Department of Insurance
Financial Institutions
Governor Eric R. Greitens Kathleen (Katie) Steele Danner, Division Director and Professional Registration
State of Missouri DIVISION OF PROFESSIONAL REGISTRATION Chlora Lindley-Myers, Acting Director

MISSOURI REAL ESTATE APPRAISERS COMMISSION
3605 Missouri Boulevard
P.O. Box 1335
Jefferson City, MO 65102-1335
573-715-0038
573-526-3489 FAX
reacom@pr.mo.gov
http://pr.mo.gov

Vanessa Beauchamp
Executive Director

Meeting Notice
Missouri Real Estate Appraisers Commission
Division of Professional Registration
3605 Missouri Blvd
Jefferson City, MO 65109

January 10, 2018
8:30 a.m.

Notification of special needs as addressed by the Americans with Disabilities Act should be forwarded to the Missouri Real Estate Appraisers Commission, P.O. Box 1335, Jefferson City, Missouri 65102, or by calling (573) 751-0038 to ensure available accommodations. The text telephone for the hearing impaired is (800) 735-2966.

Except to the extent disclosure is otherwise required by law, the Missouri Real Estate Appraisers Commission is authorized to close meetings, records and votes to the extent they relate to the following: Section 610.021 subsections (1), (3), (5), (7), (13), (14) and Section 324.001.8 and 324.001.9 RSMo

The Commission may convene in closed session at any time during the meeting. If the meeting is closed, the appropriate section will be announced to the public, with the motion and vote recorded in open session minutes.

Posted 12/27/2017

Open Session
Tentative Agenda

Missouri Real Estate Appraisers Commission
Division of Professional Registration
3605 Missouri Blvd.
Jefferson City, MO 65109

Conference Call

(573) 526-5904 --------- toll free (866) 630-9352

January 10, 2018– 8:30 a.m.

I. Call to Order

II. Roll Call

III. Approval of Open Session Agenda

IV. Instructor additions: ASFMRA
- Jeffrey Berg; Thomas Dobbin; Chris Greenwalt; Mark Lewis; LeAnn Moss; Ann Roehm; Scott Seely and James Synatzske

V. Education Review
- StLC IAAO: Residential Quality, Condition and Effective Age
- StLC IAAO: 2018 – 2019 USPAP Update
- AI: 2018 – 2019 USPAP Update
- AI: 2018 – 2019 USPAP
- Kunzler: 2018 – 2019 USPAP Update
- MSAA: Income & Expense, Lodging and Self-Storage
- NAIFA: Residential Report Writing Skills
- SWIAAO: Assessment of Personal Property

VI. Miscellaneous

VII. Closed Meeting - Closed Session 610.021 Subsection (1) for the purpose of discussion of confidential or privileged communication between this agency and its attorney; Section 610.021 Subsection (14) and 324.001.8 and 324.001.9 RSMo for the purpose of discussing investigative reports and/or complaints and/or audits and/or other information pertaining to the licensee or applicant section 610.021 subsection (1) RSMo for the purpose of discussing general legal action, causes of action or litigation and any confidential or privileged communication between this agency and its attorney, and for the purpose of reviewing and approving closed meeting minutes of one or more previous meetings under the subsection 610.021 RSMo which authorizes this agency to go into closed session during those meetings.

VIII. Adjournment

Morrow, Patty

From: Deanna Ilk <dilk@asfmra.org>
Sent: Wednesday, December 20, 2017 1:46 PM
To: Morrow, Patty
Subject: ASFMRA - Instructor Applications
Attachments: A114 Instructor Renewal Packet.pdf; Berg, Jeff.pdf; Dobbin, Thomas.pdf; Greenwalt, Chris.pdf; Lewis, Mark.pdf; Moss, LeeAnn.pdf; Roehm, Ann.pdf; Scott Seely.pdf; Synatzske, James.pdf

RECEIVED
DEC 21 2017

Hi Patty,

Here are some USPAP Instructor applications, resumes and USPAP Instructor certificates for you. We already have the class approved, but need to add these instructors.

Thank you,
Deanna

Deanna Ilk
State Certification and Continuing Education Coordinator
American Society of Farm Managers and Rural Appraisers
720 S. Colorado Blvd., Suite 360-S | Denver, CO 80246
Direct: 303.692.1222 | Fax: 303.758.0190

The Most Trusted Rural Property Professionals | www.asfmra.org

Access the 2018 Education Calendar and sign-up today!

7 Hour National USPAP Course (A114)

Jeffrey L. Berg, ARA
Owner/Appraiser
Crown Appraisals, Inc.
602 Front St N
Barnesville, MN 56514-3118
(218) 354-7000
jeffberg@crownappraisalsinc.com

Thomas E. Dobbin, RPRA
Appraiser
PO Box 370
Marsing, ID 83639-0370
(208) 896-4459
dobbinranch@gmail.com

Chris L. Greenwalt, ARA, RPRA
230 North 52nd Avenue
Greeley, CO 80634
(970) 353-8596
chrisgreenwalt@aol.com

Mark A. Lewis, ARA, RPRA
Appraiser
Lewis & Seely Appraisals, Inc.
308 E Lufkin Ave
Lufkin, TX 75901-0212
(936) 632-4230
mark@LewisSeely.com

LeeAnn Moss, PhD, ARA
Director, AcreValue Business Development
Granular, Inc.
1800 S Oak St Ste 208
Champaign, IL 61820-7059
(815) 685-7608
leeannmoss@granular.ag

Ann Roehm
Vice President, Treasurer
Cannon, Lechtenberg & Associates, Inc.
210 East 30th Avenue
Suite 120
Hutchinson, KS 67502
(620) 728-1310
annroehm@canvalue.com

Scott Seely, ARA
President
Lewis & Seely Appraisals, Inc.
308 E Lufkin Ave PO Box 877
Lufkin, TX 75901-0212
(936) 632-4230
scott@lewisseely.com

James Synatzske, ARA
Appraisal Services-Consulting
701 Heritage Way
Stephenville, TX 76401
(254) 965-5914
1jasyn@embarqmail.com

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Jeff Berg

   Mailing Address: 602 Front Street North Barnesville, MN 56514-3118

   Business Phone: _____

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd, Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Appraisers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
ASFMRA					ARA	appraisal

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA					appraisal/management

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Crown Appraisal	appraiser/president			current	

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lk

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Jeffrey Berg

602 Front St. North Barnesville, MN 56514 UNITED STATES
JeffBerg@CrownAppraisalsInc.com
(218) 354-7000

Instructor ID #: 44759
Certification Effective Date[1]: 11/03/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

Crown Appraisals, Inc.

APPRAISAL QUALIFICATIONS FOR JEFFREY BERG

MEMBER:

Accredited Rural Appraiser (A.R.A.) membership designation--the American Society of Farm Managers and Rural Appraisers, Inc.
Accredited Senior Appraiser (A.S.A.) membership designation--Machinery & Equipment Specialty--American Society of Appraisers
Minnesota Certified Federal General Appraiser License #4002404
North Dakota Certified General Appraiser, Permit No. CG-1050
South Dakota Certified General Appraiser License #118CG-2006
Instructor: ASFMRA--Fundamentals, Principles, and Advanced Rural Appraisal Courses (A-10, A-20 & A-30)
Instructor: National Uniform Standards of Professional Appraisal Practice (USPAP) Course
ND & MN Chapters of American Society of Farm Managers & Rural Appraisers, Past President and current Treasurer of MN Chapter
MN Chapter of American Society of Appraisers
ASFMRA National Appraisal Education Committee Chairman, 2002-2005
2005 recipient of H.E. "Buck" Stalcup Excellence in Education Award from ASFMRA

CORE APPRAISAL EDUCATION:

American Society of Farm Managers and Rural Appraisers, Inc. courses:
-A-12, Standards of Professional Appraisal Practice, 8-97, Bloomington, IL
-A-27, Income Capitalization Unleveraged, December 1993, Denver, CO
-A-20, Principles of Rural Appraisal, August 1988, Rochester, MN
-A-25, Eminent Domain Seminar, February 1991, Denver, CO
-A-28, Income Capitalization Leveraged, January 1994, Denver, CO
-A-30, Advanced Rural Appraisal, February 1991, Wichita, KS
-A-35, Advanced Appraisal Review, March 2004, St. Cloud, MN
-A-40, Advanced Rural Appraisal Case Studies, June 1991, St. Paul, MN
-Applied Income Approach--Special Purpose Properties, 5-95, St. Cloud, MN
-Appraising Agricultural Chattels, 7-95, St. Paul, MN (Presented by ASA & ASFMRA)
-Conservation Easements Seminar, 11-98, Denver, CO
American Society of Appraisers courses:
-ME201 Introduction to Machinery and Equipment Valuation, 7-93, Cleveland, OH
-ME202 Machinery and Equipment Valuation Methodology, 8-93, Atlanta, GA
-ME203 Machinery & Equipment Valuation: Advanced Topics & Case Studies, 3-94, Atlanta, GA
-ME204 Machinery & Equipment Valuation: Advanced Topics & Report Writing, 4-94, Washington, DC
-ME205 Income Approach, Discount Rate Development & Complex Case Studies, 2-98, San Francisco, CA
-Uniform Standards of Professional Appraisal Practice (USPAP), 9-97, Bloomington, IL
B.A. Agriculture/Business Administration, Ambassador University, Big Sandy, TX
The American Society of Farm Managers and Rural Appraisers and the American Society of Appraisers conduct mandatory programs of continuing education. I am current with the requirements of the program. Continuing education classes are not listed.

BACKGROUND AND EXPERIENCE:

Crown Appraisals specializes in the appraisal of agricultural and commercial real estate. Commercial appraisal experience includes the following classes of real estate: feed mills, grain elevators, dry edible bean processing plants, seed plants, potato warehouses, food processing facilities, fertilizer facilities, convenience stores, bulk fuel facilities, manufacturing plants and equipment dealerships. Agricultural appraisal experience includes farmland, on-farm grain handling and storage facilities, feedlots, hog confinement facilities, large freestall dairy facilities and general farm buildings. Jeff Berg has extensive experience in the appraisal of aggregate and gravel reserves. Experience includes expert witness testimony in Federal Bankruptcy court, IRS Tax court and various district courts. Equipment appraisal experience includes food processing, grain handling, seed processing, industrial manufacturing, construction and agricultural equipment.

Jeffrey Berg, A.R.A., A.S.A.
Accredited Rural Appraiser, Accredited Senior Appraiser
602 Front St. North – Barnesville, MN 56514-3118
(218) 354-7000 • FAX (218) 354-7100
Email: jeffberg@crownappraisalsinc.com
American Society of Farm Managers and Rural Appraisers
American Society of Appraisers

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Tom Dobbin

   Mailing Address: P.O. Box 370 Marsing, ID 83639

   Business Phone: _____

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd., Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Apprasiers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: _____ Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
ASFMRA					RPRA	

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA				current	appraisal

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Office of Valuation Services					

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lR

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Thomas Dobbin

PO Box 370 5453 Dobbin Road Marsing, ID 83639 UNITED STATES
dobbinranch@gmail.com
(208) 896-4459

Instructor ID #: 44602
Certification Effective Date[1]: 10/03/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

Thomas Dobbin, RPRA
Idaho
thomas_dobbin@blm.gov
Instructs: 15 Hour National USPAP Course (A113), 7 Hour National USPAP (A114), Foundations of Appraisal Review (A600) , Uniform Appraisal Standards for Federal Land Acquisitions

Tom was born and raised in Idaho and is a Certified Licensed Appraiser in Idaho and Oregon. Tom has been appraising rural agriculture properties since 1977 and worked with Farm Service Agency as a lead appraiser and is currently a Lead Review Appraiser for the Office of Valuation Services in the Northwest specializing in USPAP and UASFLA appraisal reviews. Tom has had the RPRA designation since 1993 and is Past President of the Idaho/Utah ASFMRA Chapter and is currently serving on the ASFMRA Government Relations Committee and the ASFMRA National Review Committee. Tom is a National USPAP Instructor and is a certified ASFMRA Instructor for all of the Review Classes (A-360, A-370, A-380, and A390); he is also an ASFMRA Best in Business Ethics Class Instructor.

INSTRUCTORS QUALIFICATIONS

THOMAS E. DOBBIN-RPRA

- Degree in Agricultural Economics 1973 - University of Idaho
- Alpha Zeta Agricultural Honorary 1971-1972
- Youth Develop Project Advisor to Botswana, Africa 1974-1975
- Young Agricultural Specialist Exchange Participant to the Soviet Union 1976
- Farmers Home Administration (FmHA)/Farm Service Agency (FSA) (1977 to 2007) Experience as an Appraiser(has had appraisal authority since 1977 for residential and 1979 for commercial and agricultural appraisals), Loan Officer and County Supervisor –
- Sr. Appraiser for FSA for the State of Idaho 1991-2007.
- Senior Appraiser with U.S. Department of Interior (2007-2011)
- 2012 to current Chief Appraiser USDA Farm Service Agency
- IDAHO STATE CERTIFIED REAL ESTATE APPRAISER SINCE 1992
- Appraisal Liscense Idaho CGA-114
- Member of the AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISER (ASFMRA) SINCE 1993. Hold the designation of REAL PROPERTY REVEIW APPRAISER (RPRA) since 1993.

  Southwest Idaho Chapter Program Chairperson 1992-1993
  Southwest Idaho Chapter President- 1993-1994
  Idaho Chapter ASFMRA board member 1997-2002
  Idaho Chapter ASFMRA President in 2001
  Idaho Chapter Review Committee Chairperson- 1994- to 2007
  Idaho Chapter Continuing Education Chairperson 1995- 97
  ASFMRA Government Relations Committee Member

- Appointed as Review Appraiser to assist the State Appraisers Board by the Attorney General for the State of Idaho in 1996.

- Nationally Certified Trainer for USDA Farm Service Agency 1996-2007.

- Nationally Certified Trainer for the ASFMRA (since 1996 to present) for:

  - All Review classes (A-360, A370, A380, A-390)
  - USPAP
  - YELLOW BOOK
  - ASFMRA Code of Ethics
  - Lands in Transition

- National USPAP Trainer-1996 to present

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Chris Greenwalt

   Mailing Address: 4424 West 6th Street Greeley, CO 80634

   Business Phone: _____

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd, Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Apprasiers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
CSU				1974	BS	

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA				current	appraisal

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Self employed	appraiser				

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lk

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD

THE APPRAISAL FOUNDATION

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AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Mr. Chris L. Greenwalt, ARA, RPRA

230 N 52nd Ave Greeley, CO 80634-4263 UNITED STATES
chrisgreenwalt@aol.com
(970) 353-8596

Instructor ID #: 44583
Certification Effective Date[1]: 9/28/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

Chris Greenwalt

Chris has retired as the National Appraiser for USDA/NRCS, National Resource Conservation Service after over 36 years of service with the Federal Government. The primary focus of this position is development and implementation of the real estate appraisal process, acquisition and approval of real estate appraisals for use in purchasing conservation easements around the country for five different easement programs for the Agency. Prior to this he was employed by USDA/FSA, Farm Service Agency as Chief Appraiser in Washington, DC from March 1996 to April 2005 establishing policy and direction for appraisals used in loan making and loan servicing decisions nationwide and in various positions in Colorado with Farmers Home Administration including Farm Loan Chief and Senior Appraiser.

Chris was born and raised around Ft. Collins, CO on an irrigated farm and livestock operation and received his Bachelor of Science Degree from Colorado State University.

Chris received his Real Property Review Appraiser designation in 1993 and his Accredited Rural Appraiser designation in 1994 from American Society of Farm Managers and Rural Appraisers and his Fellow designation in 2009 from The Royal Institution of Chartered Surveyors. He is a Certified Uniform Standards of Professional Appraisal Practice Instructor, State Certified General Appraiser in Colorado, teaches several appraisal courses for ASFMRA and served 6 years as an Appraiser Qualifications Board Member in 2000 -2006.

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Mark Lewis

   Mailing Address: 308 East Lufkin Avenue P.O. Box 877 Lufkin, TX 75902-0877

   Business Phone: _____

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd., Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Appraisers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   half

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
Austin State Univ						business admin

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA					appraisal/management

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Lewis & Seely Appraisals, Inc.	appraiser			current	

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lR

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

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Mark A. Lewis, ARA, RPRA

308 E. Lufkin Ave. Lufkin, TX 75901 UNITED STATES
mark@LewisSeely.com
(936) 632-4230

Instructor ID #: 44672
Certification Effective Date[1]: 9/22/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

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Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

QUALIFICATIONS OF APPRAISER
MARK A. LEWIS, ARA, RPRA

EDUCATION:

Graduated 1983, Lufkin High School, Lufkin, Texas

Attended Angelina Junior College and Stephen F. Austin State University, Nacogdoches, Texas
Major: Finance

APPRAISAL EDUCATION:

Basic Real Estate Courses

- Principles of Real Estate, Stephen F. Austin State University
- Real Estate Finance, Angelina College
- Real Estate Appraisal I, Residential Property Valuation, Angelina College
- Real Estate Appraisal II, Income Property Valuation, Angelina College
- Real Estate Law, Angelina College
- Real Estate Brokerage, Angelina College

Specialized Education

American Society of Farm Managers and Rural Appraisers

- Course A-12 Part I "ASFMRA Code of Ethics"
- Course A-30 "Advanced Rural Appraisal"
- Course A-15 "Report Writing"
- Course A-25 "Eminent Domain"
- Course A-20 "Principles of Rural Appraisal", Credit by Examination Only
- Course A-29 "Highest and Best Use"
- Course A–360 "Introduction to Appraisal Review," Credit by Examination Only
- Course A-370 "Appraisal Review under USPAP," Credit by Examination Only
- Course A-380 "Appraisal Review under UASFLA," Credit by Examination Only
- Course A-390 "Advanced Appraisal Review Case Studies", Credit by Examination Only

Appraisal Institute

- Course 1A-1 "Real Estate Principles,"
- Course 1A-2 "Basic Valuation Procedures,"
- Course SPP-A "Standards of Professional Practice - Part A,"
- Course SPP-B "Standards of Professional Practice - Part B,"
- Course 310 "Basic Income Capitalization"
- Course 510 "Advanced Income Capitalization", credit by challenge exam
- Course 530 "Advanced Sales Comparison & Cost Approaches", credit by challenge exam

Continuing Education

- "Valuation of Conservation Easements Certificate Program", Appraisal Institute, American Society of Farm Managers and Rural Appraisers, American Society of Appraisers, and Land Trust Alliance, October 1-5, 2007, Denver, Colorado

- "Requirements of UASFLA - The 'Yellow Book'", American Society of Farm Managers and Rural Appraisers, September 23-25, 2009, Austin, Texas
- Various other seminars offered by the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers. A complete list of seminars and courses attended is available upon request.

TEACHING OR INSTRUCTING

Instructor for the following courses and seminars offered by the American Society of Farm Managers and Rural Appraisers:

- Cost Approach for General Appraisers (A301)
- Sales Comparison Approach for General Appraisers (A302)
- Income Approach for General Appraisers, Part 1 (A303)
- National USPAP Course
- Requirements of the UASFLA - The 'Yellow Book'
- Undivided Partial Interest Seminar - Seminar author and coordinator
- Appraising Rural Residential Property
- Appraising Broiler Farms Seminar - Seminar author and coordinator
- Income Applications Seminar - Seminar author and coordinator
- Timber Valuation Seminar - Instructor

DESIGNATIONS AND AFFILIATIONS:

- Accredited Rural Appraiser (ARA), American Society of Farm Managers and Rural Appraisers
- Real Property Review Appraiser (RPRA), American Society of Farm Managers and Rural Appraisers
- Texas Certified General Real Estate Appraiser, Certificate No. TX-1321392-G
- Mississippi Certified General Real Estate Appraiser, Certificate No. GA-868
- Louisiana Certified General Real Estate Appraiser, Certificate No. G2634
- AQB Certified USPAP Instructor No. 10210,Appraiser Qualifications Board of The Appraisal Foundation
- general Associate Member of the Appraisal Institute
- Licensed Texas Real Estate Broker No. 352690
- Member - Lufkin Association of Realtors and Lufkin Multiple Listing Service
- Member - National Association of Realtors
- Member - Texas Association of Realtors

COMMITTEES AND POSITIONS SERVED

- Member, Appraiser Qualifications Board, The Appraisal Foundation, 2014-present
- President, American Society of Farm Managers and Rural Appraisers, Texas Chapter, 2005-2006
- District V Experience Review Chairman, American Society of Farm Managers and Rural Appraisers, 2004-2008
- Chair of Appraisal Education Committee, American Society of Farm Managers and Rural Appraisers, 2005-2008

- Vice Chair of Appraisal Education/Accreditation Committee, American Society of Farm Managers and Rural Appraisers, 2009-2010
- Approved Instructor, American Society of Farm Managers and Rural Appraisers
- President, Lufkin Multiple Listing Service - 2005
- H. E. "Bulk" Stalcup Excellence in Education Award, 2007, American Society of Farm Managers and Rural Appraisers

EXPERIENCE:

Mr. Lewis began his appraisal career in June 1984 with Dickerson-Seely & Associates, Inc. (now Lewis & Seely Appraisals, Inc.) and worked as a contract appraiser performing a variety of appraisal assignments including residential, commercial, agricultural, and industrial properties.

In 1992, Mr. Lewis became a Principal of Dickerson-Seely & Associates, Inc. In 2011, the corporate name was changed to Lewis & Seely Appraisals, Inc., to better reflect the long-standing ownership of the corporation. Mr. Lewis presently serves the corporation as Vice President. Appraisal duties include primarily specialized agricultural and commercial assignments. Mr. Lewis also provides appraisal review services for various clients including individuals, lenders, and government agencies.

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: LeeAnn Moss

   Mailing Address: 211 S. Prospect Road Suite 2 Bloomington, IL 61704

   Business Phone: _____

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd., Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Appraisers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
University of Illinois					Ph.D.	Agricultural Economics

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA					appraisal/management

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
The Loranda Group, Inc	Executive VP			current	

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lR

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

LeeAnn Moss

211 S. Prospect Road Suite 2-A Bloomington, IL 61704 UNITED STATES
leeann@novalislearning.com
(888) 346-5411

Instructor ID #: 44773

Certification Effective Date[1]: 10/18/17

Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

LEEANN E. MOSS

211 S. Prospect Road, Suite 2, Bloomington, IL 61704 / leeann@loranda.com / Toll-Free 800.716.8189

REAL ESTATE VALUATION SERVICES PROFESSIONAL

Accomplished real estate professional skilled in leadership, development and delivery of real estate services including valuation, quality assurance, education, training and compliance. Extensive experience in the appraisal, pricing, sale, acquisition, management and exchange of real property. Proven expertise in developing, administering, and delivering education and training programs. Specific leadership, vision and experience in:

- Real estate and valuation education/training
- Educational program governance
- Solutions-oriented education and training
- National appraisal course developer and teacher
- Property sales (brokerage, sealed bid and public auction)
- Review of appraisals for a state regulator
- Valuation of various property types
- Teaching national appraisal standards (USPAP)

PROFESSIONAL EXPERIENCE

THE LORANDA GROUP, INC. **1995 – Present**
Real estate brokerage, valuation and consulting company *Bloomington, IL*

Executive Vice President

Co-founded the company to provide cutting-edge services for agricultural and transitional land across the Midwest.

- **Helped grow the business** to include the sale of over $200 million in real estate in 5 states.
- **Managing auctioneer** who coordinated growth of auction business to represent 75% of gross income. Won several national marketing awards.
- **Appraiser** responsible for the firm's fee appraisal business, and oversight of valuation policies and procedures among the appraisal and realty functions.
- **Member of the Illinois Appraisal Administration & Disciplinary Board**. Participates in informal conferences to evaluate appraisers who are the subject of public complaints. Recommends to regulator's legal counsel appropriate disciplinary or non-disciplinary action for non-compliant appraisers. Responsible for the Board's probable cause review process.
- Performs appraisal review work (complex, agricultural, commercial, or high value properties).

NOVALIS, INC. **2002 – Present**
Education and consulting company *Bloomington, IL*

President and Owner

Founded the company to provide quality education and consulting services to professionals in real estate appraisal, brokerage and auctioneering.

- **National expertise in appraisal course development and teaching.** High impact developer and instructor of appraisal concepts, techniques and methodologies courses for a national appraisal organization.
- **Proven record of developing, directing, and conducting education programs** to teach licensed professionals how to comply with professional standards and regulatory requirements.
- **Grew the auction marketing continuing education program to 45% market share** in Illinois by 2005 through uniquely positioned classroom courses.

THE OHIO STATE UNIVERSITY **2000 – 2004**
Dept. of Agricultural, Environmental and Development Economics *Columbus, OH*

Assistant Professor

Teaching, research, and extension education program in real estate markets, business and asset valuation, agricultural finance, and strategic management.

- **Served as a Land Grant University authority** on real estate valuation, the land market, and leasing trends.
- **Authored/coauthored** approximately 20 authoritative journal articles or working papers.
- **Developed and taught** courses at the undergraduate and graduate level. Mean SEI (Student Evaluation of Instruction) scores were consistently above department averages.

UNIVERSITY OF ILLINOIS **1995 – 2000**
The Center for Farm and Rural Business Finance *Champaign-Urbana, IL*
Dept. of Agricultural and Consumer Economics

Research Specialist

Part of a research and extension program team focusing on farm and rural business finance. Maintained 50% appointment with the Center for Farm and Rural Business Finance while completing doctoral studies.

- **Developed expertise in research methodologies and writing** for both an academic audience and for diverse external stakeholders. Co-authored numerous journal articles relating to farmland lease preferences, the competitive environment for agricultural lenders, and challenges in financing agriculture.
- **Conducted independent research** on leasing/contracting preferences using a novel conceptual approach.

WESTCHESTER GROUP, INC. **1989 – 1995**
Leading agricultural asset management firm *Champaign, IL*

Vice President - Joined the company prior to its rise to prominence as a leader in institutional agricultural asset management. By 1995, the firm had grown nationally to 100,000+ acres under management and $75 million in annual real estate sales.

- **Auction Team Coordinator** for Schrader-Westchester, a new joint venture providing innovative multi-parcel auction marketing services. From1989 through 1995, sales in 19 states exceeded 250,000 acres. Responsible for managing activities of multiple licensees to ensure compliance with internal standards and state laws/rules.
- **Chief Appraiser** responsible for the firm's fee appraisal business in Illinois. Property types included agricultural, transitional and recreational land.

WISE FARMS, INC. **1986 – 1989**
Leading agricultural asset management firm *Freelton, Ontario, Canada*

Appraiser and Farm Manager - Managed 10,000+ acres of agricultural/rural property and sold farmland for a diverse client base. Conducted fee appraisal work for the division. Self-directed appraiser/manager hired based on proven record of setting goals, implementing programs, and delivering quality service without direct supervision.

PROCTER & GAMBLE **1984 – 1986**
Food and Household Cleaning Products Division *Toronto, Ontario, Canada*

Professional Sales Representative - Maintain sales and marketing relationships with 150 retail accounts in southwestern Ontario, including the largest independent grocery account in Canada.

TEACHING, TRAINING AND COURSE DEVELOPMENT

Proven excellence in development, oversight and teaching of continuing education programs. Grew Novalis to prominence as an educational provider for licensed auctioneers in 10 states (classroom and distance delivery).

- **Content expertise** in professional ethics, compliance with state real estate and auction law and rules, federal law relating to small business, appraisal, valuation services, marketing real estate at auction, business strategy, and risk management.

Proven expertise teaching appraisal education. Long-term service on the Appraisal Education and Accreditation Committee of the American Society of Farm Managers and Rural Appraisers (ASFMRA).

- Approved instructor for national course offerings including 7-Hour USPAP Update, Sales Comparison Approach, Income Approach, Part 1, Integrated Approaches to Value, and General Market Analysis and Highest & Best Use, and several special topics seminars.

Proven expertise developing appraisal education (classroom and distance delivery).

- For the ASFMRA, developed an advanced valuation approaches course under contract. Developed an intermediate appraisal approaches course, and assisted in development and review of a cost approach course, both for online delivery. Rewrote both beginner and intermediate level approaches courses.

Demonstrated knowledge of appraisal standards. Has taught Uniform Standards of Professional Appraisal Practice across the nation since 2002 as an AQB Certified USPAP Instructor.

Training Expertise. Asked by ASFMRA leadership to co-develop and co-teach their national Instructor Training Workshop for appraisers, managers and consultants (2011 - Current).

Proven ability to master diverse content, develop courses, and teach effectively in rigorous environments.

- **University of Illinois (Lecturer)** – Developed and taught Rural Real Estate Appraisal (2014), Strategic Management (2012), and the Economics of Resources, Agriculture and Food (2000). Named to the University of Illinois' "**List of Teachers Ranked as Excellent by their Students**," for all courses.
- **The Ohio State University (Assistant Professor)-** Developed and taught Pricing Strategy, Agribusiness Records and Analysis, Strategic Management, Agribusiness Finance, and Agribusiness Firm Management.

EDUCATION, CERTIFICATIONS AND LICENSES

Ph.D., Agricultural Economics, University of Illinois at Urbana-Champaign, 2000
B.Sc., Animal and Poultry Science, University of Guelph, Ontario, Canada, 1984
AQB Certified USPAP Instructor (#10419), The Appraisal Foundation, 2002
Accredited Rural Appraiser (#4085), American Society of Farm Managers and Rural Appraisers, 1995
Certified General Real Estate Appraiser (#553.000877), IL Dept. of Financial and Professional Regulation
Certified Distance Education Instructor (#67614), Intl. Distance Education Certification Center (IDECC), 2010
Accredited Land Consultant, Realtors Land Institute
Licensed Real Estate Broker, Continuing Education Instructor, and Auctioneer in various jurisdictions.

SELECTED ACTVITIES, AWARDS AND SERVICE

Academic Vice President, Executive Council, American Society of Farm Managers & Rural Appraisers, 2012-15
Appointed by Gov. Quinn to IL Appraisal Administration & Disciplinary Board (4-yr term), 2011 – Present
Member, National Appraisal Education & Accreditation Committee, ASFMRA, 1999-2007, 2011 – Present
Named to the University of Illinois' "List of Teachers Ranked as Excellent by their Students," for both semesters teaching (Spring 2012, Spring 2000).
Member, Missions Team, Minooka Bible Church, 2011 - Present
Child Advocate, Compassion International, 2008 - Present
2002 North American Colleges and Teachers of Agriculture (NACTA) Journal Award Honorable Mention for: Moss, Seitz, Anton and Anton. "Learning Styles, Student-Centered Learning Techniques, and Student Performance in Agricultural Economics."
2002 Golden Quill Award for Outstanding Journal Article from ASFMRA for: Moss and Barry. "Leasing Contract Choice: Do Transaction Characteristics Matter?"
2001 Award for Outstanding Journal Article from American Agricultural Economics Association (AAEA), Review of Agric. Econ. for: Barry, Moss, Sotomayor, and Escalante. "Lease Pricing for Farm Real Estate."
Awarded the Lieutenant Governor's Medal upon graduation from the University of Guelph for "academic excellence and … outstanding contribution to the College of Agriculture," 1984.

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License x Continuing Education
_____ Renewal x Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Ann Roehm

   Mailing Address: 1103 E 21st, Hutchinson, KS 67502

   Business Phone: 620-728-1310

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd., Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Apprasiers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
					Masters Degree	Curriculum and Instruction in Computer Programing

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA				current	appraisal

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Cannon, Lechtenberg & Associates, Inc.	appraisal				

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

_____ Deanna I lR _____

(Signature of Appraiser Education Administrator)

12/20/2017

_____

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Ann Roehm

210 E 30th, Suite 120 Hutchinson, KS 67502 UNITED STATES
annroehm@canvalue.com
(620) 728-1310

Instructor ID #: 45693
Certification Effective Date[1]: 11/13/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

Ann W Roehm
1103 E 21st, Hutchinson, KS 67502
620-960-8663 (c) 620-728-1310 (w)
annroehm@canvalue.com

"...Excel is an incredibly powerful tool for appraisers. Annie has the skills to exploit it!"

James D Cannon, MAI
President
Cannon, Lechtenberg & Associates, Inc.

"...I have reviewed her cases. She turns out an extremely professional looking report with convincing graphic support."

Al Prosser,
Certified Appraiser
Great Bend, KS.

"...this woman can do unbelievable things with a pivot table...she makes data relationships come alive with graphics..."

Dianne Cannon,
Marketing Director
Hutchinson Symphony

"My patience with adult learners in the rapidly changing fields of technology together with my desire to remain up to date with software revisions makes me

Professional Profile

Twenty years of classroom experience at high school and undergraduate level.

- Hold Masters Degree in Curriculum and Instruction in Computer Programming and Bachelors Degree in Chemistry and Mathematics.
- Microsoft certified *Office*® Users Specialist.
- Dedicated to patiently bringing adults up to speed with technology.

Education, Honors, and Certifications

Provisional License
Kansas Real Property Appraiser P-2475 (6/1/2012 exp.)

Advanced Curriculum toward MAI Designation 2008 to Present
Appraisal Institute.

MOUS, Microsoft Office User Specialist 2003

M.S. Curriculum and Instruction – Computer Programming
University of Missouri, Kansas City, 1988

Bachelor of Science Chemistry and Mathematics
St. Mary of the Plains College, 1984

Bishop Marion Forest Award

Key Qualifications

Experienced adult educator.

Highly proficient Microsoft Excel User and Instructor.

Knowledgeable appraiser using advanced comparison techniques.

Implements technological approaches to appraisal problems and data integration.

Current company IT manager.

Experienced Computer Educator

Designed proprietary macros and conducted various workshops for training in spreadsheet software.

Instructed corporate personnel in use of word processing, spreadsheets, and databases.

Instructed business majors in mathematical applications for management.

Computer Skills

- **Software:** Microsoft Office, UAAR Datalog, Adobe Acrobat/Photoshop, Net Deed Plotter
- **Internet:** Skilled at data and graphics captures, searches and research
- **System installations and debugging;** operating systems, printer operations

Employment

Professional Development in Appraisal and Education

- **Workshop Presenter,** February 2011
  "Integrating and Exporting UAAR Datalog sales to Excel"
  Kansas Farm Managers and Rural Appraisers Annual Meeting

a valuable asset to our company and to the classroom environment."

Ann Roehm

- **Advanced Curriculum toward AI Designation, 2008 to Present**
  Appraisal Institute Courses on-line and various locations
- **Core Curriculum toward Kansas State Certification 2005 - 2008**
  Appraisal Institute Courses at Johnson County Community College
- **Math, Hutchinson High School, 2005-2006**
- **Math/Science Education, Business Math, Kansas Newman College, Dodge City and Hutchinson Outreach Campuses, 1992 - 2002**
- **Mathematics, St. Mary of the Plains College, August 1985 to June 1992**

Computer Related Training Positions

- **Microsoft Excel for Business,** 1995, 1996
  Kansas Newman College, Sublett Campus, Kansas
- **BASIC and Pascal Programming,** 1986 to 1992
  St. Mary of the Plains College, Dodge City, Kansas

Professional Affiliations

Associate Member – Appraisal Institute
Member – Kansas Society of Farm Managers and Rural Appraisers

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
(All applications must be accompanied by a full resume/bio)

2. Name of instructor: Scott Seely

Mailing Address: 308 East Lufkin Avenue P.O. Box 877 Lufkin, TX 75902-0877

Business Phone: (936) 632-4230

Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
American Society of Farm Managers and Rural Appraisers
720 S. Colorado Blvd. Suite 360-S
Glendale, CO 80246

School/Organization: American Society of Farm Managers and Rural Apprasiers

4. Title of program/course or portion of program/course to be taught by the instructor:
7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
all

Total Hours: 7

Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
Texas A&M				1971	BS	Agricultural Economics

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA				current	appraisal

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Lewis & Seely Appraisals, Inc.	appraiser/VP		1980		current

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lR

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
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Charles Seely

308 East Lufkin Ave. Lufkin, TX 75901 UNITED STATES
scott@LewisSeely.com
(936) 632-4230

Instructor ID #: 44868
Certification Effective Date[1]: 12/18/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

QUALIFICATIONS OF APPRAISER
CHARLES S. SEELY, MAI,ARA

EDUCATION

Graduated 1971, Texas A & M University with a B.S Degree in Agricultural Economics

Completed ASFMRA, Rural Appraisal Course, 1977

Completed ASFMRA, Eminent Domain Course, 1977

Completed ASFMRA, Advanced Rural Appraisal Course, 1979

Completed Course VIII, Residential Valuation, AIREA, 1979

Completed Course 201, Income Property Valuation, Society of Real Estate Appraisers, 1980

Completed Case Studies in Real Estate Valuation, AIREA, 1980

Completed Valuation Analysis and Report Writing, AIREA, 1980

Attended Mineral Estates Valuation Seminar, Texas A & M University, 1980

Completed Litigation Valuation, AIREA, 1981

Attended ASFMRA, Appraisal School Instructors Seminar, 1981

Completed Standards of Professional Practice, AIREA, 1981

Attended Computers in Appraising Seminar, Society of Real Estate Appraisers, 1984

Attended Subdivision Analysis Seminar, AIREA, 1985

Attended R-41b Seminar, Society of Real Estate Appraisers, 1986

Attended R-41-C Seminar, Society of Real Estate Appraisers, 1987

Attended Uniform Residential Appraisal Report Seminar, SREA, 1987.

Completed Standards of Professional Practice, Appraisal Institute, 1992

Completed A-28 Course - Income Capitalization -Leveraged, ASFMRA, 1994

Attended ASFMRA Instructor's Seminar, 1994

Completed A-12 Parts I & II-Ethics and Standards of Professional Practice-ASFMRA, 1996.

Completed Course 430 - Standards of Professional Practice - Appraisal Institute, 1997

Completed A-12 Part III - USPAP Update - ASFMRA, 1999.

Attended Public Interest Value vs. Market Value Seminar - Appraisal Institute, 1999

Attended Tools For Teaching Excellence Seminar - Appraisal Institute, 2000

Attended Conservation Easement Seminar - ASFMRA, 2000

Completed National USPAP Course, ASFMRA, 2001

Attended A-12 Part I - ASFMRA Ethics - ASFMRA 2003

Attended A-12 Part III - USPAP Update - ASFMRA, 2003

Completed USPAP Instructors Course, The Appraisal Foundation, 2003

Completed USPAP Update Course, Appraisal Institute, 2005

Completed USPAP Instructors Recertification Course, 2006

AFFILIATIONS - PROFESSIONAL DESIGNATION

Member of Appraisal Institute, MAI Certificate No. 6653

ASFMRA Accredited Rural Appraiser (ARA) No. 596
- Past Chairman Appraisal Education Committee - Appraisal Schools Instructor
- Past Chairman Accrediting Committee
- Past Executive Council Member - District V Vice President
- Past Chairman Appraisal Review Committee

President of Texas Chapter of ASFMRA, 1983

Licensed Real Estate Broker, State of Texas, License No. 205654-03

AQB Certified USPAP Instructor No. 10678

Member - Appraiser Qualifications Board of The Appraisal Foundation

State Certified General Real Estate Appraiser
Certificate Number: TX-1321744-G
Texas Appraiser Licensing and Certification Board

EXPERIENCE

Employed 1971 to 1983 by State of Texas, General Land Office

Associated with the office of Don A. Dickerson & Associates from 1980 to 1983.

Currently President of Dickerson-Seely & Associates, Inc., Lufkin, Texas

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: James Synatzske, ARA

   Mailing Address: 701 Heritage Way Stephenville, TX 76401

   Business Phone: 254-965-5914

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   American Society of Farm Managers and Rural Appraisers
   720 S. Colorado Blvd., Suite 360-S
   Glendale, CO 80246

   School/Organization: American Society of Farm Managers and Rural Apprasiers

4. Title of program/course or portion of program/course to be taught by the instructor:
   7 Hour National USPAP Course (A114)

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7

   Pre License Hours: 0 Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
ASFMRA					ARA	appraisal

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
ASFMRA				current	appraisal

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Appraisal Services-Consulting	appraisers				

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Deanna I lR

(Signature of Appraiser Education Administrator)

12/20/2017

(Date)

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

James Synatzske, ARA

701 Heritage Way Stephenville, TX 76401-9302 UNITED STATES
1jasyn@embarqmail.com
(254) 965-5914

Instructor ID #: 44834
Certification Effective Date[1]: 10/19/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

JAMES SYNATZSKE, ARA

Real Estate Appraisals, Reviews, Consulting
701 Heritage Way
Stephenville, TX 76401
PH: 254.965.5914
Cell: 254.485.7222
E-mail 1jasyn@embarqmail.com

James earned his Accredited Rural Appraiser (ARA) designation in 1984 through the American Society of Farm Managers & Rural Appraisers (ASFMRA). His agricultural background is rooted in his growing up in a small Texas High Plains farming community where he earned his Lone Star Farmer Degree in the Future Farmers of America. James began his appraisal career with the Texas General Land Office in 1977-later becoming a special projects appraiser and supervisory appraiser. He has owned/operated an independent fee appraisal practice for over 25 years and did an 11 year stint as the Chief Appraiser for two Farm Credit Associations—one in Texas and one in Louisianna.

James has conducted complex appraisals and supervised appraisal teams for properties in multiple states and performs appraisals, appraisal reviews and consulting services on commercial dairies, equine facilities, highly improved and complex agricultural properties, special-use properties, subdivision developments, fractional interest properties, rural residential and farm/ranch properties. He is a Texas Certified General Real Estate Appraiser.

James is a nationally recognized instructor on real estate appraisal topics. He has been an approved instructor for the ASFMRA since 1983. He developed/authored and contributed to the development of numerous appraisal courses and seminars; and is an Appraiser Qualifications Board Nationally Certified Uniform Standards of Professional Appraisal Practice (USPAP) Instructor**.** In November 2010 James was honored as the sole-recipient of the national Excellence in Appraisal Education Award presented by the ASFMRA.

James has served as Chair and Vice Chair of the Education Council of the Appraisal Foundation Sponsors in Washington, DC; served as an ex-officio member of the Farm Credit Council's Review, Audit and Appraisal Workgroup's National Executive Committee; and served as Chair and Vice Chair on the Texas Appraiser Licensing and Certification Board—appointed by both Gov. George W. Bush and Gov. Rick Perry. He served 9 years on the Board for Church Extension of the Texas District Lutheran Church of the Missouri Synod. He is a graduate of Texas Tech University with a BS Degree in Agricultural Economics/Finance; and completed the ***Executive Leadership Coaching Program*** conducted by Mark Wright, and the ***Journey of Excellence*** leadership program conducted by Alan Dillman.
.

