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International Valuation Standards Council
4 Lombard Street
LONDON
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By email

18 June 2019

Dear Sirs

IVS 2017 Proposed 2019 Revisions.

We have pleasure in enclosing our response to the Exposure Draft.

As a general comment we support dialogue with other valuation standard setters and harmonisation where this is appropriate. However, we feel it is politically insensitive, and indeed unwise, for the IVSC to issue an exposure draft that gives an impression that the IVSC is only pursuing a harmonisation project with its North American constituent bodies. The IVSC should be mindful that the IASB/FASB convergence project led to the perception, particularly within Europe, that IFRS were dominated by US GAAP. The IVSC should be aware that a similar perception that it is dominated by North American concerns could damage its credibility. It must be seen to be working with all its constituents and not run the risk of some stakeholders being seen to be more influential.

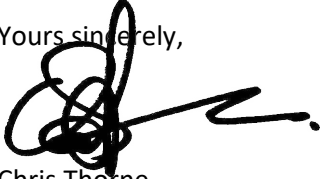
We are also concerned that attempts at harmonisation should recognise the distinction between a set of global standards and a set of standards prepared for use under a particular national framework of regulation or rules for the members of a specific professional body. The proposals to import USPAP definitions into the IVS when there is no need to define these terms in the context of IVS is a case in point. We are also concerned at the news in the Introduction to the Exposure Draft that discussions to include further “common definitions” in the IVS glossary are ongoing with the USPAP and CUSPAP standard setters. With few exceptions this will achieve little. It further strengthens the impression that the IVSC is only concerned about the Anglophone world.

The focus should be on understanding the differences, if any, between the standards which could cause a valuation undertaken under one of the nationally based standards not complying with the IVS. This was the objective agreed the MoU between the IVSC and nearly twenty of its member organisations signed in late 2014 after lengthy discussion and debate.

Finally, it is unfortunate that the Board’s decisions on the amendments to IVS 2017 that were proposed in 2018 remain unknown during this consultation. We understand from discussion with IVSC staff that a revised version of the IVS will shortly be published but there have been no announcements about this or the Board’s response to the consultation which concluded in October last year. This is in spite of the statement made in last year’s Exposure Draft by the Standards Review Board Chairman that all comments received as part of the consultation process would be published on the IVSC website. A similar promise has been made in the current exposure draft.

The IVSC used to be committed to a transparent standard setting process. Besides publishing comment letters as they were received on its website it also published agenda papers, including those summarising responses received, together with minutes of the Board's discussions and decisions. This has now stopped and can only be detrimental to the organisation's credibility and objectives.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Chris Thorne', with a long horizontal flourish extending to the right.

Chris Thorne
Director

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Responses to IVS 2017 Additional Technical Revisions Exposure Draft

1. Glossary

Question 1: Do you believe that IVS should seek to harmonise valuation standards with other standards such as CUSPAP and USPAP? If so, please discuss why you think the harmonisation of valuation standards is necessary.

Yes. The goal of harmonisation with USPAP was agreed as long ago as 2006 in the “Madison Agreement” and refreshed by a further MoU in 2014. We have no knowledge of discussions with AIC regarding CUSPAP but since we understand this is a Canadian standard modelled on USPAP, similar considerations probably apply.

The purposes of harmonisation are to:

- enable standard setters to learn from each other’s experience and agree the best solutions to issues they face in common, and
- eliminate any needless differences between the standards in order to avoid opportunities for valuers or valuation users to “game” the standards.

However, as is recognised in the 2014 MoU with the Appraisal Foundation (TAF), copy attached, harmonisation does not mean trying to make the standards identical. The distinction has to be recognised between a set of standards produced to be followed under national law or regulation for a limited range of assets and purposes, such as USPAP, and international standards that have to be applicable to many types of assets and purposes across different jurisdictions, markets and cultures. These different criteria mean that there will always need to be differences in the scope, format and language between the two sets of standards.

