructions

- 4.1.1 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 be certain he or she has the experience and knowledge, or in the event of an assignment overseas, will be able to associate with a professional possessing the experience and knowledge of the market forces, language and law to complete the assignment competently.

4.2 Outside Assistance

- 4.2.1 When engaging the services of outside assistance necessary to to complement an appraiser`s own skills, an appraiser should first establish that those assisting have the requisite skills and ethical principles.
- 4.2.2 The client`s report should be obtained when outside assistance is required, and the identity of the assistants and extent of their role should be disclosed in the appraiser`s report.

4.3 Efficiency and Diligence

- 4.3.1 An appraiser should act promptly and efficiently carrying out the client`s instructions and should keep the client informed of the appraiser`s progress.
- 4.3.2 Instructions should be declined where circumstances preclude sufficient diligent enquiry, quality of work, and completion within a reasonable time.
- 4.3.3 Before the appraiser is reported, written instructions should be received from the client and/or confirmed in writing by appraiser in sufficient detail to avoid any misinterpretation.
- 4.3.4 An appraiser should make diligent enquiries and investigations to ensure that the data for analysis in the valuation are correct and can be relied on.
- 4.3.5 An appraiser should prepare a work file for each assignment which,

upon completion, should contain a true copy, in paper or electronic form (suitably backed up), of all written reports, correspondence, and memoranda plus adequate file notes which substantiate the appraiser's opinions by way of enquiry, objective comparison, deduction and calculation.

- 4.3.6 The work file for each assignment should be retained for a period of at least five years after the completion of the assignment.

5.0 Disclosure

It is essential that appraiser develop and communicate their analyses, opinions and conclusions to users of their services through reports that are meaningful and not misleading and that disclose anything that might be taken to affect objectivity.

- 5.1 The appraisal report should set out a clear and accurate description of the scope of the assignment and purpose and intended use, disclosing any assumptions, hypothetical scenarios, or limiting conditions that directly affect the appraisals and, where appropriate, indicating their affect on the value.
- 5.2 The appraisal report must provide sufficient information to describe the work performed, the conclusions reached, and the context in which they were shaped.
- 5.3 An appraiser must disclose any direct or indirect personal or corporate relationship that is the subject of any assignment and that might lead to a potential conflict of interest.
- 5.4 Where an appraiser is acting as an Internal Appraiser, the relationship with the entity controlling the asset should be disclosed in the appraisal report.
- 5.5 Where an appraiser is acting as an External Appraiser, but also has worked in a fee-earning capacity for the client, such relationship must be disclosed to a third party, which relies on the valuation, so that it would not compromise appraiser's objectivity.
- 5.6 Any limitations to quality of the service that an appraiser is able to offer must be disclosed whether this is due to externally imposed constraints or peculiar to the appraiser or the assignment. Where outside assistance has been sought the appraiser must disclose the identity of the assistants, the extent of reliance on, and the nature of, such assistance.
- 5.7 An appraiser must place a restriction against the publication of an appraisal or its conclusions without consent so that an appraiser can keep a measure of control over the form and context in which his or her appraisals are publicly disclosed.
- 5.8 An appraiser should disclose any departures from the International Valuation Standards.
- 5.8.1 Standards are devised for the generality of situation and cannot cater to every eventuality. There will be occasions where departure from Standards is inescapable. When such situations arise, departure would be unlikely to constitute a breach of these Standards, provided such departure is reasonable, complies with the principles of ethics and measures of

competence , and a rationale for such departure is provided in the appraisal report.

6.0 Reporting of Values

- 6.1 Minimum contents of any report must fulfill requirements of International Valuation Standards. Appraisal assignment may deal with the whole property or parts of it. The style of appraisal report must be tailored to the nature of the assignment and the needs of the client while meeting certain minimum requirements as to content.
- 6.2 The use of appraisal and the complexity of the property determine the level of detail appropriate to the report. Where a single or complex property is being reported, it may be appropriate for the report to go into greater detail on the data upon which the appraisal is based and the reasoning behind the conclusions. Where a report is being prepared for a portfolio of properties for use in an audit function, the level of detailed data required for each of the properties within the portfolio may be less extensive.