Recd $25 - 12-5-17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** 0005568 DEC 5 **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL.* All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): St. Louis Chapter of IAAO
2. Mailing Address: 201 N. Second St., Room 247, St. Charles, MO 63301
3. Contact Person: Scott Shipman or Shawn Ordway
4. Phone: 636-949-7425 Fax: _____
5. Website: http://assessor.sccmo.org/assessor/ Email: sshipman@sccmo.org or ordways@stlouis-mo.gov
6. Course Title and Number: Residential Quality, Condition and Effective Age
7. Number of Classroom Hours: _____ Number of Exam Hours: _____
8. Course Category: _____ Qualifying Education X Continuing Education _____ Both
9. Indicate the level of the licensure/certification this course would meet:

   _____ All _____ State License X Certified Residential _____ Certified General
10. Indicate the pre license requirement for this course would meet:

    _____ Principles _____ USPAP _____ Income X Elective
11. Instructor(s): Lath Harris, SRA, RES, CAE
12. Method of Presentation: X Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer
13. Owner of Course Materials: TEAM Consulting
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    See Attached

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - ✓Copy of Completion Certificate
    - Instructor's Resume/Bio

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
(All applications must be accompanied by a full resume/bio)

2. Name of instructor: Lath Harris

Mailing Address: 103 Conyers St, Sumter, SC 29150

Business Phone: (803) 651-1470

Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
St. Louis Chapter of IAAO
201 N. Second Street, Room 247
St. Charles, MO 63301

School/Organization: St. Louis Chapter of IAAO

4. Title of program/course or portion of program/course to be taught by the instructor:
Residential Quality, Condition and Effective Age

5. Which portion(s) to be taught by the instructor?
All

Total Hours: 7.5

Pre License Hours: _____ Continuing Education Hours: 7.5

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
Yes ◯ **No** ● (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Real Estate Appraisers Commission?
Yes ◯ **No** ● (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
Troy State Univ.				1998	MA	Pub. Admin.
N.Carolina St. Univ.				1972	BA	Economics

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience: See Attached

School	From		To		Subjects Taught
	Month	Year	Month	Year	

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Harris Appraisal Co.	Appraiser		1987		Current
Richland Co. Bd of Assessment	Res/Com Appraiser	07	1972		1975
Sumter County, S.C.	Assessor	07	1975		2013

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

11-29-2017

(Date)

APPRAISER QUALIFICATIONS BOARD

THE APPRAISAL FOUNDATION

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Robert Harris, CAE with IAAO

103 Conyers St Sumter, SC 29150 UNITED STATES

lath@heybo.com

(803) 651-1470

Instructor ID #: 44774

Certification Effective Date[1]: 11/10/17

Expiration Date: 03/31/20

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Joseph C. Traynor, Chair
Appraiser Qualifications Board

Teaching Experience for Robert Latham Harris

IAAO Senior Instructor

South Carolina Certified Instructor

AQB USPAP Instructor

COURSE NAME	TIMES	DESCRIPTION
USPAP 25 hr	Texas Oct 2016	Qualifying course
	Indiana, 3 times in 2017 Valparaso IN, Indianapolis IN, Columbus IN	
USPAP 7 hr	Houston TX 2016	National USPAP Update
IAAO Course 300	Beaufort SC	30 hour class on mass appraisal
Practical Application of Income approach to Value	Ohio 2014	7 hr class on making adjustments in the Income Approach
IAAO 102	Nov 2013 St Croix USVI	30 hour class on the basics of the income approach

R. Latham Harris
103 Conyers St
Sumter, SC 29150
e-mail; lath@heybo.com
(803) 651-1470

Objective: To enhance my appointment as an instructor.

Work History

July 1975 to 2013: Assessor, *Sumter Co. Assessor's Office, Sumter County Admin Building ., 13 E Canal St., Sumter, SC . Duties: General supervision of Field Appraisers: designing and implementing Sumter County's re-appraisal program; coordinating activities with Data Processing; implementation of a Geographic Information System (GIS); supervision of mapping program, reception, secretarial and clerical staff. Work with Auditor and Treasurer in Personal property appraisal and billing process. All aspects of the Mapping/Appraisal/Records sections are responsible to the Assessor. Converting data on three separate software purchases and completing five reappraisal programs.*

January 1997 to July 1997: Interim Director, *Dept. of Engineering. Duties include supervision of 25 county construction projects and operations of county landfill and recycling efforts. Sumter County Admin Building 13 E Canal St., Sumter, SC*

July 1972-1975: *Employed as Commercial and Residential Appraiser by the Richland County Board of Assessment Control, 2020 Hampton St., Columbia, South Carolina . Assessor: Herman Rogers, SRPA,CAE.*

1987: *I founded Harris Appraisal Company and have worked part time on real estate appraisals in order to facilitate experience credits for my Appraisal Institute candidacy.*

Education

Bachelor of Arts Degree in Economics: *North Carolina State University, 1972.*
Masters Degree in Public Administration: *Troy State University. 1998*
The Appraisal Institute: SRA designation
International Association of Assessing Officials: RES and CAE designation
Lincoln Institute of Land Policy
Society of Farm Managers and Rural Appraisers

Professional Designations:

Designation of CAE (Certified Assessment Evaluator), conferred by IAAO 1985 .
Designation of SRA conferred by Appraisal Institute 1999
IAAO Senior instructor for various appraisal courses
USPAP Instructor for The Appraisal Foundation, certified 2001 Instructor 44774
South Carolina certified instructor, 2000 to present
South Carolina Appraisal Board, Licensed Appraiser 1991 No.. CR 000787.

Professional Affiliations:

Regular Member International Association of Assessing Officers since 1975.

Member Appraisal Institute since 1988 to 2013

Member South Carolina Association of Assessing Officials since1975

Member Indiana Chapter if IAAO 2013to present

Leadership Positions:

IAAO Executive Board member2003-2005

Member Board of Trustees, The Appraisal Foundation, Washington , DC, 2005-2012

Professional Designation Advisor for the IAAO in South Carolina. 1990 to present. Member of USPAP and Appraisal Regulatory Advisor Committee and Jeff Hunt Fund Chair. Member IAAO Research and Technology Subcommittee 2001 - 2003

Member of Board of Directors for SC Association of Assessing Officials. 1990 to 1999, 2004-2005

Member of Board of Directors, Sumter City County Credit Union and past Vice President. 1990 to 2001.

Member Sumter Sunrise Rotary Club

Board of Directors for Habitat for Humanity, Sumter

Personal Background:

Born in Raleigh, NC 1950; spent early years in Cary, NC; moved to Sacramento, CA; graduated from Washington Lee High School in Arlington, Virginia.

Married Donna Pruitt (also 1972 Graduate of NC State University) in May and moved to Columbia, SC; later to Sumter, SC.

Have four daughters; Heather (42), Cara Megan (39), Mary Beth (35) & Naomi (32).

Client List:

Berkeley County SC and Charleston County SC

The Spearman Academy

Lieutenant Governor of the US Virgin Islands

Richland County SC

Henrico County VA

Indiana Chapter of IAAO

Texas Association of Appraisal Districts

North Carolina Institute of Government

References: *upon request.*

Residential Quality, Condition and Effective age

#14

Contract: See attached

Fee: Under the contract the SRM for this course and the right to teach it is $20 per student. Materials are ordered through Team Consulting.

Course Materials:

Description: In the Assessment or mass appraisal world, the cost approach to value is an essential part of our modeling process. We may also use a MRA to anticipate market value. In both processes we need to appropriately establish or estimate the quality, condition and effective age. This course is an in depth look at each of these estimates. How to recognize the parts of each decision and an attempt to quantify the discussion.

Outline, See attached

Objectives: By the end of the class, all participants will understand the concepts involved in estimating quality of construction, Condition and effective age and be able to effectively estimate each.

There is no exam

Instructor must be proficient in SFR appraisal single property and mass appraisal and understand it's concepts .

Attendance:

Attendance will be taken during the AM and PM sessions of the class. The instructor also generally observes the class for prolonged absence of participants.

Misc:

Course will be held on Feb 28 2018 from 8:30 AM to 4:30 PM.

Class will include 50 minutes of instruction per hour with a 10 minute break.

Certificate enclosed

Instructor's resume enclosed.

Residential Quality, Condition and Effective Age

Workshop Overview

This workshop will review the characteristics that determine construction quality for residential properties by use of the Marshall & Swift Valuation Service. House images will be included in the presentation and will lead to extensive classroom participation. Actual construction costs will also be considered as a guide to determining quality.

Images will also assist in the discussion on rating homes for condition in relationship to the definition and description for each condition rating. The determination of condition will lead directly into calculations for effective age.

Effective age will be defined and demonstrated on how to extract it from the market. Several data sets will be provided for the students to calculate effective age and how to use for the development of a depreciation or percent good table.

Section titles are shown below:
Section 1 – USPAP Review
Section 2 – Cost Approach
Section 3 – Quality
Section 4– Condition
Section 5– Physical Deterioration Using Effective Age
Section 6– Functional Obsolescence
Section 7– Economic Obsolescence
Section 8 – Depreciation & Effective Age Extraction

Residential Quality, Condition & Effective Age
Objective and Instruction Methods

Upon completion of this workshop, participants will be able to:

- Know the basis premises for the Uniform Standard for Professional Appraisal Practice (USPAP)
- Review of the cost approach formula
- Determination of factors creating quality and develop methods of creating consistency in quality ratings
- Review various methods to check accuracy of quality rating

- Determination of factors creating condition rating for physical deterioration and develop methods of creating consistency in the ratings
- Be able to use the age-life method to determine effective age and economic life
- Be able to develop depreciation schedules
- Recognize the affect of remodeling on effective age
- Be able to calculate excessive functional obsolescence from market sales
- Be able to review sales and graphs for possible external obsolescence

Instruction Methods

Instruction methods consist of the following:

- Lecture with oral questions throughout to lead to class discussion and interaction
- Mathematical problems within the material that allows for discussion, examples and then student opportunity to solve a similar problem
- Large number of home photos to stimulate discussion on quality and condition

Outline – 1 day workshop

8:00-8:30	Introductions and USPAP Review	(0.50 hours)
8:30-9:00	Cost Approach Review	(0.50 hours)
9:00-10:00	Quality Ratings and Determinations	(1.75 hours)
10:00-10:15	Break	
10:15-11:00	Quality Ratings and Determinations Continued	
11:00-12:00	Condition Ratings and Determinations	(2.50 hours)
12:00-1:00	Lunch	
1:00-2:30	Condition Ratings and Determinations Continued	
2:30-2:45	Break	

2:45-4.00	Calculation of Functional and Economic Obsolescence	(1.25 hours)
4:00-4:45	Problems Including Adjustments for Partial Remodeling	(0.75 hours)
4:45-5:00	Questions and Discussions (0.25 hours)	

Total Hours 7.50

Workshop Table of Contents:

Section 1 - Introduction of Instructor and Workshop Topic 1

Section 2 - USPAP Review 2

Section 3 –Cost Approach 6

Section 4 – Quality 9

Section 5 – Physical Condition 22

Section 6 – Physical Deterioration Using Effective Age 28

Section 7 – Functional Obsolescence 42

Section 8 – External Obsolescence 44

Section 9 – Depreciation & Effective Age Extraction 45

Marshall Swift Depreciation Table 52

Answers to Problems 53

Alternative Effective Age Calculation Methods 57

Possible Effective Age Spreadsheet Templates 62

Possible Quality Templates 63

Recap 70

Residential Quality, Condition and Effective Age

Outline – 1 day workshop

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10:15-11:00	Quality Ratings and Determinations Continued	
11:00-12:00	Condition Ratings and Determinations	(2.50 hours)
12:00-1:00	Lunch	
1:00-2:30	Condition Ratings and Determinations Continued	
2:30-2:45	Break	
2:45-4.00	Calculation of Functional and Economic Obsolescence	(1.25 hours)
4:00-4:45	Problems Including Adjustments for Partial Remodeling	(0.75 hours)
4:45-5:00	Questions and Discussions	(0.25 hours)

Total Hours 7.50

CERTIFICATE OF COMPLETION
FOR
APPRAISAL CONTINUING EDUCATION SEMINAR

XXXXXXXX
(Name)

XXXXXX
(License/Cert. Number)

The above named person has satisfactorily completed the appraisal continuing education seminar described below.

Course Number **1378**

Title of Seminar: **Residential Quality, Condition and Effective Age**

Date(s) of Seminar: **28 Feb 018**

Location of Seminar: **201 N Second St St Charles MO**

Instructor: **R. Latham Harris, CAE, SRA**

Harris Appraisal Services **Provider**

Number of Approved Continuing Education Credit Hours: **7 Hours**

R. Latham Harris
Course Coordinator

(Signature)

THIS CERTIFICATE SERVES FOR THE REAL ESTATE APPRAISERS BOARD, REAL ESTATE COMMISSION.
Keep this copy in your records. Individual Audits of CE credit will be done by the LLRB

FOR QUESTIONS
Provider: HARRIS APPRAISAL SERVICES
103 Conyers St
Sumter SC 29150
Phone (803) 651-1470 **email: lath@heybo.com**

Course Evaluation

Thank you for choosing us to meet your educational needs. Please take a few minutes to fill out the following evaluation so we may continue to improve our program.

Course Name: 7 Hr USPAP Update ***Date: Feb 2018***

---

1. Was the material easy to understand and sufficiently explained in the text?

Definitely!		Sort of		Not at All
5	4	3	2	1

2. Was the course outline and objectives understandable?

Definitely!		Sort of		Not at All
5	4	3	2	1

3. Were the handouts / overheads helpful in understanding the material covered?

Definitely!		Sort of		Not at All
5	4	3	2	1

4. Did the course content meet your expectations?

Definitely!		Sort of		Not at All
5	4	3	2	1

5. Would you recommend this course to someone else?

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the course.

Instructor Evaluation

1. **Did the instructor appear organized and present the material in an organized manner?**

Definitely!		Sort of		Not at All
5	4	3	2	1

2. **Did the instructor maintain a professional appearance and demeanor?**

Definitely!		Sort of		Not at All
5	4	3	2	1

3. **Did the instructor maintain control of the class?**

Definitely!		Sort of		Not at All
5	4	3	2	1

4. **Did the instructor use real life examples to show relevance of material covered?**

Definitely!		Sort of		Not at All
5	4	3	2	1

5. **Did the instructor answer questions sufficiently?**

Definitely!		Sort of		Not at All
5	4	3	2	1

6. **Would you recommend this instructor to someone else?**

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the instructor.

Facility Evaluation

---

1. Was the facility convenient and easy to find?

Definitely!		Sort of		Not at All
5	4	3	2	1

2. Were the accommodations comfortable and adequate?

Definitely!		Sort of		Not at All
5	4	3	2	1

3. Should we continue to hold classes at this location?

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the facility.

Residential Quality, Condition, and Effective Age

Missouri Assessors

Lath Harris, Instructor

	NAME	Day One		Day two		Exam		
		AM	PM	AM	PM		PM	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								

	Tuesday		Wednesday		Thursday		
	AM	PM	AM	PM	AM	PM	
16							
17							
18							
19							
20							
21							
22							

24

25

26

TEAM Consulting LLC

Rick Stuart, CAE, CDEI 3533 SW Randolph Ave.,
Topeka, KS 66611 785.259.1379 rstuart17@cox.net
www.teamconsulting.cc

November 25, 2017

To all interested parties:
As author and owner of the workshop titled, "Residential Quality, Condition and Effective Age," I give Lath Harris permission to have copied and instruct the material whenever he wishes.

Rick Stuart, CAE, CDEI

Rpcd $25 - 12.5.17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** 00597-0 DEC-5 ____ **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri.** *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL.* All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): St. Louis Chapter of IAAO
2. Mailing Address: 201 N. Second St, Room 247, St. Charles, MO 63301
3. Contact Person: Scott Shipman or Shawn Ordway
4. Phone: 636-949-7425 Fax: ____
5. Website: http://assessor.sccmo.org/assessor/ Email: sshipman@sccmo.org or ordways@stlouis-mo.gov
6. Course Title and Number: 2018-2019 USPAP Update
7. Number of Classroom Hours: 7 Number of Exam Hours: ____
8. Course Category: ____ Qualifying Education X Continuing Education ____ Both
9. Indicate the level of the licensure/certification this course would meet:

   X All ____ State License ✓ Certified Residential ✓ Certified General

10. Indicate the pre license requirement for this course would meet:

    ____ Principles X USPAP ____ Income ____ Elective

11. Instructor(s): Lath Harris, SRA, RES, CAE
12. Method of Presentation: X Traditional Classroom ____ Correspondence ____ Internet

    ____ Video Tape ____ Remote TV ____ Computer

13. Owner of Course Materials: The Appraisal Foundation
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    See Attached –

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Lath Harris

   Mailing Address: 103 Conyers St., Sumter, SC 29150

   Business Phone: (803) 651-1470

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   St. Louis Chapter of IAAO
   201 N. Second Street, Room 247
   St. Charles, MO 63301

   School/Organization: St. Louis Chapter of IAAO

4. Title of program/course or portion of program/course to be taught by the instructor:
   2018-2019 USPAP Update

5. Which portion(s) to be taught by the instructor?
   All

   Total Hours: 7

   Pre License Hours: _____ Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes ( ) **No** (●) (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Real Estate Appraisers Commission?
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Sumter County, S.C.	Assessor	07	1975		2013

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

11-29-2017

(Date)

Teaching Experience for Robert Latham Harris

IAAO Senior Instructor

South Carolina Certified Instructor

AQB USPAP Instructor

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R. Latham Harris
103 Conyers St
Sumter, SC 29150
e-mail; lath@heybo.com
(803) 651-1470

Objective: To enhance my appointment as an instructor.

Work History

July 1975 to 2013: Assessor, *Sumter Co. Assessor's Office, Sumter County Admin Building ., 13 E Canal St., Sumter, SC . Duties: General supervision of Field Appraisers: designing and implementing Sumter County's re-appraisal program; coordinating activities with Data Processing; implementation of a Geographic Information System (GIS); supervision of mapping program, reception, secretarial and clerical staff. Work with Auditor and Treasurer in Personal property appraisal and billing process. All aspects of the Mapping/Appraisal/Records sections are responsible to the Assessor. Converting data on three separate software purchases and completing five reappraisal programs.*

January 1997 to July 1997: Interim Director, *Dept. of Engineering. Duties include supervision of 25 county construction projects and operations of county landfill and recycling efforts. Sumter County Admin Building 13 E Canal St., Sumter, SC*

July 1972-1975: *Employed as Commercial and Residential Appraiser by the Richland County Board of Assessment Control, 2020 Hampton St., Columbia, South Carolina . Assessor: Herman Rogers, SRPA,CAE.*

1987: *I founded Harris Appraisal Company and have worked part time on real estate appraisals in order to facilitate experience credits for my Appraisal Institute candidacy.*

Education

Bachelor of Arts Degree in Economics: *North Carolina State University, 1972.*
Masters Degree in Public Administration: *Troy State University. 1998*
The Appraisal Institute: SRA designation
International Association of Assessing Officials: RES and CAE designation
Lincoln Institute of Land Policy
Society of Farm Managers and Rural Appraisers

Professional Designations:

Designation of CAE (Certified Assessment Evaluator), conferred by IAAO 1985 .
Designation of SRA conferred by Appraisal Institute 1999
IAAO Senior instructor for various appraisal courses
USPAP Instructor for The Appraisal Foundation, certified 2001 Instructor 44774
South Carolina certified instructor, 2000 to present
South Carolina Appraisal Board, Licensed Appraiser 1991 No.. CR 000787.

Professional Affiliations:

Regular Member International Association of Assessing Officers since 1975.

Member Appraisal Institute since 1988 to 2013

Member South Carolina Association of Assessing Officials since1975

Member Indiana Chapter if IAAO 2013to present

Leadership Positions:

IAAO Executive Board member2003-2005

Member Board of Trustees, The Appraisal Foundation, Washington , DC, 2005-2012

Professional Designation Advisor for the IAAO in South Carolina. 1990 to present. Member of USPAP and Appraisal Regulatory Advisor Committee and Jeff Hunt Fund Chair. Member IAAO Research and Technology Subcommittee 2001 - 2003

Member of Board of Directors for SC Association of Assessing Officials. 1990 to 1999, 2004-2005

Member of Board of Directors, Sumter City County Credit Union and past Vice President. 1990 to 2001.

Member Sumter Sunrise Rotary Club

Board of Directors for Habitat for Humanity, Sumter

Personal Background:

Born in Raleigh, NC 1950; spent early years in Cary, NC; moved to Sacramento, CA; graduated from Washington Lee High School in Arlington, Virginia.

Married Donna Pruitt (also 1972 Graduate of NC State University) in May and moved to Columbia, SC; later to Sumter, SC.

Have four daughters; Heather (42), Cara Megan (39), Mary Beth (35) & Naomi (32).

Client List:

Berkeley County SC and Charleston County SC

The Spearman Academy

Lieutenant Governor of the US Virgin Islands

Richland County SC

Henrico County VA

Indiana Chapter of IAAO

Texas Association of Appraisal Districts

North Carolina Institute of Government

References: *upon request.*

USPAP 7 Hour Update

#14

Please see attached qualifications from the Appraisal Foundation AQB.

All materials must be ordered directly from the Foundation in order to teach the class. I am under contract to insure that all participants have a copy of the SRM and the USPAP document. This is a criteria of having these credentials.

The attached Course Report is submitted to the Foundation after every class. Form shows number of participants and their names.

Fee:

The fee for the work book is $35 each with the USPAP document being $75 each. For this course the course materials will be purchased directly from The Appraisal Foundation

Course Materials:

Description, see attached

Outline, See attached

Objectives, See attached

There is no exam

Instructor must be an AQB certified Instructor. Form previously mentioned and attached.

Attendance:

Attendance will be taken during the AM and PM sessions of the class. The instructor also generally observes the class for prolonged absence of participants.

Misc:

Course will be held on Feb 27 2018 from 8:30 AM to 4:30 PM.

Class will include 50 minutes of instruction per hour with a 10 minute break.

Certificate enclosed

Instructor's resume enclosed.

Overview

Course Description

This is the 7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course, as developed by The Appraisal Foundation. The course focuses on changes to USPAP for 2018-19 and on appraisal issues that affect daily appraisal practice. It is unique in that the Course is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

In addition to this student manual, each student must have a copy of the 2018-19 USPAP publication available for use in the course. The publication includes USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions,* and Index.

Course Objectives

- Present and explain the new revisions to USPAP that were adopted in 2017 and effective from January 1, 2018 through December 31, 2019.
- Present the current changes to USPAP in a variety of scenarios for class discussion.
- Present scenarios that challenge participants to apply USPAP to situations they encounter in their daily practice.

In addition to lectures, the course includes discussion illustrations that show how USPAP applies in situations that appraisers may encounter in everyday practice. These examples primarily address issues frequently experienced by appraisers as professionals in the appraisal of real property.

This course is designed to assist appraisers in all areas of appraisal practice seeking competency in USPAP, including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real property appraiser licensing and certification programs.

This course provides at least 7 hours of instruction in USPAP. There is no accompanying exam for the classroom course; however, some states may require an examination for distance education.

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Course Schedule

SECTION 1. Morning

Introduction

10 Minutes	Welcome and course announcements Introduction to the course

Section 1

30 Minutes	Why and How USPAP Changes are Made - The Result of Exposure (Part I)
30 Minutes*	Specific changes and their impact (Part II)
140 Minutes*	Specific changes and their impact (Parts III through XI)

SECTION 2. Afternoon

Section 2

60 Minutes*	Review of Scope of Work
90 Minutes	Review of Report Content Requirements
60 Minutes	Analyze and Summarize – What is Expected?

*Time includes a 10-minute break

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Section 1. Changes to USPAP 3

(A look at the changes, their rationale, and their impact on practice)

SECTION TWO

Section 2. USPAP Flexibility and Expectations 37

Another Look at Scope of Work

Review of Report Content Requirements

Analyze and Summarize – What is Expected?

APPENDIX

Sample Restricted Appraisal Reports 61

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COPY

Example

2016-2017 USPAP Course Report Form

The Appraisal Foundation requires all AQB Certified USPAP Instructors, teaching a *classroom offering* of the of the *National USAP Courses* (15-hour or 7-Hour) or their equivalents, *7-Hour USPAP Update Course for Mass Appraisal, Personal Property USPAP Courses* (15-hour or 7-hour), or the *15-Hour Business Appraisal USPAP Course*, to complete this form and submit it within 30 day of the course offering. One form must be completed for each offering. A copy of the student roster may be attached to this form.

Robert Latham Harris 44774

Instructor Name and ID #

15 hr USPAP

Course Name

14-16 Nov 2017.

Course Date and Location

IAAO and Harris Appraisal Services

Course Provider

IACS & Lath Harris. / 22 Students.

Total Number of Students

Student Name	Email Address	Telephone Number
DARLENE M. PLUMMER	darlene.plummer@kentoncounty.org	8593921760
Daniel K Braun	dbraun@campbellcountyky.org	859-292-3871
William A. Birkle	bill.birkle@tylertech.com	317-750-1627
Vicki Talpas	assrv@joink.com	812-699-1006
Madolyn RO'Neal	madolynparker1@gmail.com	812.774.6242
Danielle Watson	dwatson@hancockcoingov.org	317-477-1103
GEOFF SURBER	GEOFFSURBER@GMAIL.com	937-417-9389
LISA CLEMENTS	lisa.clements@comcast.net	317-507-4819
Thesia Stewart	stewatz@lakecountyin.org	219-314-4585
Nakia Taylor	nakitaylorj@lakecountyin.org	219-629-3580
Nancy Smolen	smolenx@lakecountyin.org	(219) 588-8668
Rob Collins	rcollins@jeffersonpva.ky.gov	(502) 418-3582

I hereby certify that the information listed on this form is accurate and each student possessed the appropriate course material (current USPAP and student manual). Each student possessed the following (check one):

USPAP:	☐ Original Bound	☐ Electronic	☐ Photocopy	☐ Other
Student Manual:	☐ Original Bound	☐ Electronic	☐ Photocopy	☐ Other

If other, please explain: _____

Signature (required) Date

Send completed form to The Appraisal Foundation by mail, email or fax:

Mail: The Appraisal Foundation
Attn: Course Report Form
P.O. Box 381
Annapolis Junction, MD 20701
Email: appraisal@brightkey.net
(include "Course Report Form" in subject line)
Fax: 240-396-5695

THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

CERTIFICATE OF COMPLETION
FOR
APPRAISAL CONTINUING EDUCATION SEMINAR

XXXXXXXX
(Name)

XXXXXX
(License/Cert. Number)

The above named person has satisfactorily completed the appraisal continuing education seminar described below.

Course Number **1380**

Title of Seminar: **USPAP Update 7 hour**

Date(s) of Seminar: **27 Feb 018**

Location of Seminar: **201 N Second St St Charles MO**

Instructor: **R. Latham Harris, CAE, SRA** **AQB 44774**

Harris Appraisal Services **Provider**

Number of Approved Continuing Education Credit Hours: **7 Hours**

R. Latham Harris
Course Coordinator

(Signature)

THIS CERTIFICATE SERVES FOR THE REAL ESTATE APPRAISERS BOARD, REAL ESTATE COMMISSION.
Keep this copy in your records. Individual Audits of CE credit will be done by the LLRB

FOR QUESTIONS
Provider: HARRIS APPRAISAL SERVICES
103 Conyers St
Sumter SC 29150
Phone (803) 651-1470 **email: lath@heybo.com**

MANDATORY ATTENDANCE: I understand that registering for the class requires me to attend the full course in order to receive Mandatory Continuing Education Credit. If for any reason, I enter late, leave early, take extended breaks, or am unable to attend the entire course, I will not receive credit. There will be no make-up for any sessions missed. I have read, understand, and hereby consent to the above policies.

I further certify that I have in my possession a copy of the SRM for the USPAP 7 hour class and a copy of the current USPAP Manual, either digital or hard copy.

Signature: _____

Date: _____

USPAP one day Update 2018-19

Missouri Assessors

Lath Harris, Instructor

	NAME	Day One						
		AM	PM	AM	PM		PM	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								

USPAP one day Update 2018-19

Missouri Assessors

Lath Harris, Instructor

	Tuesday		Wednesday		Thursday		
	AM	PM	AM	PM	AM	PM	
16							
17							
18							
19							
20							
21							
22							

24

25

26

Course Evaluation

Thank you for choosing us to meet your educational needs. Please take a few minutes to fill out the following evaluation so we may continue to improve our program.

Course Name: Quality, Condition and Effective Age ***Date: Feb 2018***

---

1. Was the material easy to understand and sufficiently explained in the text?

Definitely!		Sort of		Not at All
5	4	3	2	1

2. Was the course outline and objectives understandable?

Definitely!		Sort of		Not at All
5	4	3	2	1

3. Were the handouts / overheads helpful in understanding the material covered?

Definitely!		Sort of		Not at All
5	4	3	2	1

4. Did the course content meet your expectations?

Definitely!		Sort of		Not at All
5	4	3	2	1

5. Would you recommend this course to someone else?

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the course.

Instructor Evaluation

---

1. **Did the instructor appear organized and present the material in an organized manner?**

Definitely!		Sort of		Not at All
5	4	3	2	1

2. **Did the instructor maintain a professional appearance and demeanor?**

Definitely!		Sort of		Not at All
5	4	3	2	1

3. **Did the instructor maintain control of the class?**

Definitely!		Sort of		Not at All
5	4	3	2	1

4. **Did the instructor use real life examples to show relevance of material covered?**

Definitely!		Sort of		Not at All
5	4	3	2	1

5. **Did the instructor answer questions sufficiently?**

Definitely!		Sort of		Not at All
5	4	3	2	1

6. **Would you recommend this instructor to someone else?**

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the instructor.

Facility Evaluation

---

1. Was the facility convenient and easy to find?

Definitely!		Sort of		Not at All
5	4	3	2	1

2. Were the accommodations comfortable and adequate?

Definitely!		Sort of		Not at All
5	4	3	2	1

3. Should we continue to hold classes at this location?

Definitely!		Sort of		Not at All
5	4	3	2	1

In the space below please write any comments that you have on the facility.

Rec'd $25 - 12-5-17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** _____ **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

000225 DEC-5

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL*. All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): Appraisal Institute
2. Mailing Address: 200 West Madison Street, Suite 1500 Chicago IL 60606
3. Contact Person: Tracye Davis Rhea
4. Phone: 312.335.4100 Fax: 312.335.4251
5. Website: www.appraisalinstitute.org Email: trhea@appraisalinstitute.org
6. Course Title and Number: 7-hour USPAP Update Course
7. Number of Classroom Hours: 7 Number of Exam Hours: n/a
8. Course Category: _____ Qualifying Education _____ Continuing Education X Both
9. Indicate the level of the licensure/certification this course would meet:

   X All _____ State License _____ Certified Residential _____ Certified General

10. Indicate the pre license requirement for this course would meet:

    _____ Principles X USPAP _____ Income _____ Elective

11. Instructor(s): Thomas R. Kirby
12. Method of Presentation: X Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer

13. Owner of Course Materials: Appraisal Institute
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

AQB Approved Course

THE APPRAISAL FOUNDATION
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Sent Via Email to: mavis@appraisalfoundation.org

QE	CE/E	CE
		7

Friday, September 1, 2017

Ms. Mavis E. Kleso
The Appraisal Foundation
1155 15th Street NW
Suite 1111
Washington, DC 20005

Dear Ms. Kleso:

We are pleased to inform you that your course has been approved under the Course Approval Program of the Appraiser Qualifications Board (AQB) of The Appraisal Foundation.

Course Provider:	The Appraisal Foundation
Course Title:	2018-2019 7-Hour National USPAP Update Course
Instructional Hours:	7.00
Exam Hours:	0.00
Total Hours:	7.00
Delivery Method:	Classroom
Approval Start Date:	9/1/2017
Approval End Date:	12/31/2019

This course has been reviewed and its content has been determined to be in compliance with the education criteria established by the AQB.

Prior to renewal of this course please review the AQB Course Approval Program Policies and Procedures Manual.

Please feel free to contact us if you have any questions or if we can be of further assistance.

Sincerely,

Appraiser Qualifications Board

Appraiser Qualifications Board

INSTRUCTOR APPLICATION

Instructor Approval Requested for: X Pre-License X Continuing Education
_____ Renewal _____ Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Thomas R. Kirby

   Mailing Address: 9404 Steeplehill Drive Las Vegas, NV 89117

   Business Phone: (281) 370-2800

   Business Fax: n/a

3. Name and address of school/organization for whom you will instruct:
   Appraisal Institutre
   200 West Madison Street, Suite 1500
   Chicago, IL 60606

   School/Organization: Appraisal Institute

4. Title of program/course or portion of program/course to be taught by the instructor:
   7-hour USPAP Update Course and 15-hour USPAP COURSE

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7/15

   Pre License Hours: 15 Continuing Education Hours: 7/15

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From		To		Degree Earned	Subject Matter
	Month	Year	Month	Year		
See attached						

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
See attached					

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
See attached					

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

November 21, 2017

(Date)

QUALIFICATIONS OF APPRAISER
Thomas R. Kirby, MAI, SRA, CDEI

Professional Memberships

Designated Member of the Appraisal Institute (**MAI**), Certificate #5563, designated November 1976; Senior Residential Appraiser (**SRA**), designated February 1975; 15 years service on AI Admission Committees; Appraisal Institute Faculty Instructor; **Appraisal Qualifications Board (AQB) Certified USPAP Instructor; Certified Distance Education Instructor (CDEI)**

Prior to Unification - Senior Real Property Appraiser (SRPA), Society of Real Estate Appraisers; Designated 1975; Past President, Greater Ft. Lauderdale Chapter 1980; SREA Young Men's Council; Demonstration Report Grader; Past National Chairman Computer Application Committee.

Nevada State Certified General Real Estate Appraiser, Certification A.0007438-CG

Education

Bowling Green State University, BSBA-Finance, 1968; Beta Gamma Sigma Business Honorary Scholastic Society; National City Bank of Cleveland Scholarship Recipient.

Appraisal Education: All Required and numerous elective courses, American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers; Numerous multi-day seminars and advanced courses by the Appraisal Institute. Continuing Education requirements completed.

Appraisal Experience

Engaged exclusively in the valuation of real property throughout the United States for the past 46 years (since 1971, following three years active duty as Lieutenant U.S. Navy, Vietnam veteran) in various capacities including independent fee appraiser, Vice President and Regional Manager of three national appraisal firms, and Chief Appraiser for a $2.7 billion financial institution, managing a 15 appraiser division. Testified as expert witness in real property valuations in District Courts of Harris County, Texas, Circuit Courts of the State of Florida, and Federal District Courts of Houston and San Antonio, Texas. Because of involvement in various computer systems, was appointed the first National Chairman of the Computer Applications Committee of the Society of Real Estate Appraisers.

Property types appraised: special purpose properties, major office buildings, multifamily residential, hotels, motels, marinas, mobile home parks, self-storage facilities, commercial buildings, all classes of shopping centers including regional malls, condominium apartments, condominium conversions and cooperative apartments, funeral homes, golf courses, hospitals, interval ownership conversions, medical clinics, nursing homes, surgery centers, health resorts, industrial buildings, warehouses, cold storage facilities, condominium recreation leases, restaurants, retail stores, vacant acreage, subsidized housing, self-serve and full service car washes, and others. Notable assignments include the 1980 appraisal of the World Trade Center.

Has conducted appraisals of leased fee, leasehold, and sub-leasehold interests, mortgaged fee and leasehold interests, minority interests in trust agreements and closely held corporations, condemnation proceedings including partial takings with severance damage to the remainder, feasibility analysis, market studies, investment analysis, and aggregate demand analysis.

Appraisal Instructor -Appraisal Institute

Instructing appraisal courses since 1975, currently teaching up to 20 weeks per year:
Basic Appraisal Principles
Basic Appraisal Procedures
Residential Appraiser Market Analysis and Highest and Best Use
General Appraiser Income Capitalization Part I
General Appraiser Income Capitalization Part II
General Appraiser Market Analysis and Highest and Best Use
General Appraiser Site Valuation and Cost Approach
Advanced Income Capitalization
Advanced Concepts and Case Studies
Advanced Market Analysis and Highest and Best Use
National 7-Hour USPAP Course
National 15-Hour USPAP Course
Reviewer for 7-Hour and 15-Hour online USPAP, General Appraiser Income Capitalization Part II; Comparative Analysis; Development team Basic Appraisal Procedures, and General Appraiser Sales Comparison Approach
On-Line Instructor: 15-Hour USPAP, Basic Appraisal Procedures, Residential Market Analysis and Highest and Best Use, Scope of Work

Appraisal Qualifications Board - AQB Certified USPAP Instructor

International Distance Education Certification Center - Certified Distance Education Instructor CDEI

Society of Real Estate Appraisers - Prior to Unification: Principles of Real Property Appraising (Course 101); Principles of Income Property Appraising (Course 201)

Formerly Adjunct Faculty - Florida Atlantic University, Florida International University, and Broward Community College, North Harris College having taught: Fundamentals of Real Estate Appraisal; Income Property Appraising; and Real Estate Investment Analysis

Published Articles

"Functional Obsolescence: The Nemesis of the Demonstration Report Writer", The Real Estate Appraiser & Analyst, Summer, 1981

"Appraisal of Time-share Conversions", The Appraisal Journal, July, 1982

"The Valuation of Government Assisted Low and Moderate Income Housing", Real Estate Research Corporation, April, 1983

"Valuation Methodology for Subsidized Housing", Cushman & Wakefield Appraisal Division, February, 1984

APPRAISER QUALIFICATIONS BOARD
THE APPRAISAL FOUNDATION
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AQB Certified USPAP Instructor Certificate

Your AQB Certified USPAP Instructor Recertification has been successfully processed by The Appraisal Foundation. Please print this email and maintain this document as your official recertification notification. Document your Instructor ID number below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Thomas Kirby

9404 Steeplehill Drive Las Vegas, NV 89117-7268 UNITED STATES
tomkirbymai@gmail.com
(281) 370-2800

Instructor ID #: 44626

Certification Effective Date[1]: 10/02/17
Expiration Date: 03/31/20

[1] Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2018-2019 USPAP Courses.

As a reminder, by completing the Instructor Recertification Course (IRC), the USPAP Instructor agrees to adhere to the terms and conditions contained within the Performance Agreement along with the Policies and Procedures.

Please visit www.appraisalfoundation.org and sign in to your Foundation Account to update your personal and professional information when necessary.

Joseph C. Traynor, Chair
Appraiser Qualifications Board

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Appraisal Institute®
Professionals Providing Real Estate Solutions

National Uniform Standards of Professional Appraisal Practice (USPAP) Course

7-Hour Update

Answer Packet

PC400GRSSF

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7-Hour National USPAP Update Course

Student Answers

Overview

The answers to the Discussion Examples are provided in the same order as identified in each Section. When the answer has been taken from the *Frequently Asked Questions* (FAQs) publication, it is labeled FAQ; when the answer is from an Advisory Opinion (AO), it is labeled AO. In a few instances, the entire answer has been provided.

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The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005
202-347-7722
www.appraisalfoundation.org

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Section 1

II. Changes to the Definition of Report, the ETHICS RULE, and the RECORD KEEPING RULE

FROM YOUR PERSPECTIVE #1

An appraiser was engaged to perform an appraisal of a single-unit residential property for a mortgage lending transaction. After inspecting the property and collecting the necessary data, the appraiser concluded that the highest and best use was as a two-unit dwelling. The appraiser informed the client of this conclusion prior to completing the appraisal and the client then canceled the assignment.

1. Does USPAP allow the appraiser to convey the opinion of highest and best use prior to transmitting an appraisal report?

   Yes. Nothing in USPAP prohibits communication with the client during an assignment. However, the highest and best use opinions are assignment results and any such communications are subject to specific prohibitions stated in the Conduct section of the ETHICS RULE and the workfile requirements of the RECORD KEEPING RULE.

2. Since there was no appraisal performed and no appraisal report transmitted, must the appraiser keep a workfile for the prescribed five-year period?

   Yes. The RECORD KEEPING RULE states "An appraiser must prepare a workfile for each appraisal or appraisal review assignment." The Rule is not limited to completed assignments or to assignments in which a report was transmitted. In fact, it specifies that the workfile "must be in existence prior to the issuance of any report or other communication of assignment results."

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III. Changes Relating to the Definitions of Assignment, Assignment Conditions, Intended Use, and Intended User; and the COMPETENCY RULE

FROM YOUR PERSPECTIVE #2

An appraiser is performing an appraisal of a small retail property for the property owner. The intended use of the appraisal is for estate planning. Before the appraiser completes the appraisal report, the client informs her that he has hired a new financial planner and the appraiser and client agree that the financial planner should be identified as an additional intended user.

1. In this scenario, does adding an intended user change the scope of work? Why or why not?

   Probably not. The appraiser must confirm that the use of a financial planner does not trigger any additional development-related requirements. If it does not, there is no change to the scope of work. However, the financial planner may not be as familiar with the subject property as the owner is, so the content necessary for the intended users to understand the report may be different, which could affect the amount of information and level of detail in the report.

2. In this scenario, does adding an intended user result in a new assignment? Why or why not?

   Not necessarily. The assignment may have changed, but as long as the change is during the assignment, it is not necessarily a new assignment. On the other hand, there is nothing in USPAP that would prohibit the appraiser from calling it a new assignment.

3. Would the answers to the previous questions be any different if the change was made after the report was issued? Why or why not?

   In this case, the change occurs after the appraiser had performed the scope of work and issued the report; the change does not occur "at the time of the assignment" (per definition of intended user). The only way to accommodate such a request at this point would be in a new assignment.

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FROM YOUR PERSPECTIVE #3

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements and the client imposed the following conditions:

a. The appraiser must develop at least two approaches to value;
b. The property must be appraised as if it had been completed per plans and specifications as of the date of inspection;
c. The report must include photographs of abutting properties;
d. The report must include an as-is value for the subject property; and
e. The report must be transmitted to the client within 30 days of the agreement to perform the appraisal.

Which, if any, of these conditions are assignment conditions?

Assignment conditions are only those items that affect the appraiser's scope of work. Therefore, the following are assignment conditions: a, b, and d.

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IV. Changes Regarding: the Definitions of Assumption and Extraordinary Assumption

FROM YOUR PERSPECTIVE #4

An appraiser is appraising a property that is in an area that has been transitioning from residential to professional use. Although zoned R-1 (residential), several properties in the area have recently been granted variances for professional office uses.

The subject is under contract of sale to a buyer who plans to use the property for a medical office and the lender/client has asked that the property be appraised as if a variance had been granted.

If the effective date is current, is the appraisal being performed subject to an extraordinary assumption or a hypothetical condition?

> ***Hypothetical Condition. The condition (as if a variance had been granted) is contrary to what exists as of the effective date of the assignment results.***

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FROM YOUR PERSPECTIVE #5

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements. The assignment calls for a prospective appraisal with an effective date that is 120 days after the date of the appraisal report is submitted.

The client and the appraiser believe that the construction will have been completed and a certificate of occupancy issued prior to the effective date. What assumptions, extraordinary assumptions, or hypothetical conditions might apply to this assignment?

In this case, there are extraordinary assumptions, but no hypothetical conditions. The extraordinary assumptions include the assumption that the construction will be complete and the certificate of occupancy issued on or before the effective date and the assumption that the construction will be completed in accordance with the plans and specifications that were provided to the appraiser.

FROM YOUR PERSPECTIVE #6

A client has asked an appraiser to appraise a property subject to the extraordinary assumption that it would be possible to connect it to municipal water supply at a cost of no more than $10,000. The appraiser is not aware of any nearby access to municipal water lines, however the appraiser has not confirmed that it cannot be accomplished for $10,000 or less. May the appraiser use an extraordinary assumption in this case? Why, or why not?

No. The <u>Comment</u> to Standards Rule 1-2(f) states that an extraordinary assumption may be used in an assignment only if the appraiser has a reasonable basis for the assumption. In this case, assuming the appraiser has geographic competency, there is no reasonable basis.

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V. Definition of Appraisal Review and Dividing STANDARD 3 into Two Standards

FROM YOUR PERSPECTIVE #7

I am an appraiser and my practice includes requests to comment on a wide range of valuation work performed by others. At various times this work is presented as an appraisal report, appraisal review report, market data summary, or even as a broker's price opinion. When do STANDARDS 3 and 4 apply?

See FAQ #305

VI. Mass Appraisal – Dividing STANDARD 6 into Two Standards and Edits to the Standards and Revisions to Advisory Opinion 32, *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*

FROM YOUR PERSPECTIVE #8

An assessment appeal is in process, and an appraisal of an individual property is being conducted as part of that appeal. Which development standards apply?

See ADVISORY OPINION 32, Illustration 3.

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VIII. Revision to the Illustration in Advisory Opinion 21 – *USPAP Compliance*

FROM YOUR PERSPECTIVE #9

A client feels that her property is over assessed by the county. She's asked me to perform a tax consulting service that involves advocacy for her position and I'd like to charge her on a contingency fee basis. This assignment would not include an appraisal. I have two questions: Is this service allowed under USPAP? If not, can I perform this assignment outside of USPAP?