At meetings between the IVSC and TAF which followed the 2014 MoU it was agreed that the goal should be to achieve a situation where a valuation under USPAP would also comply with IVS. The reverse was not considered a valid objective because USPAP is prepared as part of a national framework of law and regulation of valuations for a limited range of purposes. The principal difference then identified which would prevent a USPAP compliant valuation also complying with IVS related to the scope of work. The philosophy in USPAP is that it is solely the valuer’s responsibility to determine the appropriate scope and reference to it needs only to be made in the report. In contrast, while the IVS also puts the onus on the valuer to determine the scope appropriate for the purpose, it also requires this to be communicated to, and preferably agreed with, the client in advance.

While it is noted that some references to aspects of the scope of work having to be agreed were removed from IVS 2017, IVS 101 para 20.4 still says that this should be agreed prior to beginning work wherever possible. Unfortunately, IVS 2017 also increased the previous differences between the IVS and USPAP by changing the status of the concepts and principles that were formerly in the Framework, such as identification of valuation bases and approaches, and turning these into supposedly mandatory IVSs. USPAP contains no such prescription. The Framework had been created in 2011 in response to feedback, including consideration of USPAP and the earlier

commitment to converge, that valuation bases (definitions), approaches and generally accepted concepts needed to be defined to help consistent understanding and application but their use could not be made mandatory and therefore should not be in a mandatory standard. Although the title “Framework” was retained in IVS 2017 it has morphed into a completely different document.

We submit that the efforts to harmonise with USPAP, or other nationally based standards, should focus on far bigger issues than inconsequential differences in the list of defined terms or translations between US and UK English, which send completely the wrong message about the focus of the standards to the non-English speaking world.

Question 2: Do you believe that IVS should define the term Assignment? If so, please discuss why you think the additional definition is necessary.

No. Prior to 2010 the IVS “Glossary” had grown to almost 100 pages in length. The Board agreed that the policy going forward should be to only define words or terms that were used multiple times through the standards and which had a meaning that either did not appear in a normal English dictionary or that had an intended meaning in the context of the standards that was either more restrictive or different from the normal dictionary usage. This policy was partly to simplify the standards but also because those with experience of standard setting recognised the danger of “over definition” where a limited meaning was applied to a word or phrase that effectively prevented its use in another part of the standards, even when this was the most appropriate choice in its commonly understood meaning. There are examples where the need to avoid the natural word or phrase in a sentence because it has been purloined and given a restricted meaning elsewhere leads to sub optimal language having to be used in drafting a standard. This restriction on the standard setter can hinder comprehension and cause difficulties in translation.

Assignment is not used in the IVSs to mean anything other than “a piece of work”, which is how it is defined in both the Cambridge and Merriam Webster dictionaries, and many others.

Additionally, we note that this definition has been taken from USPAP and contains the word “appraiser” instead of “valuer”. The convention throughout IVS has always been to use the words valuer and valuation and not appraiser and appraisal. There are other English nouns that are used instead of these and in different English speaking countries these words can have slightly different connotations, or even legal definitions. It is not the role of the IVS to discuss or define all these alternatives, but for an adopter of the IVS to relate the words to any alternative used in their markets as necessary. If TAF consider US users will not understand what a valuer or valuation is, it is for them to issue an appropriate translation.

Question 3: Do you believe that IVS should define the term Confidential? If so, please discuss why you think the additional definition is necessary.

No, for the same reasons as above.

Question 4: Do you believe that IVS should define the terms Client, Intended Use, Intended User, and Purpose? If so, please discuss why you think the additional definitions are necessary

No. Our specific comments on each word or phrase are:

Client: This is already, but unnecessarily, defined in the IVS 2017 glossary. It is not used in the IVSs with any limited or special meaning so there is no need for it to be defined. The proposed new definition, taken from USPAP simply uses different words to mean the same thing, and also uses

“appraiser” instead of “valuer”. Our preference would be to delete this definition completely, but if not to retain the current definition.

