

**Memorandum of Understanding Between  
The International Valuation Standards Committee and  
The Appraisal Foundation**

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***'The Madison Agreement'***

The International Valuation Standards Committee (IVSC) and The Appraisal Foundation (TAF) (the 'Parties') share the common vision of a valuation profession with a single set of high quality understandable and enforceable global valuation standards.

As a commitment toward this ultimate goal, the IVSC and TAF issued this Memorandum of Understanding following their joint meeting held in Washington, DC on February 3, 2006. The Memorandum commits both parties to seek the convergence of the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the *International Valuation Standards* (IVS) as an important step on the path towards this vision.

In reaching this agreement, both parties were cognizant of the 'Norwalk Agreement' reached in October 2002 between the Financial Accounting Standard Board (FASB) and the International Accounting Standards Board (IASB) which committed both parties to the convergence of US GAAP and the International Financial Reporting Standards.

At their meeting, both the IVSC and TAF pledge to use their best efforts to

- (a) make their existing valuation standards fully compatible as soon as is practicable; and
- (b) to coordinate their future work programs to ensure that once achieved, compatibility is maintained.

To achieve compatibility, the Parties' will, as a matter of high priority direct their respective standards boards (the 'Boards') to:

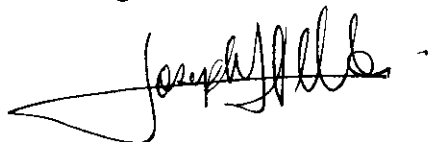
- (a) Within a 12 month period, review both the presentation and content of the IVS and USPAP and identify differences. Both Boards will use their best efforts to propose changes to USPAP and IVS that reflect common solutions to certain specifically identified differences while acknowledging each Board's due process procedures.

Both Boards acknowledge that 'compatibility' cannot at this stage mean word-for-word identical standards but rather that the two sets of standards do not contain conflicts. The elimination of current differences, together with the commitment by both Boards to eliminate or reduce remaining differences through continued progress on joint projects and coordination of future work programs, will improve comparability of valuation practices across national jurisdictions.

- (b) Work towards greater coordination of their future work programs to a closer alignment of the agendas for their standard setting activities to include explicit consideration of convergence potential in all agenda decisions. TAF will continue to be represented on the IVSC Standards Board and contribute to the development of IVS in that way.

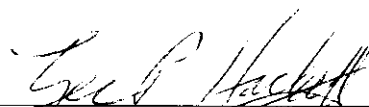
IVSC and TAF agree to explore and identify further areas and opportunities that will assist in improving and advancing the Valuation Profession worldwide.

Agreed to on February 3, 2006  
Washington, DC



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Joseph J. Vella  
*Chairman*  
*The International Valuation Standards*  
*Committee*



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Lee P. Hackett  
*Chair*  
*The Appraisal Foundation*