See FAQ #330

FROM YOUR PERSPECTIVE #10

A client recently requested that I perform a feasibility study on a potential retail development. No value conclusions are included in the scope of the work assignment agreed upon with the client, but they have requested that I provide many of the components of what could lead to a value conclusion, such as potential income streams, capitalization rates, cost estimates, and similar information. I have completed numerous appraisal assignments for this client and I am certain that I was chosen, in large part, because I am an appraiser. Does this assignment fall within appraisal practice? And, must I comply with USPAP in completing the assignment?

See FAQ #331

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IX. Creation of Advisory Opinion 37, *Computer Assisted Valuation Tools*

FROM YOUR PERSPECTIVE #11

A stand-alone program will calculate the replacement cost of the office building that is being appraised. The software's output is notably different from the actual costs submitted by the builder. On which cost estimate should the appraiser rely? Why?

See Illustration 1 in ADVISORY OPINION 37

FROM YOUR PERSPECTIVE #12

An appraiser has purchased a software package that has multiple functions, such as market analysis, deriving adjustments for physical characteristics, automatically inputting information from the local MLS, and more. He uses the program to develop an adjustment for an in-ground pool. The program provides that amount and reports the standard deviation. The appraiser is not familiar with this term. He assumes that a large standard deviation is better so he decides to employ that adjustment. Is the appraiser correct in deciding that the output was credible? Why or why not?

See Illustration 2 in ADVISORY OPINION 37

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X. Revisions to Advisory Opinion 31, *Assignments Involving More than One Appraiser*

FROM YOUR PERSPECTIVE #13

An appraiser trainee is working with a more senior appraiser on a complex appraisal assignment. His only task has been to develop the income approach based on information provided by the senior appraiser. What is the appropriate way to acknowledge this trainee's role in the assignment?

This question is based on Illustration 5 in ADVISORY OPINION 31.

FROM YOUR PERSPECTIVE #14

An appraiser is performing a specific portion of a complex appraisal assignment, but is not competent to complete the entire assignment. As part of her training, she read the report and discussed it with the senior appraiser. Having now expanded her knowledge of the assignment, she wants to sign the certification along with the senior appraiser on the project. Is this appropriate? Why or why not?

This question is based on Illustration 6 in ADVISORY OPINION 31.

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XI. Revisions to Advisory Opinion 1, *Sales History*

FROM YOUR PERSPECTIVE #15

What should be included in the summary of an analysis of a current listing?

See ADVISORY OPINION 1, Illustration 2. The Illustration lists three possible responses to this question. In practice, the answer will vary based on the facts related to the subject and its listing.

FROM YOUR PERSPECTIVE #16

What should be included in the summary of an analysis of an agreement of sale current as of the effective date?

See ADVISORY OPINION 1, Illustration 3. The Illustration lists three possible responses to this question. In practice, the answer will vary based on the facts related to the subject and its agreement of sale.

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FROM YOUR PERSPECTIVE #17

What should be included in the summary of an analysis of a sale that occurred within three years prior to the effective date?

See ADVISORY OPINION 1, Illustration 4. The Illustration lists three possible responses to this question. In practice, the answer will vary based on the facts related to the subject and its prior sale.

FROM YOUR PERSPECTIVE #18

What should be included in the summary of an analysis of a pending sale when the information regarding that sale is not available to the appraiser in the normal course of business?

See ADVISORY OPINION 1, Illustration 5. In practice, the answer will vary based on the facts related to the subject and the reason that the information is unavailable.

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Section 2.

Another Look at Scope of Work

Review of Report Content Requirements

Analyze and Summarize – What is Expected?

II. Another Look at the Scope of Work

FROM YOUR PERSPECTIVE #19

An appraiser specializes in eminent domain and right-of-way appraisal assignments. The subject properties are typically very large, wooded, and sometimes have rugged topography. The appraiser uses a camera mounted on a drone to view areas of the subject property that are not practical to view on foot. Drones are also useful in viewing comparable sales. The certification required by Standards Rule 2-3 requires the appraiser to disclose whether or not he or she personally inspected the subject property. Do aerial viewings using a drone constitute a personal inspection?

See FAQ #214

FROM YOUR PERSPECTIVE #20

Is a scope of work specified by the client acceptable?

See FAQ #154

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FROM YOUR PERSPECTIVE #21

An appraiser was asked by a client to provide an "alternative valuation product" using a report form that the client designed. This product, as designed, does not appear to comply with USPAP. Is an appraiser allowed to perform such an assignment?

> ***The answer to this question is similar to what is found in FAQs 155 and 293. USPAP compliance is the appraiser's responsibility. In this case the appraiser must supplement the client's report form or decline the assignment.***
>
> ***The answer is also found in the Comment to Standards Rule 2-2 which states, in part:***
>
> > ***The report content and level of information requirements set forth in this Standard are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements set forth in this Standards Rule.***

FROM YOUR PERSPECTIVE #22

Is an inspection of the subject property always required in a real property appraisal assignment?

> ***Although worded a bit differently, this is based on FAQ 178.***

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FROM YOUR PERSPECTIVE #23

A client asked an appraiser to disregard any foreclosure, real estate owned (REO), or short sale when performing market value appraisal assignments. Is this an acceptable assignment condition?

See FAQ 134

FROM YOUR PERSPECTIVE #24

An appraiser has been engaged to perform an exterior only appraisal of a single-family property for a potential home equity loan. Another appraiser has been asked to appraise a single-family property in the same development for an FHA loan. Since the subject properties are similar, would the assignments require the same scope of work?

See ADVISORY OPINION 29, Illustration 1.

FROM YOUR PERSPECTIVE #25

A state certified general appraiser is appraising a highly specialized industrial facility and is concerned that the assignment is so complex that many appraisers who are knowledgeable about industrial property would not be qualified to judge whether or not the scope of work was appropriate. Who would be considered the appraiser's peers in this assignment?

See ADVISORY OPINION 29, Illustration 2.

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FROM YOUR PERSPECTIVE #26

Many have described the opinions developed by appraisers as being "subjective." Is that description appropriate? Why or why not?

No. By definition, an appraiser is expected to perform in a manner that is objective. The ETHICS RULE requires that appraisers "... perform assignments with impartiality, objectivity, and independence ..." Although an appraiser must apply judgment in developing his or her opinions, that judgment must be based on a process that employs relevant evidence and logic (per Comment to the Definition of credible). Opinions based on relevant evidence and logic are objective, not subjective.

III. Report Content Requirements

FROM YOUR PERSPECTIVE #27

An appraiser's client does not require a cost approach for residential appraisal assignments when the house is more than two-years old. If the appraiser states this in the report, is that a sufficient explanation for the exclusion of the approach?

No. Although the cost approach is not required by the client, the decision to develop or not develop the approach is a scope of work decision that must be made by the appraiser. See FAQ 284 for a discussion of what must be addressed in explaining the exclusion of an approach.

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FROM YOUR PERSPECTIVE #28

An appraiser was engaged by two siblings to perform an appraisal of a vacation property that they co-own. Both parties are very familiar with the property and the appraiser thinks that a Restricted Appraisal Report might be appropriate, but he was not sure if this was allowed when there are multiple intended users. May the appraiser use a Restricted Appraisal Report in this case?

See FAQ 304. Although the parties in this exercise are different from the FAQ, the answer is the same.

FROM YOUR PERSPECTIVE #29

Some appraisal report forms include the appraiser's certification within the form itself and it cannot be altered. USPAP requires the certification include a statement addressing whether the appraiser performed any services regarding the subject property in three years prior to the assignment. May the appraiser simply add such a statement elsewhere in the report?

No. This question is similar to FAQ 24. Simply adding information to a report is not the same as a signed certification. Any supplemental certification should be clearly labeled as a certification and it must be signed as required by Standards Rule 2-3.

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FROM YOUR PERSPECTIVE #30

Look at the sample Residential Restricted Appraisal Report that is included in the Appendix.

Suppose that the **Sale and Listing History** section of the report stated, "As of the effective date, the subject property had been listed for sale for 83 days at $339,900." Keeping in mind that this is a Restricted Appraisal Report, is that sufficient? If not, what would be acceptable?

No. The Comment to Standards Rule 2-2(b)(viii), which applies to Restricted Appraisal Reports, requires a summary of the results of the analysis of any current listing in a market value appraisal.

FROM YOUR PERSPECTIVE #31

A client asked an appraiser for a report with a minimum amount of detail overall, but that includes a very detailed presentation of the income approach. The client, an investor, is the only intended user. Can an appraiser provide more than a Restricted Appraisal Report, but less than an Appraisal Report and still comply with USPAP?

Yes. This question is similar to FAQ 299, but from a somewhat different perspective.

FROM YOUR PERSPECTIVE #32

A lender/client ordered an evaluation and stated in the order that an appraisal is not necessary. May an appraiser who is required to comply with USPAP accept this assignment, develop an opinion of value in compliance with STANDARD 1, and submit the results to the client in a document labeled only as an "Evaluation Report"?

No. See FAQ 271.

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IV. Analyze and Summarize – What is Expected?

FROM YOUR PERSPECTIVE #33

What might be included in the physical characteristics that are summarized in an Appraisal Report?

The summary of physical characteristics typically includes maps, photographs, and building sketches. These are then supplemented by narrative discussion of conditions such as, but not limited to, atypical site factors and improvements. The summary should also include information related to physical deterioration and functional obsolescence.

(Note: some of these factors may also be analyzed later in the appraisal process)

FROM YOUR PERSPECTIVE #34

What might be included in the legal characteristics that are summarized in an Appraisal Report?

The summary of legal characteristics would typically address zoning and any other applicable land use regulations (e.g., limitations due to the presence of wetlands). This might also include private restrictions such as covenants. The relevance of some factors may vary based on the intended use of the assignment results.

(Note: some of these factors may also be analyzed later in the appraisal process)

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FROM YOUR PERSPECTIVE #35

What might be included in the economic characteristics that are summarized in an Appraisal Report?

Among other things, the summary of economic characteristics would include information regarding real estate taxes and any homeowner association fees. In the appraisal of a leased property, the terms and conditions of the lease are usually important factors and must be identified and summarized.

(Note: some of these factors may also be analyzed later in the appraisal process)

FROM YOUR PERSPECTIVE #36

An appraiser determined that a highest and best use analysis is not necessary for credible assignment results in a particular appraisal assignment. However, the assignment called for the appraisal to be reported on a preprinted Appraisal Report form with a required checkbox response regarding highest and best use (Is the existing use the highest and best use? Y/N).

Since the opinion was not necessary for the credible results, must the report summarize the rationale for the stated highest and best use opinion?

Yes. Standards Rule 2-2(a)(x) requires that the support and rationale for the highest and best use opinion be summarized in the report "when an opinion of highest and best use was developed by the appraiser." Because the appraiser has checked the box indicating an opinion of highest and best use, a summary of support and rationale is required.

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FROM YOUR PERSPECTIVE #37

If the subject is zoned residential and the existing use is a single-unit dwelling, do I need any more explanation regarding highest and best use?

> ***Yes. If the opinion of highest and best use was developed by the appraiser, the report must summarize the support and rationale for that opinion. If the appraiser is using a form report, the support for the opinion is likely in the report, but the rationale for the conclusion must also be included. Given the information provided, what is the reasoning to support the conclusion?***

FROM YOUR PERSPECTIVE #38

An appraiser completed a market value appraisal on a small shopping center for a mortgage origination. Eight months later, she is asked to perform a market value appraisal on the same property for the owner. There have been no significant changes in the market area since the prior appraisal and she copies much of the information into the new report. Among the items that were copied is the highest and best use section of the report.

Is this appropriate? Why or why not?

> ***Yes, but with caution. Highest and best use is predicated on the physical, legal, and economic conditions as of the effective date. The appraiser must ascertain the current validity of those conditions.***

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FROM YOUR PERSPECTIVE #39

A residential appraiser has a standard statement regarding the reconciliation of the sales comparison approach that he uses in all of his single-unit appraisal reports. It states: "The comparable sales included in this report are the most similar recent sales and all support the final indicated value in the sales comparison approach."

Is this an adequate summary for the reconciliation of the sales comparison approach in an Appraisal Report?

> ***Probably not. Unless all of the comparable sales yield indicated values with a very narrow range, a more thorough explanation is appropriate. The Comment to Standards Rule 2-2(a)(viii) requires the report include "sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches in accordance with Standards Rule 1-6."***

FROM YOUR PERSPECTIVE #40

Using the same scenario as the preceding "From Your Perspective" suppose there were significant differences in sale dates, number and sizes of adjustments, and proximity.

What might be included in a summary of the reconciliation in this case?

> ***As stated in the From Your Perspective #39 exercise, Standards Rule 2-2(a)(viii) requires the report include "sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches in accordance with Standards Rule 1-6."***
>
> ***In this case, in addressing the quality and quantity of data (per Standards Rule 1-6(a)), the report should provide sufficient explanation for the selection of the comparable sales used in the analysis so that the intended users understand the rationale for the selection.***

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FROM YOUR PERSPECTIVE #41

Again, using the same scenario as the preceding "From Your Perspective" suppose there were significant differences among the adjusted sale prices of the comparable sales used in the sales comparison approach.

What might be included in a summary of the reconciliation in this case?

Again, as stated in From Your Perspective #39, Standards Rule 2-2(a)(viii) requires the report include "sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches in accordance with Standards Rule 1-6."

Because the report must be sufficient to enable intended users to understand the rationale, it must explain how the appraiser was able to get from the adjusted sale prices of these diverse properties to a value opinion.

FROM YOUR PERSPECTIVE #42

Look at the sample Non-Residential Restricted Appraisal Report that is included in the Appendix. Are there any areas of the report that appear to exceed the minimum requirements for a Restricted Appraisal Report?

In the sample Non-Residential Restricted Appraisal Report in the Appendix, the Scope of Work and Reconciliation sections of the report include more than the minimum required in a Restricted Appraisal Report.

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FROM YOUR PERSPECTIVE #43

Appraisal consulting was a defined term in USPAP, but the term is no longer in USPAP and the definition has been removed from the publication. Some appraisers still provide services that had been called appraisal consulting and even use the term appraisal consulting to describe the services. Is that allowed under USPAP?

Yes. Although the expression appraisal consulting is no longer used or defined in USPAP, there is no prohibition against using that terminology to describe services provided by an appraiser. ADVISORY OPINION 21 (see Illustrations 5a, 5b, and 5c) provides examples of services that had been called appraisal consulting.

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National Uniform Standards of Professional Appraisal Practice (USPAP) Course

7-Hour Update

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FOR General & Residential APPRAISERS

ABOUT THE APPRAISAL INSTITUTE

The Appraisal Institute is a global professional association of real estate appraisers, with nearly 19,000 professionals in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state, and local laws. Individuals of the Appraisal Institute benefit from an array of education and advocacy programs, and may hold the prestigious MAI, SRPA, SRA, AI-GRS, and AI-RRS designations. *Learn more at* ***www.appraisalinstitute.org.***

2018-2019 EDITION

7-HOUR COURSE STUDENT MANUAL

NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) UPDATE COURSE

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7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course - *Ethics, Standards, and Your Appraisal Practice*

2018-19
Student Manual

Reviewed and Updated By
The Appraisal Standards Board (ASB)

Approved By
The Appraiser Qualifications Board (AQB)

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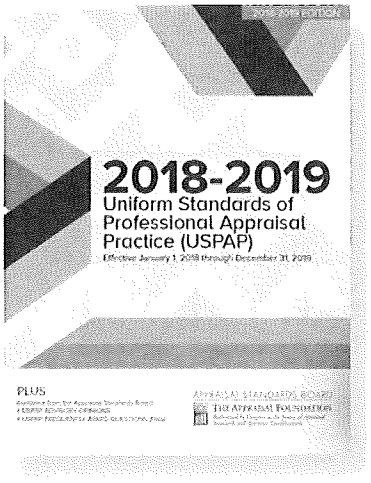

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. **The 2018-2019 Edition of USPAP is effective January 1, 2018 through December 31, 2019.**

It is important that individuals understand and adhere to changes that are adopted in each edition of USPAP. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

In addition, the 2018-19 Edition of USPAP contains guidance in the form of Advisory Opinions and over 300 USPAP Frequently Asked Questions (FAQs). These communications illustrate the applicability of Standards in specific situations and offer advice from the ASB for the resolution of specific appraisal issues and problems.

To purchase a spiral bound or PDF copy of USPAP, please visit our website at **www.appraisalfoundation.org**, store or call 800-348-2831.

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The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at **www.appraisalfoundation.org**.

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Overview

Course Description

This is the 7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course, as developed by The Appraisal Foundation. The course focuses on changes to USPAP for 2018-19 and on appraisal issues that affect daily appraisal practice. It is unique in that the Course is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

In addition to this student manual, each student must have a copy of the 2018-19 USPAP publication available for use in the course. The publication includes USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions,* and Index.

Course Objectives

- Present and explain the new revisions to USPAP that were adopted in 2017 and effective from January 1, 2018 through December 31, 2019.
- Present the current changes to USPAP in a variety of scenarios for class discussion.
- Present scenarios that challenge participants to apply USPAP to situations they encounter in their daily practice.

In addition to lectures, the course includes discussion illustrations that show how USPAP applies in situations that appraisers may encounter in everyday practice. These examples primarily address issues frequently experienced by appraisers as professionals in the appraisal of real property.

This course is designed to assist appraisers in all areas of appraisal practice seeking competency in USPAP, including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real property appraiser licensing and certification programs.

This course provides at least 7 hours of instruction in USPAP. There is no accompanying exam for the classroom course; however, some states may require an examination for distance education.

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Classroom Guidelines

To make the classroom environment a positive experience for all attendees, adherence to the following is required:

- No smoking in the classroom.
- Silence cell phones, laptops, tablets, and any other electronic device when class is in session.
- Audio/video recording is prohibited.
- Refrain from ongoing conversations with those seated near you and other distracting behavior while class is in session.

General Information

- **Breaks.** There will be two breaks during the morning session and two breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is generally for one hour.
- **Attendance.** Attendance sheets will be distributed during class to verify your attendance during the morning and afternoon sessions. Full attendance during the entire course is required.
- **Certificates.** Certificates of completion will be distributed by the provider after successful completion of the course.

Complaint Process

For the protection of all parties, The Appraisal Foundation has set up procedures for processing student complaints under the AQB Certified USPAP Instructor Program. All complaints must be submitted in writing to The Appraisal Foundation. Complaints will be reviewed to determine whether they have merit. If it is determined that a complaint has merit, an investigation will be conducted followed by a recommendation as to the next course of action.

To file a complaint regarding an AQB Certified USPAP Instructor, download a copy of the Complaint Form and instructions at www.appraisalfoundation.org, Standards & Qualifications, USPAP Instructor Program, and Additional Resources.

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Survey Program

The AQB has instituted a USPAP Instructor Quality Review Program in order to monitor, evaluate, and improve the quality of USPAP instruction. The program has been designed as a mentoring process and is not meant to be punitive.

The AQB may send a survey to all students by email after a course is completed. The survey will seek the students' feedback on items such as the instructor's preparedness, knowledge of the subject matter, use of the materials provided, and ability to teach.

The survey may contain an optional comments section for students to offer narrative feedback not covered by the survey items. Additionally, there will be an optional section for students to identify themselves if they wish to be contacted to provide further information.

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Course Schedule

SECTION 1. Morning

Introduction

10 Minutes	Welcome and course announcements Introduction to the course

Section 1

30 Minutes	Why and How USPAP Changes are Made - The Result of Exposure (Part I)
30 Minutes*	Specific changes and their impact (Part II)
140 Minutes*	Specific changes and their impact (Parts III through XI)

SECTION 2. Afternoon

Section 2

60 Minutes*	Review of Scope of Work
90 Minutes	Review of Report Content Requirements
60 Minutes	Analyze and Summarize – What is Expected?

*Time includes a 10-minute break

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Introduction

USPAP was developed with the express purpose to promote and maintain a high level of public trust in professional appraisal practice. The development of uniform standards enhanced the role of the appraiser in society and reinforced the appraiser's obligations to act in a manner that promotes public trust and confidence in appraisal services.

The *Uniform Standards of Professional Appraisal Practice* (USPAP) reflect the multifaceted nature of our profession. USPAP changes are made in conjunction with changes to the appraisal profession, as well as the changing needs of potential clients. The changes are intended to improve the clarity, understanding, and enforcement of USPAP. The goals of this course are to update you on the changes to the document, discuss its effect on appraisal practice, and provide you with the opportunity to use USPAP in examining and exploring solutions to appraisal issues.

BEFORE WE BEGIN ...

USPAP has Standards for real property, personal property, and intangible property (business valuation). It also has Standards for individual appraisal assignments and mass appraisal assignments.

What do appraisals in these various disciplines have in common?

_____

_____

_____

_____

_____

_____

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This course is developed to review the changes to the publication for the 2018-19 edition of USPAP, and apply the changes to relevant appraisal issues through the use of classroom discussions and illustrations. The course also addresses common USPAP issues and applications of USPAP in daily practice.

The Course is intended for experienced appraisers who have previously taken the 15-Hour National USPAP Course.

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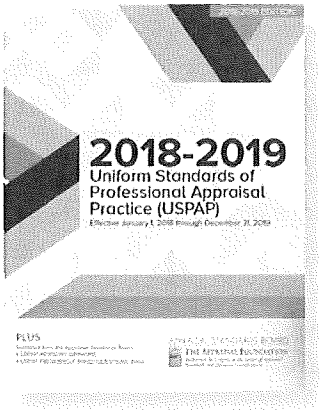
Here's where we are headed
in the morning session



SECTION ONE

LEARNING FOCUS:

Changes to USPAP

Section 1.
Changes to USPAP

The umbrella of public trust in the appraisal profession is of paramount importance to the Appraisal Standards Board (ASB) when considering and adopting changes to USPAP. All potential changes and additions to USPAP are evaluated with the goal of promoting and maintaining a high level of public trust in appraisal practice.

The process is transparent and allows for and encourages the input of appraisers, users of appraisal services, and other interested parties through written and oral public testimony on proposed changes.

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BACK TO BASICS #1

Note: *In this 7-Hour Update, the expression "USPAP publication" will be used to refer to USPAP and the guidance that is in the bound publication with USPAP (i.e., the Advisory Opinions (AOs), Frequently Asked Questions (FAQs), and the Index).*

Throughout this 7-Hour National USPAP Update Course there are several "Back to Basics" mini discussions. The purpose of these discussions is to bring context and meaning to the material that follows them. For example, in order to understand the reasoning or impact of a certain change, it might be very important to be aware of the USPAP definition of some of the terms used to describe that reasoning or impact. In those cases, a Back to Basics may review that definition before looking at the related change.

This first Back to Basics is simply a reminder that the USPAP publication, which includes USPAP, the Advisory Opinions, and the FAQs also includes a Table of Contents for each of these sections of the publication and a consolidated Index that references the entire publication.

The Index may be helpful in finding the solutions to many of the "From Your Perspective" cases in this course and in resolving many day-to-day real world USPAP questions.

I. Why and How Changes Are Made – The Results of Exposure

The ASB has been revising USPAP on a two-year cycle. Most of the changes that are considered in each cycle are the result of issues and concerns raised by various stakeholders. Other items are the result of periodic review of USPAP to ensure that it is in line with current conditions.

The ASB:

A. Develops and releases drafts for public exposure

1. Exposure drafts

a. The actual drafting of the language contained in an exposure draft is typically the combined result of numerous sources including the ASB, individuals or groups within the profession, state regulators, user groups, the public, committees and task forces appointed by the ASB, staff, and published papers within the profession. The ASB seeks a wide range of ideas and views as it develops proposed standards.

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b. The ASB takes ownership of the language in the draft and votes to approve it for release.

c. The exposure period for a draft is never less than 30 days, and is often 45-60 days after the expected distribution date, unless otherwise specified by the ASB. For information on how you might respond to an exposure draft, visit The Appraisal Foundation (TAF) website at www.appraisalfoundation.org.

B. Reads and analyzes comments received

1. All written comments are sent to TAF's office in Washington, DC, where a permanent file of all comments and pertinent correspondence is maintained.

2. Each comment is acknowledged by the Board's staff.

3. Comment letters are read and valued by each member of the ASB. The ASB's primary focus is the reasoning and insight presented in the comments, rather than the source or authorship. The ASB gives impartial consideration to all comments and is guided by the quality, relevancy, and accuracy of the points made, and not their frequency.

   Following each exposure draft, oral comments are received at the ASB's public meetings.

   Often, comment letters provide insight beyond what was originally proposed, or stimulate a discussion that may lead the ASB in a different direction.

4. If changes in the original exposure draft are substantial enough to constitute a fundamental change in direction, then consideration is given to additional exposure drafts as needed.

   A Discussion Draft and three exposure drafts were issued in developing changes for the 2018-19 edition of USPAP publication. At the end of each exposure period, the Board considered the issues brought forward and developed a work plan to address those issues.

C. Finalizes any changes to USPAP

1. Final action on a proposed change may be taken only

   a. After the completion of the exposure process, and

   b. After discussion and adoption at a public meeting.

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2. Once adopted, only administrative edits may be made. Adopted changes are intended to improve the clarity, understanding, and enforceability of USPAP, furthering the goal of promoting and maintaining public trust in appraisal practice.

   Final changes for the 2018-19 edition of USPAP were adopted at the ASB's public meeting on February 3, 2017.

Note: Throughout this student manual, deletions to USPAP and the Advisory Opinions are shown in ~~strikethrough~~ and additions shown in <u>underscore</u> text. To see the final edited version of any of the material without the strikethrough and underscore, simply go the 2018-19 USPAP publication.

BACK TO BASICS #2

Assignment results is a defined term in USPAP. The Definition is as follows:

> **ASSIGNMENT RESULTS:** An appraiser's opinions or conclusions developed specific to an assignment.
>
> > <u>Comment</u>: Assignment results include an appraiser's:
> > •opinions or conclusions developed in an appraisal assignment, not limited to value;
> > •opinions or conclusions, developed in an appraisal review assignment, not limited to an opinion about the quality of another appraiser's work; or
> > •opinions or conclusions developed when performing a valuation service other than an appraisal or appraisal review assignment.
>
> > Physical characteristics are not assignment results.

Keep in mind the following regarding assignment results:

1. Assignment results include all opinions and conclusions in any assignment within appraisal practice - not just appraisal and appraisal review; and
2. In an appraisal assignment, assignment results include all opinions and conclusions (e.g., highest and best use, condition of the improvements, etc.) - not just the value opinion.

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II. Changes to the Definition of Report, the ETHICS RULE, and the RECORD KEEPING RULE

A. Definition of report

1. Rationale for revising the definition

   a. The prior definition included the expression "transmitted to the client" but did not address transmission to any other party.

   b. A question was raised as to whether a communication transmitted to some other party authorized by the client would be a report given that definition. For example, if a lender client requires that the communication of an appraisal be transmitted to an appraisal management company (AMC), is that communication an appraisal report? Or, if a property owner client asks that the communication is transmitted to his or her accountant, is that communication an appraisal report? The consensus was that such communications, although not transmitted to the client, should fall under the definition of report.

   c. The prior definition included a Comment that related to oral reports. Some stakeholders questioned the relevance of or need for this Comment.

2. What changed?

   REPORT: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.

   ~~Comment: Most reports are written and most clients mandate written reports. Oral report requirements (see the RECORD KEEPING RULE) are included to cover court testimony and other oral communications of an appraisal or appraisal review.~~

3. Impact on practice

   a. This change aligns USPAP with the manner in which most appraisers have been practicing. It is likely that very few, if any, appraisers had not been considering such communications to be reports and subject to the reporting Standards and workfile requirements in USPAP.

   b. The ASB believes the impact on practice of extending the definition to cover the transmission to parties authorized by the client will be minimal, but that application will be more consistent with common practice.

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c. The ASB reviewed the Comment to the definition of report and agreed that is was not necessary. Since the Comment merely pointed to other requirements, its deletion will have no impact on practice but will make USPAP more clear and concise.

B. ETHICS RULE

1. Rationale for revising

a. The Conduct section of ETHICS RULE in previous editions of USPAP addressed inappropriate communication of reports, but did not address other allowed communications.

b. In some cases, appraisers engaged in an appraisal or appraisal review assignment might be required to provide preliminary communication that includes assignment results (as defined in USPAP).

c. Assignments other than appraisal or appraisal review do not (per the definition of report) have a report, but assignment results are communicated to the client or to a party authorized by the client.

2. What changed?

The following excerpt from the ETHICS RULE shows the changes that were made to the Conduct section:

An appraiser:

- **must not perform an assignment with bias;**
- **must not advocate the cause or interest of any party or issue;**
- **must not accept an assignment that includes the reporting of predetermined opinions and conclusions;**
- **must not misrepresent his or her role when providing valuation services that are outside of appraisal practice;**
- **must not communicate assignment results with the intent to mislead or to defraud;**
- **must not use or communicate a report ~~that is~~ or assignment results known by the appraiser to be misleading or fraudulent;**
- **must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent ~~report~~;**

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3. Impact on practice

   a. This is another change that will have little or no impact on most appraisers' practices. It extends the prohibition against the use of misleading or fraudulent communication beyond reports to include all communications.

   b. Appraiser regulators and professional organizations that enforce USPAP will be better equipped to take action against clearly unethical behavior.

C. RECORD KEEPING RULE

1. Rationale for revising

   a. The RECORD KEEPING RULE had required that the workfile be in existence prior to issuing the report, but not necessarily prior to providing other communication of assignment results.

   b. The development process and the act of communicating the results of the process are to a large degree independent of each other. However, Restricted Appraisal Reports and oral appraisal reports may include significantly less information than Appraisal Reports. While the RECORD KEEPING RULE had a clear requirement that the workfile for a Restricted Appraisal Report be sufficient for the appraiser to produce an Appraisal Report, there was no such requirement for an oral report.

   c. The last bullet point that lists the requirements for workfile content contained wording that was inconsistent with the others and did not follow the stem at the top of the list; it was suggested that a change here would make the Rule easier to understand.

2. What changed? The RECORD KEEPING RULE with edits is shown below:

RECORD KEEPING RULE

An appraiser must prepare a workfile for each appraisal or appraisal review assignment. A workfile must be in existence prior to the issuance of any report <u>or other communication of assignment results</u>. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

The workfile must include:

- **the name of the client and the identity, by name or type, of any other intended users;**
- **true copies of all written reports, documented on any type of media. (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report**

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transmitted to the client satisfies the requirement of a true copy.);

- **summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and**
- **all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation~~; and~~.**
- ~~**a workfile in support of a Restricted Appraisal Report must be sufficient for the appraiser to produce an Appraisal Report.**~~

A workfile in support of a Restricted Appraisal Report or an oral appraisal report must be sufficient for the appraiser to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

An appraiser must retain the workfile for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

An appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile. This includes ensuring that a workfile is stored in a medium that is retrievable by the appraiser throughout the prescribed record retention period.

An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

- **submission to state appraiser regulatory agencies;**
- **compliance with due process of law;**
- **submission to a duly authorized professional peer review committee; or**
- **compliance with retrieval arrangements.**

Comment: A workfile must be made available by the appraiser when required by a state appraiser regulatory agency or due process of law.

An appraiser who willfully or knowingly fails to comply with the obligations of this RECORD KEEPING RULE is in violation of the ETHICS RULE.

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3. Impact on practice

   a. In most cases, appraisers begin a workfile at the start of an assignment. In those cases, this change will have no impact. The effect of the changes to when the workfile must exist will be that prior to communication of any assignment results in an appraisal or appraisal review assignment, the appraiser must have the necessary documentation to support the assignment results that are communicated and must be able to show compliance with USPAP in achieving those assignment results.

   b. The requirement that documentation in the workfile is required in cases when the appraiser produces only an oral report has been highlighted. The already existing requirement that the workfile include (or include reference to) data, information, and documentation to support the opinions and conclusions and show USPAP compliance have been reinforced to be consistent with the requirements for a Restricted Appraisal Report. For appraisers who were complying with the prior requirements, this is not a substantial change. However, for those who enforce USPAP, the requirement is now clearer.

D. The relationship among the changes to the Definition of Report, the ETHICS RULE, and the RECORD KEEPING RULE.

   1. The change to the Definition of report expands somewhat on what communications are reports.

   2. Superfluous language relating to oral reports was deleted from the definition.

   3. The changes to the ETHICS RULE expand the prohibition against communicating fraudulent or misleading assignment results to include any communication, not just those communicated in a report.

   4. The changes to the RECORD KEEPING RULE impose a workfile requirement prior to any communication of assignment results (again, not just reports) and clarifies the workfile requirements for oral reports.

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FROM YOUR PERSPECTIVE #1

An appraiser was engaged to perform an appraisal of a single-unit residential property for a mortgage lending transaction. After inspecting the property and collecting the necessary data, the appraiser concluded that the highest and best use was as a two-unit dwelling. The appraiser informed the client of this conclusion prior to completing the appraisal and the client then canceled the assignment.

1. Does USPAP allow the appraiser to convey the opinion of highest and best use prior to transmitting an appraisal report?

2. Since there was no appraisal performed and no appraisal report transmitted, must the appraiser keep a workfile for the prescribed five-year period?

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III. Changes relating to the Definitions of Assignment, Assignment Conditions, Intended Use, and Intended User; and the COMPETENCY RULE

A. Definition of Assignment

1. Rationale for revising the definition

a. The prior definition of assignment addressed both the appraiser-client agreement to provide a service and the service itself.

b. There are areas in USPAP where it was not clear whether the term "assignment" is intended to mean the agreement or the service.

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c. Other terminology was considered (e.g., engagement) for the agreement, but was not deemed necessary.

2. What changed? The ASB eliminated the agreement portion of the definition and added a phrase to make it clear that the service provided in an assignment is provided by an appraiser. The following shows the edits to the Definition of assignment:

ASSIGNMENT: ~~1) An agreement between an appraiser and a client to provide a valuation service; 2) the~~ a valuation service that is provided by an appraiser as a consequence of an agreement with a client ~~such an agreement~~.

B. New Definition - Assignment Conditions

1. Rationale for adding the definition

a. The expression assignment conditions has a meaning that is specific to USPAP; that meaning had been stated in the SCOPE OF WORK RULE.

b. Assignment conditions are addressed both in the SCOPE OF WORK RULE and the development Standards.

c. The concept of assignment conditions is essential to the understanding of USPAP.

d. Language describing or defining assignment conditions was stated in the SCOPE OF WORK RULE, but not in the Definitions.

2. What changed? The following definition was added:

ASSIGNMENT CONDITIONS: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.

Comment: Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or orders, having legal force, issued by an administrative agency.

C. Definitions of Intended Use and Intended User

1. Rationale for revising the definition

a. The initial reason that these definitions were reviewed related to the use of "at the time of the assignment" which, because assignment had two definitions, caused some confusion.

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b. The change to the definition of assignment resolved that issue, but other minor changes were made for the sake of consistency and clarity.

2. What changed? The Definitions of intended use and intended user were changed as follows:

INTENDED USE: the use(s) ~~or uses~~ of an appraiser's reported appraisal or appraisal review assignment results ~~opinions and conclusions~~, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on ~~the basis of~~ communication with the client at the time of the assignment.

D. Change to the COMPETENCY RULE

1. Rationale for the change to the COMPETENCY RULE

a. The Being Competent section of the COMPETENCY RULE stated in part: "… prior to accepting an assignment …" Given the prior definition of assignment, this was awkward. With the revised definition (i.e., a valuation service provided by an appraiser) it was out of context.

b. There was a reference in the Comment to the same section that referred to "the time of the assignment." It was suggested that this could be more clearly stated.

2. What changed? The Being Competent section of the COMPETENCY RULE was changed as follows:

Being Competent

An ~~The~~ appraiser must determine, prior to ~~accepting~~ agreeing to perform an assignment, that he or she can perform the assignment competently. Competency requires:

1. **the ability to properly identify the problem to be addressed;**
2. **the knowledge and experience to complete the assignment competently; and**
3. **recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.**

Comment: Competency may apply to factors such as, but not limited to, an appraiser's familiarity with a specific type of property or asset, a market, a geographic area, an intended use, specific laws and regulations, or an analytical method. If such a factor is necessary for an

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appraiser to develop credible assignment results, the appraiser is responsible for having the competency to address that factor or for following the steps outlined below to satisfy this COMPETENCY RULE.

For assignments with retrospective opinions and conclusions, the appraiser must meet the requirements of this COMPETENCY RULE at the time ~~of~~ the assignment is performed, rather than the effective date.

3. Impact on practice

The changes to the Definitions of intended use, intended user, assignment conditions, and assignment and the edits to the COMPETENCY RULE have little or no impact on the actual practice of appraisers. The overall impact is that the intent and application of USPAP are clearer.

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FROM YOUR PERSPECTIVE #2

An appraiser is performing an appraisal of a small retail property for the property owner. The intended use of the appraisal is for estate planning. Before the appraiser completes the appraisal report, the client informs her that he has hired a new financial planner and the appraiser and client agree that the financial planner should be identified as an additional intended user.

1. In this scenario, does adding an intended user change the scope of work? Why or why not?

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2. In this scenario, does adding an intended user result in a new assignment? Why or why not?

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3. Would the answers to the previous questions be any different if the change was made after the report was issued? Why or why not?

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FROM YOUR PERSPECTIVE #3

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements and the client imposed the following conditions:

a. The appraiser must develop at least two approaches to value;
b. The property must be appraised as if it had been completed per plans and specifications as of the date of inspection;
c. The report must include photographs of abutting properties;
d. The report must include an as-is value for the subject property; and
e. The report must be transmitted to the client within 30 days of the agreement to perform the appraisal.

Which, if any, of these conditions are assignment conditions?

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IV. Changes Regarding: the Definitions of Assumption and Extraordinary Assumption

A. Definition of Assumption has been retired

1. Rationale for retiring the definition

   a. The purpose of defining terms in USPAP is to establish the meaning and context for terms that are used differently within USPAP than they are in plain English usage.

   b. The Definition for assumption in USPAP (that which is taken to be true) gave it a meaning that is no different within USPAP than it is in its non-USPAP usage.

2. What changed? The Definition of assumption has been removed from USPAP.

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B. Definition of Extraordinary Assumption has been revised

1. Rationale for changing the Definition of extraordinary assumption

   a. Multiple stakeholders had expressed concern that the difference between an assumption and an extraordinary assumption was unclear.

   b. Under the prior definition, any assumption could be construed as an extraordinary assumption.

   c. Some properties have one or more specific uncertain characteristics that preclude the appraiser from appraising them without making assumptions related to those uncertain characteristics. These assumptions are different from those that are made in almost all appraisals.

   d. A primary reason for differentiating between an extraordinary assumption and other assumptions is that it is critical that the intended users understand that there was some atypical condition that necessitates its use and that use might affect the assignment results.

2. What changed? The edits to the Definition of extraordinary assumptions are shown below:

   EXTRAORDINARY ASSUMPTION: an assignment-specific assumption, ~~directly related to a specific assignment,~~ as of the effective date regarding uncertain information used in an analysis~~, of the assignment results,~~ which, if found to be false, could alter the appraiser's opinions or conclusions.

   Comment: ~~Extraordinary assumptions presume as fact otherwise u~~Uncertain information might include ~~about~~ physical, legal, or economic characteristics of the subject property; or ~~about~~ conditions external to the property, such as market conditions or trends; or ~~about~~ the integrity of data used in an analysis.

3. Impact on practice

   a. Appraisers continue to have an obligation to differentiate between assumptions and extraordinary assumptions. The term assumption is still used in USPAP and its meaning is unchanged.

   b. The revised definition of extraordinary assumption is intended to make it clearer that extraordinary assumptions are those that are "assignment-specific" and that the intended users will not understand the report properly unless they are aware of the extraordinary assumption.

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BACK TO BASICS #3

In addition to defining extraordinary assumptions, USPAP also defines hypothetical conditions. The definition is:

> **HYPOTHETICAL CONDITION:** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
>
> > Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Standards Rules that apply to the use of extraordinary assumptions and hypothetical conditions in the development of an appraisal are somewhat different (see SR 1-2(f) and 1-2(g)). It is important to understand the difference between the two.

FROM YOUR PERSPECTIVE #4

An appraiser is appraising a property that is in an area that has been transitioning from residential to professional use. Although zoned R-1 (residential), several properties in the area have recently been granted variances for professional office uses.

The subject is under contract of sale to a buyer who plans to use the property for a medical office and the lender/client has asked that the property be appraised as if a variance had been granted.

If the effective date is current, is the appraisal being performed subject to an extraordinary assumption or a hypothetical condition?

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FROM YOUR PERSPECTIVE #5

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements. The assignment calls for a prospective appraisal with an effective date that is 120 days after the date the appraisal report is submitted.

The client and the appraiser believe that the construction will have been completed and a certificate of occupancy issued prior to the effective date. What assumptions, extraordinary assumptions, or hypothetical conditions might apply to this assignment?

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FROM YOUR PERSPECTIVE #6

A client has asked an appraiser to appraise a property subject to the extraordinary assumption that it would be possible to connect it to the municipal water supply at a cost of no more than $10,000. The appraiser is not aware of any nearby access to municipal water lines, however the appraiser has not confirmed that it cannot be accomplished for $10,000 or less. May the appraiser use an extraordinary assumption in this case? Why, or why not?

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V. Definition of Appraisal Review and Dividing STANDARD 3 into Two Standards

A. Rationale for changes

1. An appraiser's opinion and the communication of that opinion are components of both appraisal and appraisal review assignments.

2. Appraisal has separate Standards for development and reporting; appraisal review development and reporting work were both addressed in STANDARD 3.

3. The definition of appraisal is limited to development; the definition also encompasses instances where the term appraisal is used as an adjective (e.g., appraisal assignment or appraisal experience). The prior definition of appraisal review included the development and reporting and its possible use as an adjective was not addressed.

4. Historically, the definition of report included both appraisal and appraisal review reports.

5. Several years ago, STANDARD 4 (Appraisal Consulting – Development) was retired, thus the Standard adjacent to STANDARD 3 was available.

B. What changed?

1. The Definition of Appraisal Review was changed as follows:

   APPRAISAL REVIEW: (noun) the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.

   Comment: The subject of an appraisal review assignment may be all or part of a report, workfile, or a combination of these.

2. The Standards Rules that relate to the reporting of an appraisal review assignment have been removed from STANDARD 3 and placed into the new STANDARD 4. Reformatting and renumbering was also needed. See pages 26 through 33 in the 2018-19 USPAP publication for the full text of these Standards.

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C. Impact on practice

1. The performance-related expectations placed on appraisers have not changed. Work that would have complied with STANDARD 3 in the past will still be USPAP compliant under STANDARDS 3 and 4.

2. USPAP is more consistent and the requirements that apply to appraisal assignments and appraisal review assignments are now more clearly parallel.

BACK TO BASICS #4

USPAP recognizes a difference between the process of developing an opinion and the communication of the opinion once it has been developed.

The process of developing an appraisal or appraisal review requires an appraiser to go through the steps of the appraisal process in compliance with the applicable development Standard beginning with problem identification. Problem identification leads to the determination of an appropriate scope of work. The appraiser then must carry out that scope of work (or if necessary, modify it). The appraiser must apply his or her knowledge and experience in the research and analysis needed to achieve credible assignment results in the context of the intended use.

Those assignment results must then be conveyed in the report to the client (or party authorized by the client). The report must comply with the requirements of the applicable reporting Standard. The appraiser must apply his or her communication skills to ensure that the report is sufficient for the intended users to understand it.

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FROM YOUR PERSPECTIVE #7

I am an appraiser and my practice includes requests to comment on a wide range of valuation work performed by others. At various times this work is presented as an appraisal report, appraisal review report, market data summary, or even as a broker's price opinion. When do STANDARDS 3 and 4 apply?