Intended Use: IVS 101 20.3 (f) and IVS 103 30.1 already require the purpose of the valuation to be identified in the scope of work and report. In this context, purpose and intended use are synonymous and introducing the latter is tautologous.

Intended User: This term is already used in IVS 101 20.3 (c) without definition, and we see no point in defining it as the words are used with their commonly understood meaning.

Purpose: This word is already defined in the IVS Glossary using the same words. Once again this is a superfluous definition as there is nothing unusual about the usage of the word in the context of the IVS which requires explanation.

If words that are used in the IVS with their normal dictionary meaning are all defined in the Glossary, where would this end?

2. Framework

Question 5: Should IVS change Section 50.1 to a “should”? If not, please provide your reasons.

No. The reasons given for the proposed change imply that it is acceptable in some circumstances for a valuation to be prepared by someone who does not have appropriate technical skills, experience and knowledge to provide that valuation, but that valuation can still accord with the IVS.

Many would consider this as undermining the credibility of the IVS, but this is a predictable consequence of the decision made in the 2017 edition to adopt the imperative tense and address instructions to the valuer rather than specify the required outcome of the valuer’s work. This has conflated the role of standard setter with that of enforcer. Previously the Board deliberately avoided including instructions to valuers within the IVS as they saw this as the role for regulators or professional bodies. The role of the IVS was seen as purely setting the standards, i.e. providing a common specification for the valuation product, just as the IFRS specify how a financial statement is to be prepared rather than issuing instructions to accountants about their competence and conduct.

While we disagree with the use of “must” and the implicit instructions to valuers, that would require another complete restructuring of the IVS. As it stands, changing “must” to “shall” in this case solves nothing given that “must” is used throughout the rest of this Framework and that 30.1 defines a valuer as “an individual, group of individuals, or a firm possessing the necessary qualifications, ability and experience to undertake a valuation.”

Making this change would not solve the problem identified. Instead the IVSC as a whole needs to rethink the role of the Standards Boards and the IVS and distinguish this from its activities in promoting consistency in competency, ethics and professionalism, and how it works with existing and aspiring VPOs to achieve this.

3. IVS 102 – Investigations and Compliance

Question 6: Should IVS change Section 20.4 to state “Inputs provided to the valuer (eg, by management/owners), should be considered, investigated and/or corroborated.”? If not, please provide your reasons.

Yes. Although the words excluded are immaterial as, if something is not significant, that is reflected in the consideration given to it, the reason given for the change is further illustration that even including definitions of words used with their normal meaning, in this case “significant” and “may”, does not prevent questions of interpretation, and may even cause them.

4. IVS 103 – Reporting

Question 7: Must a report that is the result of an assignment involving the valuation of an asset or assets, in addition to the other requirements stated above, also convey the intended use? If not, please provide your reasoning.

No. This proposal disregards the requirement in a) to include the “elements” of IVS 101 para 20.3 in the report. This includes IVS 101 20.3 (f) “...the purpose for which the valuation assignment is being prepared ...” The proposal is therefore superfluous and repetitive. As indicated in our response to Question 4, there is no need to introduce the term “intended use” when the purpose of the valuation already has to be identified.

This proposal illustrates the problem caused by not setting out in full in IVS 103 the elements of IVS 101 that should also be included in the report. Splitting the required list of report contents across two IVSs in this way does not help users of the standards including, it appears, the proposer of this alteration. Additionally, while the same topics may be covered in IVS 101 and IVS 103, variations in the wording are often appropriate as the scope of work sets out what the valuer proposes to do or investigate but the report confirms what the valuer has done or discovered. We recommend that IVS 103 reverts to setting out the entire list of matters to be included in the report.

