



# Real Estate Information Standards (REIS)

## REIS NEWS September, 2010

### **Highlights:**

- REIS responds to IVSC exposure draft for new International Valuation Standards
- Requirements for leasing information and other risk assessments to be added to REIS
- Appraisal Institute withdrew its sponsorship of the Appraisal Foundation-no impact on REIS expected
- REIS Council begins review of public comments surrounding Debt Liability Valuation Exposure Draft

### **REIS responds to IVSC exposure draft**

During September, REIS responded to the International Valuation Standards Council (IVSC) exposure draft for its new valuation standards. Contrary to the proposal within the exposure draft, the [REIS response](#) indicated a need to use a common definition of fair value for accounting and valuation purposes. In addition, REIS suggested the IVSC consider debt valuation in future versions of the valuation standards.

### **Requirements for leasing information and other risk measures to be added to REIS**

The REIS Council approved changes to the REIS standards to require, rather than recommend, portfolio diversification characteristics (e.g., type, location, life cycle) for all portfolios with operating property. In addition, leasing information including occupancy/leasing levels and lease expiration statistics would also be required and major tenant details would also be recommended. The Council thinks these measures are critical to understanding the portfolio and associated risks. The Board will consider the matter during its October meeting. Once approved, changes will be incorporated into future editions of the REIS standards.

### **Appraisal Institute withdrew its sponsorship of the Appraisal Foundation**

During September, the Appraisal Institute withdrew its sponsorship of the Appraisal Foundation. The Appraisal Institute is a global membership association of professional real estate appraisers. Its mission is focused on advocacy and education. The Appraisal Foundation helps to regulate the appraisal profession and is responsible for administering and distributing information on the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP is the foundational standard for valuation within REIS. Currently, we do not anticipate any adverse impact of this separation on REIS.

### **Debt Liability Valuation Exposure Draft**

During the September Council meeting, [comments received](#) on the Debt Liability Valuation Exposure Draft were discussed. The Council will continue its deliberations during its October meeting and is expected to conclude on the three items addressed in the document: i) changing the current REIS standard from requiring all debt to be valued for all funds to a recommendation for closed-end funds and single investor investment accounts; ii) add a requirement for the preparation of REIS Net Asset Value; and iii) enhance disclosures surrounding debt valuation assumptions and methodologies.