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VI. Mass Appraisal – Dividing STANDARD 6 into Two Standards and Edits to the Standards and Revisions to Advisory Opinion 32, *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*

A. Rationale:

1. For the same reasons discussed regarding appraisal review, there was discussion regarding splitting STANDARD 6 – Mass Appraisal Development and Reporting into two Standards. As was the case with Appraisal Review, an unused adjacent Standard number (STANDARD 5) was available.

2. STANDARD 6 had not been reviewed in-depth for over ten years, so it was suggested that the ASB consult with mass appraisal experts to ensure that USPAP was appropriate and reflected any recent changes in this field.

3. These mass appraisal experts made several recommendations to the ASB; the ASB used those recommendations to propose several changes related to mass appraisal.

4. Given the extent of the proposed changes, a related Advisory Opinion (AO-32) would need to be rewritten.

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B. What changed?

The Standards Rules that relate to the development of a mass appraisal assignment have been removed from STANDARD 6 and placed into new STANDARD 5. Reformatting and renumbering was also needed. See pages 34 through 43 in the 2018-19 USPAP publication for the full text of these Standards.

C. Impact on practice

1. The newly adopted STANDARD 5 and the edited STANDARD 6 apply only to mass appraisal.

2. USPAP is more consistent and the requirements that apply to appraisal assignments and mass appraisal assignments are now more clearly parallel.

FROM YOUR PERSPECTIVE #8

An assessment appeal is in process, and an appraisal of an individual property is being conducted as part of that appeal. Which development standards apply?

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VII. Changes to STANDARDS 7 and 8

A. Rationale:

1. While market value is commonly the objective of real property appraisal assignments, the term is seldom used in personal property.

2. Edits were proposed to make STANDARDS 7 and 8 more consistent with current practice in the personal property appraisal discipline.

3. In some personal property appraisals, multiple appraisers with varying areas of specialty may collaborate in an assignment. In these cases, there was concern regarding the requirement that each appraiser must sign the certification and therefore was accepting responsibility for the entire report.

B. What changed?

The references to market value in STANDARDS 7 and 8 were removed and related edits were made. In addition, the Comment to Standards Rule 8-3 regarding the certification requirements was edited. See pages 44 through 54 in the 2018-19 USPAP publication for the full text of these Standards.

C. Impact on practice

1. The edits to STANDARDS 7 and 8 impact only the appraisal of personal property.

2. USPAP is more consistent with the language and practice commonly used in personal property appraisal.

VIII. Revision to the Illustration in Advisory Opinion 21 – *USPAP Compliance*

A. Rationale

1. Advisory Opinion 21 includes two graphics that illustrate the applicability of various parts of USPAP in different assignments.

2. It was suggested that a third graphic might help add clarity to the issue.

3. The reaction to the proposed new graphic was that it rendered one of the existing graphics unnecessary.

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B. What changed?

The following graphic replaced the old table in Advisory Opinion 21. The new graphic is shown on the next page.

C. Impact on Practice

1. The ASB does not intend for this to impact practice.

2. The purpose of the illustration is to more clearly indicate which parts of USPAP apply to various types of assignments.

FROM YOUR PERSPECTIVE #9

A client feels that her property is over assessed by the county. She's asked me to perform a tax consulting service that involves advocacy for her position and I'd like to charge her on a contingency fee basis. This assignment would not include an appraisal. I have two questions: Is this service allowed under USPAP? If not, can I perform this assignment outside of USPAP?

(Hint – Check the FAQs!)

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← Valuation Services →

Appraisal Practice Valuation services performed by an individual acting as an appraiser Appraisal and Appraisal Review (Development and Reporting)		
	Other valuation services when acting as an appraiser	
All Rules apply. Standards apply. Which ones apply varies by assignment.	Three Rules apply: ETHICS RULE COMPETENCY RULE JURISDICTIONAL EXCEPTION RULE No Standards apply in these assignments. Compliance with the RECORD KEEPING RULE and SCOPE OR WORK RULE is not required in these assignments.	Valuation services when **not** acting as an appraiser When performing these services , do not misrepresent your role: i.e., clearly communicate that you are **not** acting as an appraiser.

Examples

Appraisal and Appraisal Review (Development and Reporting)	Other valuation services when acting as an appraiser	Valuation services when not acting as an appraiser
Appraisal with Appraisal Report	Researching market data (when acting as appraiser)	Brokerage
Appraisal with Restricted Appraisal Report	Teaching appraisal courses	Consulting (when acting as an advocate)
Appraisal with oral appraisal report	Analyzing specific elements of value (e.g., reproduction cost of functional utility)	Ad valorem tax consulting (when acting as an advocate)
Expert witness testimony	Consulting (when acting as an appraiser)	Auctioning
Appraisal Review with report	Mechanical computation	Litigation support (when acting as an advocate)
Selecting comparable sales data	Developing educational texts	Property management
*Calculation engagement *Limited scope appraisal *Valuation engagement or *Evaluation	Ad valorem tax consulting (when acting as an appraiser)	Mortgage underwriting
Purchase price allocation	Providing raw sales data	Leasing (agent)
	Litigation support (when acting as an appraiser)	

* **Note:** These terms are commonly used by appraisers to describe appraisals with a narrow scope of work. Regardless of the label used in the assignment, these opinions of value are appraisals as defined in USPAP. An appraiser my perform these assignments under USPAP by complying with the Rules and applicable Standards.

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FROM YOUR PERSPECTIVE #10

A client recently requested that I perform a feasibility study on a potential retail development. No value conclusions are included in the scope of the work assignment agreed upon with the client, but they have requested that I provide many of the components of what could lead to a value conclusion, such as potential income streams, capitalization rates, cost estimates, and similar information. I have completed numerous appraisal assignments for this client and I am certain that I was chosen, in large part, because I am an appraiser. Does this assignment fall within appraisal practice? And, must I comply with USPAP in completing the assignment?

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IX. Creation of Advisory Opinion 37, *Computer Assisted Valuation Tools*

A. Rationale:

1. The use of various computer assisted tools by appraisers has become more common.

2. Appraisers have certain obligations when using these tools.

3. The USPAP publication already had Advisory Opinions addressing the use of automated valuation models (AVMs) and discounted cash flow analysis (DCF). There was no guidance for other automated valuation tools.

4. It was also suggested that due to reduced use of AVMs by appraisers, the guidance regarding AVMs could be retired. When this was exposed, the ASB received considerable feedback that suggested it should be retained.

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B. What changed?

The ASB adopted Advisory Opinion 37. The new AO begins on page 172 of the 2018-19 USPAP publication.

C. Impact on practice

1. Appraisers now have an additional resource for USPAP-related guidance in the use of computer assisted valuation tools.

FROM YOUR PERSPECTIVE #11

A stand-alone program will calculate the replacement cost of the office building that is being appraised. The software's output is notably different from the actual costs submitted by the builder. On which cost estimate should the appraiser rely? Why?

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FROM YOUR PERSPECTIVE #12

An appraiser has purchased a software package that has multiple functions, such as market analysis, deriving adjustments for physical characteristics, automatically inputting information from the local MLS, and more. He uses the program to develop an adjustment for an in-ground pool. The program provides that amount and reports the standard deviation. The appraiser is not familiar with this term. He assumes that a large standard deviation is better so he decides to employ that adjustment. Is the appraiser correct in deciding that the output was credible? Why or why not?

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X. Revisions to Advisory Opinion 31, *Assignments Involving More than One Appraiser*

A. Rationale:

1. Reliance on significant appraisal or appraisal review assistance triggers certain reporting obligations in USPAP.

2. Significant assistance is not defined in USPAP and concerns were raised that it could be interpreted differently by different people.

3. Some language had to be added to reflect the changes to STANDARD 8 regarding personal property appraisers with varying specialties.

B. What changed?

A new section was added to provide guidance in determining what constitutes significant appraisal assistance and a new Illustration was provided. The new section is as follows:

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Significant Professional Assistance

USPAP does not define what constitutes significant appraisal assistance in an appraisal or appraisal review assignment. To be significant, the assistance provided must be substantial enough to have affected the development of the assignment results. Assistance is related to the appraisal process and requires appraisal competency. Therefore, only those acting as an appraiser sign the certification, or are identified as providing significant appraisal assistance in the certification. Examples of significant appraisal assistance include, but are not limited to, identification (research and selection) of comparable properties and data, inspection of the subject property and comparable properties, estimating accrued depreciation, or forecasting income and expenses.

An appraiser often uses assistance that does not constitute significant appraisal assistance. Although it is the responsibility of the appraiser to determine the role of any individual providing assistance, tasks such as, but not limited to, writing down measurements the appraiser provides when measuring a structure, taking photographs of the subject property, and providing clerical duties are not considered significant appraisal assistance.

An appraiser providing assistance must comply with those parts of USPAP that apply to the assistance that he or she provides. So, for example, if an appraiser's assistance includes only developing a cost approach in a real property appraisal assignment, that appraiser must comply with the applicable Rules (i.e., the ETHICS RULE, etc.), Standards Rules 1-1, 1-3, 1-4(b), and any other applicable sections of Standards Rule 1-4 and Standards Rule 1-6(a).

C. Impact on practice

1. This will not affect the performance of most appraisers.

2. The essential impact is clearer guidance that may be used to differentiate significant professional assistance from other assistance that an appraiser might receive.

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FROM YOUR PERSPECTIVE #13

An appraiser trainee is working with a more senior appraiser on a complex appraisal assignment. His only task has been to develop the income approach based on information provided by the senior appraiser. What is the appropriate way to acknowledge this trainee's role in the assignment?

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FROM YOUR PERSPECTIVE #14

An appraiser is performing a specific portion of a complex appraisal assignment, but is not competent to complete the entire assignment. As part of her training, she read the report and discussed it with the senior appraiser. Having now expanded her knowledge of the assignment, she wants to sign the certification along with the senior appraiser on the project. Is this appropriate? Why or why not?

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XI. Revisions to Advisory Opinion 1, *Sales History*

A. Rationale:

1. In real property market value appraisal assignments, USPAP has requirements addressing an analysis of all agreements of sale, options, or listings of the subject current as of the effective date and all sales within three years prior to the effective date.

2. A summary of any such analyses must be included in an Appraisal Report and even in a Restricted Appraisal Report.

3. The guidance provided in AO-1 focused on situations where information was not available.

4. Regulators and users of appraisal services expressed concerns that the reports included information regarding sales, listings, etc., but no analyses.

B. What changed?

Extensive changes were made to Advisory Opinion 1, including many new Illustrations of how the various required analyses should be reported. The Advisory Opinion begins on page 69 of the 2018-19 USPAP publication.

C. Impact on practice

1. The expectations on the appraiser when an analysis is required are more clear.

2. Appraisers now have several examples of what could be included in a report as a summary of an analysis.

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FROM YOUR PERSPECTIVE #15

What should be included in the summary of an analysis of a current listing?

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FROM YOUR PERSPECTIVE #16

What should be included in the summary of an analysis of an agreement of sale current as of the effective date?

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FROM YOUR PERSPECTIVE #17

What should be included in the summary of an analysis of a sale that occurred within three years prior to the effective date?

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FROM YOUR PERSPECTIVE #18

What should be included in the summary of an analysis of a pending sale when the information regarding that sale is not available to the appraiser in the normal course of business?

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BACK TO BASICS #5

What an appraiser's peers' actions would be in the same or similar assignment is one of the benchmarks used to determine scope of work acceptability. This includes the determination of the normal course of business (see Advisory Opinion 24).

It is very important to remember that appraiser's peers is defined in USPAP and does not include all other appraisers, or even all other appraisers with the same credentials.

The Definition of appraiser's peers is as follows:

> **APPRAISER'S PEERS:** other appraisers who have expertise and competency in a similar type of assignment.

Keep in mind the following regarding appraiser's peers:

1. An appraiser's peers are assignment-specific; you may have one set of peers for one assignment and a different set for another assignment; and
2. In order for another appraiser to be an appraiser's peer, he or she must have the necessary expertise and competency.

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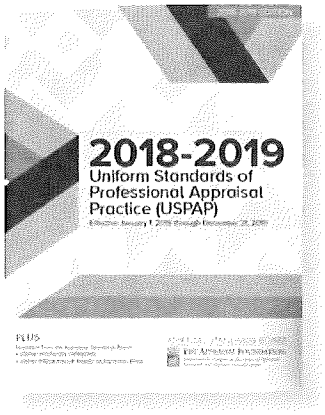
Here's where we are headed in the afternoon session



SECTION TWO

LEARNING FOCUS:

Another Look at Scope of Work

Review of Report Content Requirements

Analyze and Summarize – What is Expected?

Section 2.
USPAP Flexibility and Expectations

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I. Overview

It has often been pointed out that appraisal is not a one-size-fits-all endeavor. The afternoon session will provide a refresher on the concept of scope of work and how various scenarios may result in a different scope of work. Next, the course will look at what must be included in a report with a focus on the Restricted Appraisal Report.

Finally, we will look at two terms (analyze and summarize) that are not defined in USPAP (the plain English definitions apply) and discuss what these terms mean within the context of appraisal practice. The course will use many From Your Perspective exercises to demonstrate these concepts.

ANOTHER LOOK AT SCOPE OF WORK

The SCOPE OF WORK RULE has been in USPAP since 2006. We will take a look at the SCOPE OF WORK RULE and provide a refresher on the obligations that the Rule places on appraisers.

We will also take a quick look at the flexibility that USPAP provides and some of the services that appraisers may provide for their clients.

REPORT CONTENT REQUIREMENTS

Too often, appraisers, especially within the realm of residential real property, think of appraisal as a form-filling process. While a form is certainly an important tool that can guide the appraiser through the process and help ensure that the report addresses all the areas that many clients see as important, it is only a tool. It is also important to keep in mind that the proper tool may vary based on the task at hand.

In this part of the course we will look at how various reporting tools can be used to enable the appraiser to perform more effectively, efficiently, and professionally.

ANALYZE AND SUMMARIZE – WHAT IS EXPECTED?

The development Standards in USPAP (STANDARDS 1, 3, 5, 7, and 9) require that the appraiser perform several analyses. The reporting Standards (STANDARDS 2, 4, 6, 8, and 10) require that in most cases, the results of these analyses be summarized in the report.

We will look at several examples of analyses and discuss what is expected and how the results of those analyses should be reported.

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II. Another Look at the Scope of Work

BACK TO BASICS #6

This discussion of scope of work will use several terms that have USPAP-specific definitions. In order to understand this discussion, it is important to be aware of these Definitions:

VALUATION SERVICES: services pertaining to aspects of property value.

> Comment: Valuation services pertain to all aspects of property value and include services performed both by appraisers and by others.

APPRAISAL PRACTICE: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.

> Comment: Appraisal practice is provided only by appraisers, while valuation services are provided by a variety of professionals and others. The terms appraisal and appraisal review are intentionally generic and are not mutually exclusive. For example, an opinion of value may be required as part of an appraisal review assignment. The use of other nomenclature for an appraisal or appraisal review assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to the Uniform Standards of Professional Appraisal Practice.

Note – all of appraisal practice falls under the umbrella of valuation services; a valuation service becomes appraisal practice when it is performed by an individual who is ***acting as an appraiser***. Of course, this leads to the next relevant definition . . .

APPRAISER: one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

> Comment: Such expectation occurs when individuals, either by choice or by requirement placed upon them or upon the service they provide by law, regulation, or agreement with the client or intended users, represent that they comply.

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A. For some appraisers, although the properties they appraise may vary significantly, the types of assignments they perform are often fairly limited, or one particular type (e.g., appraisals for residential mortgage lending for a purchase or refinance) can make up a very large portion of their practice. This makes it easy to forget that USPAP provides appraisers with significant flexibility in other assignments.

B. USPAP recognizes that in addition to appraisal and appraisal review, practitioners may be called upon as an appraiser to provide other valuation services. If the assignment does not call for the appraiser to provide an opinion of value or an opinion of another appraiser's work that was performed as part of an appraisal or appraisal review assignment, the only areas of USPAP with which the appraiser must comply are the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE.

C. USPAP also recognizes that not all appraisal assignments are the same. The SCOPE OF WORK RULE and the development Standards provide a framework where the appraiser has flexibility and responsibility in determining the appropriate scope of work necessary to produce credible assignment results.

BACK TO BASICS #7

Much of the focus of the following discussion will be on determining an appropriate scope of work to produce credible assignment results. So let's look at two more Definitions:

SCOPE OF WORK: the type and extent of research and analyses in an appraisal or appraisal review assignment.

CREDIBLE: worthy of belief.

Comment: Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use.

D. In addition to deciding on the appropriate scope of work to perform, the appraiser may also need to determine the appropriate reporting content and format for each assignment. For example, residential real property appraisers preparing assignments for mortgage lending are often required to use standardized report forms that might not be a requirement in other assignments. Later in this course we will address reporting in greater detail.

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FROM YOUR PERSPECTIVE #19

An appraiser specializes in eminent domain and right-of-way appraisal assignments. The subject properties are typically very large, wooded, and sometimes have rugged topography. The appraiser uses a camera mounted on a drone to view areas of the subject property that are not practical to view on foot. Drones are also useful in viewing comparable sales. The certification required by Standards Rule 2-3 requires the appraiser to disclose whether or not he or she personally inspected the subject property. Do aerial viewings using a drone constitute a personal inspection?

The Appraisal Foundation has published a one-page document called "Yes I Can Accept That Assignment! USPAP Flexibility at a Glance." This document is shown on the next page.

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YES, I CAN ACCEPT THAT ASSIGNMENT! USPAP FLEXIBILITY AT A GLANCE

Some appraisers may not be aware of the inherent flexibility built into the *Uniform Standards of Professional Appraisal Practice* (USPAP). Because USPAP is a set of standards that is built on the basic principles of ethics and competency, those who do not appreciate such flexibility can sometimes view USPAP as vague. However, the scope of work concept in USPAP enables appraisers to perform many types of assignments while maintaining compliance with standards. Following are examples of such flexibility:

Assignment Types	Some Examples	Allowed by USPAP?	How Does USPAP Apply?
Oral Appraisal Reports	A client does not require a written report	Yes	STANDARDS 2, 8, 10
Purchase Price Negotiation	A potential buyer is considering purchasing a property or business	Yes	STANDARDS 1 & 2, 7 & 8, 9 & 10
Calculation Engagement	A CEO is considering an acquisition and wants to know the calculated result given a specific valuation method	Yes	STANDARDS 9 & 10
Consulting/Appraisal Consulting[1]	A client is considering developing a vacant parcel and is looking for maximum return	Yes	Advisory Opinion 21
Appraisals for Litigation/Expert Witness Testimony	An attorney needs an impartial opinion of value for legal proceedings	Yes	STANDARDS 1 & 2, 6, 7 & 8, 9 & 10
Evaluations[2] *for Lending*	A lender needs an evaluation providing an opinion of market value to ensure a loan is adequately collateralized	Yes	STANDARDS 1 & 2 and Advisory Opinion 13[3]
Appraisals for Lending	A lender needs an appraisal providing an opinion of value to ensure a loan is adequately collateralized	Yes	STANDARDS 1 & 2, 7 & 8
Appraisal Review	A client needs to know whether or not an appraisal is credible	Yes	STANDARD 3
Appraisals for Charitable Contributions	An individual donating real or personal property requires a qualified appraisal performed by a qualified appraiser[4]	Yes	STANDARDS 1 & 2, 7 & 8
Appraisals for Estates	An executor needs to know the value of property in order to equitably settle an estate; an executor needs to know the Fair Market Value to pay estate taxes	Yes	STANDARDS 1 & 2, 7 & 8, 9 & 10
Appraisals for Insurance	A property owner wants to know how much insurance coverage is adequate; a property owner needs an independent appraisal to help settle a damage/loss claim	Yes	STANDARDS 1 & 2, 7 & 8
Advocacy	An individual who is an appraiser is asked to represent one party in a court proceeding	Yes (see footnote)	ETHICS RULE and Advisory Opinion 21[5]
Assessment Appeals	An appraiser is asked to work for a property owner in an assessment appeals hearing	Yes (see footnote)	ETHICS RULE and Advisory Opinion 21[6]
Contingent Fee	An appraiser agrees to be compensated for the appraisal only when the loan closes	No	Management Section, ETHICS RULE

As illustrated in the preceding chart, USPAP provides tremendous flexibility for appraisers. The SCOPE OF WORK RULE in USPAP requires appraisers to produce credible assignment results, but USPAP requires only those analyses that are necessary for credible results, given the intended use. In assignments performed for real property, personal property, or business valuation/intangible assets, USPAP also includes provisions for an abbreviated reporting format.[7]

In order to protect public trust, USPAP does not permit assignments where an appraiser's fee is contingent on the outcome, or on a subsequent event directly related to the appraiser's opinions.[8]

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1 Appraisal consulting is no longer defined in USPAP and the Real Property Appraisal Consulting Standards were retired; however, those services formerly called appraisal consulting are still permitted under USPAP.
2 As defined in the *Interagency Appraisal and Evaluation Guidelines*, December 2010.
3 Advisory Opinion 13, *Performing Evaluations of Real Property Collateral to Conform with USPAP*, provides guidance on this topic.
4 Internal Revenue Service, Publication 561.
5 An individual may provide services as an advocate, or as an appraiser (one who expected to perform in a manner that is independent, impartial, and objective); however, one cannot act in both roles in the same assignment. When acting as an advocate, the individual must not misrepresent his or her role.
6 Appraisers may perform assignments for assessment appeals, but cannot do so if the fee is based on a percentage of the cost savings or other events as stated in the Management section of the ETHICS RULE. Appraisers must also ensure they do not misrepresent their role in such assignments.
7 *Restricted Appraisal Reports* are allowed under STANDARDS 2, 8 and 10.
8 Management section of the ETHICS RULE.

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FROM YOUR PERSPECTIVE #20

Is a scope of work specified by the client acceptable?

FROM YOUR PERSPECTIVE #21

An appraiser was asked by a client to provide an "alternative valuation product" using a report form that the client designed. This product, as designed, does not appear to comply with USPAP. Is an appraiser allowed to perform such an assignment?

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BACK TO BASICS #8

The expression "restricted appraisal" is used occasionally by appraisers and users of appraisal services. It is important for appraisers to understand that such terminology is inappropriate and could be misleading.

USPAP provides an option for the use of Restricted Appraisal Reports (see STANDARDS 2, 8, and 10), but there is no option for a Restricted Appraisal. The scope of work in any appraisal assignment is driven by the assignment elements that must be identified by the appraiser in compliance with the applicable development Standard. The scope of work and the level of detail in the report are two separate determinations that the appraiser must make.

The "Restricted" in a Restricted Appraisal Report refers to the fact that the use of the report is restricted to the client(s). It should never be used in a way that implies that the research and analyses (i.e., the scope of work) were restricted.

FROM YOUR PERSPECTIVE #22

Is an inspection of the subject property always required in a real property appraisal assignment?

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FROM YOUR PERSPECTIVE #23

A client asked an appraiser to disregard any foreclosure, real estate owned (REO), or short sale when performing market value appraisal assignments. Is this an acceptable assignment condition?

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BACK TO BASICS #9

STANDARD 1 has several types of Standards Rules. Some are absolute and must always be met. For others, compliance is required when necessary for credible results. Some are triggered by assignment conditions and apply only if those conditions are present. Here are some examples:

> Absolute: Standards Rules 1-2; the identification of assignment elements is always required.
>
> When Necessary for Credible Results: Standards Rule 1-4; the collection, verification, and analyses of the various types of information must be performed when necessary for credible results.
>
> Conditional: Standards Rule 1-5; only applies when the opinion to be developed is market value.

Some Standards Rules are both conditional and required only when necessary for credible results. For example, Standards Rule 1-4(d) is conditional (applies when developing an opinion of a leased fee or leasehold estate) and, being part of Standards Rule 1-4, it is required only when necessary for credible results.

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FROM YOUR PERSPECTIVE #24

An appraiser has been engaged to perform an exterior only appraisal of a single-family property for a potential home equity loan. Another appraiser has been asked to appraise a single-family property in the same development for an FHA loan. Since the subject properties are similar, would the assignments require the same scope of work?

FROM YOUR PERSPECTIVE #25

A state certified general appraiser is appraising a highly specialized industrial facility and is concerned that the assignment is so complex that many appraisers who are knowledgeable about industrial property would not be qualified to judge whether or not the scope of work was appropriate. Who would be considered the appraiser's peers in this assignment?

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FROM YOUR PERSPECTIVE #26

Many have described the opinions developed by appraisers as being "subjective." Is that description appropriate? Why or why not?

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III. Report Content Requirements

A. USPAP provides the appraiser with flexibility in reporting as well as in development. Appraisers should be careful to not confuse the secondary market requirements with USPAP. In many assignments, a less detailed report may be sufficient. Examples of these assignments might include:

1. An appraisal prepared for a property owner who is thinking of selling;
2. An appraisal for pending divorce in which the parties have agreed to hire just one appraiser;
3. An appraisal for a loan for which an evaluation (as defined in the Interagency Appraisal and Evaluation Guidelines) is sufficient;
4. An appraisal for estate planning purposes; or
5. Numerous other scenarios

B. Many Appraisal Reports that appraisers prepare to comply with Standards Rule 2-2(a), 8-2(a), or 10-2(a) go beyond the content level required by USPAP.

C. Many Restricted Appraisal Reports that appraisers prepare to comply with Standards Rule 2-2(b), 8-2(b), or 10-2(b) go beyond the content level required by USPAP.

D. In a real property Appraisal Report the following must be summarized:

1. Information sufficient to identify the subject property, including (see SR 2-2(a)(iii)):
   a. physical characteristics;
   b. legal characteristics; and
   c. economic characteristics.

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2. The scope of work used to develop the appraisal (see SR 2-2(a)(vii)).

3. The information analyzed, the methods and techniques used, and the reasoning that supports the analyses, opinions, and conclusions including information regarding the rationale for the reconciliation of the data and approaches and the analyses of any agreements of sale, etc., as required by SR 1-5. (Note: When an approach to value is not used in an appraisal assignment, USPAP's reporting requirements require that the exclusion be explained.) (See SR 2-2(a)(viii))

4. The support and rationale for the opinion of highest and best when such an opinion has been developed by the appraiser (see SR 2-2(a)(x)).

E. Each report must contain sufficient information to enable the intended users to understand the report properly.

1. Some clients may require reports that include more than is required by USPAP. For example, most lender clients have additional requirements.

2. In some cases, an Appraisal Report may be more than a client needs, but a Restricted Appraisal Report that only meets the minimum requirements of Standards Rule 2-2(b) may not be suitable.

FROM YOUR PERSPECTIVE #27

An appraiser's client does not require a cost approach for residential appraisal assignments when the house is more than two-years old. If the appraiser states this in the report, is that a sufficient explanation for the exclusion of the approach?

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F. In a real property Restricted Appraisal Report the analyses need only be stated, except that the results of the analyses of any agreements of sale, etc., that have been analyzed as required by SR 1-5 must be summarized.

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BACK TO BASICS #10

An area where there appears to be some confusion among both appraisers and users of appraisal services is covered in the Confidentiality section of the ETHICS RULE.

The fact that an appraiser has performed an assignment is not confidential unless such confidentiality was a condition of the appraiser's engagement. Otherwise, only two categories of information must not be disclosed (except as provided for in the Confidentiality section): confidential information and assignment results. Both are defined terms in USPAP.

CONFIDENTIAL INFORMATION: information that is either:

- identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- classified as confidential or private by applicable law or regulation.

ASSIGNMENT RESULTS: An appraiser's opinions or conclusions developed specific to an assignment.

Comment: Assignment results include an appraiser's:

- opinions or conclusions developed in an appraisal assignment, not limited to value;
- opinions or conclusions, developed in an appraisal review assignment, not limited to an opinion about the quality of another appraiser's work; or
- opinions or conclusions developed when performing a valuation service other than an appraisal or appraisal review assignment.

Physical characteristics are not assignment results.

Assuming the appraiser and client have not agreed otherwise, other information is not confidential and the appraiser, although not required to do so, may disclose such information unless prohibited by law or regulation.

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FROM YOUR PERSPECTIVE #28

An appraiser was engaged by two siblings to perform an appraisal of a vacation property that they co-own. Both parties are very familiar with the property and the appraiser thinks that a Restricted Appraisal Report might be appropriate, but he was not sure if this was allowed when there are multiple intended users. May the appraiser use a Restricted Appraisal Report in this case?

FROM YOUR PERSPECTIVE #29

Some appraisal report forms include the appraiser's certification within the form itself and it cannot be altered. USPAP requires the certification include a statement addressing whether the appraiser performed any services regarding the subject property in three years prior to the assignment. May the appraiser simply add such a statement elsewhere in the report?

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FROM YOUR PERSPECTIVE #30

Look at the sample Residential Restricted Appraisal Report that is included in the Appendix.

Suppose that the **Sale and Listing History** section of the report stated, "As of the effective date, the subject property had been listed for sale for 83 days at $339,900." Keeping in mind that this is a Restricted Appraisal Report, is that sufficient? If not, what would be acceptable?

FROM YOUR PERSPECTIVE #31

A client asked an appraiser for a report with a minimum amount of detail overall, but that includes a very detailed presentation of the income approach. The client, an investor, is the only intended user. Can an appraiser provide more than a Restricted Appraisal Report, but less than an Appraisal Report and still comply with USPAP?

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G. A Restricted Appraisal Report may be appropriate for use in an assignment where the client needs an evaluation of real property collateral to comply with the Interagency Appraisal and Evaluation Guidelines.

1. The scope of work applied to develop the assignment results must comply with STANDARD 1.

2. The report must comply with Standards Rule 2-2(b).

3. The sample Restricted Appraisal Reports shown in the Appendix would require additional information to meet the Interagency Guidelines (see ADVISORY OPINION 13).

FROM YOUR PERSPECTIVE #32

A lender/client ordered an evaluation and stated in the order that an appraisal is not necessary. May an appraiser who is required to comply with USPAP accept this assignment, develop an opinion of value in compliance with STANDARD 1, and submit the results to the client in a document labeled only as an "Evaluation Report"?

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IV. Analyze and Summarize – What is Expected?

A. Several Standards Rules in STANDARD 1 require analyses. Among these Standards Rules are:

1. 1-3(a) and (b) regarding the effect on use and value of land use regulations and factors related to highest and best use;

2. 1-4(a) through (c) regarding the approaches to value;

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3. 1-4(d) through (g) regarding circumstances that may impact a specific assignment; and

4. 1-5(a) and (b) regarding current agreements of sale, option, and listings of the subject and sales of the subject within three years prior to the effective date.

B. As previously discussed, in a real property Appraisal Report some Standards Rules require that information or analyses be summarized. Among these Standards Rules are:

1. SR 2-2(a)(iii) regarding information sufficient to identify the subject property;

2. SR 2-2(a)(vii) regarding the scope of work used to develop the appraisal;

3. SR 2-2(a)(viii) regarding the information analyzed, the methods and techniques used, the reasoning that supports the analyses, opinions, and conclusions including information regarding the rationale for the reconciliation of the data and approaches and the analyses of any agreements of sale, etc., as required by SR 1-5. (Note: This includes an explanation for the exclusion of any approach to value); and

4. SR 2-2(a)(x) regarding the support and rationale for the opinion of highest and best when such an opinion has been developed by the appraiser.

C. What does analyze mean?

1. Analyze is not a defined term in USPAP.

2. A common meaning of analyze is to "to examine carefully and in detail so as to identify causes, key factors, possible results, etc."[8]

3. Analysis is more than a simple reiteration of facts.

D. What does summarize mean?

1. Summarize is not a defined term in USPAP.

2. ADVISORY OPINION 11 tells us that "State" is used to connote a minimal presentation of information. "Summarize" is used to connote an expanded presentation of information.

3. ADVISORY OPINION 11 also provides examples of information that is stated and information that is summarized.

---

[8] *Dictionary.com Unabridged*, s.v. "analyze," accessed April 12, 2017, http://www.dictionary.com/browse/analyze.

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FROM YOUR PERSPECTIVE #33

What might be included in the physical characteristics that are summarized in an Appraisal Report?

_____

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_____

_____

_____

FROM YOUR PERSPECTIVE #34

What might be included in the legal characteristics that are summarized in an Appraisal Report?

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FROM YOUR PERSPECTIVE #35

What might be included in the economic characteristics that are summarized in an Appraisal Report?

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FROM YOUR PERSPECTIVE #36

An appraiser determined that a highest and best use analysis is not necessary for credible assignment results in a particular appraisal assignment. However, the assignment called for the appraisal to be reported on a preprinted Appraisal Report form with a required checkbox response regarding highest and best use (Is the existing use the highest and best use? Y/N).

Since the opinion was not necessary for the credible results, must the report summarize the rationale for the stated highest and best use opinion?

_____

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FROM YOUR PERSPECTIVE #37

If the subject is zoned residential and the existing use is a single-unit dwelling, do I need any more explanation regarding highest and best use?

FROM YOUR PERSPECTIVE #38

An appraiser completed a market value appraisal on a small shopping center for a mortgage origination. Eight months later, she is asked to perform a market value appraisal on the same property for the owner. There have been no significant changes in the market area since the prior appraisal and she copies much of the information into the new report. Among the items that were copied is the highest and best use section of the report.

Is this appropriate? Why or why not?

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FROM YOUR PERSPECTIVE #39

A residential appraiser has a standard statement regarding the reconciliation of the sales comparison approach that he uses in all of his single-unit appraisal reports. It states: "The comparable sales included in this report are the most similar recent sales and all support the final indicated value in the sales comparison approach."

Is this an adequate summary for the reconciliation of the sales comparison approach in an Appraisal Report?

FROM YOUR PERSPECTIVE #40

Using the same scenario as the preceding "From Your Perspective" suppose there were significant differences in sale dates, number and sizes of adjustments, and proximity.

What might be included in a summary of the reconciliation in this case?

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FROM YOUR PERSPECTIVE #41

Again, using the same scenario as the preceding "From Your Perspective" suppose there were significant differences among the adjusted sale prices of the comparable sales used in the sales comparison approach.

What might be included in a summary of the reconciliation in this case?

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FROM YOUR PERSPECTIVE #42

Look at the sample Non-Residential Restricted Appraisal Report that is included in the Appendix. Are there any areas of the report that appear to exceed the minimum requirements for a Restricted Appraisal Report?

_____

_____

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FROM YOUR PERSPECTIVE #43

Appraisal consulting was a defined term in USPAP, but the term is no longer in USPAP and the definition has been removed from the publication. Some appraisers still provide services that had been called appraisal consulting and even use the term appraisal consulting to describe the services. Is that allowed under USPAP?

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RESIDENTIAL
RESTRICTED APPRAISAL REPORT

{This sample residential Restricted Appraisal Report complies with USPAP Standards Rule 2-2(b)}

Use of this report is limited to the client(s). The rationale for how the appraiser arrived at the opinions and conclusions set forth in this report may not be understood properly without additional information that is in the appraiser's workfile.

Subject Address: 123 Maple Street, Anytown, NH 03999
Legal Description: See Washington County Registry of Deeds – Book 1111, Page 222
Property Type: A 1.1 acre parcel with a 2,255 square foot, 1-story owner-occupied single-unit residence
Clients: John Doe and Jane Doe, 123 Maple Street, Anytown, NH, 03999
Intended Use: To assist the client(s) in determining an equitable division of assets in a dissolution of marriage. No other uses of the assignment results are intended by the appraiser.
Intended Users: John Doe and Jane Doe. No other users of this report are intended by the appraiser.
Property Rights: Fee Simple
Type of Value: Market Value

Source of Value Definition: Although the appraisal communicated in this report was not prepared for a financial institution, the commonly-used definition of market value found in the federal regulations of the agencies that regulate financial institutions has been used in this assignment.

Scope of Work: Onsite interior and exterior inspection of the subject and review of tax assessor's records and a prior MLS listing of the subject property. The appraiser measured the exterior of the dwelling.

The sales comparison and cost approaches were developed. Properties such as the subject are seldom rented and there is no reliable data to develop an income approach. The income approach is not necessary for credible assignment results.

Comparable sales data was taken from local MLS and confirmed via public records and discussions with listing agents. The lack of sales of properties similar to the subject within the subject neighborhood made it necessary to use sales from surrounding areas.

The cost approach was developed using the Marshall and Swift Residential Cost Handbook.

Conditions of Appraisal: The appraisal was performed with no extraordinary assumptions or hypothetical conditions.

Sale and Listing History: There is no current agreement of sale, listing, or option regarding the subject property. There have been no sales or other transfers of the subject property within three years prior to the effective date of this appraisal.

OPINIONS AND CONCLUSIONS

Highest and Best Use: Continued use as-is. The existing use as a single-unit residence contributes to the value of the site. Conversion to any other use would not be legal.

Exposure Time: The appraiser's opinion of reasonable exposure time for the subject property is approximately 120 days.

Indicated Values: Sales Comparison Approach: $282,000; Cost Approach: $279,000 (rounded)

Effective Date of Value: July 1, 2016

Opinion of Market Value: The sales comparison approach is the best indicator of value for single-unit residential properties in this market. The cost approach supports the value indicated by the sales comparison approach. Therefore, the appraiser's opinion of market value is:

$282,000

SAMPLE

ASSUMPTIONS AND LIMITING CONDITIONS

This assignment was conducted, and the report presented, subject to the following assumptions and limiting conditions. The use and acceptance of this report indicates that the client accepts these assumptions and limiting conditions.

(Assumptions and limiting conditions will vary by appraiser and by assignment.)

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

(Appraiser may insert additional certifications as needed, such as those required by a professional association)

Xxxxxxxx Y. Zzzzzz	July 12, 2016
Appraiser's Signature	Date of Report/Certification

SAMPLE

These samples are not intended to be used as templates for appraisal assignments. They are intended only to be examples. Please see Standards Rule (SR) 2-2(b) for guidance. Some highlights are presented below:

1) These samples of a Restricted Appraisal Report on an office building and a single unit residence following SR 2-2(b) do not address all possible alternatives that may need to be addressed in the report.

2) The supporting documentation for the appraiser's research and analysis that is retained in the workfile in an assignment with a Restricted Appraisal Report will be the same as, or perhaps greater than, the documentation retained for an Appraisal Report.

3) Restricted Appraisal Reports are specifically restricted to use by the client(s) only; however, the client can be more than one person and/or entity, such as, a husband and wife, multiple partners, Bank A and Bank B, etc.

4) In a Restricted Appraisal Report most of the content must be stated; however, the Comment to S.R. 2-2(b)(vii) states "Because the client's reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed."

5) One topic where it is necessary to summarize, rather than state, in a Restricted Appraisal Report is addressed in the Comment to SR 2-2(b)(viii), which states: "When reporting an opinion of market value, a summary of the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with SR 1-5 is required. If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required."

6) It is also important for the appraiser to "state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained" as required by SR 2-2(b)(viii).

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NON-RESIDENTIAL RESTRICTED APPRAISAL REPORT

{This sample non-residential Restricted Appraisal Report complies with USPAP Standards Rule 2-2(b)}

Use of this report is limited to the client(s). The rationale for how the appraiser arrived at the opinions and conclusions set forth in this report may not be understood properly without additional information that is in the appraiser's workfile.

Subject Address: 456 Central Boulevard, Anytown, New Hampshire, 11111
Property Type: 100,000 square foot, 5-story owner-occupied office building on 15± acres
Client: Jones Widget, Inc., 123 Main Street, Washington, DC, 99999
Intended Use: Internal Asset Management. No other uses of this appraisal are intended by the appraiser.
Intended User: Jones Widget, Inc. No other users of this appraisal are intended by the appraiser.
Property Rights: Fee Simple
Type of Value: Market Value

Definition of Market Value: Although the appraisal communicated in this report was not prepared for a financial institution, the commonly-used definition of market value found in the federal regulations of the agencies that regulate financial institutions has been used in this assignment.

Conditions of Appraisal: The appraisal was performed as is; no extraordinary assumptions or hypothetical conditions were used.

Sale & Listing History: There is no current agreement of sale, listing, or option regarding the subject property. There have been no sales or other transfers of the subject property within three years prior to the effective date of this appraisal.

Scope of Work: Subject description was obtained from interior and exterior inspection, building plans, municipal records, and discussions with the property owner.

As detailed below, all three approaches to value were developed: Cost; Sales Comparison; and Income Capitalization. Comparable sales data, for both improved and unimproved properties, was taken from the local MLS, CoStar, and company records. Sales were confirmed via public records and discussions with parties to the transactions. Construction costs were obtained from Marshall-Swift Valuation online service, SwiftEstimator. Market rent, expenses, and investment rates were forecast based upon data provided by area professionals, including investors, real estate agents, and building managers.

OPINIONS AND CONCLUSIONS

Highest and Best Use: The existing use is the highest and best use.

Exposure Time: The appraiser's opinion of reasonable exposure time for the subject property is 3 to 6 months.

Effective Date of Value: May 11, 2016

Result of Approaches to Value:

Cost Approach	$35,000,000
Sales Comparison	$34,000,000
Income Approach	$31,500,000

Reconciliation: Due to the difficulty associated with developing a credible estimate of accrued depreciation, the cost approach is employed only as a test of reasonableness.

The market is driven primarily by owner occupants, although the high caliber of the tenant mix draws some investor interest. Therefore, the income approach has been developed, but given minimal weight.

Because the strongest demand for the subject is by owner users, most weight was placed on the sales comparison approach. A sufficient number of comparable sales were available in the subject neighborhood to develop a credible indication of value by the sales comparison approach. This value is also supported by the other two approaches to value.

SAMPLE

The supporting documentation for the analyses and the development of the approaches to value is retained in the appraiser's workfile.

Opinion of Market Value: **$34,000,000**

ASSUMPTIONS AND LIMITING CONDITIONS

This assignment was conducted, and the report presented, subject to the following assumptions and limiting conditions. The use and acceptance of this report indicates that the client accepts these assumptions and limiting conditions.

{Assumptions and limiting conditions will vary by appraiser and by assignment.}

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

{Appraiser may insert additional certifications as needed, such as those required by a professional association}

Xxxxxxxx Y. Zzzzzz
Appraiser's Signature

July 1, 2016
Date of Report/Certification

SAMPLE

These samples are not intended to be used as templates for appraisal assignments. They are intended only to be examples. Please see Standards Rule (SR) 2-2(b) for guidance. Some highlights are presented below:

1) These samples of a Restricted Appraisal Report on an office building and a single unit residence following SR 2-2(b) do not address all possible alternatives that may need to be addressed in the report.

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6) It is also important for the appraiser to "state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained" as required by SR 2-2(b)(viii).

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www.appraisalfoundation.org

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2018-2019 EDITION

7-HOUR COURSE STUDENT MANUAL

NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) UPDATE COURSE

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7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course - *Ethics, Standards, and Your Appraisal Practice*

2018-19
Student Manual

Reviewed and Updated By
The Appraisal Standards Board (ASB)

Approved By
The Appraiser Qualifications Board (AQB)

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THE APPRAISAL FOUNDATION

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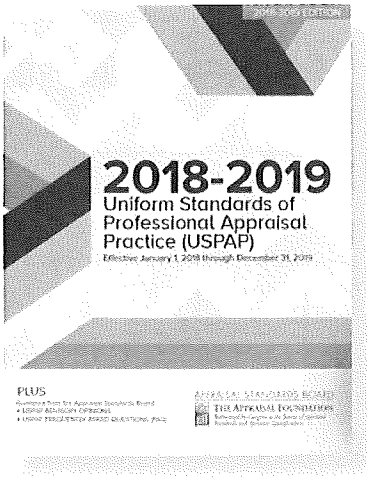
The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. **The 2018-2019 Edition of USPAP is effective January 1, 2018 through December 31, 2019.**



It is important that individuals understand and adhere to changes that are adopted in each edition of USPAP. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

In addition, the 2018-19 Edition of USPAP contains guidance in the form of Advisory Opinions and over 300 USPAP Frequently Asked Questions (FAQs). These communications illustrate the applicability of Standards in specific situations and offer advice from the ASB for the resolution of specific appraisal issues and problems.