5. IVS 104 – Bases of Value

Assets can be aggregated or componentised differently for valuation, depending on the purpose for which the valuation is required. This has nothing to do with the basis of value to be used, as different bases can be applied to different groupings or collections of assets. Instead it is an issue what is to be valued.

The need to appropriately define what is to be valued and the associated assumptions where there are complementary or otherwise related assets had long been recognised in the IVS, most recently in paras 23 and 24 of the Framework in IVS 2013. This was lost in the emasculating of the Framework and the concepts it discussed in IVS 2017. The wording of the proposed new section 220 is confused and proposes requirements which are not always going to be needed or appropriate. It is also misplaced in IVS 104.

Question 8: Should IVS 2017 use the term ‘allocation of value’ or ‘apportionment of value’ or both?

Neither. The wording of the proposed 220.1: *“Allocation of value, also known as apportionment of value, is the separate reporting of value of an asset on an overall, individual or component basis.”* is as confused as it is flawed.

An “overall basis” presumably means that a group of items that might be treated as separable are to be valued as a single asset. If this is the case then no “allocation” or “apportionment” is necessary. If an asset is valued on an “individual basis”, this also implies that it is treated as singular item and therefore no allocation or apportionment is involved. There will be occasions when a component of an asset can only be valued by allocation or apportionment, but the verb used for this process is of minor importance compared to the assumptions that are appropriate about the related components. The range of asset types and valuation purposes covered by the IVS mean that no generalised statement can be made as to what these assumptions might need to be.

Question 9: Should it be mandatory for the valuer to state the reason for the sum of the assets/components being greater or less than the whole as stated in 220.3? If not, please provide your reasoning.

No. This might be appropriate for some purposes for which separable components of an asset are required to be separately valued but not all of them. A one solution fits all approach is not appropriate. The valuation of separable assets and whether this is dealt with by valuing each individually or by apportionment of the whole should be dealt with in either the Asset Standards (IVS 200 – IVS 500) or in standards for specific applications. For example, guidance on the appropriate approach for allocating the carrying amount of real property between the depreciable and non-depreciable amount under IAS 16 was agreed with IASB staff and included in the former IVS 300 in IVSs 2011 and 2013. However, this was specific to that purpose and has no relevance even to other allocations or apportionments under IFRS, let alone for other purposes. Neither of the proposed requirements in 220.3 and 220.4 would have been appropriate.

Question 10: Section 220.4 states that “If the value of the asset includes an element of assemblage value or portfolio premium/discount the valuer must report the overall value separately from the value of the individual assets or components.” Are there any instances where you feel that this is not the case, if so, please provide examples?

No. If the valuer has followed IVS 101 and identified the asset to be valued correctly and the purpose of the valuation, this will determine whether the value is to be reported at the level of individual components, individual assets or in aggregate or as a portfolio. The removal of the former Framework and the conceptual discussions it contained, including the need to consider the effects of aggregation in paras 23-24, has removed useful supporting guidance on asset identification. However, it is totally wrong to suggest, for example, that the value of a portfolio of assets must always be reported separately from the value of the individual assets. The client may not require or need a valuation of the portfolio.

Question 11: Section 220 has been drafted to apply to all specialisms. Should additional Information be Included within the Assets Standards for Business Valuation, Financial Instruments or Tangible Assets? If yes, please provide examples of the initial information to be included.

Possibly. We have already indicated why it is inappropriate to require specific valuations to be carried out in IVS 104. At the generic asset level, it may be possible to give more focussed guidance on issues that may arise, for example price times quantity versus the blockage value of a shareholding or whether a real estate portfolio has a higher or lower value than the aggregate of the individual property values. However, even at the asset level the appropriate approach and what is reported will depend on the valuation purpose. Since IVSC has removed the application standards which provided guidance on valuations for specific purposes, we doubt if there is now scope to provide any guidance on value allocations beyond the need to consider if and how related assets are to be treated when defining what is to be valued in the scope of work.

