

Appraisal Report vs. Restricted Appraisal Report

A Summary for Client Reference

Under the Uniform Standards of Professional Appraisal Practice (USPAP), two written report formats are available for real property appraisal assignments: the **Appraisal Report** and the **Restricted Appraisal Report**. Both are credible, USPAP-compliant deliverables. The distinction lies not in the rigor of the analysis, but in how much of that analysis is disclosed within the report itself.

The value opinion is the same. The underlying research, data, and methodology required to develop a credible opinion of value are identical for both report types. What differs is the level of narrative and documentation presented to the reader.

	Appraisal Report	Restricted Appraisal Report
USPAP Standard	Standards Rule 2-2(a)	Standards Rule 2-2(b)
Scope of work disclosure	Summarized	Stated (less detail)
Analytical rationale	Summarized throughout	May be omitted or minimized
Intended users	Client + named others	Client + named others (by name)
Typical use	Lending, litigation, sale	Internal decisions, portfolio monitoring
Required use restriction	No	Yes, must be conspicuously stated
Workfile requirement	Standard	Must support full Appraisal Report
Report length / prep time	Full narrative	Reduced
Client cost	Standard fee	Reduced

What This Means for You

The Restricted Appraisal Report is appropriate when you need a credible opinion of value for internal decision-making purposes (for example, evaluating an acquisition, monitoring a portfolio property, or informing a business decision) and do not require the full narrative documentation associated with a lending or litigation assignment.

Because the appraiser performs the same underlying analysis but prepares less written narrative, the preparation time and associated fee are reduced, while delivering the same reliable value conclusion.

Important Limitations to Know

- **Not suitable for lending.** Most lenders require a full Appraisal Report. A Restricted Appraisal Report will generally not satisfy bank underwriting or regulatory requirements.
- **Limited audience.** Use is restricted to the client and any other intended users specifically identified by name in the report. The report must conspicuously disclose this restriction.
- **Less context for third parties.** Because supporting rationale may be omitted, the report is less self-explanatory to readers not already familiar with the property or market.
- **Same legal exposure.** The appraiser's USPAP obligations, certification, and professional liability are identical. No shortcuts are taken in the analytical process.
- **Workfile requirement.** The appraiser is required to maintain a workfile sufficient to produce a full Appraisal Report, even when only a Restricted Report is delivered.

The value opinion is equally credible in both report formats. The difference is presentation depth, preparation time, and cost - not analytical rigor.

When a Restricted Appraisal Report is Appropriate

A Restricted Appraisal Report is well-suited to the following situations:

- Internal acquisition or disposition analysis where no third-party financing is involved
- Portfolio monitoring and periodic review assignments
- Some estate planning or tax-related purposes
- Situations where the client is sophisticated and familiar with the subject property
- Assignments where the client needs the value opinion but not the full documentation

If you have questions about which report format best fits your assignment, please contact our office. We are glad to discuss your specific needs and recommend the appropriate scope of engagement.