To purchase a spiral bound or PDF copy of USPAP, please visit our website at **www.appraisalfoundation.org**, store or call 800-348-2831.

ABOUT THE APPRAISAL FOUNDATION

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at **www.appraisalfoundation.org**.

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Overview

Course Description

This is the 7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course, as developed by The Appraisal Foundation. The course focuses on changes to USPAP for 2018-19 and on appraisal issues that affect daily appraisal practice. It is unique in that the Course is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

In addition to this student manual, each student must have a copy of the 2018-19 USPAP publication available for use in the course. The publication includes USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions,* and Index.

Course Objectives

- Present and explain the new revisions to USPAP that were adopted in 2017 and effective from January 1, 2018 through December 31, 2019.
- Present the current changes to USPAP in a variety of scenarios for class discussion.
- Present scenarios that challenge participants to apply USPAP to situations they encounter in their daily practice.

In addition to lectures, the course includes discussion illustrations that show how USPAP applies in situations that appraisers may encounter in everyday practice. These examples primarily address issues frequently experienced by appraisers as professionals in the appraisal of real property.

This course is designed to assist appraisers in all areas of appraisal practice seeking competency in USPAP, including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real property appraiser licensing and certification programs.

This course provides at least 7 hours of instruction in USPAP. There is no accompanying exam for the classroom course; however, some states may require an examination for distance education.

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Classroom Guidelines

To make the classroom environment a positive experience for all attendees, adherence to the following is required:

- No smoking in the classroom.
- Silence cell phones, laptops, tablets, and any other electronic device when class is in session.
- Audio/video recording is prohibited.
- Refrain from ongoing conversations with those seated near you and other distracting behavior while class is in session.

General Information

- **Breaks.** There will be two breaks during the morning session and two breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is generally for one hour.
- **Attendance.** Attendance sheets will be distributed during class to verify your attendance during the morning and afternoon sessions. Full attendance during the entire course is required.
- **Certificates.** Certificates of completion will be distributed by the provider after successful completion of the course.

Complaint Process

For the protection of all parties, The Appraisal Foundation has set up procedures for processing student complaints under the AQB Certified USPAP Instructor Program. All complaints must be submitted in writing to The Appraisal Foundation. Complaints will be reviewed to determine whether they have merit. If it is determined that a complaint has merit, an investigation will be conducted followed by a recommendation as to the next course of action.

To file a complaint regarding an AQB Certified USPAP Instructor, download a copy of the Complaint Form and instructions at www.appraisalfoundation.org, Standards & Qualifications, USPAP Instructor Program, and Additional Resources.

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Survey Program

The AQB has instituted a USPAP Instructor Quality Review Program in order to monitor, evaluate, and improve the quality of USPAP instruction. The program has been designed as a mentoring process and is not meant to be punitive.

The AQB may send a survey to all students by email after a course is completed. The survey will seek the students' feedback on items such as the instructor's preparedness, knowledge of the subject matter, use of the materials provided, and ability to teach.

The survey may contain an optional comments section for students to offer narrative feedback not covered by the survey items. Additionally, there will be an optional section for students to identify themselves if they wish to be contacted to provide further information.

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Course Schedule

SECTION 1. Morning

Introduction

10 Minutes	Welcome and course announcements Introduction to the course

Section 1

30 Minutes	Why and How USPAP Changes are Made - The Result of Exposure (Part I)
30 Minutes*	Specific changes and their impact (Part II)
140 Minutes*	Specific changes and their impact (Parts III through XI)

SECTION 2. Afternoon

Section 2

60 Minutes*	Review of Scope of Work
90 Minutes	Review of Report Content Requirements
60 Minutes	Analyze and Summarize – What is Expected?

*Time includes a 10-minute break

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Education Schedule
(as of November 7, 2017)

Appraisal Institute®
Professionals Providing Real Estate Solutions

The following are Appraisal Institute courses/seminars currently scheduled throughout the country. Courses are typically five days and are listed at the front of this list. Seminars are typically one day and are found at the latter half of the list. To receive specific information on a particular course/seminar, please call the contact person listed for the course/ seminar location. This schedule is updated on a regular basis and is subject to change. This schedule is also available on our Web page at www.appraisalinstitute.org.

DATE	SPONSOR	LOCATION	CONTACT	PHONE
15-Hour Equivalent USPAP Course				
Online	Appraisal Institute	On-Demand	OL-Help@appraisalinstitute.org	(877) 674-2447
15-Hour National USPAP Course (Classroom)				
Nov 8 - 9, 2017	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Nov 28 - 29, 2017	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Feb 15 - 16, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Mar 12 - 13, 2018	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Mar 26 - 27, 2018	Atlanta Area	Atlanta, GA	Suzanne Brockway	(770) 803-0024
Apr 19 - 20, 2018	Southern California	Costa Mesa, CA	Lianna Ayala	(818) 957-5111
Jun 10 - 11, 2018	Bluegrass	Louisville, KY	Susan Katz	(502) 727-9181
Jun 14 - 15, 2018	San Diego	San Diego, CA	Patti L. Kreutzer	(858) 292-7324
Jun 22 - 23, 2018	Pittsburgh Metropolitan	Pittsburgh, PA	Kari Ballenger	(412) 563-1900
Jun 25 - 26, 2018	Greater Tennessee	NASHVILLE, TN	Myra W. Pitts	(615) 515-9700
Jul 23 - 24, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Oct 19 - 20, 2018	North Texas	Addison, TX	Ruth A. Kelton	(972) 233-2244
Oct 22 - 23, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Nov 12 - 13, 2018	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
7-Hour Equivalent USPAP Update Course				
Online	Appraisal Institute	On-Demand	OL-Help@appraisalinstitute.org	(877) 674-2447
7-Hour National USPAP Update Course (Classroom)				
Nov 30, 2017	Greater Oregon	Tigard, OR	Vicki A. Champ	(503) 316-1979
Nov 30, 2017	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Dec 1, 2017	Austin	Austin, TX	Lori Wilkins	(713) 375-2731
Dec 1, 2017	Green Country and Ozark Mountain	Tulsa, OK	Susan Lamkin	(918) 832-9008
Dec 1, 2017	Hoosier State	South Bend, IN	Shannon O'Keefe	(317) 815-1340
Dec 1, 2017	Memphis-Tennessee	Memphis, TN	Susan F. Evans	(901) 218-0782
Dec 1, 2017	North Texas	Dallas, TX	Ruth A. Kelton	(972) 233-2244
Dec 1, 2017	Rio Grande	Albuquerque, NM	Ruth A. Kelton	(972) 233-2244
Dec 4, 2017	Colorado	Loveland, CO	Sherry Engleberg	(303) 691-0487
Dec 4, 2017	Northern Illinois	Rockford, IL	James E. Coutts, SRA	(608) 362-5166x11
Dec 5, 2017	Great Plains	Oklahoma City, OK	Susan Lamkin	(918) 557-9148
Dec 5, 2017	Hoosier State	Evansville, IN	Shannon O'Keefe	(317) 815-1340
Dec 5, 2017	Louisiana	Metairie, LA	Leslie Ortego	(504) 833-4949
Dec 5, 2017	Metropolitan New York	New York, NY	Connie Puccio	(866) 966-3710
Dec 5, 2017	Sacramento Sierra	Sacramento, CA	Jenny Calabrese	(916) 972-9700
Dec 5, 2017	Upstate New York	Utica, NY	Yvette Molinas	(845) 360-2510
Dec 6, 2017	Atlanta Area	Atlanta, GA	Suzanne S. Brockway	(770) 803-0024
Dec 6, 2017	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Dec 6, 2017	Keystone	Lancaster, PA	Tracy Matroni	(717) 569-4625
Dec 6, 2017	Massachusetts and Rhode Island	Woburn, MA	Lianne C. Andreucci	(781) 397-8922
Dec 6, 2017	Southern New Jersey	Deptford, NJ	LisaMay Weiss	(856) 415-0281
Dec 6, 2017	Washington DC Metropolitan Area	Rockville, MD	Peter Houstle	(301) 924-1020
Dec 7, 2017	Arkansas	Little Rock, AR	Brad Tharp, SRA	(501) 246-5794
Dec 7, 2017	Bluegrass	Louisville, KY	Susan Katz	(502) 727-9181
Dec 7, 2017	Houston	Houston, TX	Lori Wilkins	(713) 668-1757

POWERED BY Information Builders

Appraisal Institute®
Professionals Providing Real Estate Solutions

200 W. Madison St.
Suite 1500
Chicago, IL 60606

000224 DEC-5

December 1, 2017

Missouri Real Estate Appraisers
Vanessa Beauchamp
3605 Missouri Blvd.
Jefferson City, MO 65109

Dear Vanessa,

Thank you for allowing the Appraisal Institute the opportunity to submit the following course for 7-hours of continuing education credit: *7-hour National USPAP Update Course and the 15-hour USPAP Course.*

We have included in the submission packet the following course information:

Continuing Education Course Applications
AQB Approval Letters
AQB Certified USPAP Instructor Certifications
Instructor Qualifications
Student Manual Course Description and Details
Course Student Manuals
Sample Course Completion Certificates
Education Catalog

Should you have any additional questions or concerns, please advise. I look forward to hearing from you soon. Have a great day.

Best regards,

Tracye Davis Rhea
State Certification Manager
312.335.4217 Direct Dial
trhea@appraisalinstitute.org

TDR

Recd $~~10~~ 25 12-5-17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** _____ **RENEWAL**

000227 DEC-5

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL*. All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): Appraisal Institute
2. Mailing Address: 200 West Madison Street, Suite 1500 Chicago IL 60606
3. Contact Person: Tracye Davis Rhea
4. Phone: 312.335.4100 Fax: 312.335.4251
5. Website: www.appraisalinstitute.org Email: trhea@appraisalinstitute.org
6. Course Title and Number: 15-hour USPAP Course
7. Number of Classroom Hours: 15 Number of Exam Hours: 1
8. Course Category: _____ Qualifying Education X Continuing Education X Both
9. Indicate the level of the licensure/certification this course would meet:

   X All _____ State License _____ Certified Residential _____ Certified General

10. Indicate the pre license requirement for this course would meet:

    _____ Principles X USPAP _____ Income _____ Elective

11. Instructor(s): Thomas R. Kirby
12. Method of Presentation: X Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer

13. Owner of Course Materials: Appraisal Institute
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

AQB Approved Course

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

Sent Via Email to: mavis@appraisalfoundation.org

Monday, September 25, 2017

QE	CE/E	CE
15	15	14

Ms. Mavis E. Kleso
The Appraisal Foundation
1155 15th Street NW
Suite 1111
Washington, DC 20005

Dear Ms. Kleso:

We are pleased to inform you that your course has been approved under the Course Approval Program of the Appraiser Qualifications Board (AQB) of The Appraisal Foundation.

Course Provider:	The Appraisal Foundation
Course Title:	2018-2019 15-hour National USPAP Course
Instructional Hours:	14.00
Exam Hours:	1.00
Total Hours:	15.00
Delivery Method:	Classroom
Approval Start Date:	9/25/2017
Approval End Date:	12/31/2019

The overall content of this course has been determined to be in compliance with the education criteria established by the AQB.

Prior to renewal of this course please review the AQB Course Approval Program Policies and Procedures Manual.

Please feel free to contact us if you have any questions or if we can be of further assistance.

Sincerely,

Appraiser Qualifications Board

Appraiser Qualifications Board

INSTRUCTOR APPLICATION

Instructor Approval Requested for: X Pre-License X Continuing Education
_____ Renewal _____ Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Thomas R. Kirby

   Mailing Address: 9404 Steeplehill Drive Las Vegas, NV 89117

   Business Phone: (281) 370-2800

   Business Fax: n/a

3. Name and address of school/organization for whom you will instruct:
   Appraisal Institutre
   200 West Madison Street, Suite 1500
   Chicago, IL 60606

   School/Organization: Appraisal Institute

4. Title of program/course or portion of program/course to be taught by the instructor:
   7-hour USPAP Update Course and 15-hour USPAP COURSE

5. Which portion(s) to be taught by the instructor?
   all

   Total Hours: 7/15

   Pre License Hours: 15 Continuing Education Hours: 7/15

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** (If "Yes", attach explanation)

8. Education:

School	From		To		Degree Earned	Subject Matter
	Month	Year	Month	Year		
See attached						

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
See attached					

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
See attached					

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

November 21, 2017

(Date)

QUALIFICATIONS OF APPRAISER
Thomas R. Kirby, MAI, SRA, CDEI

Professional Memberships

Designated Member of the Appraisal Institute (**MAI**), Certificate #5563, designated November 1976; Senior Residential Appraiser (**SRA**), designated February 1975; 15 years service on AI Admission Committees; Appraisal Institute Faculty Instructor; **Appraisal Qualifications Board (AQB) Certified USPAP Instructor; Certified Distance Education Instructor (CDEI)**

Prior to Unification - Senior Real Property Appraiser (SRPA), Society of Real Estate Appraisers; Designated 1975; Past President, Greater Ft. Lauderdale Chapter 1980; SREA Young Men's Council; Demonstration Report Grader; Past National Chairman Computer Application Committee.

Nevada State Certified General Real Estate Appraiser, Certification A.0007438-CG

Education

Bowling Green State University, BSBA-Finance, 1968; Beta Gamma Sigma Business Honorary Scholastic Society; National City Bank of Cleveland Scholarship Recipient.

Appraisal Education: All Required and numerous elective courses, American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers; Numerous multi-day seminars and advanced courses by the Appraisal Institute. Continuing Education requirements completed.

Appraisal Experience

Engaged exclusively in the valuation of real property throughout the United States for the past 46 years (since 1971, following three years active duty as Lieutenant U.S. Navy, Vietnam veteran) in various capacities including independent fee appraiser, Vice President and Regional Manager of three national appraisal firms, and Chief Appraiser for a $2.7 billion financial institution, managing a 15 appraiser division. Testified as expert witness in real property valuations in District Courts of Harris County, Texas, Circuit Courts of the State of Florida, and Federal District Courts of Houston and San Antonio, Texas. Because of involvement in various computer systems, was appointed the first National Chairman of the Computer Applications Committee of the Society of Real Estate Appraisers.

Property types appraised: special purpose properties, major office buildings, multifamily residential, hotels, motels, marinas, mobile home parks, self-storage facilities, commercial buildings, all classes of shopping centers including regional malls, condominium apartments, condominium conversions and cooperative apartments, funeral homes, golf courses, hospitals, interval ownership conversions, medical clinics, nursing homes, surgery centers, health resorts, industrial buildings, warehouses, cold storage facilities, condominium recreation leases, restaurants, retail stores, vacant acreage, subsidized housing, self-serve and full service car washes, and others. Notable assignments include the 1980 appraisal of the World Trade Center.

Has conducted appraisals of leased fee, leasehold, and sub-leasehold interests, mortgaged fee and leasehold interests, minority interests in trust agreements and closely held corporations, condemnation proceedings including partial takings with severance damage to the remainder, feasibility analysis, market studies, investment analysis, and aggregate demand analysis.

Appraisal Instructor -Appraisal Institute

Instructing appraisal courses since 1975, currently teaching up to 20 weeks per year:
Basic Appraisal Principles
Basic Appraisal Procedures
Residential Appraiser Market Analysis and Highest and Best Use
General Appraiser Income Capitalization Part I
General Appraiser Income Capitalization Part II
General Appraiser Market Analysis and Highest and Best Use
General Appraiser Site Valuation and Cost Approach
Advanced Income Capitalization
Advanced Concepts and Case Studies
Advanced Market Analysis and Highest and Best Use
National 7-Hour USPAP Course
National 15-Hour USPAP Course
Reviewer for 7-Hour and 15-Hour online USPAP, General Appraiser Income Capitalization Part II; Comparative Analysis; Development team Basic Appraisal Procedures, and General Appraiser Sales Comparison Approach
On-Line Instructor: 15-Hour USPAP, Basic Appraisal Procedures, Residential Market Analysis and Highest and Best Use, Scope of Work

Appraisal Qualifications Board - AQB Certified USPAP Instructor

International Distance Education Certification Center - Certified Distance Education Instructor CDEI

Society of Real Estate Appraisers - Prior to Unification: Principles of Real Property Appraising (Course 101); Principles of Income Property Appraising (Course 201)

Formerly Adjunct Faculty - Florida Atlantic University, Florida International University, and Broward Community College, North Harris College having taught: Fundamentals of Real Estate Appraisal; Income Property Appraising; and Real Estate Investment Analysis

Published Articles

"Functional Obsolescence: The Nemesis of the Demonstration Report Writer", The Real Estate Appraiser & Analyst, Summer, 1981

"Appraisal of Time-share Conversions", The Appraisal Journal, July, 1982

"The Valuation of Government Assisted Low and Moderate Income Housing", Real Estate Research Corporation, April, 1983

"Valuation Methodology for Subsidized Housing", Cushman & Wakefield Appraisal Division, February, 1984

2018-2019 EDITION

15-HOUR COURSE STUDENT MANUAL

NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) COURSE

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

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National Uniform Standards of Professional Appraisal Practice (USPAP) Course

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Student Manual
15-Hour Course

2018-2019

Reviewed and Updated By
The Appraisal Standards Board (ASB)

Approved By
The Appraiser Qualifications Board (AQB)

ISBN: 978-0-9985335-1-3

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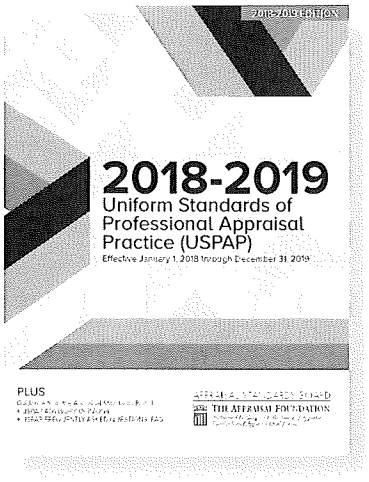

The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. **The 2018-2019 Edition of USPAP is effective January 1, 2018 through December 31, 2019.**

It is important that individuals understand and adhere to changes that are adopted in each edition of USPAP. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

In addition, the 2018-19 Edition of USPAP contains guidance in the form of Advisory Opinions and over 300 USPAP Frequently Asked Questions (FAQs). These communications illustrate the applicability of Standards in specific situations and offer advice from the ASB for the resolution of specific appraisal issues and problems.

To purchase a spiral bound or PDF copy of USPAP, please visit our website at **www.appraisalfoundation.org**, Store or call 800-348-2831.

ABOUT THE APPRAISAL FOUNDATION

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at **www.appraisalfoundation.org**.

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www.asfmra.org

International Right of Way Association
310-538-0233
www.irwaonline.org

Appraisers Association of America
212-889-5404
www.appraisersassoc.org

Massachusetts Board of Real Estate Appraisers
617-830-4530
www.mbrea.org

Columbia Society of Real Estate Appraisers
631-732-6200
www.columbiasociety.org

National Association of Independent Fee Appraisers
312-321-6830
www.naifa.com

Instituto de Evaluadores de Puerto Rico
787-763-3411
www.iepr.net

North Carolina Professional Appraisers Coalition
919-710-3927
www.ncpac.us

International Association of Assessing Officers
816-701-8100
www.iaao.org

AFFILIATE SPONSORS

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800-226-5377
www.aba.com

National Association of REALTORS
800-874-6500
www.nar.realtor/appraisal

The Farm Credit Council
202-626-8710
www.fccouncil.com

INTERNATIONAL SPONSOR

Royal Institution of Chartered Surveyors
212-847-7400
www.rics.org

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Overview

Course Description

This is the *15-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Course* of The Appraisal Foundation. The *15-Hour National USPAP Course* focuses on the requirements for ethical behavior and competent performance by appraisers that are set forth in the *Uniform Standards of Professional Appraisal Practice* (USPAP). This course is unique in that it is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

Each student must have a copy of the 2018-19 USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions*, and Index which provide the framework for the course and is referred to throughout the course.

The course material emphasizes the role of the appraiser and the impartiality associated with this role. Specific responsibilities of the appraiser with regard to impartiality are explored in detail.

In addition to lectures, the course includes illustrations that show how USPAP applies in situations that appraisers encounter in everyday practice. These examples address issues frequently experienced by appraisers as professionals in the appraisal of real property, personal property, and business or intangible assets, and in appraisal review.

This course is designed to aid appraisers seeking competency in USPAP, in all areas of appraisal practice including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real estate appraiser certification programs.

This course provides at least 15 hours (50 minutes/hour) of instruction in USPAP that allows for a one-hour exam period within the 15-hour time frame.

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Learning Enhancements

The course student manual has been designed with a variety of elements to enhance your learning experience.

- ***Preview.*** To give you a taste of what is to come, you will find a Preview page that begins each Part. Included on the Preview page is a brief overview of the content, learning objectives to consider as you move through the content, and learning tips to assist in understanding the information being presented.

- ***Learning Objectives.*** Each learning objective covers essential information you need to know to fully understand the concepts in the course. Look them over before the Part begins so that you have a frame of reference as you move through the material. At the end of each Part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help, or review the concepts that you do not understand.

- ***Discussion Examples, From Your Perspective.*** We've included practical real world problems to help you visualize and practice what you are learning.

- ***Fill-in-the-Blanks.*** When you write something down, you are more apt to remember it. The Student Manual has "missing" content in the outline that you will want to add in the space provided in your handbook as the instructor goes over the content.

- ***Review.*** Each Part concludes with a review. Included in the review are the learning objectives and key terms and concepts that have been covered.

- ***Review Quizzes and Section Practice Tests.*** Short quizzes are included at the end of most Parts, and Practice Tests are included at the end of each Section in the "Review." The questions are similar to the types of questions you might find on the exam.

Classroom Guidelines

To make the classroom environment a positive experience for all attendees, adherence to the following is required:

- No smoking in the classroom

- Silence cell phones, pagers, laptops, tablets, and any other electronic devices, etc. when class is in session

- Audio / video recording is prohibited

- Refrain from ongoing conversations with those seated near you and other distracting behavior while class is in session

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Survey Program

The Appraiser Qualifications Board (AQB) has instituted a USPAP Instructor Quality Review Program in order to monitor, evaluate, and improve the quality of USPAP instruction. The program has been designed as a mentoring process and is not meant to be punitive.

The AQB may randomly send a survey to students by email after a course is completed. The survey will seek the students' feedback on items such as the instructor's preparedness, knowledge of the subject matter, use of the materials provide, and ability to teach. The survey will contain an optional comments section for students to offer narrative feedback not covered by the survey items. Additionally, there will be an optional section for students to identify themselves if they wish to be contacted to provide further information.

General Information

- ***Breaks.*** There will be breaks during the morning and afternoon sessions, unless noted otherwise by the course sponsor. The lunch break is generally for one hour.
- ***Attendance.*** Attendance sheets will be distributed during class to verify your attendance during the morning and afternoon sessions.
- ***Certificates.*** Certificates of completion will be provided after successful completion of the course and examination. Attendance during the entire course is required.
- ***Examination.*** This course provides at least 15 hours (50 minutes/hour) of instruction in USPAP that allows for a one-hour exam period within the 15-hour timeframe. The multiple-choice exam consists of 50 questions. You will be required to recognize definitions and concepts presented in the course, but not to memorize all of the Standards Rules.

Complaint Process

For the protection of all parties, The Appraisal Foundation has set up procedures for processing student complaints under the AQB Certified USPAP Instructor Program.

The complaint must be provided in writing to The Appraisal Foundation. The complaint will be reviewed to determine whether it has merit. If it is determined that the complaint has merit, an investigation will be conducted followed by a recommendation as to the next course of action.

To file a complaint regarding an AQB Certified Instructor, download a copy of the Complaint Form and instructions at www.appraisalfoundation.org, Standards & Qualifications, USPAP Instructor Program, and Additional Resources.

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Course Schedule

SECTION 1. Morning Day 1

Introduction	
15 Minutes	Welcome and Course Announcements Introduction to the Course
Part 1. Introduction to USPAP	
55 Minutes*	History of Appraisal Standards The Appraisal Foundation The Appraisal Subcommittee (ASC) State Appraiser Licensure and Certification Agencies The Structure of USPAP USPAP and the Appraisal Process Review Morning Break*
Part 2. USPAP Definitions	
65 Minutes*	Definitions Review Morning Break*

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 1. Morning Day 1 (continued)

Part 3. PREAMBLE and When USPAP Applies	
70 Minutes*	PREAMBLE When Does USPAP Apply? Review Section Practice Test Lunch*

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 2. Afternoon Day 1

Part 4. ETHICS RULE, RECORD KEEPING RULE, and COMPETENCY RULE	
85 Minutes*	ETHICS RULE RECORD KEEPING RULE COMPETENCY RULE Relevant Advisory Opinions Review Afternoon Break*
Part 5. SCOPE OF WORK RULE	
80 Minutes*	Overview Problem Identification Acceptability Disclosure Requirements Advisory Opinion Guidance Review Afternoon Break*
Part 6. JURISDICTIONAL EXCEPTION RULE	
40 Minutes*	JURISDICTIONAL EXCEPTION RULE Review Section Practice Test

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 3. Morning Day 2

Part 7. STANDARD 1	
70 Minutes*	Overview Key Points Advisory Opinion References Review Morning Break*
Part 8. STANDARD 2	
60 Minutes*	Overview Key Points Review Morning Break*
Part 9 and 10. STANDARDS 3 and 4	
75 Minutes*	Overview Key Points Review Section Practice Test Lunch*

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 4. Afternoon Day 2

Part 11. STANDARDS 5-10	
65 Minutes*	STANDARD 6, Mass Appraisal, Development STANDARD 6, Mass Appraisal, Reporting STANDARD 7, Personal Property Appraisal, Development STANDARD 8, Personal Property Appraisal, Reporting STANDARD 9, Business Appraisal, Development STANDARD 10, Business Appraisal, Reporting Review Afternoon Break*
Part 12. Advisory Opinions	
65 Minutes*	Advisory Opinions FAQs Review Section Practice Test Afternoon Break*
Part 13. Examination	
75 Minutes*	Exam Preparation Final Exam

* Breaks and Lunch time are **not** included with the times allocated.

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National Uniform Standards of Professional Appraisal Practice (USPAP) Course

15-Hour Course

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PC410GRCHG

FOR General & Residential APPRAISERS

ABOUT THE APPRAISAL INSTITUTE

The Appraisal Institute is a global professional association of real estate appraisers, with nearly 19,000 professionals in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state, and local laws. Individuals of the Appraisal Institute benefit from an array of education and advocacy programs, and may hold the prestigious MAI, SRPA, SRA, AI-GRS, and AI-RRS designations. *Learn more at* ***www.appraisalinstitute.org***.

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1155 15th Street NW, Suite 1111
Washington, DC 20005–3517

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www.appraisalfoundation.org

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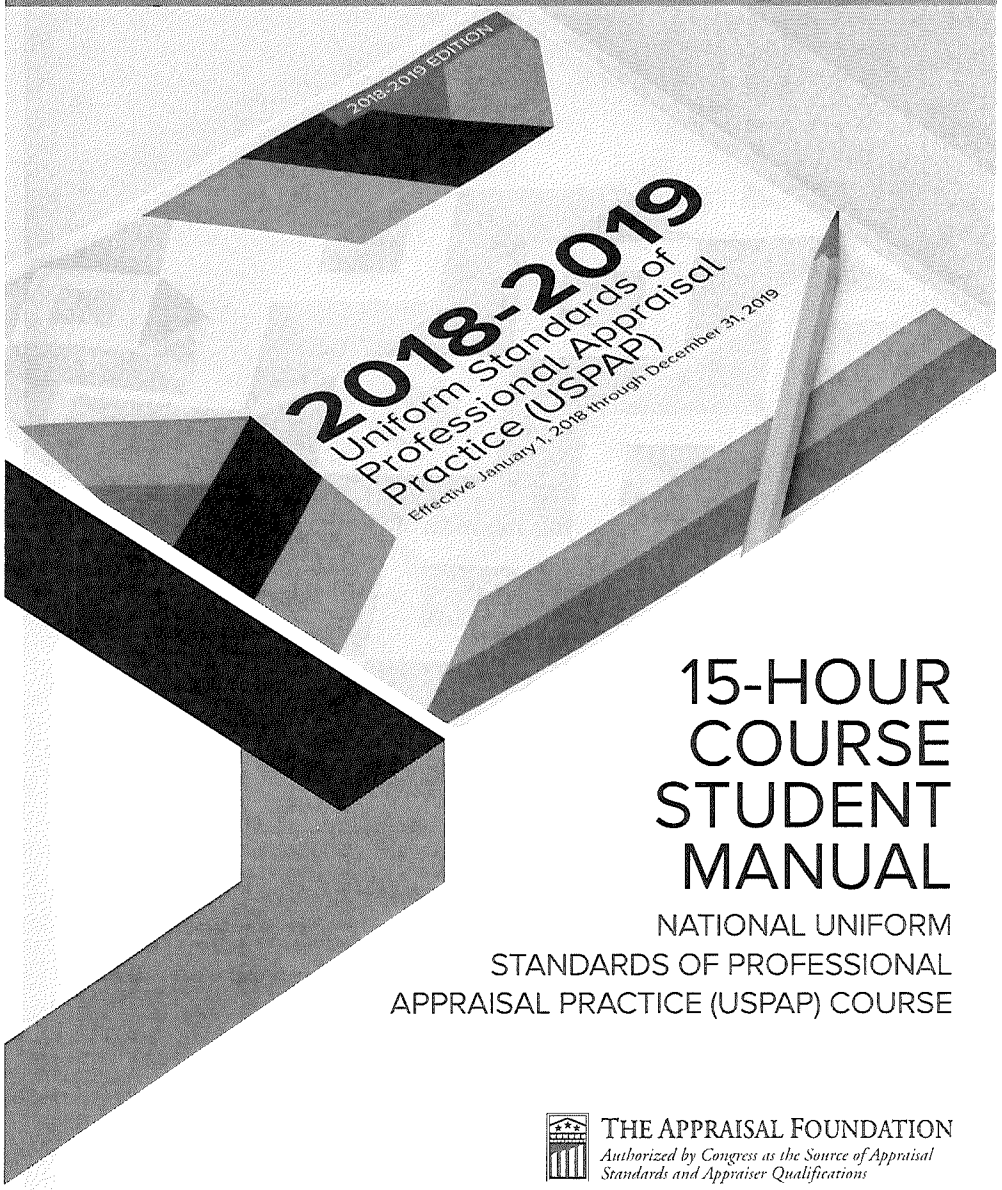

15-HOUR COURSE STUDENT MANUAL

NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) COURSE

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

20. When appraising personal property, the appraiser must analyze prior sales of the subject over what time period?

A. one year.

B. three years.

C. five years.

D. a reasonable and applicable time.

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15. Compared to a value opinion expressed in an Appraisal Report, a value opinion expressed in a Restricted Appraisal Report is

A. equally credible.
B. more reliable.
C. less reliable.
D. less credible.

16. Which of the following reports require a signed certification?

A. Only real property and appraisal review reports.
B. Only real property appraisal reports.
C. All reports except mass appraisal.
D. All oral and written reports covered in USPAP.

17. Levels of trade is a market reference in

A. business appraisal.
B. personal property appraisal.
C. real property appraisal.
D. all appraisal.

18. "Standard" rather than "type" of value is used in

A. real property appraisal.
B. mass appraisal.
C. personal property appraisal.
D. business appraisal.

19. The mass appraisal standards apply to the

A. development and reporting of mass appraisals of real or personal property.
B. development and reporting of automated valuation models only.
C. development and reporting of residential real estate only.
D. development and reporting of mass appraisals for ad valorem tax purposes only.

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National Uniform Standards of Professional Appraisal Practice (USPAP) Course

Student Manual
15-Hour Course

2018-2019

Reviewed and Updated By
The Appraisal Standards Board (ASB)

Approved By
The Appraiser Qualifications Board (AQB)

ISBN: 978-0-9985335-1-3

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10. The type and extent of research and analysis in an assignment defines the

    A. market analysis.
    B. assignment conditions.
    C. scope of work.
    D. property and market area inspections.

11. The scope of work is acceptable only when it

    A. is agreed to by the client.
    B. is subject to Fannie Mae requirements.
    C. is different from what an appraiser's peers' actions would be in performing the same type assignment.
    D. meets or exceeds the expectations of parties who are regularly intended users for similar assignments.

12. When necessary for credible assignment results, a reviewer must develop an opinion regarding

    A. the appraiser's knowledge of USPAP.
    B. the completeness of the work under review, given the reviewer's scope of work.
    C. the appraiser's qualifications to complete the assignment.
    D. the ethical character of the appraiser.

13. The Standards Rules obligating appraisers to be aware of, understand, and correctly employ recognized methods and techniques necessary to produce credible assignment results are

    A. not applicable to real property.
    B. not applicable to personal property.
    C. applicable only to real property.
    D. applicable to all of the appraisal disciplines.

14. Which of the following reports must not have any intended users other than the client?

    A. Oral Appraisal Report.
    B. Market Value Appraisal Report.
    C. Restricted Appraisal Report.
    D. Appraisal Report.

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5. Appraisal practice includes only
   A. valuation services performed by an individual acting as an appraiser.
   B. appraisal and appraisal review.
   C. market value appraisals.
   D. work completed by state licensed or certified appraisers.

6. An appraiser's peers are defined as other appraisers who
   A. practice in the same market.
   B. have expertise and competency in a similar type of assignment.
   C. have the same level of education.
   D. hold the same level of state licensure.

7. If for the purposes of comparison an appraiser assumes a condition to be true that is known to be false, this is an example of
   A. an extraordinary assumption.
   B. an assumption.
   C. a limiting condition.
   D. a hypothetical condition.

8. The purpose of the JURISDICTIONAL EXCEPTION RULE is to
   A. illustrate the applicability of Appraisal Standards.
   B. preserve the balance of USPAP when one or more of its parts is precluded by law or regulation.
   C. allow for cooperation with other professional appraisers.
   D. place additional requirements on the appraiser.

9. Confidential information is information the appraiser
   A. receives from the client, is identified by the client as confidential, and is not available from other sources.
   B. receives from another client.
   C. receives from the client and is identified as confidential but is available from other sources.
   D. receives from the listing real estate agent.

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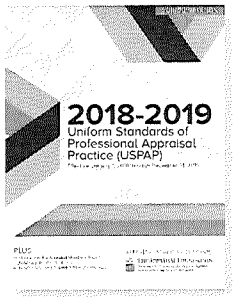
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications



The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. **The 2018-2019 Edition of USPAP is effective January 1, 2018 through December 31, 2019.**

It is important that individuals understand and adhere to changes that are adopted in each edition of USPAP. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

In addition, the 2018-19 Edition of USPAP contains guidance in the form of Advisory Opinions and over 300 USPAP Frequently Asked Questions (FAQs). These communications illustrate the applicability of Standards in specific situations and offer advice from the ASB for the resolution of specific appraisal issues and problems.

To purchase a spiral bound or PDF copy of USPAP, please visit our website at **www.appraisalfoundation.org**, Store or call 800-348-2831.

ABOUT THE APPRAISAL FOUNDATION

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at **www.appraisalfoundation.org**.

CONNECT WITH US

Section Practice Test

The following multiple-choice questions apply to all sections of the course.

1. The PREAMBLE of USPAP states that the Standards are
   A. only for appraisers.
   B. for appraisers and users of appraisal services.
   C. limited to state licensed or certified appraisers.
   D. only for users of appraisal services.

2. USPAP is enforced by
   A. The Appraisal Foundation.
   B. the Appraisal Standards Board.
   C. the Appraisal Subcommittee, through Congress.
   D. State Regulatory Agencies.

3. USPAP is developed, interpreted, and amended by the
   A. Appraisal Standards Board.
   B. Appraisal Subcommittee.
   C. Appraiser Qualifications Board.
   D. State Regulatory Agencies.

4. USPAP Advisory Opinions are issued to
   A. revise existing standards.
   B. establish new standards.
   C. illustrate the applicability of Appraisal Standards.
   D. interpret existing standards.

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Part 12.
Review

Learning Objectives

Now that you have completed Part 12, you should be able to

- ☑ Discuss the remaining Advisory Opinions.
- ☑ Briefly review Advisory Opinions not already covered.

Terms and Concepts to Remember

- Advisory Opinions

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303-758-3513
www.asfmra.org

International Right of Way Association
310-538-0233
www.irwaonline.org

Appraisers Association of America
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www.appraisersassoc.org

Massachusetts Board of Real Estate Appraisers
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www.mbrea.org

Columbia Society of Real Estate Appraisers
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5/23/2017

33. AO-33, *Discounted Cash Flow Analysis*

34. AO-34, *Retrospective and Prospective Value Opinions*

35. AO-35, *Reasonable Exposure Time in Real and Personal Property Opinions of Value*

36. AO-36, *Identification and Disclosure of Client, Intended Use, and Intended User*

37. AO-37, *Computer Assisted Valuation Tools*

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13. AO-13, *Performing Evaluations of Real Property Collateral to Conform with USPAP*

14. AO-14, *Appraisals for Subsidized Housing*

15. AO-15, Using the DEPARTURE RULE in Developing a Limited Appraisal (**retired**)

16. AO-16, *Fair Housing Laws and Appraisal Report Content*

17. AO-17, *Appraisals of Real Property with Proposed Improvements* (STANDARD 1)

18. AO-18, *Use of an Automated Valuation Model*

19. AO-19, *Unacceptable Assignment Conditions in Real Property Appraisal Assignments* (STANDARD 1)

20. AO-20, *An Appraisal Review Assignment That Includes the Reviewer's Own Opinion of Value* (STANDARD 3)

21. AO-21, *USPAP Compliance* (ETHICS RULE)

22. AO-22, *Scope of Work in Market Value Appraisal Assignments, Real Property* (STANDARDS 1, 2, and 6)

23. AO-23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment* (STANDARDS 1 and 6)

24. AO-24, *Normal Course of Business* (STANDARDS 1 and 7)

25. AO-25, *Clarification of the Client in a Federally Related Transaction*

26. AO-26, *Readdressing (Transferring) a Report to Another Party*

27. AO-27, *Appraising the Same Property for a New Client*

28. AO-28, *Scope of Work Decision, Performance, and Disclosure* (SCOPE OF WORK RULE and STANDARDS 1 through 10)

29. AO-29, *An Acceptable Scope of Work* (SCOPE OF WORK RULE and STANDARDS 1 through 10)

30. AO-30, *Appraisals for Use by Federally Regulated Financial Institutions*

31. AO-31, *Assignments Involving More than One Appraiser*

32. AO-32, *Ad Valorem Property Tax Appraisal & Mass Appraisal Assignments*

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Part 12. Advisory Opinions

I. Advisory Opinions

A. Advisory Opinions (AOs) do not establish new standards or interpret existing standards.

B. AOs are issued by the ASB.

C. AOs are issued to illustrate the applicability of Appraisal Standards in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems.

D. AOs can be approved by the ASB without exposure and public comment.

E. The AOs:

1. AO-1, *Sales History* (STANDARD 1)
2. AO-2, *Inspection of Subject Property* (STANDARDS 1 through 8)
3. AO-3, *Update of a Prior Appraisal*
4. AO-4, *Standards Rule 1-5(b)* (STANDARD 1)
5. AO-5, Assistance in the Preparation of an Appraisal (**retired**)
6. AO-6, The Appraisal Review Function (**retired**)
7. AO-7, *Marketing Time Opinions* (STANDARDS 2, 6, and 8)
8. AO-8, Market Value vs. Fair Value in Real Property Appraisals (**retired**)
9. AO-9, *The Appraisal of Real Property That May Be Impacted by Environmental Contamination*
10. AO-10, The Appraiser-Client Relationship (**retired**)
11. AO-11, *Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*
12. AO-12, *Use of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*

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Part 12.
Preview

Advisory Opinions

Part 12 covers the remaining Advisory Opinions and briefly reviews the Advisory Opinions that were addressed in the various parts of the course. Remember from Part 1, Advisory Opinions are **not** a part of USPAP but are other communications published by the ASB. This session will move a bit faster than some of the others, as we have already identified various Advisory Opinions in prior sessions.

Lesson Objectives

The lesson objectives for Part 12 are slightly different from those of the other sessions.

Participants will

- ☐ Discuss the remaining Advisory Opinions.
- ☐ Briefly review Advisory Opinions.

Learning Tips

This session provides a broad overview of Advisory Opinions. Time is allotted for an instructor-led course review to prepare you for the course exam. Please keep your USPAP publication open, as we will be using it for our discussion of Advisory Opinions as well as for the course review.

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Part 13. Final Exam

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Review Quiz

Check the appropriate box for questions 1 through 5.

	TRUE	FALSE
1. Highest and best use analysis is always addressed in Standards Rules for business enterprise and intangible asset appraisal.	☐	☐
2. Mass appraisal is the process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.	☐	☐
3. STANDARDS 5 and 6 apply to all mass appraisals of real or personal property, regardless of the purpose or use of such appraisals.	☐	☐
4. An appraiser must recognize that there are distinct levels of trade in personal property, and each may have different comparable data.	☐	☐
5. Liquidation must always be considered in valuing a business enterprise.	☐	☐

Your instructor will review the above questions in class so you can check your responses.

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Part 11.
Review

Learning Objectives

Now that you have completed Part 11, you should be able to

- ☑ Recognize the similarities between STANDARDS 1 and 2 and STANDARDS 5 through 10.
- ☑ Recognize the differences between STANDARDS 1 and 2 and STANDARDS 5 through 10.
- ☑ Recognize terms and concepts appropriate to each of these Standards.
- ☑ Apply concepts of each Standard to a variety of situations through *Discussion Examples*.

Terms and Concepts to Remember

- Appraisal Report
- Restricted Report
- Business Enterprise
- Intangible Asset
- Mass Appraisal
- Mass Appraisal Model
- Personal Property
- JURISDICTIONAL EXCEPTION RULE

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Overview

Course Description

This is the *15-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Course* of The Appraisal Foundation. The *15-Hour National USPAP Course* focuses on the requirements for ethical behavior and competent performance by appraisers that are set forth in the *Uniform Standards of Professional Appraisal Practice* (USPAP). This course is unique in that it is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

Each student must have a copy of the 2018-19 USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions*, and Index which provide the framework for the course and is referred to throughout the course.

The course material emphasizes the role of the appraiser and the impartiality associated with this role. Specific responsibilities of the appraiser with regard to impartiality are explored in detail.

In addition to lectures, the course includes illustrations that show how USPAP applies in situations that appraisers encounter in everyday practice. These examples address issues frequently experienced by appraisers as professionals in the appraisal of real property, personal property, and business or intangible assets, and in appraisal review.

This course is designed to aid appraisers seeking competency in USPAP, in all areas of appraisal practice including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real estate appraiser certification programs.

This course provides at least 15 hours (50 minutes/hour) of instruction in USPAP that allows for a one-hour exam period within the 15-hour time frame.

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Discussion Example 47

A company has recently redeemed a retired director's stock. However, no mention of any prior transaction in company stock is made in a later appraisal. You are reviewing the appraisal report and wonder why no mention of the prior transaction was made, especially since the prior transaction was conducted at a price of more than double the appraisal conclusion. Upon further analysis, you find that the prior transaction seems to be overpriced, and the appraisal results seem appropriate. Did the appraiser comply with USPAP?

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Discussion Example 46

An appraiser has been asked for a value based only on "rules of thumb" used in a specific industry. The client intends to rely on the value as a "guideline valuation" for a buy-sell agreement. What should the appraiser do?

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Learning Enhancements

The course student manual has been designed with a variety of elements to enhance your learning experience.