Interpretive questions of this nature will arise until the Board creates a set of standards that clearly distinguishes mandatory requirements from guidance on the appropriate application of those requirements to different situations. Clearly this will take time. We consider that the most appropriate short term solution would be introduce wording similar to that in the former paras 23 and 24 of the 2013 IVS Framework into IVS 101 and 103 to explain what is involved in the requirement to identify the asset that is valued. This issue has nothing to do with IVS 104.

6. IVS 105 – Valuation Approaches and Methods

We point out that the cross reference to paras 50.1-50.3 in the IVS Framework appears to be incorrect. These paragraphs relate to valuer competence, not to approaches or methods.

Question 12: Do you think that IVS should include a section within the General Standards on Modelling for Valuation purposes? If not, please provide your reasoning.

Yes. The use of technology to mine, sort and calculate data for valuations is now widespread across many markets. We agree with the Board that some sort of overarching pronouncement of the duty of care that should be exercised is appropriate. However, we disagree with the highlighted suggestion in the introductory comments that the valuer “...*must take responsibility for the output of valuation model...*”. This is too simplistic. The valuer’s duty of care starts earlier than this. There is also a need to understand the source of the inputs used, validating these as necessary, in accordance with the adage “rubbish in rubbish out”. In all the work the Board did with the financial sector between 2009 and 2015 where the use of automated models is the norm for financial instruments, the single biggest failing identified was the lack of scrutiny and scepticism about the inputs rather than the technical aspects of the algorithms used in the models.

Question 13: Do you believe that IVS should define the term valuation model? If so, please suggest a definition and discuss why you think the additional definition is necessary.

No. We see no advantage in attempting to do this. Indeed, there could be disadvantages as if a method, technique or process did not accord with the definition, any standards on the use of models may be argued to be not applicable.

Question 14: Do you believe that IVS should define the term valuation calculation? If so, please suggest a definition and discuss why you think the additional definition is necessary.

Absolutely not. As explained in our comments on the proposed Glossary alterations, the IVS should not attempt to define words that are used and understood according to their normal dictionary meaning. No useful purpose is served by attempting to restrict what is meant by “calculation”. It would merely add complexity and open up the possibility of methods that fell outside the definition also escaping the standards relating to calculations.

Question 15: Section 90.2 states that “When using a valuation model the valuer must take responsibility for the output of valuation model...” Are there any instances where you feel that this is not the case, if so, please provide examples?

We cannot think of any examples where a valuer should or could escape responsibility for their conclusion by delegating this to a model. Even if the client instructed that a specific model be used, a valuation under the IVS has to have a scope of work and investigations appropriate for its purpose. If the valuer did not consider this to be the case, then any valuation could not be said to be IVS compliant. However, as explained earlier, we believe that the valuer needs to also be responsible for understanding the source and nature of the inputs, verifying these as necessary, as well as for the output.

Question 16: Section 90.2 also states that “When using a valuation model the valuer must.... keep appropriate records to support the selection of the model.” How long are you required to keep valuation records in the market(s) in which you operate? Please provide details of any relevant valuation record keeping legislation within the market(s) in which you operate.

This question should not be considered in relation to just records relating to the model used but to the keeping and retention of records of the whole valuation assignment. This is already covered in IVS 102 paras 30.1 as follows:

A record must be kept of the work performed during the valuation process and the basis for the work on which the conclusions were reached for a reasonable period after completion of the assignment, having regard to any relevant statutory, legal or regulatory requirements. Subject to any such requirements, this record should include the key inputs, all calculations, investigations and analyses relevant to the final conclusion, and a copy of any draft or final report(s) provided to the client.

We see no reason for anything else. The Board did debate the merits of specifying a minimum length of time but on hearing of the differing requirements, some legislative, around the world it determined this was impractical.

