

The Professional Aircraft Appraisal Organization

All Associates of the Professional Aircraft Appraisal Organization (PAAO) are bound by the following ethics rules. Failure to adhere to these rules will initiate an evaluation by the Peer Review Committee and could result in expulsion from the association.

In order for PAAO appraisals to be meaningful and trustworthy, those who purchase, use, or depend upon them for any purpose must have faith in them. That faith is generated by the individual appraiser who adheres to the highest ethical practices. Failure to do so will result in "outing" of that appraiser by poor "word of mouth" advertising in his area. This "bad press" will reflect poorly on every other PAAO Associate and the Organization.

Rule #1. All PAAO Associates will perform ethically when accepting an assignment from a potential client. An appraiser may not accept any job that he or she is not qualified to complete. It is acceptable for the appraiser to contact another appraiser who is qualified to do that particular job and assign it to that person. However, the appraiser who is qualified to complete the job will have control over every aspect of it, though the unqualified appraiser may take part in it and assist the qualified appraiser through mutual agreement.

Rule #2. A PAAO appraiser will not accept any job that requires that a predetermined opinion or conclusion will be reported. Under no circumstance will a PAAO Associate accept a job where the appraiser's fee is contingent upon the outcome of the appraisal report. Under no circumstances will a PAAO appraiser accept payment for a job based on a percentage of the aircraft's value.

Rule #3. A PAAO appraiser will not accept any job that will result in a conflict of interest, real or perceived, with regard to that appraiser. A conflict of interest exists any time an appraiser has any type of interest in the airplane being appraised. Personal interest may include, but is not limited to, an aircraft that the appraiser owns or partially owns, or that he or she may receive or is receiving compensation in any form from its rental, sale, or use.

Rule #4. I understand that I am totally and completely responsible for any and all appraisal work I produce. I also acknowledge that PAAO Associates do not conduct what are called "desktop" or "market" appraisals unless exceptional conditions exist which are communicated to the client and stated in the resulting USPAP Compliant Report.

Rule #5. PAAO Associates' when performing appraisals are not advocates for their clients' causes. They must act as an independent, objective, unbiased party at all times. A PAAO Associate may be an advocate only to the extent that he or she supports his or her appraisal reports.

Rule #6. When acting as a Buyer's Agent, a PAAO or PAAO/USPAP Appraisal, is a component of the service, a PAAO Associate's fee for acquisition services may not be based on a percentage of the purchase price.

Rule #7. PAAO Associates may not engage in criminal conduct inside or outside of their appraisal practice. Criminal conduct of any type may call into question the reliability and credibility of any appraisal that person is responsible for and can lead to expulsion from the PAAO.

Rule #8. All appraisals written on turbine powered aircraft or turbine powered helicopters will be completed under the Uniform Standards of Professional Appraisal Practice (USPAP). PAAO Associates must have completed the PAAO Senior Aircraft Appraiser course and must have been issued a Certificate of Appointment as a PAAO Senior Aircraft Appraiser and must have

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taken and passed the PAAO Senior Aircraft Appraiser Course. All Associates who are qualified to write USPAP Appraisals will adhere to the USPAP standards and operational requirements as published in the Uniform Standards of Professional Appraisal Practice document in effect at the time the appraisal is completed as well as the PAAO currency standards.

Rule #9. PAAO Associates must maintain the confidential nature of the appraiser-client relationship. Under no circumstance will a PAAO Associate disclose the results of any appraisal report, or any information gathered in the conduct of that appraisal, to anyone without the express written permission of his client. There are two exceptions. The first is the transmittal of the appraisal work to PAAO headquarters whose Associates and employees work under the same confidentiality constraints. Appraisals transmitted to PAAO headquarters will be used for internal purposes only. The second is when the appraiser is compelled by state or local enforcement agencies to disclose the subject appraisal under due process of law.

Rule #10. A PAAO appraiser will utilize the most current, accurate, and relevant market data in the preparation of the appraisal report with respect to the subject aircraft and the purpose of the appraisal, as identified by the client and the appraiser, and the scope of work as identified by the appraiser.

Rule #11. Appraisals performed on behalf of another Associate ("referral appraisals"), will be completed with the same standard of quality as appraisals normally submitted by the Associate to whom the appraisal was referred.

Rule #12. PAAO Appraisers must disclose in the appraisal report any employer/employee relationship that extends beyond the client/appraiser association.

Associate Obligations and Responsibilities

A. I understand that as a PAAO Associate I am eligible to take part in the PAAO's training programs on the dates and times they are scheduled and for the prices they are offered at.

B. I understand that I will not be listed in the PAAO's Directory nor may I hold myself out to the public as an aircraft appraiser until I am appointed as such upon completion of the PAAO Hands-on Training Course. I understand that my access to the PAAO software and database (when available) will be activated approximately 60 days prior to the Basic Appraisal Course that I enroll in. If I do not attend the course it will be restricted once again until I attend the next course. I understand that as an Aircraft Appraiser I may only appraise piston engine aircraft.

C. The requirements to become a Senior Certified Aircraft Appraiser are the completion of the Hands-on Training Course, one year as an Associate of PAAO, and 10 aircraft appraisals turned into PAAO headquarters. Each appraisal must meet the minimum requirements established by PAAO and specified during the Hands-on Training Course.

D. The requirement to take the PAAO Buyer's Agent Course is completion of the Hands-on Training Course.

E. Use of the PAAO database (when available) is strictly for my professional use in conjunction with my duties as an Aircraft Appraiser or Senior Aircraft Appraiser. All materials, programs, data, and information that are supplied to me by the PAAO are proprietary and I will not share such materials, programs, data, and information supplied by the PAAO with anyone except for the

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normal use of written appraisal reports provided to my clients. I will not share my Username or Password for the PAAO Associates Only web site with any other person for any reason nor will I allow anyone else to access the PAAO Associates Only web site using my login information. Violation of this paragraph of the Ethics rules will result in the immediate termination of my Relationship in PAAO.

F. I understand that I am an Associate of the PAAO and not an agent, and I will identify myself as an Associate in any advertising I do where I use the PAAO logo. I will make it clear in all advertising that I am an Associate and not acting as the PAAO.

G. I understand that I, not the PAAO, am totally and completely responsible for the appraisal work that I produce whether I am being paid for that work by a client or not and whether the PAAO database is used or not. I understand that the PAAO database is only one tool that I will use in appraising aircraft and that it is solely my responsibility to insure the accuracy and correctness of the reports I provide to my clients.

H. I understand that I am responsible for notifying the PAAO with regards to any changes in my affiliation status, such as changes of credit card information and other items that effect the PAAO's ability to service my affiliation. To cancel my affiliation, I must notify PAAO in writing 30 days before the cancelation will become effective. I understand that should my credit card fail to process for two consecutive charges that my affiliation may be cancelled. I understand that in the future I may be asked to sign or agree to updated Ethics Rules that may not contain Paragraphs A through H of this agreement. Paragraphs' A through H of this agreement will remain in effect for as long as I am an Associate of PAAO. I have read and understood the PAAO Ethics Statement and promise to adhere to it during my conduct of business as an Associate of the Professional Aircraft Appraisal Organization.