- ***Preview.*** To give you a taste of what is to come, you will find a Preview page that begins each Part. Included on the Preview page is a brief overview of the content, learning objectives to consider as you move through the content, and learning tips to assist in understanding the information being presented.
- ***Learning Objectives.*** Each learning objective covers essential information you need to know to fully understand the concepts in the course. Look them over before the Part begins so that you have a frame of reference as you move through the material. At the end of each Part, reread the objectives. Are you able to do what is stated? If not, this is the time to ask your instructor for help, or review the concepts that you do not understand.
- ***Discussion Examples, From Your Perspective.*** We've included practical real world problems to help you visualize and practice what you are learning.
- ***Fill-in-the-Blanks.*** When you write something down, you are more apt to remember it. The Student Manual has "missing" content in the outline that you will want to add in the space provided in your handbook as the instructor goes over the content.
- ***Review.*** Each Part concludes with a review. Included in the review are the learning objectives and key terms and concepts that have been covered.
- ***Review Quizzes and Section Practice Tests.*** Short quizzes are included at the end of most Parts, and Practice Tests are included at the end of each Section in the "Review." The questions are similar to the types of questions you might find on the exam.

Classroom Guidelines

To make the classroom environment a positive experience for all attendees, adherence to the following is required:

- No smoking in the classroom
- Silence cell phones, pagers, laptops, tablets, and any other electronic devices, etc. when class is in session
- Audio / video recording is prohibited
- Refrain from ongoing conversations with those seated near you and other distracting behavior while class is in session

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Survey Program

The Appraiser Qualifications Board (AQB) has instituted a USPAP Instructor Quality Review Program in order to monitor, evaluate, and improve the quality of USPAP instruction. The program has been designed as a mentoring process and is not meant to be punitive.

The AQB may randomly send a survey to students by email after a course is completed. The survey will seek the students' feedback on items such as the instructor's preparedness, knowledge of the subject matter, use of the materials provide, and ability to teach. The survey will contain an optional comments section for students to offer narrative feedback not covered by the survey items. Additionally, there will be an optional section for students to identify themselves if they wish to be contacted to provide further information.

General Information

- ***Breaks.*** There will be breaks during the morning and afternoon sessions, unless noted otherwise by the course sponsor. The lunch break is generally for one hour.
- ***Attendance.*** Attendance sheets will be distributed during class to verify your attendance during the morning and afternoon sessions.
- ***Certificates.*** Certificates of completion will be provided after successful completion of the course and examination. Attendance during the entire course is required.
- ***Examination.*** This course provides at least 15 hours (50 minutes/hour) of instruction in USPAP that allows for a one-hour exam period within the 15-hour timeframe. The multiple-choice exam consists of 50 questions. You will be required to recognize definitions and concepts presented in the course, but not to memorize all of the Standards Rules.

Complaint Process

For the protection of all parties, The Appraisal Foundation has set up procedures for processing student complaints under the AQB Certified USPAP Instructor Program.

The complaint must be provided in writing to The Appraisal Foundation. The complaint will be reviewed to determine whether it has merit. If it is determined that the complaint has merit, an investigation will be conducted followed by a recommendation as to the next course of action.

To file a complaint regarding an AQB Certified Instructor, download a copy of the Complaint Form and instructions at www.appraisalfoundation.org, Standards & Qualifications, USPAP Instructor Program, and Additional Resources.

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D. Reference chart from AO-11 for use with Standards Rules 10-2(a) and (b):

(a) Appraisal Report	(b) Restricted Appraisal Report
i. state the identity of the client and any intended users, by name or type;	i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile;
ii. state the intended use of the appraisal;	ii. state the intended use of the appraisal;
iii. summarize information sufficient to identify the business or intangible asset and the interest appraised;	iii. state information sufficient to identify the business or intangible asset and the interest appraised;
iv. state the extent to which the interest appraised contains elements of ownership control, including the basis for that determination;	iv. state the extent to which the interest appraised contains elements of ownership control, including the basis for that determination;
v. state the extent to which the interest appraised lacks elements of marketability and/or liquidity, including the basis for that determination;	v. state the extent to which the interest appraised lacks elements of marketability and/or liquidity, including the basis for that determination;
vi. state the standard (type) and definition of value and the premise of value, and cite the source of the definition;	vi. state the standard (type) of value and the premise of value, and cite the source of its definition;
vii. state the effective date of the appraisal and the date of the report;	vii. state the effective date of the appraisal and the date of the report;
viii. summarize the scope of work used to develop the appraisal;	viii. state the scope of work used to develop the appraisal;
ix. summarize the information analyzed, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the market approach, asset-based (cost) approach, or income approach must be explained;	ix. state the appraisal procedures followed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the market approach, asset-based (cost) approach, or income approach must be explained;
x. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and;	x. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and;
xi. include a signed certification in accordance with Standards Rule 10-3.	xi. include a signed certification in accordance with Standards Rule 10-3.

Comments have not been included in this chart

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c. If liquidation is the appropriate premise of value, the scope of work may include an appraisal of real property or tangible personal property. If so, competency in real property appraisal (STANDARD 1) and/or personal property appraisal (STANDARD 7) is required.

4. Standards Rule 9-4 states that an appraiser must include in the analysis, when necessary for credible assignment results, data regarding past sale of capital stock or other ownership interests in the business enterprise being appraised. No specific time period is given for the study of these prior sales.

VI. STANDARD 10, Business Appraisal, Reporting

A. STANDARD 10 addresses the content and level of information required in communicating the results of an appraisal of an interest in a business enterprise or intangible asset.

B. STANDARD 10 is similar to STANDARD 2. The topics covered, the order in which the topics are presented, and the specific handling of most topics are similar.

C. Key differences between STANDARD 10 and STANDARD 2.

1. STANDARD 10 does not contain any special discussion related to market value. Nor does it contain the discussion of highest and best use because this concept typically is not found in business enterprise and intangible asset appraisals.

2. There is one difference in the certification language. STANDARD 10 contains no reference to a personal inspection of the property, as one cannot inspect intangible assets.

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Course Schedule

SECTION 1. Morning Day 1

Introduction	
15 Minutes	Welcome and Course Announcements Introduction to the Course
Part 1. Introduction to USPAP	
55 Minutes*	History of Appraisal Standards The Appraisal Foundation The Appraisal Subcommittee (ASC) State Appraiser Licensure and Certification Agencies The Structure of USPAP USPAP and the Appraisal Process Review Morning Break*
Part 2. USPAP Definitions	
65 Minutes*	Definitions Review Morning Break*

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 1. Morning Day 1 (continued)

Part 3. PREAMBLE and When USPAP Applies	
70 Minutes*	PREAMBLE When Does USPAP Apply? Review Section Practice Test Lunch*

* Breaks and Lunch time are **not** included with the times allocated.

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V. STANDARD 9, Business Appraisal, Development

A. STANDARD 9 addresses the development requirements for an appraisal of an interest in a business enterprise or intangible asset.

B. Three USPAP definitions should be reviewed:

1. Business Enterprise – *an entity pursuing an economic activity.*

2. Business Equity – *the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants.)*

3. Intangible Property (Intangible Assets) – *non-physical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.*

C. Most of STANDARD 9 is similar to STANDARD 1 with regard to topics covered, the order in which the topics are presented, and the specific handling of most topics although less so than STANDARD 7.

D. Major Differences between STANDARD 9 and STANDARD 1

1. Standards Rule 9-2 differs from Standards Rule 1-2(c) in that the term "standard" is used rather than "type" of value, and the premise of value is referenced (see Standards Rule 9-2(c).)

2. Another difference in Standards Rule 9-2 is the list of information needed to identify the characteristics of the subject property. The list includes things such as ownership percentage interest, accompanying elements of control and market. Whether or not the subject interest is a controlling or non-controlling interest of the business enterprise and its degree of marketability are major influences on value.

3. Standards Rule 9-3 is specific to business enterprise appraisal

a. The Comment to Standards Rule 9-3 indicates that the appraiser must recognize that continued operation of a business is not always the best premise of value, because liquidation of all or part of the enterprise may result in a higher value.

b. This typically applies only when the interest being appraised is in a position to cause liquidation.

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SECTION 2. Afternoon Day 1

Part 4. ETHICS RULE, RECORD KEEPING RULE, and COMPETENCY RULE	
85 Minutes*	ETHICS RULE RECORD KEEPING RULE COMPETENCY RULE Relevant Advisory Opinions Review Afternoon Break*
Part 5. SCOPE OF WORK RULE .	
80 Minutes*	Overview Problem Identification Acceptability Disclosure Requirements Advisory Opinion Guidance Review Afternoon Break*
Part 6. JURISDICTIONAL EXCEPTION RULE	
40 Minutes*	JURISDICTIONAL EXCEPTION RULE Review Section Practice Test

* Breaks and Lunch time are **not** included with the times allocated.

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SECTION 3. Morning Day 2

Part 7. STANDARD 1	
70 Minutes*	Overview Key Points Advisory Opinion References Review Morning Break*
Part 8. STANDARD 2	
60 Minutes*	Overview Key Points Review Morning Break*
Part 9 and 10. STANDARDS 3 and 4	
75 Minutes*	Overview Key Points Review Section Practice Test Lunch*

* Breaks and Lunch time are **not** included with the times allocated.

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D. The differences relate to the corresponding sections of STANDARD 2 that focus on market value and highest and best use issues, which are replaced in STANDARD 8, under Standards Rule 8-2(a)(ix) and 8-2(b)(ix) and Standards Rule 8-2 (a)(viii) and 8-2(b)(viii). The Comment to Standards Rule 8-2(a)(viii) and 8-2(b)(viii) addresses the same issue of value significance by stating: *The amount of detail required will vary with the significance of the information to the appraisal and with the significance of a particular object or group of objects to the overall assignment results.*

E. Relevant Advisory Opinions include AO-11, *Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2* and AO-12, *Use of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2.*

Discussion Example 45

The owner/operator of an antique shop advertises that she offers appraisal services. An attorney has asked her to perform an appraisal of personal property for estate taxes, explaining that the estate was left to an only son. She accepts the assignment.

After inspecting the furniture, glassware, china, silver and other household contents, the appraiser completed the appraisal. In the report, she provided a short cover letter that simply stated she had performed the appraisal, identified the total marketable cash value, made an offer to buy the estate at the value given and included her signature. Attached were thirteen pages of inventory with short descriptions and individual values for each property.

Did the appraiser comply with USPAP?

Use the space on the following page to take notes as you work through the problem.

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B. Most of STANDARD 8 mirrors STANDARD 2 with regard to the topics covered, the order in which the topics are presented, and the specific handling of most topics.

C. Reference chart from AO-11 for use with Standards Rules 8-2(a) and (b):

(a) Appraisal Report	(b) Restricted Appraisal Report
i. state the identity of the client and any intended users, by name or type;	i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile;
ii. state the intended use of the appraisal;	ii. state the intended use of the appraisal;
iii. summarize information sufficient to identify the real estate or personal property involved in the appraisal, including the property characteristics relevant to the assignment;	iii. state information sufficient to identify the real estate or personal property involved in the appraisal;
iv. state the property interest appraised;	iv. state the property interest appraised;
v. state the type and definition of value and cite the source of the definition;	v. state the type of value and cite the source of its definition;
vi. state the effective date of the appraisal and the date of the report;	vi. state the effective date of the appraisal and the date of the report;
vii. summarize the scope of work used to develop the appraisal;	vii. state the scope of work used to develop the appraisal;
viii. summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;	viii. state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;	ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;
x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, summarize the support and rationale for that opinion;	x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, state that opinion;
xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and	xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and
xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.	xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.

Comments have not been included in this chart

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SECTION 4. Afternoon Day 2

Part 11. STANDARDS 5-10	
65 Minutes*	STANDARD 6, Mass Appraisal, Development STANDARD 6, Mass Appraisal, Reporting STANDARD 7, Personal Property Appraisal, Development STANDARD 8, Personal Property Appraisal, Reporting STANDARD 9, Business Appraisal, Development STANDARD 10, Business Appraisal, Reporting Review Afternoon Break*
Part 12. Advisory Opinions	
65 Minutes*	Advisory Opinions FAQs Review Section Practice Test Afternoon Break*
Part 13. Examination	
75 Minutes*	Exam Preparation Final Exam

* Breaks and Lunch time are **not** included with the times allocated.

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III. STANDARD 7, Personal Property Appraisal, Development

A. STANDARD 7 addresses the development requirements for a personal property appraisal assignment.

B. *Personal property* as defined by USPAP is identifiable tangible objects that are considered by the general public as being "personal." For example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment are all tangible property that is not classified as real estate.

C. Most of STANDARD 7 is similar to STANDARD 1 with regard to topics covered and the order in which the topics are presented, although the specific handling of most topics is specific to the personal property discipline.

D. Major differences between STANDARD 7 and STANDARD 1.

1. The Comment to Standards Rule 7-3(a) focuses on opinions of value in an *appropriate market or, in some cases, market level for the type of item* rather than the use of the definition of *highest and best use* common in real property appraisals. Neither the phrase, highest and best use, nor the components of the definition (legally permissible, physically possible, financially feasible, or maximally profitable) are used. Instead, in Standards Rule 7-3, the emphasis is on the current and alternative uses, appropriate market or market level, and relevant economic conditions that exist on the effective date of valuation. The term *market value* is not commonly used in personal property but is common in real property.

2. Personal property appraisals frequently involve multiple objects in a single appraisal assignment, and the value significance of these objects can vary greatly. Standards Rule 7-4(e) specifies that objects which are more significant to the assignment results should be the focus of the analysis.

3. Standards Rule 7-5 requires the analysis of prior sales that *occurred within a reasonable and applicable time period, if relevant given the intended use of the appraisal and property type.* This is different from Standards Rule 1-5 that requires a minimum history of three years prior to the effective date of the appraisal.

IV. STANDARD 8, Personal Property Appraisal, Reporting

A. STANDARD 8 addresses the content and level of information required in communicating the results of a personal property appraisal assignment.

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E. Relevant Advisory Opinion

1. AO-32, *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*

Discussion Example 44

The chief appraiser for a city assessor's office prepares the annual values for all the commercial and industrial properties. A state statute requires that the properties be appraised as if in fee simple. An owner of several multi-tenant properties in the city is appalled when he receives his assessment notices. He has owned the properties for over ten years, and some of his leases date back to the time he purchased the buildings. The owner calls the appraiser and learns the properties are being valued at market rent levels despite the fact that if he wanted to sell the buildings, the purchaser would have to honor the existing lease contracts. The owner's complaint filed with the city manager states the appraiser is not using the appropriate valuation methodologies and techniques for valuing his leased fee interest. Did the appraiser violate USPAP by valuing the properties using market rent levels rather than contract rents?

_____

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SECTION ONE

LEARNING FOCUS:

Part 1. Introduction to USPAP

Part 2. USPAP Definitions

Part 3. PREAMBLE and When USPAP Applies

Introduction

Clients hire appraisers to help them resolve appraisal problems. Some problems are straightforward, but other problems can be demanding and complex. The *Uniform Standards of Professional Appraisal Practice* (USPAP) reflect the real world and the multifaceted nature of our profession. The goal of this course is to help you become familiar with USPAP.

USPAP was developed with the express purpose to promote and maintain a high level of public trust as well as confidence in professional appraisal practice. The development of standards changed the role of the appraiser in society and placed greater expectations on the appraiser to act in a manner that promotes public trust and confidence in appraisal services. The information in this course should prove helpful in your daily practice.

Let's think for a minute how USPAP actually benefits the appraisal profession.

USPAP provides

1. A common basis for comparison (e.g., are we doing the appropriate work for the type of assignment?).
2. A reference source for all users of the document.
3. A basis for uniform enforcement by state regulatory agencies.
4. A reason for clients, other intended users, and the public to place their trust in the services performed by professional appraisers.

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Part 1.
Preview

Introduction to USPAP

To understand USPAP, you have to know its history. In this first part, we will take a quick historical review of the formation of professional appraisal standards.

This session will also examine the structure of The Appraisal Foundation (TAF) and the role of its four boards. Finally, we will look at the structure of USPAP's content and how it relates to the appraisal process.

Lesson Objectives

To prepare for Part 1, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Demonstrate awareness of the history of the development of the appraisal profession and USPAP.
- ☐ Recognize the importance of maintaining "public trust" in appraisal services.
- ☐ Identify the structure of USPAP.
- ☐ Recognize the relationship between the organization of USPAP and the appraisal process.
- ☐ Recognize the appraisal process provides a model for solving appraisal problems, regardless of whether the subject is real property, personal property, or intangible property.

Learning Tips

The first session will be fast-paced and is intended to give a broad overview, so don't be overwhelmed by the amount of material. Your goal is to gain an overall perspective on the history and structure of USPAP. Most of the content for Part 1 will be found right here in your student manual. In Part 2 we will be using and examining the USPAP document.

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1. Similar to Standards Rule 1-1.
2. Addresses obligations of appraiser similar to STANDARD 1.

F. Standards Rule 5-2 parallels Standards Rule 1-2 in that it outlines the items that are part of problem identification for a mass appraisal assignment

G. Standards Rule 5-3(a) is similar to Standards Rule 1-3; however, Standards Rule 5-3(b) is specific to personal property. The Rule indicates that personal property has several measurable marketplaces requiring the appraiser to define and analyze the appropriate market consistent with the type and definition of value. The Comment cautions that the appraiser must recognize that there are distinct levels of trade and each may generate its own data. For example, a property may have a different value at a wholesale level of trade, a retail level of trade, or under various auction conditions. The appraiser must analyze the subject property within the correct market context.

H. Standards Rule 5-4 discusses the appropriate procedures and market information required as well as employing recognized techniques for specifying property valuation models and for calibrating mass appraisal models. The Comment to Standards Rule 5-4(a) indicates these efforts usually include the development of standardized data collection forms, procedures and training materials that are used uniformly on the universe of properties under consideration.

I. Standards Rules 5-5 and 5-6 are similar to Standards Rule 1-4.

J. Standards Rule 5-7 is similar to Standards Rule 1-6 and discusses reconciliation.

II. STANDARD 6, Mass Appraisal, Reporting

A. STANDARD 6 addresses the content and level of information required in communicating the results of a mass appraisal assignment.

B. STANDARD 6 generally mirrors STANDARD 2 with regard to the topics covered, the order in which the topics are presented, and the specific handling of most topics.

C. Key Points: Standards Rule 6-1 addresses reporting the results of a mass appraisal assignment. Standards Rule 6-2(a) through (c) is similar in intent to Standards Rule 2-1. The rest of the Rule is similar to Standards Rule 2-2, although there are no reporting options. Similar topics are addressed.

D. Standards Rules 6-3 specifies the certification required for all written mass appraisal reports and is similar to Standards Rule 2-3. The Comment to this Rule indicates the certification is not intended to disturb an elected or appointed assessor's work plans or oaths of office.

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Part 11.
STANDARDS 5–10

I. STANDARD 5, Mass Appraisal, Development

A. STANDARD 5 applies to all mass appraisals of real or personal property regardless of the purpose or use of such appraisals.

B. *Mass appraisal* as defined by USPAP is the process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing. A mass appraisal includes:

1. Identifying properties to be appraised;
2. Defining market area of consistent behavior that applies to properties;
3. Identifying characteristics (supply and demand) that affect the creation of value in that market area;
4. Developing a model structure that reflects the relationship among the characteristics affecting value in the market area;
5. Calibrating the model structure to determine the contribution of the individual characteristics affecting value;
6. Applying the conclusions reflected in the model to the characteristics of the property(ies) being appraised; and
7. Reviewing the mass appraisal results.

C. Reminders

1. The JURISDICTIONAL EXCEPTION RULE may apply to several sections of STANDARD 5 because ad valorem tax administration is subject to various laws (includes state, county, and municipal.)
2. Jurisdictional exceptions that may be applicable to public mass appraisals prepared for ad valorem taxation do not necessarily apply to mass appraisals prepared for other purposes.

E. Key points: Standards Rule 5-1

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Part 1.
Introduction to USPAP

I. History of Appraisal Standards

A. The influence of historical events

1. Appraisal practice is an evolving profession influenced by historical events.
2. Financial chaos in the United States beginning with the 1929 stock market crash followed by the Great Depression.
3. Episodes of turmoil and abuse continued in the 1950s through the 1970s in public works related areas, property taxation, and federal housing programs. It spiked in the late 1980s with the "Savings and Loan (S&L) Crisis."
4. In the 1990s, mortgage scams and illegal property flipping preoccupied the lending and appraisal industries.
5. The issues of the 1990s continued into the 2000s, but elevated to include appraiser identity theft and appraisal report tampering. These issues once again reshaped the appraisal professional.
6. The housing market downturn of late 2007 became an economic meltdown in 2008-2009, with ramifications not seen since the Great Depression. Government-sponsored legislation and programs to assist in the economic recovery included provisions prohibiting mortgage fraud, appraiser coercion, and called for more stringent appraisal regulations. These laws and programs stress the need for ethical, competent appraisal professionals.

B. The role of the appraiser

1. Prior to the 1930s, mortgage brokers and real estate agents often undertook the task of appraising real property.
2. In the wake of the stock market crash and the resulting economic depression, the first organized groups of professional appraisers were formed in the United States during the early 1930s.

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3. By the 1950s and 1960s, there were more organizations representing real estate appraisers. All of these groups shared a common goal: to establish qualifications and standards of professional practice for their membership.

4. Three critical issues were recognized by these professional organizations:

   a. Providing credible appraisal services necessary for the general economic well-being of society;

   b. An existing social need for appraisal services carried out by ethical and competent individuals; and

   c. Performance of professional services that create public trust in the individual appraiser and in appraisal practice.

C. Development of appraisal standards

1. In the 1980s, leaders of the professional organizations recognized the need for a common set of standards in professional appraisal practice. They also sought to enhance the enforcement of those standards.

   a. Some of the initial work focused on defining "market value" for real estate appraisals prepared for use by federally regulated agencies.

   b. Eight organizations based in the United States, together with the Appraisal Institute of Canada, formed what is known as the "Ad-Hoc Committee" to develop professional standards that would eventually become USPAP.

   c. The Ad-Hoc Committee knew that public recognition and acceptance of their work would require the formation of a new organization.

   d. A new organization would require independent authority over the standards and place the public's interest ahead of any other constituency, including the membership of the Ad-Hoc Committee's respective organizations.

2. In 1987, the eight major U.S.-based professional organizations established The Appraisal Foundation (TAF), including three boards:

   a. The Appraiser Qualifications Board (AQB)

   b. The Appraisal Standards Board (ASB)

   c. The Board of Trustees (BOT)

3. In 2010, the Foundation began to provide timely voluntary guidance to appraisers in the form of *Valuation Advisories* on recognized valuation methods and techniques.

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- ☐ Recognize terms and concepts appropriate to each of these Standards.
- ☐ Apply concepts of each Standard to a variety of situations through *Discussion Examples*.

Learning Tips

This session will give you an opportunity to apply the concepts and terms you have been learning in prior sessions and relate them to other appraisal disciplines. Keep your USPAP handy.

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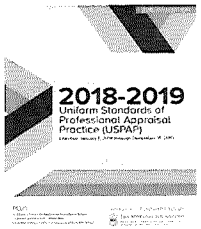

SECTION FOUR

LEARNING FOCUS:

Part 11. STANDARDS 5-10

Part 12. ADVISORY OPINIONS

Part 13. FINAL EXAM

Part 11. Preview

STANDARDS 5–10

The tempo changes again in this part of the course, as we will be discussing STANDARDS 5 through 10. These Standards pertain to other types of appraisal practice. As noted earlier, the basic development requirements in other Standards parallel STANDARD 1, and the requirements for reporting are similar to STANDARD 2. We will use USPAP for the review of STANDARDS 5 through 10. The Student Manual highlights the similarities and differences between STANDARDS 1 and 2 and STANDARDS 5 through 10.

Lesson Objectives

To prepare for Part 11, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize the similarities between STANDARDS 1 and 2 and STANDARDS 5 through 10.
- ☐ Recognize the differences between STANDARDS 1 and 2 and STANDARDS 5 through 10.

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4. USPAP was created with the express purpose of promoting and preserving public trust in professional appraisal practice.
   a. Even though there are different asset types, **all appraisal disciplines** were included in USPAP to establish one set of standards for the appraisal profession.
   b. The commitment to cultivate greater trust and confidence in professional appraisal practice is the task of the independent boards, with support from the sponsoring organizations of TAF.
   c. The concept of trust obligates the appraiser to act in the public's interest, which includes the following attributes:
      - _____
      - _____
      - _____
      - _____
      - _____
   d. In light of the above attributes, public interest rightly demands that a professional appraiser act in an ethical and competent manner.

D. Public acceptance of USPAP

1. Congress contributed to USPAP's acceptance by identifying USPAP as the generally recognized standards of practice for the appraisal profession.
2. Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) provided recognition and authorized federal financial institution regulatory agencies to reference USPAP in their regulations.
3. The Executive Branch followed Congress by referencing USPAP in the Uniform Relocation Assistance and Real Property Acquisition Policies Act.
4. With the Office of Management and Budget (OMB) Circular A-129, dated January 11, 1993, other federal agencies recognized USPAP.
5. The Internal Revenue Service (IRS) Internal Revenue Bulletin 2006-46, dated November 13, 2006, referenced USPAP as generally accepted appraisal standards in defining a "qualified appraisal."

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6. Private industry groups such as Fannie Mae, Freddie Mac, Farmer Mac, the Farm Credit Administration, and the Employee Relocation Council referenced USPAP and integrated the standards in their policies.

E. Legal oversight authority and adoption process

1. TAF is a private entity and not a government agency. TAF and its Boards have no legal oversight or enforcement authority in any jurisdiction.

2. USPAP achieves legal authority by adoption, citation, or implementation by government agencies through regulation or administrative actions, or by private enterprise in the form of contract requirements.

II. The Appraisal Foundation

A. The structure of TAF – *See the following page*

1. TAF **IS NOT:**

a. A government agency

b. A professional appraisal organization

c. A membership organization

2. TAF **IS**

a. A non-profit organization

b. An organization specifically authorized by Congress regarding real property appraiser qualifications and appraisal standards

c. An organization made up of other organizations

3. TAF is governed by a Board of Trustees and has two independent boards with Congressional authorization

a. Appraiser Qualifications Board

b. Appraisal Standards Board

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4. TAF has three categories of sponsors

   a. Appraisal Sponsors (non-profit appraisal organizations)

   b. Affiliate Sponsors (non-profit organizations with an interest in valuation)

   c. International Sponsors (non-profit or non-stock organizations based outside the United States with an interest in valuation)

5. TAF has two advisory councils

   a. The Appraisal Foundation Advisory Council (TAFAC) has representatives from non-profit organizations and government agencies.

   b. The Industry Advisory Council (IAC) has members from for-profit organizations.

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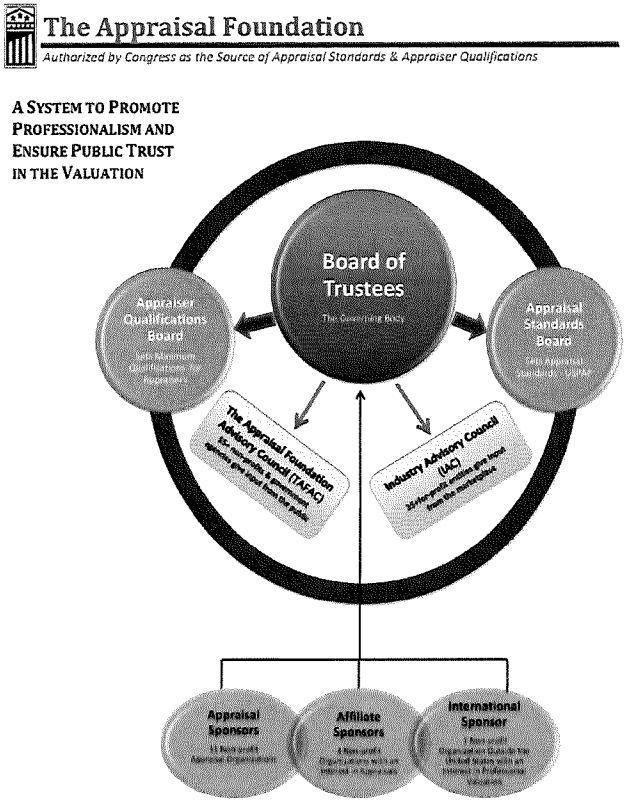
The Appraisal Foundation and Relationships



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15. Compared to a value opinion expressed in an Appraisal Report, a value opinion expressed in a Restricted Appraisal Report is

    A. less reliable.
    B. more reliable.
    C. less credible.
    D. equally credible.

16. Which of the following best describes bias in appraisal practice?

    A. permitted in market analysis.
    B. allowed, as long as it is disclosed in the report.
    C. not allowed.
    D. allowed if disclosed prior to accepting the assignment.

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10. The subject of an appraisal review assignment may be

    A. only work done as part of an appraisal assignment.
    B. any work completed by a licensed or certified appraiser.
    C. any work that is part of appraisal practice.
    D. any work completed as part of an appraisal or appraisal review assignment.

11. An extraordinary assumption may be used in an assignment only if

    A. mandated by law or regulation.
    B. approved by the client.
    C. accompanied by a limiting condition.
    D. it is required to develop credible results.

12. What special requirements, if any, are appropriate when appraising the market value of a property subject to favorable financing?

    A. ignore the favorable financing.
    B. appraise the property under typical financing only.
    C. include no special requirements as long as the financing is available to the typical purchaser.
    D. identify the special financing terms and develop an opinion of their effect on value.

13. Which of the following is not required by USPAP to be in an appraisal report?

    A. type and definition of value.
    B. effective date of appraisal.
    C. client's specific name.
    D. name or type of other intended users.

14. The client is the only intended user for a (an)

    A. Restricted Appraisal Report.
    B. Review Appraisal Report.
    C. Appraisal Report.
    D. Oral Appraisal Report.

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B. The role of TAF boards

1. The Board of Trustees

    a. Has three primary functions:

        - Appoints members to its independent boards
        - Secures funding for TAF operations
        - Monitors performance and oversight of TAF and its Boards and Advisory Councils

    b. Has additional functions to promote professionalism and to ensure public trust in the valuation profession

        - Establishes the means to identify emerging issues and issue voluntary guidance, in the form of *Valuation Advisories*, on recognized valuation methods and techniques, which may apply to all disciplines within the appraisal profession.
        - Provides for written, visual, and audio information and voluntary guidance to be developed and communicated on topics which appraisers and users of appraisal services feel are most pressing.
        - Creates opportunities for interaction with and input from leaders in the profession through the establishment of resource panels and the utilization of subject matter experts to research, develop, create, and review publications and guidance to benefit appraisers and the users of appraisal services.

2. The Appraiser Qualifications Board

    a. Establishes minimum education, experience, and other criteria for certification and recertification of real property appraisers and supervisors.

    b. Defines, issues, and promotes qualification criteria.

    c. Disseminates qualification criteria to states, government entities, and others.

    d. Creates and maintains the National Uniform Licensing and Certification Appraisal Examinations.

    e. Responsible for program administration of the *7-and 15-Hour National USPAP Courses* and the USPAP Instructor Certification / Recertification Program.

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f. Certifies national USPAP instructors and determines policies for AQB Instructor Review Panel.

g. Administers the Course Approval Program (CAP).

h. Administers the review of undergraduate and graduate real estate degree programs.

i. Writes semi-annual Q&As in response to questions received regarding the *Real Property Appraiser Qualification Criteria*, National Uniform Licensing and Certification Examinations, CAP, or any other AQB-related issue or program.

3. The Appraisal Standards Board

a. Revises and promulgates USPAP.

b. Responsible for the subject, content, and substance of USPAP and other communications related to appraisal standards:

- USPAP establishes standards of professional appraisal practice for the guidance and education of appraisers and users of appraisal services.
- USPAP includes the PREAMBLE, DEFINITIONS, Rules, Standards, Standards Rules, and Statements on Appraisal Standards.
- Guidance in the form of Advisory Opinions and *Frequently Asked Questions (FAQs)*, together with the Index, is also provided in the same bound publication for convenience. These items are examples of "other communications" that the ASB may issue to illustrate appraisal standards and offer advice, but they are not part of USPAP and thus are not enforceable.
- Periodic Q&As are written in response to questions received by the ASB regarding USPAP and are available, without charge, on TAF's website at www.appraisalfoundation.org and are posted on TAF's Social Media accounts.

  The Q&As are compiled every two years into the FAQs publication. The FAQs are arranged by key USPAP topics, and included in the current edition of USPAP with the Advisory Opinions. FAQs are examples of "other communication" by the ASB to offer advice, but are not part of USPAP and thus not enforceable.
- Most changes made to USPAP by the ASB have been the result of unsolicited letters or responses to exposure drafts from a variety of sources, including appraisal organizations, government agencies, client groups, work groups, appraisers, and members of the public. However, the ASB also addresses

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5. To the extent possible and appropriate, an oral real property or personal property appraisal report must address the substantive matters that apply to a(n)

A. appraisal review report.
B. appraisal report.
C. mass appraisal report.
D. restricted appraisal report.

6. According to USPAP, any appraiser who signs any part of an appraisal report is required to

A. sign the letter of transmittal.
B. inspect the property.
C. sign the certification.
D. read the report.

7. All appraisal reports must contain

A. a signed letter of transmittal.
B. sufficient information to enable intended users to understand the report.
C. adequate detail to allow the reader to understand the appraisal process.
D. maps, sketches, and photographs.

8. When reporting the results of an appraisal, dates that must be included are

A. effective date and report date.
B. inspection date and assignment date.
C. inspection date and report date.
D. inspection and contract date.

9. If an appraiser is asked to appraise a property on which there is a known, current agreement of sale, the agreement must be

A. disregarded because it is not a sale.
B. used as a comparable sale.
C. used as a guideline to select comparable sales.
D. analyzed in the appraisal.

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Section Practice Test

The following multiple-choice questions apply to Parts 7 through 10.

1. A reviewer may use additional information that was not available to the original appraiser as long as the information
   A. discredits the data in the appraisal report under review.
   B. supports the data in the appraisal report under review.
   C. is not used as the basis to discredit the original appraiser's value opinion.
   D. is not used in a review that includes the reviewer's own opinion of value.

2. In developing an appraisal review, the reviewer must identify all of the following except
   A. the purpose of the assignment.
   B. the scope of work to be performed.
   C. the intended use of the reviewer's opinions and conclusions.
   D. the reviewer's concurrence with the appraiser's opinion of value, if not part of the reviewer's scope of work.

3. When necessary for credible assignment results, a reviewer must develop an opinion regarding
   A. the appraiser's qualifications to complete the assignment.
   B. the completeness of the work under review, given the reviewer's scope of work.
   C. the appraiser's knowledge of USPAP.
   D. the ethical and moral character of the appraiser.

4. In the development of an appraisal, the appraiser must
   A. inspect the comparable sales, by at least driving by them.
   B. inspect the subject property.
   C. not commit a substantial error that significantly affects the appraisal.
   D. use the three approaches to value.

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issues independently in response to relevant issues by exposing these proposals to public comment as well.

- In reviewing comment letters received on exposure drafts, the ASB focuses on the reasoning and insight presented in the letter, rather than its source. The Board's obligation to this process is for the good of the profession and for the benefit of the public who rely on professional appraisal services.

4. The ASB and AQB are independent boards, but they work jointly in several areas such as this *National USPAP Course* and the USPAP Instructor Certification and Recertification Programs.

III. The Appraisal Subcommittee

A. Created as a result of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), the Appraisal Subcommittee has a supervisory role over state appraiser regulatory agencies and real property appraisers. It has a duty to ensure that the government has sufficient controls in place over all real estate appraisal activity to protect the federally regulated financial institutions from loss.

   1. FIRREA established the ASC within the Federal Financial Institutions Examination Council (FFIEC).

      a. FFIEC is a formal interagency body empowered to prescribe uniform principles, standards, and report forms and to make recommendations to promote uniformity in the supervision of financial institutions.

      b. Bank examiners working for federal financial institution regulatory agencies follow FFIEC principles and standards in their examination of financial institutions.

   2. The ASC has seven members, each appointed by the head of his or her agency. The members represent:

      a. Board of Governors of the Federal Reserve System (FRB)

      b. Office of the Comptroller of the Currency (OCC)

      c. Federal Deposit Insurance Corporation (FDIC)

      d. National Credit Union Administration (NCUA)

      e. Department of Housing and Urban Development (HUD)

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f. Federal Housing Finance Agency (FHFA)

g. Consumer Financial Protection Bureau (CFPB)

B. The ASC is not a part of TAF, but has authority from Title XI of FIRREA to monitor the activities of TAF, including both the AQB and the ASB in regard to real property issues.

C. Title XI of FIRREA authorized the ASC to oversee the activities of state appraisal licensure and certification agencies.

D. The ASC makes an annual report to Congress.

E. ASC operations are funded by state certified or licensed appraisers through their license renewal payment in the form of a National Registry fee. This fee is paid to the states, which then transfers it to the ASC.

F. The ASC manages grants to TAF that are used to support, in part, the real property-related work of the AQB and ASB.

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Review Quiz

Complete the missing term(s) in problems 1 through 5.

1. Appraisal review is the act or process of _____ an opinion about the quality of another appraiser's work performed as a part of an appraisal or appraisal review assignment.

2. If a reviewer is asked to develop an opinion as to the quality of another appraiser's work and to agree or disagree with the value conclusion, it is both an _____ and an _____.

3. The reviewer must conduct an appraisal review in the context of market conditions as of the _____ of the appraisal under review.

4. An appraisal review requires the reviewer to prepare a separate report setting forth the _____ performed and the results of the appraisal review.

5. The subject of a review assignment may be _____ or _____ of a report, a workfile, or a combination of these, and may be related to an appraisal or appraisal review.

Check the appropriate box for each question.

	TRUE	FALSE
6. An appraiser performing an appraisal review must not sign the work under review unless he/she intends to accept the responsibility as a co-signer of the work.	☐	☐
7. An appraisal review can be a two-stage assignment: an appraisal review and a value opinion by the reviewer.	☐	☐
8. A reviewer's scope of work must replicate that of the original work under review.	☐	☐
9. An appraisal review is the process of both developing and reporting the supervision of an appraisal.	☐	☐
10. A reviewer must develop an opinion regarding the qualifications of the appraiser whose work is under review.	☐	☐

Your instructor will review the quiz questions in class so you can check your responses.

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Part 10.
Review

Learning Objectives

Now that you have completed Part 10, you should be able to

- ☑ Recognize that appraisal review requires the reviewer to prepare a separate report setting forth the scope of work performed and the results of the appraisal review.
- ☑ Recognize the elements that must be addressed in the appraisal review report.
- ☑ Apply appraisal review concepts to a variety of situations through *Discussion Examples*.

Terms and Concepts to Remember

- Appraisal Review Report
- Certification

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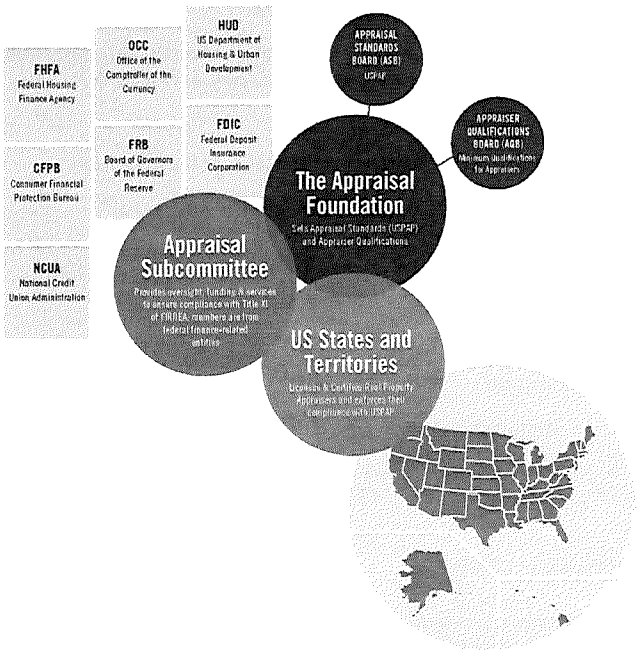
The Regulatory System for Real Property Appraisers



THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

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IV. State Appraiser Licensure and Certification Agencies

A. The AQB and ASB establish minimum qualifications criteria for real property appraisers and minimum standards for practice, respectively.

B. The state appraiser regulatory agencies have complete authority for enforcement within the certification programs, including the authority to establish higher than minimum criteria for appraiser requirements and standards of practice.

C. States are independent of each other; therefore, an appraiser must understand the licensing and certification laws and regulations in each state where he or she practices.

D. State appraiser regulatory agencies

1. Typically governed by a board consisting of between 5 and 9 individuals
2. Generally appointed by the governor of the state
3. Public members (non-appraisers) are often also appointed to the board

E. State appraiser regulatory agency responsibilities:

1. Validate qualifications
2. Issue credentials
3. Investigate complaints
4. Administer disciplinary action

V. The Structure of USPAP

USPAP is intended to provide the common basis for all appraisal practice. To understand the uniform standards, it is important to see how its various parts complement the primary goal of promoting and preserving public trust. USPAP manages both the ethical and performance sides of appraisal practice. The Rules in USPAP cover general practice policies, and the Standards Rules are elaborations of these policies to specific disciplines and assignment types.

A. Overview of USPAP's structural layout

1. PREAMBLE
2. DEFINITIONS

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F. Standards Rule 4-3 addresses the certification requirements

1. Similar in general content to Standards Rule 2-3.
2. A signed certification is an integral part of the appraisal review report.
3. Meeting the requirements of Standards Rule 4-3 for certification indicates compliance with USPAP.
4. The Comment to this Standards Rule presents additional obligations related to the certification.

G. Standards Rule 4-4

1. Indicates that an oral appraisal review report, to the extent that is it is both possible and appropriate, must address the substantive matters set forth in Standards Rule 3-5.
2. The Comment section of the Rule references the RECORD KEEPING RULE for corresponding requirements.

H. Relevant Advisory Opinion

1. AO-20, An Appraisal Review Assignment That Includes the Reviewer's Own Opinion of Value

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Discussion Example 43

Recently one of my appraisal reports was reviewed. The review report contained information that could not have been available to me at the time I completed my appraisal report. The reviewer used this additional information to discredit my opinion of value. Is this appropriate?

_____

_____

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3. RULES
   a. ETHICS
   b. RECORD KEEPING
   c. COMPETENCY
   d. SCOPE OF WORK
   e. JURISDICTIONAL EXCEPTION
4. STANDARDS 1–10
5. Statements on Appraisal Standards

B. The USPAP blueprint

1. PREAMBLE
   a. The PREAMBLE describes the overall purpose and structure of USPAP.
   b. The PREAMBLE sets forth the following general principle:

      It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading.
2. DEFINITIONS section contains terms that have distinct meanings in USPAP.
3. ETHICS and COMPETENCY RULES
   a. General ethical requirements are described in the ETHICS RULE.
   b. General performance requirements are described in the COMPETENCY RULE.
   c. Both Rules work together and are necessary to generate and maintain public trust in the appraisal profession, as appraisers must perform ethically and must be competent to provide the service he or she is offering.
4. RECORD KEEPING RULE
   a. Defines what must be included in a workfile for an appraisal or appraisal review assignment.
   b. Outlines retention periods for a workfile.

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c. Explains custody of a workfile and appropriate workfile retention, access, and retrieval arrangements with party having custody.

5. SCOPE OF WORK RULE

   a. Elaborates on problem identification, determination of an appropriate scope of work, and disclosure of the scope of work that was performed.

   b. The scope of work is determined by the appraiser based on assignment elements that are part of problem identification.

6. JURISDICTIONAL EXCEPTION RULE

   a. It recognizes that laws or regulations take precedence over USPAP in certain situations.

   b. When an applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment.

   c. Application of the JURISDICTIONAL EXCEPTION RULE is a matter of applicable law, regulation, etc. It is not a matter of choice by the appraiser or the client.