Question 17: Do you agree with Section 80.3 that “when using a valuation model the valuer must take responsibility for the output of valuation model and keep appropriate records to support the selection of the model?” If not, please provide instances when this is not the case.

Presumably this is supposed to be a reference to 90.2 where these words are used. See our responses to Questions 15 and 16.

Question 18: Do you feel that additional valuation standards on valuation modelling are required within the Asset Standards (ie IVS 200 Business and Business Interests, IVS 400 Real Property Interests, IVS 500 Financial Instruments)? If so, please provide an indication of the proposed

content and where within the IVS Asset Standards you think this additional content should be contained.

No. A set of standards that is designed to set principles that can be applied across as many jurisdictions and markets as possible and to as many asset classes as possible cannot descend into discussion of individual models and their merits. The IVS can and should only identify approaches and models on a generic basis, as below this the variations are too detailed and subject to change for inclusion in global standards. The IVSC may be a useful forum for members to examine specific models and their usage, but any output from such examination should not be part of the IVS.

7. Other Comments:

In addition to the responses to the proposed changes in the Exposure Draft we also draw attention to problems with IVS 410 in the 2017 edition:

90.8 (b) is currently worded:

the estimated value on completion is based on the special assumption that the project is completed in accordance with the defined plans and specification on the anticipated date of completion.

This is an alternative to 90.8 (a) but the only difference between the two is supposed to be the date of the assumed project completion. In (a) the project is assumed to have been already completed and valued using today's values; in (b) the valuation is projected to the anticipated future date of completion.

This simple distinction is unclear from the current wording. The omission of "market" before "value" in (b) implies that some other basis is required. While bases other than MV may be appropriate they should be the same under either alternative in this illustration. In the suggestion below we have achieved this by including "market" in (b), but equally it could be deleted from (a). The reference to a "special assumption" is also incorrect because no assumption is required that either differs in fact or is not one a market participant would make. Indeed, it is very important that the projected value is based on the assumptions a market participant would make about future values today. This contrasts with (a) which requires an assumption that the condition of the property has changed at the valuation date, which is a special assumption.

We suggest the following amendment to 90.8 (b):

the estimated market value on completion is based on values anticipated on the date on which it is expected that the project will be completed in accordance with the defined plans and specification. The anticipated value should be based on assumptions that would be made by market participants about future values based on information available on the valuation date.

90.10 is currently worded:

If estimated gross development value is used, it should be made clear that these are based on special assumptions that a participant would make based on information available on the valuation date.

Firstly, the term gross development value is introduced, whereas previously this is referred to as the estimated (market) value on completion. The Expert Working Group that produced the draft of this standard debated whether gross development value should be defined but decided it should not be, as the term was used in different contexts with different meanings around the world and a singular

definition was not possible. Secondly the reference to “special assumptions” is wrong. The required assumptions are correctly described as those that a market participant would make, and therefore are NOT “special”, see the definition of a special assumption.

The suggested revisions to 90.8(b) render paragraph 90.10 redundant as the types of assumption necessary in each case are now clearly distinguished. We therefore recommend that 90.10 is deleted.

Valuology 18 June 2019

Attached: Copy of MoU between the Appraisal Foundation and IVSC dated 23 October 2014

Memorandum of Understanding
Between
The International Valuation Standards Council
And
The Appraisal Foundation

1. Introduction:

- 1.1. The IVSC's mission is to establish and maintain effective, high-quality international valuation and professional standards, and to contribute to the development of the global valuation profession, thereby serving the global public interest.
- 1.2. The IVSC Standards Board issues the International Valuation Standards (IVSs).
- 1.3. The mission of The Appraisal Foundation (TAF) is to promote professionalism and ensure public trust in the valuation profession throughout the United States of America. This is accomplished through the promulgation of standards by the Appraisal Standards Board (ASB), appraiser qualifications by the Appraiser Qualifications Board (AQB), and guidance regarding valuation methods and techniques by the Appraisal Practices Board (APB).
- 1.4. The Appraisal Standards Board of TAF issues the Uniform Standards of Professional Appraisal Practice (USPAP).