7. STANDARDS 1 through 10

   a. The Standards are paired

   b. The titles of each of the Standards identify the discipline and/or task:

      - STANDARD 1 – Real Property Appraisal, Development
      - STANDARD 2 – Real Property Appraisal, Reporting
      - STANDARD 3 – Appraisal Review, Development
      - STANDARD 4 – Appraisal Review, Reporting
      - STANDARD 5 – Mass Appraisal, Development
      - STANDARD 6 – Mass Appraisal, Reporting
      - STANDARD 7 – Personal Property Appraisal, Development
      - STANDARD 8 – Personal Property Appraisal, Reporting

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Discussion Example 42

I recently reviewed an appraisal report. As part of the assignment I developed an opinion of value that was different from the value in the appraisal report. I understand that I must provide a signed certification for the review pursuant to Standards Rule 4-3. However, the language in Standards Rule 4-2 seems to suggest that I am also required to prepare an additional certification to comply with Standards Rule 2-3. Are two certifications necessary?

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e. If any portion of the work involves significant appraisal or appraisal review assistance, the reviewer must state the extent of that assistance in the review report. The name(s) of those providing the significant assistance must be specifically stated in the certification.

f. The report must provide sufficient information to enable the client and intended users to understand the rationale for the reviewer's opinions and conclusions.

g. When the reviewer's scope of work includes expressing his or her own opinion of value or review opinion related to the work under review, the reviewer must:

- State which information, analyses, opinions, and conclusions in the material under review that the reviewer accepted as credible and used in developing the reviewer's opinion and conclusions.
- Summarize any additional information relied on and the reasoning for the reviewer's opinion of value or review opinion related to the work under review.
- Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions connected with the reviewer's own opinion of value or review opinion related to the work under review, and state that their use might have affected the assignment results.

h. The reviewer does not have to prepare a separate appraisal report when including his or her own value opinion or review opinion related to the work under review within the appraisal review report. However, data and analyses provided by the reviewer to support a different opinion or conclusion must match, at a minimum, except the certification, the reporting requirements for an Appraisal Report for a real property appraisal (SR 2-2(a)), a personal property appraisal (SR 8-2(a)), a business appraisal (SR 10-2(a)), an Appraisal Review Report for an appraisal review (SR 4-2), and a mass appraisal report for mass appraisal (SR 6-2).

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- STANDARD 9 – Business Appraisal, Development
- STANDARD 10 – Business Appraisal, Reporting

8. Statements on Appraisal Standards (SMTS)

   a. USPAP allows for Statements on Appraisal Standards (SMTS). To clarify the intent of Statements, the following text appears in the USPAP Table of Contents:

      Statements on Appraisal Standards are authorized by the by-laws of The Appraisal Foundation and are specifically for the purposes of clarification, interpretation, explanation, or elaboration of the Uniform Standards of Professional Appraisal Practice (USPAP). Statements have the full weight of a Standards Rule and can be adopted by the Appraisal Standards Board (ASB) only after exposure and comment.

   b. The ASB has issued ten Statements. Currently, there are no active Statements.

9. Comments

   Comments are an integral part of USPAP and have the same weight as the component they address. These extensions of the DEFINITIONS, Rules, and Standards Rules provide interpretation and establish the context and conditions for application.

C. Other communications

1. The USPAP publication also includes guidance material (USPAP Advisory Opinions, USPAP *FAQs*, and an Index.)

2. The guidance material is not a part of the USPAP, but is included in the publication for of reference.

3. To clarify the intent and purpose of such guidance material, the following text appears at the beginning of every AO.

   This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. Advisory Opinions are issued to illustrate the applicability of appraisal standards in specific situations and to offer advice from the ASB for the resolution of appraisal issues and problems.

4. The ASB has published thirty-seven Advisory Opinions; five have been retired.

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VI. USPAP and the Appraisal Process

There is a distinct method by which competent appraisers apply their knowledge and skills to solve valuation problems. The method is called the appraisal process, and it is one of the sources of standards for professional appraisal practice. The process provides a model for resolving all kinds of valuation problems, regardless of whether the subject matter is real property, personal property, or a business interest. The model provides the framework for developing any type of value opinion.

A. USPAP addresses the controlling steps and sequences in the appraisal process (see the chart on the following page):

1. Definition of the problem.
2. Determine the appropriate scope of work.
3. Data collection and analysis.
4. Application of the approaches to value.
5. Reconciliation of value indications and final opinion of value.
6. Report of defined value opinions.

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b. The report content and level of information in the Appraisal Review Report is specific to the needs of the client, other intended users, the intended use, and requirements applicable to the assignment.

c. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal review is not misled and that the report complies with the applicable content requirements set forth in this Standards Rule.

d. The reporting requirements set forth in this Standard are the minimum for an Appraisal Review Report.

E. Standards Rule 4-2

1. Describes the content of an Appraisal Review Report
2. Reminders

a. An appraiser must use care when identifying the client to avoid violations of the Confidentiality section of the ETHICS RULE. If the client requests that their identity be withheld from the report, the appraiser may comply with this request. The appraiser must document the identity of the client in the workfile and must state in the report that the identity of the client has been withheld at the client's request.

b. If the identity of the appraiser(s) in the work under review is withheld by the client, the fact must be stated in the appraisal review report.

c. State the scope of work used in developing the appraisal review to enable intended users to be properly informed and not misled. Sufficient information includes disclosure of research and analyses performed (and might also include research and analyses not performed.)

d. State the

- Date of the work under review;
- Effective date of the opinions or conclusions in the work under review; and
- The date of the appraisal review report.

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Part 10.
STANDARD 4

I. Overview

A. STANDARD 4 states that an appraiser acting as a reviewer must:

1. Report the results of an appraisal review in a manner that is not misleading.

B. STANDARD 4 addresses the content and level of information required in a report that communicates the results of an appraisal review.

C. The form, format, and style of a report are functions of the needs of intended users and appraisers. The substantive content of a report determines it compliance with USPAP.

D. The term reviewer in this Standard is used to refer to an appraiser performing an appraisal review.

II. Key Points

A. Standards Rule 4-1

1. Each written or oral Appraisal Review Report must be separate from the work under review and must

   a. Clearly and accurately set forth the appraisal review in a manner that will not be misleading.

   b. Contain sufficient information to enable the intended users of the appraisal review to understand the report properly.

   c. Clearly and accurately disclose all assumptions, extraordinary assumptions, and hypothetical conditions used in the assignment.

2. Reminders

   a. An Appraisal Review Report communicates the results of an appraisal review, which can have as its subject another appraiser's work in an appraisal or appraisal review assignment.

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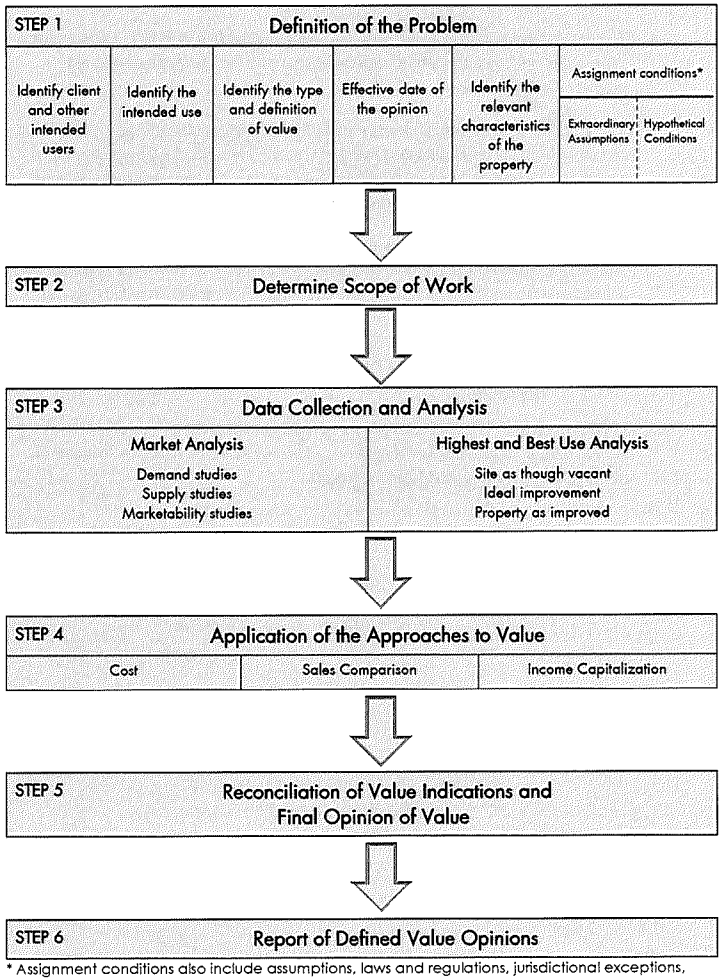
USPAP and the Appraisal Process



* Assignment conditions also include assumptions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.

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B. In USPAP, the appraisal process is divided into two distinct types of activity: development and reporting

1. The development process begins with information identified in Step 1. The appraiser gathers most of this information from the client (with the exception of relevant property characteristics.)

2. The appraiser uses the initial information in Step 1, such as identification of the client and other intended users, intended use, and type of value, etc., to determine what assignment conditions (e.g., extraordinary assumptions and hypothetical conditions, jurisdictional exceptions, assumptions and limiting conditions) may be required.

3. With this information, the competent appraiser can determine the scope of work (Step 2) necessary to develop a credible solution to the problem. In Step 6 the appraiser will determine how much information to disclose in the report so the intended user can understand the scope of work.

4. Based on the determined scope of work, the appraiser completes the development aspect of the appraisal process in Steps 3, 4 and 5 to reach a conclusion of value.

5. Reporting (Step 6) is the last component of the appraisal process. The communication, written or oral, of the appraiser's opinions and conclusions includes disclosure of the information used in the development process.

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Part 10. Preview

STANDARD 4

The basic requirements for reporting an appraisal review are presented in STANDARD 4. This Standard allows the appraiser to address all or part of the work under review.

Lesson Objectives

To prepare for Part 10, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize that appraisal review requires the reviewer to prepare a separate report setting forth the scope of work performed and the results of the appraisal review.
- ☐ Recognize the elements that must be addressed in the appraisal review report.
- ☐ Apply appraisal review concepts to a variety of situations through *Discussion Examples.*

Learning Tips

You will find that many of the terms and concepts in STANDARD 4 are familiar because they are similar in intent with what you previously studied in STANDARD 2. One difference between SSTANDARD 2 and STANDARD 4 is that STANDARD 4 has only one written report option, the Appraisal Review Report.

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Part 9.
Review

Learning Objectives

Now that you have completed Part 9, you should be able to

- ☑ Recognize the definition of *Appraisal Review*.
- ☑ Recognize that an appraisal review can be a two-stage assignment: an appraisal review plus the inclusion of the reviewer's opinion of the value for the property that is the subject of the work under review, or a review opinion.
- ☑ Recognize that if a review assignment includes the reviewer developing his or her own opinion of value or review opinion, the reviewer must comply with applicable development standards (STANDARD 1, 3, 5, 7 or 9).
- ☑ Apply appraisal review concepts to a variety of situations through *Discussion Examples*.

Terms and Concepts to Remember

- Appraisal Review
- Extraordinary Assumption
- Intended Use
- Purpose of the Assignment

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Part 1.
Review

Learning Objectives

Now that you have completed Part 1, you should be able to

- ☑ Demonstrate awareness of the history of the development of the appraisal profession and USPAP.
- ☑ Recognize the importance of maintaining "public trust" in appraisal services.
- ☑ Identify the structure of USPAP.
- ☑ Recognize the relationship between the organization of USPAP and the appraisal process.
- ☑ Recognize the appraisal process provides a model for solving appraisal problems, regardless of whether the subject is real property, personal property, or intangible property.

Terms and Concepts to Remember

- The Appraisal Foundation (TAF)
- Appraiser Qualifications Board (AQB)
- Appraisal Standards Board (ASB)
- Appraisal Subcommittee (ASC)
- Board of Trustees (BOT)
- Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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Review Summary

Here is a quick review of the essential components of Part 1.

1. Episodes of economic turmoil generated the need for greater education and higher standards of practice within the appraisal profession.

2. Eight U.S.-based professional appraisal organizations created TAF in 1987 to promulgate standards of practice and minimum appraiser qualifications criteria for the benefit of the public.

3. The development of standards placed greater expectations on the appraiser to act in a manner that promotes public trust and confidence in appraisal services.

4. The ASB has complete authority over the development and promulgation of appraisal standards (USPAP).

5. Statements on Appraisal Standards are issued by the ASB for the purpose of clarifying, interpreting, explaining or elaborating on USPAP. At present, there are no active Statements.

6. TAF supports the work of its independent boards by providing staff support for their activities, funding their operations, and publishing USPAP, qualification requirements, and other communications issued by the Boards.

7. A responsibility of the ASC is to ensure that real property appraisers who perform appraisals in real estate transactions that could expose the United States government to financial loss are sufficiently trained and tested to assure competency and independent judgment according to uniform standards and ethics.

8. USPAP provides a basis for professional practitioners to judge their own work and the work of their peers. USPAP also provides members of the public, clients, and other intended users with a basis for expectations regarding appraisal services.

9. USPAP facilitates uniform enforcement of standards, and together with competent enforcement activity, brings discipline to those who seek to abuse the public trust that is essential for orderly commerce in our society.

10. Public trust is based on a confidence that the professional appraiser will provide a service with independence, honesty, and integrity and that the appraiser's opinions and conclusions will be credible given the intended use and meaningful to the intended users.

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Discussion Example 41

An appraiser regularly reviews residential appraisal reports for a major lender. He has found numerous errors in several reports prepared by the same appraiser. He believes the errors are intentional and caused the value conclusions to be inflated in several instances. He has discussed the matter with his client, but he is wondering if he is permitted by USPAP to file a complaint with the appraiser's state appraiser board without his client's consent. Is he permitted to do so?

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Discussion Example 40

I am performing a review of a real property appraisal, and my client has asked me to give my opinion of value even if I agree with the value in the appraisal. Does my concurrence constitute an appraisal opinion? If so, what do I need to do to comply with USPAP?

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Part 2. Preview

USPAP Definitions

Your knowledge of definitions is critical to understanding USPAP; therefore, discussion of the Definitions appears before rather than after the PREAMBLE discussion. The terms defined in USPAP have distinct meanings and are necessary to appropriately understand and apply USPAP. The DEFINITIONS section in USPAP presents the essential definitions so they are easy to understand and apply in daily appraisal assignments.

Lesson Objectives

To prepare for Part 2, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Identify key terms defined in USPAP.
- ☐ Recognize how these terms relate to USPAP concepts and principles.

Learning Tips

Each class participant should spend some time reviewing the definitions found in USPAP, concentrating on the key terms discussed in class.

Do not try to assimilate all the definitions too quickly. This is an initial exposure. The terms will be presented repeatedly throughout the two-day course.

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Part 2.
USPAP Definitions

I. Definitions

A. Why does USPAP define certain terms?

1. There are numerous terms critical to value-related services. USPAP defines those terms that are essential to understanding the uniform standards.

2. Terms with USPAP definitions have **distinct** meanings in the context of their use within the USPAP document.

   a. For example, the term *assignment* has a specific meaning as applied in USPAP versus its common dictionary meaning.

   b. USPAP is the source authority for many unique terms used in the appraisal profession. Examples of such terms are *extraordinary assumption* and *hypothetical condition.*

3. USPAP defines the components of the term *market value* rather than providing an actual definition.

   a. There are a variety of market value definitions used by appraisal professionals.

   b. USPAP does not endorse any specific definition of market value or source.

      Source could be a recognized authority, i.e., regulatory agency; a specific legal jurisdiction, i.e., bankruptcy court; a specific body of knowledge, i.e., real property; or customized and specific to the client's intended use

B. What are the key terms to know in your daily appraisal work?

1. All the terms listed in the DEFINITIONS section are important to understanding USPAP, but we will concentrate on these key terms and definitions.

2. Of these terms, some are simple and similar to everyday use. Others are more complicated and/or USPAP specific.

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C. Standards Rule 3-3

1. In developing an appraisal review, a reviewer must apply the appraisal review methods and techniques that are necessary for credible assignment results.

2. Reminders

   a. The reviewer must develop an opinion as to the completeness, adequacy, relevance, and reasonableness of the analyses in the work under review, given law, regulations, or intended user requirements applicable to the work under review, and develop the reasons for any disagreement

   b. The reviewer must develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the report, given law, regulations, or intended user requirements applicable to that work, and develop the reasons for any disagreement

   c. When the assignment includes the reviewer developing his or her own opinion of value or review opinion, the following apply:

      - The requirements of STANDARDS 1, 5, 7, or 9 apply to the reviewer's opinion of value for the property that is the subject of the appraisal review assignment.

      - The requirements of STANDARD 3 apply to the reviewer's opinion of quality for the work that is the subject of the appraisal review assignment.

      - The requirements apply whether the reviewer's own opinion concurs with or differs from the opinions and conclusions in the work under review.

   d. When the assignment includes the reviewer developing his or her own opinion of value or review opinion, the following apply:

      - The reviewer's scope of work may be different from that of the work under review.

      - The effective date of the reviewer's opinion of value may be the same or different from the effective date of the work under review.

      - The reviewer is not required to replicate the steps completed by the original appraiser. Items of work under review that the reviewer concludes are credible can be extended into the reviewer's development process based on an extraordinary assumption. Those items not deemed credible must be replaced with information or analysis developed in conformance with the appropriate Standard.

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B. Standards Rule 3-2

1. Describes the steps necessary in developing an appraisal review.

2. Terms to review

   a. Intended Use

   b. Purpose of the Assignment

   c. Extraordinary Assumption

   d. Hypothetical Condition

   e. Scope of Work

3. Reminders

   a. Reviewer must not allow the intended use of an assignment or a client's objective to cause the assignment results to be biased. A reviewer must not advocate for a client's objectives.

   b. In the review of an appraisal assignment, the reviewer may provide an opinion of value for the property that is the subject of the work under review.

   c. In the review of an appraisal review assignment, the reviewer may provide an opinion of quality for the work that is the subject of the appraisal review assignment.

   d. The subject of an appraisal review assignment may be all or part of a report, a workfile, or a combination of these, and may be related to an appraisal or appraisal review assignment.

   e. Reviewer must identify any extraordinary assumptions and/or hypothetical conditions necessary in the review assignment.

   f. Information that should have been considered by the original appraiser can be used by the reviewer in developing an opinion as to the quality of the work under review

   g. Information that was not available to the original appraiser in the normal course of business may also be used by the reviewer; however, the reviewer must not use such information in his or her development of an opinion as to the quality of the work under review.

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3. Overview of key terms (note that some are grouped)

   - Appraisal
   - Appraisal Practice
   - Appraisal Review
   - Appraiser
   - Assignment
   - Assignment Conditions
   - Assignment Results, Confidential Information
   - Bias
   - Client
   - Cost, Price, and Value
   - Exposure Time
   - Extraordinary Assumption
   - Hypothetical Condition
   - Intended Use and Intended User
   - Report
   - Scope of Work
   - Signature
   - Standard and Standards Rule (these two terms are not defined in USPAP)
   - Valuation Services
   - Workfile

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C. Definitions (Note: The key terms are listed in alphabetical order in the prior list. The terms will, however, be described in a somewhat different order on the following pages.)

1. *Bias*

a. *Bias* is a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.

Discussion Example 1

A mortgage client suggested to an appraiser that if he would increase the value conclusion from $520,000 to $525,000 on an appraisal there would be more assignments coming his way. Should the appraiser change his opinion of value since it is less than a 1% difference?

_____

_____

_____

_____

_____

2. Assumptions, extraordinary assumptions, and hypothetical conditions

a. Appraisers make a variety of *assumptions* in every appraisal assignment. For example, appraisers often assume that the property has clear title. That is a general assumption which is taken to be true. Assumption is not defined in USPAP, as the plain English definition. It is shown here to illustrate the difference between its meaning and that of extraordinary assumption.

b. An *extraordinary assumption* involves a situation directly related to a specific assignment as of the effective date of the assignment results. If an appraiser did not inspect the interior of a property, the appraiser might use an extraordinary assumption to produce credible results and alert the client and intended users to the uncertainty of the assignment results.

c. A *hypothetical condition* is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. These are typically

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Part 9.
STANDARD 3

I. Overview

A. STANDARD 3 states that an appraiser acting as a reviewer must:

1. Develop a credible opinion as to the quality of another appraiser's work performed as part of an appraisal or appraisal review assignment.

B. Appraisal review is (noun) *the act or process of developing an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.*

C. The term reviewer in this Standard is used to refer to an appraiser performing an appraisal review.

II. Key Points

A. Standards Rule 3-1

1. Elaborates on requirements in the COMPETENCY RULE.

2. Addresses obligations of an appraiser

a. Be aware of, understand and correctly employ recognized methods and techniques.

b. Do not commit substantial errors of omission or commission.

c. Do not provide services in a careless or negligent manner.

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Part 9.
Preview

STANDARD 3

The basic requirements for developing an appraisal review are presented in STANDARD 3. This Standard allows the appraiser to address all or part of the work under review. Appraisal review is a specialized area of appraisal practice.

Lesson Objectives

To prepare for Part 9, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize the definition of *Appraisal Review*.
- ☐ Recognize that appraisal review requires the reviewer to prepare a separate report setting forth the scope of work performed and the results of the appraisal review.
- ☐ Recognize that an appraisal review can be a two-stage assignment: an appraisal review plus the inclusion of the reviewer's opinion of value for the property that is the subject of the work under review or a review opinion.
- ☐ Recognize that if a review assignment includes the reviewer developing his or her own opinion of value, or review opinion, the reviewer must comply with applicable development Standards (STANDARD 1, 3,5, 7, or 9).
- ☐ Apply appraisal review concepts to a variety of situations through *Discussion Examples*.

Learning Tips

As previously noted, you will find that many of the terms and concepts in STANDARD 3 are familiar because they are consistent with what you previously studied in STANDARD 1. STANDARD 3 is quite similar to STANDARD 1, but with a specific focus on appraisers who perform appraisal review assignments.

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"what if" scenarios supposed for the purposes of analysis. What if the zoning were different? What if the building was already renovated?

Discussion Examples 2 & 3

2) A client wants to know the current value, as though repaired, of a property that has been damaged due to flooding from a severe storm. What type of assignment condition should the appraiser use?

_____

_____

_____

3) A client has repaired a property that was damaged due to flooding. Several neighboring properties that were similarly flooded and later repaired soon developed mold problems. The client's property shows no evidence of mold as of the effective date. What type of assignment condition should the appraiser use if the client wants a current value opinion of the property?

_____

_____

_____

_____

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3. Exposure Time

   a. *Exposure time* is the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

   b. Exposure time always occurs prior to the effective date of the appraisal. It is based on an analysis of past events and assumes a competitive and open market.

   c. Exposure time is different for various types of property and under various market conditions.

   d. Exposure time is not synonymous with marketing time.

4. *Cost, price,* and *value*

   a. *Cost* is a fact or an estimate of fact (such as when an appraiser estimates the cost of improvements for a particular property).

   b. *Price* becomes fact once it is stated. An appraiser can estimate a price that a property owner should ask, but once the owner agrees on the price it becomes a fact.

   c. *Value* is an opinion and is never a fact.

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Review Quiz

Check the appropriate box for each question.

	TRUE	FALSE
1. The two written report options are Appraisal Report and Limited Appraisal Report.	☐	☐
2. USPAP does not require that the client's name be stated in the appraisal report.	☐	☐
3. There can be intended users other than the client for a Restricted Appraisal Report.	☐	☐
4. The disclosure of any significant real property appraisal assistance provided in an appraisal report is not required under USPAP.	☐	☐
5. Oral reports for real property appraisals must address the substantive matters required in an Appraisal Report.	☐	☐
6. An appraiser who signs any part of an appraisal report must sign the certification.	☐	☐
7. An appraiser is obligated to identify the intended users of an appraisal report by name in the report.	☐	☐
8. When disclosing extraordinary assumptions and hypothetical conditions an appraiser must also state that their use might have affected the assignment results.	☐	☐
9. Each appraisal report requires two signatures: a signature for the appraisal and a signature on the certification.	☐	☐
10. An appraisal report must state the effective date and the date of the report.	☐	☐

Your instructor will review the above questions in class so you can check your responses.

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Part 8.
Review

Learning Objectives

Now that you have completed Part 8, you should be able to

- ☑ Identify the two written real property appraisal report options, and recognize that the report type must be prominently stated.
- ☑ Recognize the essential differences between the written report options.
- ☑ Recognize the elements that must be addressed in the report options.
- ☑ Recognize a signed certification is an integral part of the appraisal report, as the signed certification evidences an appraiser's recognition of his/her ethical obligations.
- ☑ Apply STANDARD 2 to a variety of real property appraisal situations through *Discussion Examples*

Terms and Concepts to Remember

- Certification
- Summarize
- State
- Appraisal Report
- Restricted Appraisal Report
- Oral Appraisal Report

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Discussion Example 4

An appraiser performed the cost approach in an appraisal of a new warehouse. The buyer paid $1.9 million for the building and site. The property's market value was $2 million. Identify each of the three components: the reproduction cost developed by the appraiser; the $1.9 million figure; and the $2 million figure as

a) fact,

b) estimate of fact, or

c) an opinion in relation to the appraisal of this property.

_____

_____

_____

5. What is the definition of *appraiser*?

_____

6. Who is the client in an appraisal assignment, and what type of relationship is created?

   a. The *client* is the party or parties who engage, by employment or contract, an appraiser in a specific assignment.

   b. The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent.

7. *Assignment conditions*

   a. *Assignment conditions* are assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.

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b. The laws include constitutions, legislative and court-made law, administrative rules, and ordinances. The regulations include rules or orders having legal force, issued by an administrative.

c. Assignment conditions are addressed both in the SCOPE OF WORK RULE and the development standards.

8. *Assignment, assignment results*, and *confidential information*

a. An *assignment* is a valuation service that is provided by an appraiser as a consequence of an agreement with a client.

b. *Assignment results* are the appraiser's opinions or conclusions developed specific to an assignment. Physical characteristics are not assignment results.

c. *Confidential information* is information that is either identified by the client as confidential and not available from any other source or classified as confidential or private by applicable law or regulation.

- Assignment results are not an example of confidential information, but instead must be treated as confidential (see the ETHICS RULE.)

9. Intended use and intended user

a. *Intended use* is critical to the scope of work decision. It is determined by the appraiser after communication with the client **at the time of the assignment.**

b. *Intended user* is the client and any other party identified as users by the appraiser based on communication with the client **at the time of assignment.**

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E. Relevant Advisory Opinions

a. AO-11, *Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*

b. AO-12, *Use of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2*

c. AO-2, *Inspection of Subject Property*

d. AO-3, *Update of a Prior Appraisal*

e. AO-26, *Readdressing (Transferring) a Report to Another Party*

f. AO-27, *Appraising the Same Property for a New Client*

g. AO-31, *Assignments Involving More than One Appraiser*

h. AO-34, *Retrospective and Prospective Value Opinions*

i. AO-35, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value*

j. AO-36, *Identification and Disclosure of Client, Intended Use, and Intended Users*

F. Reference charts from AO-11 for use with Standards Rules 2-2, 8-2, and 10-2

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Discussion Example 39

A mortgage client hired an appraiser to prepare an appraisal on a one-unit property. He asked that she orally discuss her value opinion with him prior to transmitting the report. The appraiser completed her analysis and telephoned the client with her conclusions. The client was indignant and objected strongly to the value conclusion, indicating that the "figure" would not help his client's objectives. He further indicated that there would be no need to provide a written report. What are the appraiser's obligations under USPAP?

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Discussion Example 5

I accept assignments from an Appraisal Management Company (AMC) that has informed me they are an authorized agent for the lenders they represent. As the AMC is not my client, they have requested that I only identify the lender they are representing as the client. USPAP says the appraiser's client is the party who engages the appraiser. Is it ethical to omit the AMC's name as the client on my reports?

10. *Report, signature* and *workfile*

    a. An appraiser's *report* is either written or oral communication that is transmitted to the client or a party authorized by the client upon completion of the assignment.

    b. An appraiser's *signature* is personalized evidence that authenticates that the appraiser performed, and is responsible for, the contents, analyses, and the conclusions in the report.

    c. If the assignment involves an appraisal or appraisal review, the appraiser must have a workfile for that assignment.

    d. The *workfile* documents the support for the appraiser's analyses, opinions, and conclusions.

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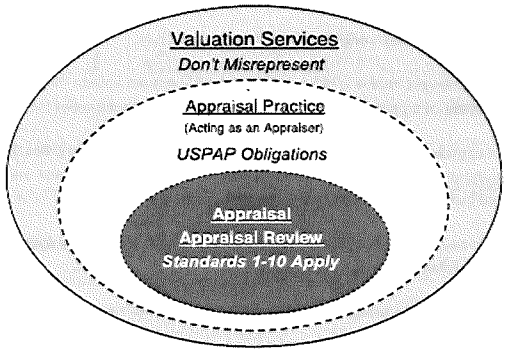
Discussion Example 6

A client requests "a number" over the phone in advance of the written appraisal report. How should an appraiser handle this type of request?

D. Definitions associated with appraisal practice.

1. Valuation services



a. This is the all-encompassing world of value-related services.

b. Valuation services are performed by appraisers and by others.

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Discussion Examples 37 and 38

37) I am currently working in an appraisal firm as a Trainee Appraiser. As part of my training I contribute significant real property appraisal assistance in appraisal assignments performed by other appraisers in the firm, but I do not sign the appraisal report or the certification. I understand that my name must be stated in the certification. Must the certification include a description of my assistance?

38) I am employed at a firm where my reports are reviewed by a supervisory appraiser. The supervisory appraiser recently asked me to make changes to a report that resulted in a value opinion with which I do not agree. I am not comfortable signing the amended report. What are my obligations under USPAP?

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2. The Comment section of the Rule references the RECORD KEEPING RULE for corresponding requirements. These requirements include:

   a. The workfile must include summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification.

   b. A workfile must be in existence prior to the issuance of a written **or** oral report.

   c. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

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2. *Appraisal practice*

   a. Performed only by appraisers.

   b. USPAP applies only to appraisal practice.

      Note: Consider "What is USPAP?" based on what was presented in Part 1.

   c. Identified services within appraisal practice include:

      - Appraisal
      - Appraisal Review

   d. Other services provided as an appraiser and within appraisal practice might include teaching appraisal courses, performing feasibility studies, writing an appraisal article, or performing a market study.

   e. When the service is performed by an individual acting in the role of an appraiser, it is appraisal practice. Remember that a client has expectations that the individual will act in the role of an appraiser (i.e., with impartiality, objectivity and independence.)

Discussion Example 7

A client contacts a broker to lease her office property. The broker also provides appraisal services, but the client was not aware of that when she contracted with the broker. Is this assignment a valuation service or is it appraisal practice?

_____

_____

_____

_____

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3. *Scope of work*

   a. Defined as the type and extent of research and analyses in an assignment.

   b. For each appraisal and appraisal review assignment an appraiser must:

      - Identify the problem to be solved;
      - Determine and perform the scope of work necessary to develop credible assignment results for the intended use; and
      - Disclose the scope of work performed in the report.

E. *Standards and Standards Rules*

   1. There are two key terms not defined in the DEFINITIONS section of USPAP. Even so, they are important terms for appraisers to understand.

   2. Standards and Standards Rules

      a. There are 10 Standards in USPAP. A Standard is a benchmark or a set of criteria used to measure performance. USPAP Standards are measuring ethics and competency.

      b. The Standards are paired to address development (STANDARDS 1, 3, 5, 7, and 9) and reporting (STANDARDS 2, 4, 6, 8, and 10).

      c. Each Standard is composed of Standards Rules that identify the requirements applicable to that Standard.

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C. Standards Rule 2-3 addresses the certification requirements

   1. A signed certification must be included in any written report, and a signed and dated certification must be included in the workfile for an oral report.

   2. A signed certification evidences an appraiser's recognition of his or her ethical obligations.

      a. Any appraiser(s) who signs a certification accepts full responsibility for all elements of the certification, for the assignment results, and for the contents of the appraisal report.

      b. Any appraiser who signs any part of the appraisal report, including a letter of transmittal, must also sign the certification.

      c In an assignment that includes personal property, business or intangible asset assignment results not developed by the real property appraiser(s), any real property appraiser(s) who signs a certification accepts full responsibility for the real property elements of the certification, for the real property assignment results, and for the real property contents of the appraisal report.

   3. Meeting the requirements of Standards Rule 2-3 for certification indicates compliance with USPAP.

   4. Professional assistance

      a. When a signing appraiser(s) has relied on work done by appraisers and others who do not sign the certification, the signing appraiser is responsible for the decision to rely on their work. The signing appraiser(s) is required to have a reasonable basis for believing that those individuals performing the work are competent. The signing appraiser(s) also must have no reason to doubt that the work of those individuals is credible.

      b. The name of the individuals providing significant real property appraisal assistance who do not sign a certification must be stated in the certification, although the description of their assistance is not required in the certification.

D. Standards Rule 2-4

   1. Requires that an oral appraisal report, to the extent that it is both possible and appropriate, must address the substantive matters set forth in an Appraisal Report (see Standards Rule 2-2(a)).

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5. Reference chart from AO-11for use with Standards Rules 2-2(a) and (b):

(a) Appraisal Report	(b) Restricted Appraisal Report
i. state the identity of the client and any intended users, by name or type;	i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile;
ii. state the intended use of the appraisal;	ii. state the intended use of the appraisal;
iii. summarize information sufficient to identify the real estate or personal property involved in the appraisal, including the property characteristics relevant to the assignment;	iii. state information sufficient to identify the real estate or personal property involved in the appraisal;
iv. state the property interest appraised;	iv. state the property interest appraised;
v. state the type and definition of value and cite the source of the definition;	v. state the type of value and cite the source of its definition;
vi. state the effective date of the appraisal and the date of the report;	vi. state the effective date of the appraisal and the date of the report;
vii. summarize the scope of work used to develop the appraisal;	vii. state the scope of work used to develop the appraisal;
viii. summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;	viii. state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;	ix. state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;
x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, summarize the support and rationale for that opinion;	x. when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, state that opinion;
xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and	xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and
xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.	xii. include a signed certification in accordance with Standards Rule 2-3 or 8-3.

Comments have not been included in this chart

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Part 2. Review

Learning Objectives

Now that you have completed Part 2, you should be able to

- ☑ Identify key terms defined in USPAP.
- ☑ Recognize how these terms relate to USPAP concepts and principles.

Terms and Concepts to Remember

- Appraisal
- Appraisal Practice
- Appraisal Review
- Appraiser
- Assignment
- Assignment Results
- Assignment Conditions
- Bias
- Client
- Confidential Information
- Cost
- Exposure Time
- Extraordinary Assumption
- Hypothetical Condition
- Intended User
- Intended Use
- Price
- Report
- Scope of Work
- Signature
- Standard
- Standards Rule
- Valuation Services
- Value
- Workfile

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Review Quiz

Identify the correct term based on the limited definition that is provided.

1. The party or parties who engage(s) an appraiser: _____
2. Assumes conditions contrary to known facts: _____
3. Services performed by an individual acting as an appraiser: _____
4. Documents the support for the appraiser's conclusions: _____
5. Presumes as fact otherwise uncertain information: _____
6. A preference that precludes an appraiser's impartiality: _____
7. The amount asked, offered or paid for a property: _____
8. Services pertaining to aspects of property value: _____
9. The act or process of developing an opinion of value: _____
10. An opinion that expresses an economic concept: _____

Your instructor will review the above questions in class so you can check your responses.

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B. Standards Rule 2-2

1. Identifies and describes the written report options
   a. Appraisal Report (Standards Rule 2-2(a))
   b. Restricted Appraisal Report (Standards Rule 2-2(b))
2. Report identification required
   a. Prominently state which option is being used.
   b. May use any other label in addition to, but not in place of, the label set forth in this Standard for the type of report provided.
3. Differences in options
   a. Essential difference is content and level of information provided.
   b. Appropriate reporting option and level of information necessary are dependent on **intended use** and **intended users.**
4. Reminders
   a. An appraiser must use care when identifying the client to avoid violations of the Confidentiality section of the ETHICS RULE. If the client requests that their identity be withheld from the report, the appraiser may comply with this request. The appraiser must document the identity of the client in the workfile and must state in the report that the identity of the client has been withheld at the client's request.
   b. When intended users include parties other than the client, an Appraisal Report **must** be provided. When intended users do not include parties other than the client, a Restricted Appraisal Report may be used.
   c. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with applicable content requirements set forth in this Standards Rule.
   d. A party who receives a copy of an Appraisal Report or Restricted Appraisal Report in order to satisfy disclosure requirements does not become an intended user of the appraisal unless the appraiser identifies such party as an intended user as part of the assignment.

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Part 8.
STANDARD 2

STEP 6	Report of Defined Value Opinions

I. Overview

A. STANDARD 2

1. Addresses the content and level of information required in each respective reporting option that communicates the results of a real property appraisal.

2. Does **not** dictate form, format or style of real property appraisal reports. The substantive content of a report determines if it complies with the reporting options identified in STANDARD 2.

B. STANDARD 2 includes four Standards Rules.

II. Key Points

A. Standards Rule 2-1 addresses **written** and **oral** real property appraisal reports

Each report must:

1. Clearly and accurately set forth the appraisal so that it will not be misleading;

2. Contain enough information for the intended user to understand the report properly; and

3. Clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions and limiting conditions used in the assignment.

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Part 3.
Preview

PREAMBLE and When USPAP Applies

The purpose of USPAP is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers. For this reason, individuals must know when their services are required to comply with USPAP. Many appraisers have more than one professional role. For example, some appraisers are also brokers, property managers, consultants, or attorneys. Do you know how USPAP applies to individuals who sometimes provide other services as well as appraisals?

Lesson Objectives

To prepare for Part 3, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize the difference between valuation services and appraisal practice.
- ☐ Recognize that the purpose of USPAP is to promote and maintain a high level of public trust in professional appraisal practice.
- ☐ Recognize that USPAP establishes minimum requirements for professional appraisal practice.
- ☐ Recognize that an individual **must** comply with USPAP when required by law, regulation or agreement (with the client or other intended users), and **should** comply with USPAP when representing oneself as an **appraiser.**
- ☐ Recognize within USPAP that being an "appraiser" is established by expectation and obligation, not by an individual's credentials.
- ☐ Recognize that the appraiser has a professional responsibility to identify the capacity in which he or she is performing.
- ☐ Recognize that an appraiser acting in another role outside appraisal practice must ensure that intended users are not misled as to the individual's role in providing that valuation service.

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Learning Tips

Keep your USPAP open. We will be looking at the PREAMBLE as well as Advisory Opinion 21 (AO-21) as we explore the differences between valuation services and appraisal practice and discuss USPAP obligations. We will use definitions you have just learned and relate them to everyday practice.

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Part 8. Preview

STANDARD 2

STANDARD 2 addresses the written or oral communication of a real property appraisal. The Standard states: *In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.* The reporting requirements of STANDARD 2 are similar to those of STANDARDS 8 and 10, which apply to personal property appraisal and business appraisal. The requirements are also similar to those in the Standards Rules found in the last parts of STANDARDS 4 and 6, which apply to appraisal review and mass appraisal, respectively.

Lesson Objectives

To prepare for Part 8, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Identify the two written real property appraisal report options, and recognize that the report type must be prominently stated.
- ☐ Recognize the essential differences between the written report options.
- ☐ Recognize the elements that must be addressed in the report options.
- ☐ Recognize a signed certification is an integral part of the appraisal report, as the signed certification evidences an appraiser's recognition of his/her ethical obligations.
- ☐ Apply STANDARD 2 to a variety of real property appraisal situations through *Discussion Examples.*

Learning Tips

Keep your USPAP document handy as we will be reviewing each of the report options under this STANDARD. A chart from AO-11, *Content of the Appraisal Report Options of Standards Rules 2-2, 8-2, and 10-2,* has been placed in your manual for ease of reference as we proceed through STANDARD 2. The chart provides a quick checklist for you to use in everyday practice.

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Review Quiz

Check the appropriate box for each question.

	TRUE	FALSE
1. Reasonable exposure time is an opinion developed by the appraiser when reasonable exposure time is a component of the value definition.	☐	☐
2. Identification of the intended use of an appraiser's opinions and conclusions is not necessary in most appraisal assignments.	☐	☐
3. An appraiser may use any combination of a property inspection and documentation in identifying relevant characteristics of the subject property.	☐	☐
4. When appraising the market value of a property subject to favorable financing, it is not necessary to identify the special financing terms and develop an opinion of their effect on value.	☐	☐
5. Exclusion of a valuation approach that is not necessary for credible results in a given assignment is a scope of work decision.	☐	☐

Complete the missing term in problems 6 through 10.

6. When appraising real property, the appraiser must analyze prior sales of the subject over a _____ year time period.

7. An appraiser must be aware of, _____, and _____ recognized methods and techniques.

8. In developing a real property appraisal, an appraiser must collect, _____, and _____ all information necessary for credible assignment results.

9. Identification of the _____ and _____ of an appraiser's opinions and conclusions is necessary for determining the appropriate scope of work.

10. The effective date of an appraisal can be a _____, a retrospective date or a prospective date.

Your instructor will review the above questions in class so you can check your responses.

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Part 3. PREAMBLE and When USPAP Applies

I. PREAMBLE

The PREAMBLE identifies

A. Purpose of USPAP

1. To promote and maintain a high level of public trust in professional appraisal practice.

2. To establish minimum requirements for professional appraisal practice.

B. Who benefits from USPAP

1. Providers of appraisal services.

2. Users of appraisal services.

C. When USPAP applies

1. Compliance with USPAP is required when either the service or the appraiser is obligated to comply by

   a. Law

   b. Regulation

   c. Agreement (with the client or other intended users)

2. When not obligated, individuals may still choose to comply.

D. The content of each section of USPAP

USPAP addresses the ethical and performance obligations of appraisers through DEFINITIONS, Rules, Standards, Standards Rules, and Statements.

E. What appraisal services are covered by USPAP?

1. Appraisal

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2. Appraisal Review

3. Other services when choosing to represent oneself as an appraiser.

F. What property types are covered by USPAP?

1. Tangible (real and personal property)

2. Intangible (business interests and others)

II. When Does USPAP Apply?

A. USPAP Compliance

1. When should an individual comply with USPAP?

a. An individual **must** comply with USPAP when required by law, regulation or agreement (with the client or other intended users.)

b. An individual **should** comply with USPAP when choosing to represent oneself as an appraiser.

2. A review of two USPAP definitions aids in the understanding of the above compliance issues:

a. **Valuation Services:** services pertaining to aspects of property value.

Comment: Valuation services pertain to all aspects of property value and include services performed both by appraisers and by others.

b. **Appraisal Practice:** valuation services performed by an individual acting as an appraiser including, but not limited to appraisal or appraisal review.

Comment: Appraisal practice is provided only by appraisers, while valuation services are provided by a variety of professionals and others. The terms appraisal and appraisal review are intentionally generic and are not mutually exclusive. For example, an opinion of value may be required as part of an appraisal review assignment. The use of other nomenclature for an appraisal or appraisal review assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to the Uniform Standards of Professional Appraisal Practice.