2. Definitions:

Requirements	The contents of IVS 101, IVS 102 and IVS 103, together with all those matters under the heading of "Requirements" in IVS 200, IVS 210, IVS 220, IVS 230, IVS 233, IVS 250, IVS 300 and IVS 310
Additional Valuation Standards	Valuation Standards issued by TAF that deal with a matter or matters not included in the IVSs.
Supplemental Valuation Standards	Valuation Standards issued by TAF that impose a more specific or stringent requirement than one in the IVSs

3. Background to Memorandum:

- 3.1. The IVSs are adopted or recognised by various government authorised regulatory bodies, professional bodies, client organisations and investor associations around the world.
- 3.2. USPAP is required under the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 in the United States of America. Federal, state, and local agencies, appraisal service companies and professional appraisal associations require compliance with USPAP.

3.3. On 3 February 2006 the IVSC and TAF entered into the “Madison Agreement” under which both parties committed to seek convergence of the IVSs and USPAP. Since that time significant progress has been made in eliminating some of the previous differences between the IVSs and USPAP. While some differences remain, many have been resolved to the point where compliance with both IVS and USPAP will be attainable in most cases.

3.4. In 2013 TAF became an Institutional Member of the IVSC.

4. Purpose of Memorandum:

4.1. The parties believe it is now appropriate to enter into an updated Memorandum of Understanding (MoU) that reinforces the parties’ commitment to the objective of the Madison Agreement while also reflecting changes that have affected both organisations and their respective standards since 2006.

5. Matters Agreed

5.1. The IVSs have to be capable of being adopted and applied across many different jurisdictions and markets. USPAP is specifically referenced in Federal and state law and is applicable throughout the United States of America. These different criteria mean that there will be some differences in the format and language between the two sets of standards.

5.2. It is also acknowledged that USPAP may also contain Additional Valuation Standards or Supplemental Valuation Standards and that the IVSs may include matters outside the scope of USPAP.

5.3. The parties agree that there should be consistency between the IVSs and USPAP. Consistency is determined by aligning the two sets of standards so that a valuation undertaken and reported in accordance with USPAP also complies with the Requirements in the IVSs

5.4. In order to achieve this desired consistency the parties agree to commit to a process to identify any provisions in USPAP which may be incompatible with a Requirement in the IVSs, or any Requirement in the IVSs which may be incompatible with the provisions of USPAP. Where incompatibility is apparent the parties will use best efforts to agree whether:

- the incompatibility is material, ie it would result in a valuation that was compliant with USPAP being non-compliant with the IVSs,
- the incompatibility can be resolved by the parties issuing a joint statement or opinion confirming that the difference in language does not indicate any difference in principle and that the correct application of either will produce similar results, or
- the incompatibility can only be resolved by an alteration to either the IVSs, USPAP or both, subject to each party’s due process for amending their respective standards.

5.5. It is agreed that where a word or term is defined in both the IVSs and in USPAP that, in so far as is possible, the definitions should be identical.

5.6. It is agreed that any guidance or advisory opinions issued by either party should not contradict a requirement in the standards issued by the other party, except for any provisions that are specific to the law of the United States of America.

5.7. The parties agree to use their best endeavours to complete the above process no later than 31 December 2016.

- 5.7. The parties agree to use their best endeavours to complete the above process no later than 31 December 2016.
- 5.8. The parties agree to keep each other informed on a regular basis of the agenda of their respective valuation standard setting boards, and to collaborate on any projects of mutual interest.

This Memorandum is signed by the following on this 23 day of October 2014

For and on behalf of the International Valuation
Standards Council



Sir David Tweedie –
Chairman of the Board of Trustees

The Appraisal Foundation



Anthony Aaron
Vice Chair of Trustees