B. Acting as an appraiser or performing a service "as an appraiser" means

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Part 7. Review

Learning Objectives

Now that you have completed Part 7, you should be able to

- ☑ Recognize the correlation between STANDARD 1 and the appraisal process.
- ☑ Recognize the objective of the development process is to form opinions and conclusions in an ethical and competent manner.
- ☑ Recognize that an appraiser must perform any and all analyses necessary for credible assignment results.
- ☑ Identify the assignment elements that must be analyzed in order to identify the problem to be solved in the appraisal assignment.
- ☑ Apply STANDARD 1 to various real property appraisal situations through the *Discussion Examples.*

Terms and Concepts to Remember

- Assumption
- Exposure Time
- Extraordinary Assumption
- Highest and Best Use
- Hypothetical Condition
- Marketing Time
- Normal Course of Business
- Property Sales History

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III. Statement and Advisory Opinion References

A. Reference is made to applicable Advisory Opinions for this session

1. AO-1, *Sales History*
2. AO-2, *Inspection of Subject Property*
3. AO-4, *Standards Rule 1-5(b)*
4. AO-7, *Marketing Time Opinions*
5. AO-17, *Appraisals of Real Property with Proposed Improvements*
6. AO-19, *Unacceptable Assignment Conditions in Real Property Appraisal Assignments*
7. AO-23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*
8. AO-24, *Normal Course of Business*
9. AO-33, *Discounted Cash Flow Analysis* (relevant to Standards Rule 1-4 in some instances)
10. AO-34, *Retrospective and Prospective Value Opinions*
11. AO-35, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value*
13. AO-36, *Identification and Disclosure of Client, Intended Use, and Intended Users*

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1. Representing oneself as an appraiser.
2. An expectation of appraisal competence in the service being provided.
3. An expectation that the service will be provided in a manner that is independent, impartial, and objective.

C. An expectation for an individual to act as an appraiser indicates an obligation to comply with USPAP to

1. Maintain public trust.
2. Provide services in a manner consistent with the definition of appraiser.
3. Meet expectations of clients and other intended users when an appraiser is identified.

D. Responsibilities of an individual regarding user expectations

1. Identify the capacity in which he or she is performing, and inquire about the intended users' expectations.
2. When performing valuation services **outside** appraisal practice, individuals must not misrepresent themselves.
3. An individual, when given the opportunity, can choose to provide a valuation service as an appraiser or in some other capacity, but must use great care not to violate public trust.

E. USPAP compliance obligations

1. An appraiser must act competently and in a manner that is independent, impartial, and objective.
2. An appraiser must comply with the ETHICS RULE in all aspects of appraisal practice.
3. Appraisers must maintain the data, information and analysis necessary to support their opinions for appraisal and appraisal review assignments in accordance with the RECORD KEEPING RULE.
4. An appraiser must comply with the COMPETENCY RULE and the JURISDICTIONAL EXCEPTION RULE for all assignments.

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5. When an appraiser provides an opinion of value in an assignment, the appraiser must also comply with the SCOPE OF WORK RULE, the RECORD KEEPING RULE, the applicable development and reporting Standards and applicable Statements.

6. When an appraiser provides an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment, the appraiser must also comply with the SCOPE OF WORK RULE, the RECORD KEEPING RULE, applicable portions of STANDARDS 3 and 4, and applicable Statements (if issued).

7. When preparing an appraisal or appraisal review that is a component of a larger assignment with additional opinions, conclusions, or recommendations, the appraisal or appraisal review component must comply with the applicable development and reporting Standards and applicable Statements. The remaining component of the assignment must comply with the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE.

8. Some services provided by an appraiser that are included in appraisal practice but have no specific performance standards include:

   a. Providing sales data for a general type of property (not a specific property.)

   b. Measuring services (e.g., measuring the gross living area of a residence.)

   c. Writing an article about market grid adjustment techniques.

   d. Verifying zoning issues and potential uses of a property.

   e. Analyzing specific elements of value, such as reproduction cost or functional utility.

F. USPAP obligations for valuation services performed by an individual outside of appraisal practice

1. An individual who acts in other professional roles, such as an attorney, accountant, broker, or consultant, must ensure that intended users are not misled when he or she is acting in these other capacities.

2. A valuation service based on advocacy or compensation arrangements that are contrary to the ETHICS RULE cannot be performed by an individual acting as an appraiser.

G. Additional guidance – AO-21, *USPAP Compliance* (Review this Advisory Opinion in USPAP)

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2. Reminder

   a. The Comments to Standards Rule 2-2(a)(viii) and 2-2(b)(viii) include corresponding reporting requirements relating to the rationale for the opinions and conclusions, including reconciliation of the data and approaches.

Discussion Examples 34, 35, and 36

34) I am currently appraising an office building that was transferred 18 months ago by a deed in lieu of foreclosure. Am I required to analyze this transaction?

_____

_____

_____

35) Does Standards Rule 1-5 require an appraiser to analyze the sales history for the comparable sales?

_____

_____

_____

_____

36) I know that USPAP requires an appraiser to develop a reconciliation of the approaches to value that are used in an assignment. Does USPAP require the appraiser to reconcile the data used in each approach to value?

_____

_____

_____

_____

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3. Other components (analyze the effect on value, if any, of each)

   a. Leased fee or leasehold estate;

   b. Assemblage of various estates or component parts of a property;

   c. Anticipated public or private improvements, on or off the site; and

   d. Non-realty items included in an appraisal.

E. Standards Rule 1-5

1. Includes requirements for the appraiser to **analyze** the following information, if available to the appraiser in the normal course of business:

   a. All agreements of sale, options and listings of the subject property current as of the effective date of the appraisal; and

   b. All sales of the subject property that occurred within the three years prior to the effective date of the appraisal.

2. Reminders

   a. The Comments to Standards Rules 2-2(a)(viii) and 2-2(b)(viii) include corresponding reporting requirements relating to the availability and relevance of information.

   b. See AO-24, *Normal Course of Business*

STEP 5 — **Reconciliation of Value Indications and Final Opinion of Value**

F. Standards Rule 1-6

1. Includes requirements for the appraiser to reconcile

   a. The quality and quantity of data available and analyzed within the approaches used; and

   b. The applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion.

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Part 3. Review

Learning Objectives

Now that you have completed Part 3, you should be able to

- ☑ Recognize the difference between valuation services and appraisal practice.
- ☑ Recognize that the purpose of USPAP is to promote and maintain a high level of public trust in professional appraisal practice.
- ☑ Recognize that USPAP establishes minimum requirements for professional appraisal practice.
- ☑ Recognize that an individual **must** comply with USPAP when required by law, regulation or agreement (with the client or other intended users), and **should** comply with USPAP when representing oneself as an **appraiser.**
- ☑ Recognize that within USPAP that being an "appraiser" is established by expectation and obligation, not by an individual's credentials.
- ☑ Recognize that the appraiser has a professional responsibility to identify the capacity in which he or she is performing.
- ☑ Recognize that an appraiser acting in another role outside appraisal practice must ensure that intended users are not misled as to the individual's role in providing that valuation service.

Terms and Concepts to Remember

- Appraisal Practice
- Appraiser
- PREAMBLE
- Valuation Services

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Review Quiz

For questions 1–5, complete the missing information in each sentence.

1. _____ is a valuation service performed by an individual acting in the role of an appraiser.

2. When performing valuation services outside of appraisal practice, appraisers must be careful not to _____ the client and other intended users about their role.

3. For assignments other than appraisal or appraisal review, there are no _____ or _____ requirements in USPAP.

4. What appraisal services are covered by USPAP?

   - _____
   - _____
   - _____
   - _____ while acting in the role of an appraiser.

5. Appraisal practice is a _____ of the broader concept of valuation services.

   Note: There are five more quiz questions on the following page.

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Discussion Example 33

A residential appraiser offers quick turnaround and the lowest fees in town. The appraiser asserts the secret to her success is her efficiency. She completes her property inspections in ten minutes, using the city assessor's database for the site and building dimensions and enters data on the subject property directly into her laptop computer on site. Her comparable sales and photos come directly from the MLS database, and she does not inspect them. It is not unusual for her to complete six to eight appraisals a day and electronically transmit them to her clients.

Two of her appraisals have recently come under fire. In one case, her best comparable sold under duress, a situation that would have been revealed by verification with a participant to the transaction. Another sale was located in a neighborhood of a different price range from that of the subject; this fact was not disclosed in her report. In the other case, the subject was actually 400 square feet larger than reported in the city records, resulting in a significant value difference.

The appraiser explained that she can't be efficient and earn a respectable fee if she has to measure the subject property each time, drive by the comparables and verify data with a participant to the transaction. Is she required by Standards to measure the subject property, drive by her sales and verify her data?

Use the following page for your notes on the above problem.

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Check the appropriate box for each question.

	TRUE	FALSE
6. If an individual who is both a broker and an appraiser provides a "value" opinion for a specific property to be used in a listing agreement, the service is **always** outside appraisal practice.	☐	☐
7. An individual must comply with USPAP when required by law, regulation, or agreement.	☐	☐
8. Appraisal practice pertains only to market value appraisals.	☐	☐
9. An appraiser has a professional responsibility to identify the capacity in which he or she is performing.	☐	☐
10. The purpose of USPAP is to promote and maintain a high level of public trust in professional appraisal practice.	☐	☐

Your instructor will review the quiz questions in class so you can check your responses.

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Section Practice Test

The following multiple-choice questions apply to Parts 1 through 3.

1. Real estate brokerage, appraisal reviews, and real property appraisals are all included within
   A. appraisal practice.
   B. consulting.
   C. valuation services.
   D. market analysis.

2. The PREAMBLE states that USPAP is:
   A. only for appraisers.
   B. for appraisers and users of appraisal services.
   C. limited to state certified or licensed appraisers.
   D. only for users of appraisal services.

3. According to USPAP, the party or parties who engage an appraiser in a specific assignment defines the
   A. client.
   B. party who pays the fee.
   C. appraiser's peers.
   D. other intended users.

4. USPAP is enforced by
   A. The Appraisal Foundation.
   B. the Appraisal Standards Board.
   C. the Appraisal Subcommittee, through Congress.
   D. state regulatory agencies.

5. USPAP is developed, interpreted, and amended by the
   A. Appraisal Standards Board.
   B. Appraiser Qualifications Board.
   C. Appraisal Subcommittee.
   D. state regulatory agencies.

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STEP 3	Data Collection and Analysis
Market Analysis Demand studies Supply studies Marketability studies	Highest and Best Use Analysis Site as though vacant Ideal improvement Property as improved

C. Standards Rule 1-3

1. Follows the topics identified under Step 3 in the Appraisal Process chart (Data Analysis, including Market Analysis and Highest and Best Use) as it applies to developing market value opinions.

2. Reminders. An appraiser must:

   a. Avoid making an unsupported assumption or premise about market area trends, effective age and remaining life.

   b. Analyze relevant legal, physical and economic factors to the extent necessary to support the appraiser's highest and best use conclusion(s).

STEP 4	Application of the Approaches to Value	
Cost	Sales Comparison	Income Capitalization

D. Standards Rule 1-4

1. Includes requirements for the application of the three approaches to value (Step 4 in the Appraisal Process chart) and other components of the analysis.

2. Approaches

   a. Cost

   b. Sales Comparison

   c. Income Capitalization

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Discussion Examples 31 and 32

31) A local lender has asked me to appraise a 5-acre portion of a 62-acre parcel. Am I permitted to comply with this request?

32) I was recently asked to perform a real estate appraisal assignment, but the individual that contacted my firm was not the client and indicated that the client could not be identified. Can I accept this assignment and comply with USPAP?

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6. Which of the following best describes the Statements on Appraisal Standards?
   A. offer advice, but do not carry the same weight as the Standards Rules.
   B. have the full weight of a Standards Rule and can be adopted by the ASB only after exposure and comment.
   C. do not establish new standards or interpret existing standards but are issued to illustrate the applicability of appraisal standards in specific situations.
   D. are not an integral part of the Uniform Standards and are extensions of the Standards Rules.

7. If an appraiser assumes a condition to be true that does not exist for purposes of analysis, this is an example of
   A. an extraordinary assumption.
   B. an assumption.
   C. a limiting condition.
   D. a hypothetical condition.

8. Why are USPAP Advisory Opinions issued?
   A. to illustrate the applicability of appraisal standards.
   B. to establish new appraisal standards.
   C. to interpret existing standards.
   D. to revise existing standards.

9. If an appraiser assumes a condition to be true and evidence supports that belief, although that fact is not certain, this is an example of
   A. an extraordinary assumption.
   B. an assignment condition.
   C. a limiting condition.
   D. a hypothetical condition.

10. A workfile must be maintained for
   A. written appraisal reports only.
   B. oral appraisal reports only.
   C. valuation services that are outside USPAP.
   D. appraisal and appraisal review assignments only.

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11. Advisory Opinions are best described as
    A. issued by the Appraisal Subcommittee.
    B. subject to Fannie Mae requirements.
    C. not part of USPAP, but included as a form of guidance.
    D. an alternative index to USPAP.

12. An intended user is
    A. anyone who uses the appraisal report.
    B. only the party who pays for the appraisal report.
    C. anyone who receives the appraisal report from the client.
    D. a party who is identified by the appraiser based upon communication with the client at the time of the assignment.

13. A tangible object that is not real estate is
    A. real property.
    B. personal property.
    C. a business entity.
    D. borrowed property.

14. Appraisal practice includes only
    A. valuation services performed by an individual acting as an appraiser.
    B. market value appraisals.
    C. work completed by licensed and certified appraisers.
    D. appraisal and appraisal review.

15. Who maintains the official national registry of state certified and licensed appraisers?
    A. Appraiser Qualifications Board.
    B. Appraisal Standards Board.
    C. The Appraisal Foundation.
    D. Appraisal Subcommittee.

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2. Applicable terms
    a. Exposure Time
    b. Extraordinary Assumptions
    c. Hypothetical Conditions
    d. Assumptions
3. Reminders
    a. Appraiser must not allow the intended use of an assignment or client's objectives to cause the assignment results to be biased or less than credible.
    b. Information must come from sources the appraiser believes to be reliable.
    c. In identifying relevant characteristics of the property, an appraiser may use any combination of a property inspection and documentation. Examples include a physical legal description, address, map reference, copy of a survey or map, property sketch, or photographs to identify the relevant characteristics.
    d. When appraising proposed improvements, an appraiser must examine, and have available for future examination, plans, specifications or other documentation sufficient to identify the extent and character of the proposed improvements.
    e. Identification of real property interest appraised can be based on review of copies or summaries of title descriptions or other documents that set forth any known encumbrances or other factors that may affect the subject's property rights.
    f. An appraiser is not required to value the whole when the subject of the appraisal is a fractional interest, a physical segment or a partial holding.
    g. Review AO-35, *Reasonable Exposure Time in Real Property and Personal Property Opinions of Value,* and AO-36, *Identification and Disclosure of Client, Intended Use and Intended Users.*

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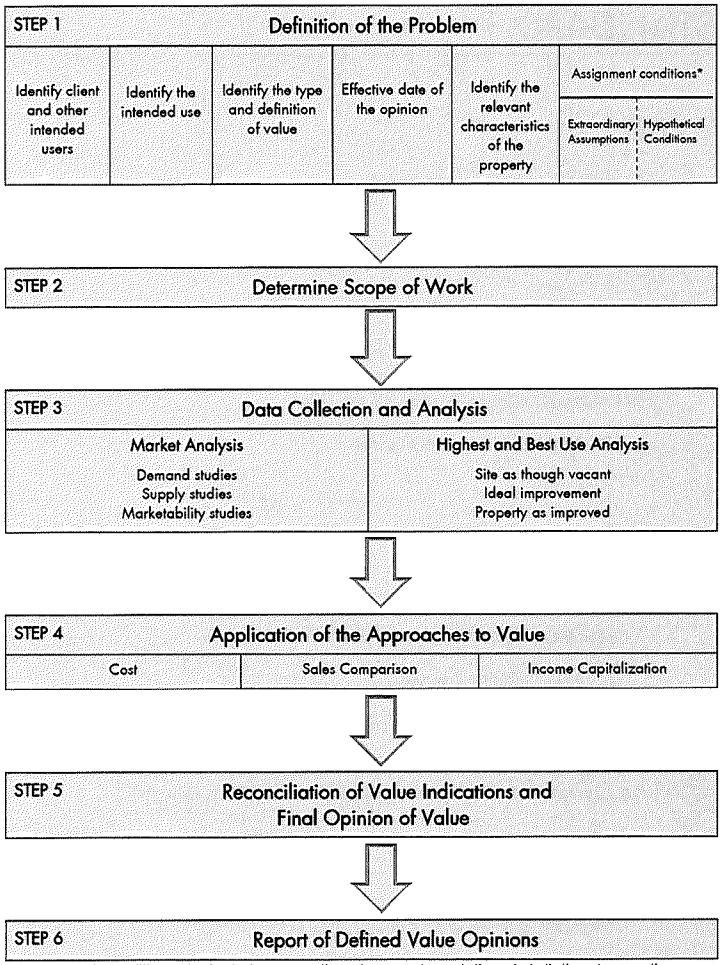
USPAP and the Appraisal Process



* Assignment conditions also include assumptions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.

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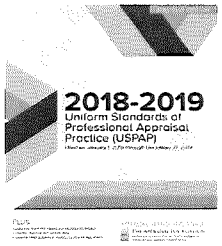

SECTION TWO

LEARNING FOCUS:

Part 4. ETHICS RULE, RECORD KEEPING RULE, and COMPETENCY RULE

Part 5. SCOPE OF WORK RULE

Part 6. JURISDICTIONAL EXCEPTION RULE

Part 4. Preview

ETHICS RULE, RECORD KEEPING RULE, and COMPETENCY RULE

We have already learned that the Rules apply to all the appraisal disciplines. In Section 2, for ease of understanding and reference, we will discuss each Rule individually, with their corresponding learning objectives.

Part 4 will examine the RECORD KEEPING RULE. The obligations of workfile requirements and retention periods for workfiles will be addressed.

Part 4 also focuses on the difference between ethical and competent behavior. Acting ethically is a matter of right intention, while acting competently is a matter of correct performance. The discussion will include both ethical principles for defining right intent and benchmarks in USPAP for acting competently.

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Part 7. STANDARD 1

I. Overview

A. STANDARD 1 requires the appraiser to

1. Identify the problem to be solved;
2. Determine the scope of work necessary to solve the problem; and
3. Correctly complete research and analyses necessary to produce credible assignment results.

B. Requirements in STANDARD 1 follow the appraisal development process in order of topics addressed, and it can be used as a checklist.

C. STANDARD 1 includes six Standards Rules.

II. Key Points

A. Standards Rule 1-1

1. Elaborates on requirements in the COMPETENCY RULE.
2. Addresses obligations of an appraiser:
   a. Be aware of, understand, and correctly employ recognized methods and techniques;
   b. Do not commit substantial errors of omission or commission; and
   c. Do not provide services in a careless or negligent manner.

B. Standards Rule 1-2

1. Follows the topics addressed in steps 1 and 2 of the Appraisal Process:

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Lesson Objectives

To prepare for Part 7, please review the following lesson objectives.

Participants will be able to

- ☐ Recognize the correlation between STANDARD 1 and the appraisal process.
- ☐ Recognize the objective of the development process is to form opinions and conclusions in an ethical and competent manner.
- ☐ Recognize that an appraiser must perform any and all analyses necessary for credible assignment results.
- ☐ Identify the assignment elements that must be analyzed in order to identify the problem to be solved in the appraisal assignment.
- ☐ Apply STANDARD 1 to the situations presented in the *Discussion Examples*.

Learning Tips

The tempo of the course changes here, as we will spend more time in the USPAP publication. You may want to do some highlighting as we move through STANDARD 1.

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Lesson Objectives

To prepare for Part 4, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Identify the three sections of the ETHICS RULE (Conduct, Management, and Confidentiality.)
- ☐ Identify the ethical obligations relating to development and communication of assignment results.
- ☐ Recognize workfile requirements, minimum retention periods for workfiles, and custody or retrieval arrangements for workfiles.
- ☐ Recognize the components of competent performance (knowledge and experience necessary to competently complete an assignment.)
- ☐ Identify the competency requirements that must be met.
- ☐ Apply the Rules to the situations presented in the *Discussion Examples*.

Learning Tips

The tempo changes again in this part. Part 4 provides you with the opportunity to identify Rules as they apply to everyday practice. There are several examples for group discussion. This is a great way to learn how practicing appraisers handle similar situations that come up in daily practice. Your participation will enhance your learning experience, so get involved in the class discussions.

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Part 4.
ETHICS RULE, RECORD KEEPING RULE, and COMPETENCY RULE

I. ETHICS RULE

A. Overview of Rule (establishes fundamental obligations of an appraiser as part of the profession)

1. An appraiser must:

   a. Observe the highest standards of professional ethics.

   b. Not misrepresent his or her role when providing valuation services that are outside of appraisal practice.

   c. Certify compliance with USPAP.

   d. Communicate in a manner that is not misleading.

2. Sections of Rule

   a. Conduct

   b. Management

   c. Confidentiality

3. Activities covered

   a. General conduct

   b. Development

   c. Communication

B. Conduct

1. General conduct. An appraiser must:

   a. Perform ethically and competently.

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SECTION THREE

LEARNING FOCUS:

Part 7. STANDARD 1

Part 8. STANDARD 2

Parts 9 and 10. STANDARD 3 and STANDARD 4

Part 7.
Preview

STANDARD 1

The basic requirements for developing a real property appraisal are presented in STANDARD 1. We will use USPAP for the review of the six Standards Rules addressed in STANDARD 1.

You will find that the development requirements of STANDARD 1 are similar to those of STANDARDS 7 and 9, which apply to personal property appraisal and business appraisal, respectively. The development requirements are also similar to those in the Standards Rules found in STANDARDS 3 and 5, which apply to appraisal review and mass appraisal, respectively. While other areas of appraisal practice covered under these Standards involve different types of property or practice, the appraisal process, which includes the Standards Rules for developing an opinion of value or an appraisal review opinion, is generally similar to all areas of appraisal practice.

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b. Perform in accordance with USPAP.

c. Not engage in criminal conduct.

d. Not willfully or knowingly violate the requirements of the RECORD KEEPING RULE.

2. Development issues. An appraiser must:

a. Perform with impartiality, objectivity, and independence, and without accommodation of personal interests.

b. Not perform assignments with bias.

c. Not advocate the cause or interest of any party or issue.

d. Not accept assignments that include the reporting of predetermined opinions and conclusions.

e. Not misrepresent his or her role when providing valuation services that are outside of appraisal practice.

f. Not use or rely on **unsupported** conclusions relating to race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or unsupported conclusions that homogeneity of such characteristics is necessary to maximize value.

g. Not perform an assignment in a grossly negligent manner.

3. Communication/reporting issues. An appraiser must **not:**

a. Communicate assignment results with the intent to mislead or to defraud.

b. Use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent.

c. Knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent.

4. Disclosure obligations. If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in each subsequent report certification:

a. Any current or prospective interest in subject property or parties involved; and

b. Any services regarding the subject property performed by the appraiser within the

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three-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity; and

c. If an appraiser has agreed with a client not to disclose that he or she has appraised a property, the appraiser must decline all subsequent assignments that fall within the three-year period.

5. Disclose in the subsequent report certification that no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of the report were performed in the three-year period immediately preceding acceptance of the assignment.

6. In assignments in which there is no appraisal or appraisal review report, only the initial disclosure to the client is required.

Discussion Example 8

I know appraisers who consistently conclude that the market value of any property they appraise is equal to the contract sales price. In doing so, they facilitate sales and financing of purchases, which is apparently what keeps their clients happy. Is this a violation of USPAP?

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14. The responsibility of the scope of work decision rests with the

A. client.
B. appraiser.
C. appraiser's peers.
D. intended users.

15. In appraisal practice, advocating the cause or interest of any party or issue is

A. not permitted.
B. permitted when a contingent fee is not involved.
C. permitted when done by an unlicensed appraiser.
D. permitted when appropriately disclosed.

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Discussion Examples 9 and 10

9) If I have appraised a property multiple times within the previous three years, do I have to disclose the *number* of appraisal services? (e.g., "I have appraised the subject property three times during the previous three years.")

10) I occasionally receive requests to appraise a property that I have appraised in the past. Since the ETHICS RULE requires me to disclose any assignments that I performed within the three years prior to the date of acceptance of the assignment, isn't such a disclosure a violation of an appraiser's responsibility under the Confidentiality section of the ETHICS RULE?

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C. Management

An appraiser must

1. Disclose any fees or commissions paid, or things of value given in connection with the procurement of an assignment.

2. Not accept an assignment or have a compensation arrangement for an assignment that is contingent on any of the following:

   a. The reporting of a predetermined result;

   b. A direction in assignment results that favors the cause of the client;

   c. The amount of a value opinion;

   d. The attainment of a stipulated result; or

   e. The occurrence of a subsequent event directly related to the appraiser's opinions and specific to the assignment's purpose.

3. Not advertise for or solicit assignments in a manner that is false, misleading, or exaggerated.

4. Certify recognition and acceptance of USPAP responsibilities in an appraisal or appraisal review, by affixing his or her signature, or authorizing the use of his or her signature only on an assignment-by-assignment basis.

5. Not affix the signature of another appraiser without his or her consent.

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9. The amount and type of information researched and the analyses applied in an assignment defines the

   A. scope of work.
   B. market analysis.
   C. property and market area inspections.
   D. assignment conditions.

10. A workfile must be maintained for

   A. oral appraisal reports only.
   B. written appraisal reports only.
   C. written business valuation reports only.
   D. each appraisal or appraisal review assignment.

11. The disclosure of confidential information to a third party is unethical unless

   A. instructed by an attorney.
   B. authorized by the client.
   C. beneficial to the borrower.
   D. needed in another similar assignment.

12. Exclusion of an approach to value that is not necessary for credible results in a given assignment is a

   A. choice of the client.
   B. Standards Rule.
   C. scope of work decision.
   D. jurisdictional exception.

13. The payment of fees by the appraiser in connection with the procurement of an assignment is

   A. prohibited by Standards Rules.
   B. acceptable if acknowledged in the engagement letter.
   C. considered unethical in all cases.
   D. allowed if appropriately disclosed.

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5. Confidential information under USPAP is information the appraiser

   A. receives from the real estate agent.
   B. receives from another appraiser.
   C. receives from the client and is identified as confidential but is available from other sources.
   D. receives from the client, is identified by the client as confidential, and is not available from other sources.

6. In order to accept an assignment when an appraiser initially lacks the knowledge or experience to complete an assignment competently, the appraiser must

   A. associate with an appraiser qualified to complete the assignment.
   B. ask for more time and reduce the fee.
   C. refer the appraisal to appraisers qualified to complete the assignment.
   D. disclose to the client, prior to accepting the assignment, the lack of knowledge or experience.

7. An appraiser has been asked to complete an appraisal assignment. The fee is to be paid when and if the loan closes. According to USPAP, may the appraiser accept the assignment under these conditions?

   A. Yes, this is a business decision between the appraiser and the client.
   B. No, the fee is a contingency arrangement that violates the ETHICS RULE.
   C. Yes, as long as the appraiser clearly discloses the basis of such a contingency in the certification and in any letter of transmittal.
   D. No, unless the appraiser receives written permission allowing the transfer of the appraisal to other parties.

8. Identification of the intended use of an appraiser's opinions and conclusions is

   A. necessary only when doing non-mortgage assignments.
   B. not required unless the client wants the intended use to be disclosed.
   C. necessary for determining the appropriate scope of work.
   D. not necessary in most appraisal assignments.

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Discussion Examples 11 and 12

11) Is it ethical to reduce the fee for appraisals in cases when the loan did not close if the client agreed to pay extra for other assignments?

12) A potential client has asked me to complete a form indicating what my appraisal fee would be for different assignments. The form asks me to indicate my appraisal fees according to appraised value by listing the fee for assignments with appraised values between $100,000 and $299,000, $300,000 and $499,000, and so on. Is it a violation of USPAP to quote fees in this manner?

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D. Confidentiality

1. An appraiser must protect the confidential nature of the appraiser-client relationship.

2. An appraiser must act in good faith with regard to the legitimate interests of the client in using confidential information and communicating assignment results.

3. An appraiser must be aware of, and comply with, all confidentiality and privacy laws and regulations applicable in an assignment

4. An appraiser must not disclose confidential information or assignment results to anyone other than:

   a. The client;

   b. Parties specifically authorized by the client;

   c. State appraiser regulatory agencies;

   d. Third parties as may be authorized by due process of law; or

   e. A duly authorized professional peer review committee (except if it would violate applicable law or regulation.)

5. An appraiser must take reasonable steps to safeguard access to confidential information and assignment results by unauthorized individuals, whether such information or results are in physical or electronic form.

6. An appraiser must ensure that employees, co-workers, sub-contractors, or others who may have access to confidential information or assignment results, are aware of the prohibitions on disclosure of such information or results.

7. A member of a duly authorized professional peer review committee must not disclose confidential information presented to the committee.

8. When all confidential elements of confidential information and assignment results are removed through redaction or the process of aggregation, client authorization is not required for the disclosure of remaining information, as modified.

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Section Practice Test

The following multiple-choice questions apply to Parts 4 through 6.

1. An appraiser is leaving the appraisal firm. What should be done regarding the appraiser's workfiles?
   A. The appraiser must take possession of the workfiles.
   B. The firm must take possession of the workfiles.
   C. The appraiser must have custody or make arrangements for access, retrieval, and retention of the workfiles.
   D. The workfiles must be maintained in a secure environment by an independent third party.

2. When a law or regulation precludes compliance with any part of USPAP, appraisers must
   A. ignore USPAP.
   B. ignore the law and adhere to USPAP.
   C. be allowed to take exception to the law and regulations.
   D. comply with that law or regulation.

3. The purpose of the JURISDICTIONAL EXCEPTION RULE is to
   A. allow for cooperation with other professional appraisers.
   B. preserve the balance of USPAP if compliance with one or more of its parts is precluded by law or regulation.
   C. place additional requirements on the appraiser.
   D. permit acceptance of assignments in other geographic areas.

4. An appraiser's peers are defined as other appraisers who
   A. have a similar level of education.
   B. have expertise and competency in a similar type of assignment.
   C. hold the same level of state licensure.
   D. practice in the same market.

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Part 6.
Review

Learning Objectives

Now that you have completed Part 6, you should be able to

- ☑ Recognize the applicability of the JURISDICTIONAL EXCEPTION RULE.
- ☑ Apply the Rule to the situations presented in the *Discussion Examples*.

Terms and Concepts to Remember

- Jurisdiction
- Jurisdictional Exception
- Law
- Regulation

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E. Assignment Results and Confidentiality

1. Assignment results are the opinions or conclusions of the appraiser that are developed specific to an assignment. These opinions and conclusions, as noted above, are confidential.

2. Physical characteristics are not assignment results. This distinction enables an appraiser to share information (but not opinions) regarding physical characteristics with other appraisers to facilitate higher-quality appraisals by allowing the exchange of this information. An exception to an appraiser being able to disclose physical characteristics would occur when those characteristics meet the definition of confidential information.

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Discussion Examples 13 and 14

13) I am aware that the ASB changed the definition of assignment results to specify that physical characteristics are not assignment results. Does this mean that physical characteristics are not confidential?

14) The following paragraph was taken from a single-family appraisal report.

The subject property is located at 245 Broad Street[1]. The improvements were constructed in 1985[2] and were renovated in 2010[3] with all new appliances, bathroom fixtures and heat/AC[4]. The house, however, has functional problems[5]. There are two bedrooms on the second floor with no bathroom on that floor[6]. The interior décor is dated[7], and some of the walls are pink, yellow, and purple[8].

Can you distinguish which of the underlined parts are physical characteristics, and which of the parts are assignment results?

Physical:

Opinions:

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Discussion Example 30

State whether each one of the following statements is a jurisdictional exception:

- You have been asked to use a specific definition of market value in an assignment.
- Your state regulations say you need to keep your workfile for six years.
- The probate court pays appraisers based on the value of the property.
- In an eminent domain case, the state agency client does not want you to consider the future improvements.

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Discussion Example 29

A property owner's attorney in a condemnation case has asked a real property appraiser to use the JURISDICTIONAL EXCEPTION RULE of USPAP in a particular assignment. The subject property sold within one year of the appraisal for what everyone admits was a very low price, although all parties claim the sale was not made under duress. The attorney does not want the prior sale mentioned in the appraisal report.

The appraiser reviews USPAP with the attorney, showing him Standards Rule 1-5 (requires appraisers to analyze any prior sales of the property being appraised that occurred within three years). The attorney is aware that the JURISDICTIONAL EXCEPTION RULE exists and tells the appraiser to apply it in this situation. How should the appraiser respond?

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Discussion Example 15

USPAP requires that an appraiser "take reasonable steps to safeguard access to confidential information." What are reasonable steps?

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II. RECORD KEEPING RULE

A. Overview of Rule

1. Workfile

   a. An appraiser must prepare a workfile for each appraisal or appraisal review assignment.

   b. A workfile must be in existence prior to the issuance of any report or other communication of assignment results.

   c. A written summary of an oral report must be added to the workfile within a reasonable time after issuance of the oral report.

2. Workfile must include:

   a. The name of the client and the identity, by name or type, of any other intended users;

   b. True copies of all written reports documented on any type of media (A *true copy* is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report transmitted to the client satisfies the requirement of a true copy.);

   c. Summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and

   d. All other data, information and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation.

   e. A workfile in support of a Restricted Appraisal Report or an oral appraisal report must be sufficient for the appraiser to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

3. Workfile retention

   a. At least five (5) years after preparation or at least two (2) years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

   b. An appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party that does have custody

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   b. Legislative and court-made law, and

   c. Administrative rules and ordinances,

4. Regulations include rules or orders having legal force, issued by an administrative agency.

5. Instructions from a client or attorney do not establish a jurisdictional exception.

Discussion Example 28

An appraiser was recently hired to perform an appraisal assignment for a government agency. The agency has a regulation that requires the appraiser to provide the appraisal report to other government agencies if requested. Does this regulation create a jurisdictional exception to the Confidentiality section of the ETHICS RULE?

_____

_____

_____

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Part 6.
JURISDICTIONAL EXCEPTION RULE

I. JURISDICTIONAL EXCEPTION RULE

A. Overview of Rule

1. *Jurisdictional exception* is defined by USPAP as

   An assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.

2. The Rule specifically states:

   If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment.

   a. The Comment to this Rule notes that when compliance with USPAP is required by federal law or regulation, no part of USPAP can be voided by a state or local jurisdictional law or regulation.

B. Application of Rule

1. The text of the Rule specifically identifies the four requirements imposed on an appraiser in an assignment:

   a. Identify the law or regulation that precludes compliance with USPAP;

   b. Comply with that law or regulation;

   c. Clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and

   d. Cite in the report the law or regulation requiring this exception to USPAP compliance.

2. When an appraiser properly follows this Rule in disregarding a part of USPAP, there is no violation of USPAP. The Rule preserves the balance of USPAP if compliance with one or more of its parts is precluded by the law or regulation of a jurisdiction.

3. Law includes:

   a. Constitutions,

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of the workfile. This includes ensuring that a workfile is stored in a medium that is retrievable by the appraiser throughout the prescribed record retention period.

c. An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

   - Submission to state appraiser regulatory agencies;
   - Compliance with due process of law;
   - Submission to a duly authorized professional peer review committee; or
   - Compliance with retrieval arrangements.

4. An appraiser who willfully or knowingly fails to comply with the obligations of this RECORD KEEPING RULE is in violation of the ETHICS RULE.

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Discussion Examples 16 and 17

16) I am an appraiser in a large firm and assist several of the senior appraisers in appraisal research, analysis and report preparation. In a recent USPAP class, the instructor said that associates must have either copies of their workfiles, or an agreement with their employer regarding access to the workfiles, for appraisals on which they provided significant assistance. Does that agreement have to be in writing?

17) How must recognition of my significant appraisal assistance be included when there is no written report, but significant assistance was provided and documentation of my work is in the workfile?

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Part 6. Preview

JURISDICTIONAL EXCEPTION RULE

The JURISDICTIONAL EXCEPTION RULE will be discussed and applied to practical appraisal situations in Part 6.

Lesson Objectives

To prepare for Part 6, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize the applicability of the JURISDICTIONAL EXCEPTION RULE.
- ☐ Apply the Rule to the situations presented in the *Discussion Examples.*

Learning Tips

We have one more Rule to cover, but this session is a bit shorter than the others. This will allow time for any additional questions you might have at the end of the day. The course instructor will also cover additional tips on how to effectively study the materials we have covered on Day One of the course. This will be an aid in your preparation for the final exam tomorrow.

Participants should use the quizzes and practice tests as a learning tool and as part of their course review process.

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Review Quiz

Complete the missing term in problems 1 through 5.

1. In an assignment, the scope of work is an _____ process.
2. In order to determine the appropriate scope of work, the appraiser must _____ the problem to be solved.
3. An appraiser must not allow client objectives to _____ the assignment results.
4. Appraisers have broad _____ and significant _____ in determining the appropriate scope of work in an assignment.
5. An appraiser's report must contain _____ to allow intended users to understand the scope of the work performed.

Check the appropriate box for each question.

	TRUE	FALSE
6. Exclusion of a valuation approach that is not applicable in a given assignment is an example of a scope of work decision.	☐	☐
7. An appraiser who allows assignment conditions to significantly limit the scope of work can affect the credibility of the assignment results.	☐	☐
8. Scope of work has no disclosure requirements.	☐	☐
9. The credibility of assignment results is measured in the context of the intended use.	☐	☐
10. Determining the scope of work requires communication with the client.	☐	☐

Your instructor will review the above questions in class so you can check your responses.

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Discussion Examples 18 and 19

18) I was recently told that USPAP allows appraisers to wait and create a workfile after the report has been delivered to the client for an appraisal or appraisal review. Is this true?

_____

_____

_____

_____

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_____

19) The RECORD KEEPING RULE states, in part: *The workfile must include... true copies of all written reports...* Does a true copy have to include a signature on the certification?

_____

_____

_____

_____

_____

_____

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III. COMPETENCY RULE

A. Overview of Rule

1. Rule has three sections that distinguish an appraiser's competency obligations in an assignment: Being Competent; Acquiring Competency; and Lack of Competency.

2. The appraiser must perform competently when completing the assignment.

3. Competency may apply to factors such as an appraiser's familiarity with

   a. A specific property or asset type;

   b. A market;

   c. A geographic area;

   d. An intended use;

   e. Specific laws or regulations; or

   f. An analytical method.

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Part 5. Review

Learning Objectives

Now that you have completed Part 5, you should be able to

- ☑ Recognize that identification of the problem to be solved provides the appraiser with the basis for determining the type and extent of research and analysis to include in the development of assignment results.
- ☑ Recognize that determining the scope of work is an ongoing process in an assignment, and the scope of work must include research and analyses that are necessary to develop credible assignment results.
- ☑ Recognize the disclosure obligations required in the SCOPE OF WORK RULE.
- ☑ Apply the Rules to the situations presented in the *Discussion Examples*.

Terms and Concepts to Remember

- Acceptability
- Appraiser's Peers
- Assignment Conditions
- Assignment Elements
- Credible
- Disclosure Obligations
- Problem Identification
- Scope of Work
- Scope of Work Decision

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Discussion Example 27

An appraiser has agreed to complete an assignment in the next two days. While conducting research, the appraiser discovers that the primary data source for the assignment, a regional computer database, is off-line and will not be available for three days. What is the appropriate course of action?

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Discussion Example 20

I just completed my first assignment for a new client, and the client is very angry and is refusing to pay me. The client is a lender and the subject property is a mid-size office property that I am well qualified to appraise. However, the client says that I did not use the correct definition of market value (the one required by FIRREA) and that I did not follow other requirements for appraisals used by federally regulated financial institutions.

The client did not tell me about these things when I started the assignment. I think it is their fault and not mine. I said if they want to pay me more, I will re-do the report with the new requirements.

Is the client or the appraiser correct? Has there been a violation of USPAP by the appraiser?

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B. Being Competent section

An appraiser must determine, prior to agreeing to perform an assignment, that he or she can perform the assignment competently. Competency requires:

1. The ability to properly identify the problem to be addressed;

2. The knowledge and experience to complete the assignment competently; and

3. Recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.

C. Acquiring Competency section

1. If an appraiser determines he or she is not competent prior to agreeing to perform an assignment, the appraiser must:

   a. Disclose the lack of knowledge and/or experience to the client before accepting the assignment;

   b. Take all steps necessary or appropriate to complete the assignment competently; and

   c. Describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

2. When facts or conditions are discovered during the course of an assignment that cause an appraiser to determine, at that time, that he or she lacks the required knowledge and experience to complete the assignment competently, the appraiser must:

   a. Notify the client;

   b. Take all steps necessary or appropriate to complete the assignment competently; and

   c. Describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

D. Lack of Competency section

If the assignment cannot be completed competently the appraiser must:

a. Decline; or

b. Withdraw from the assignment.

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Discussion Example 26

An appraiser has been engaged to perform an "exterior only" inspection for the appraisal of a one-unit house for a potential home equity loan. Another appraiser has been asked to appraise a one-unit home in the same development for an FHA loan. Since the subject properties are similar, would the assignments require the same scope of work?

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Discussion Example 25

An appraiser was engaged to appraise a one-unit residence. Based on the appraiser's identification of the appraisal problem, the appropriate scope of work was determined to include development of the sales comparison and cost approaches. However, at the time of inspection, the appraiser discovered that the property was not a one-unit, but instead a three-unit property. What should the appraiser do?

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Discussion Example 21

An appraiser is asked to accept an assignment involving a property type with which he has had no previous experience or knowledge. The appraiser notifies the client of his inexperience and lack of knowledge and the means for overcoming both issues. The report does not, however, disclose any of this information, as the client specifically asked the appraiser to keep the information confidential. Has the appraiser complied with USPAP?

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Discussion Example 22

I am a residential appraiser performing work for several Appraisal Management Companies. Often, I am asked to perform an appraisal assignment outside the areas I am most familiar with. The assignments come with a requirement that a completed report be submitted within 48 hours or less. This time frame does not permit me to adequately research the subject property market. Is it permissible for me to accept an assignment under these conditions?

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Discussion Example 24

A real property appraiser accepted an assignment to appraise a three-unit residential property. The intended use of the appraisal was for mortgage financing. The client requested that the appraiser not verify the legal status (e.g., compliance with zoning, building codes, use permits) of the three units with municipal officials. What should the appraiser do?

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V. Advisory Opinion Guidance

A. Reference is made to two Advisory Opinions for use in conjunction with the SCOPE OF WORK RULE. Advisory Opinions 28 and 29 provide relevant information and illustrations for use with this section. These two AOs will be of help to you in answering the following Discussion Examples:

Discussion Example 23

A real property appraiser is engaged to appraise a 12-unit apartment building to provide a market value opinion. The appraiser initially decided that the scope of work should include the inspection of two of each of the three-unit types (studio, one- and two-bedroom). In the course of conducting the inspection, the property manager had a key for only one of the two-bedroom units; thus, the appraiser was unable to inspect one of the two-bedroom units as planned. Does this affect the scope of work?

_____

_____

_____

_____

_____

_____

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IV. Relevant Advisory Opinions

A. Reference is made to the following Advisory Opinions for use in Part 4

1. AO-21, *USPAP Compliance*
2. AO-31, *Assignments Involving More than One Appraiser*

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Part 4.
Review

Learning Objectives

Now that you have completed Part 4, you should be able to

- ☑ Identify the three sections of the ETHICS RULE (Conduct, Management, and Confidentiality.)
- ☑ Identify the ethical obligations relating to development and communication of assignment results.
- ☑ Recognize workfile requirements, minimum retention periods for workfiles, and custody or retrieval arrangements for workfiles.
- ☑ Recognize the components of competent performance (knowledge and experience necessary to competently complete an assignment.)
- ☑ Identify the competency requirements that must be met.
- ☑ Apply the Rules to the situations presented in the *Discussion Examples*.

Terms and Concepts to Remember

- Assignment Results
- Confidential Information
- Confidentiality
- Communication
- COMPETENCY RULE
- ETHICS RULE
- Execution
- Judgment
- RECORD KEEPING RULE
- Reporting
- Unethical Contingent Compensation
- Workfile
- Workfile Retention

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B. Process

1. Determining scope of work is an ongoing process in the assignment.
2. Information or conditions discovered during the assignment might necessitate reconsidering the scope of work.
3. An appraiser must be prepared to support the exclusion of any investigation, information, method, or technique that would appear relevant to the client, another intended user, or the appraiser's peers.

C. Assignment conditions

1. An appraiser must not allow assignment conditions to limit the scope of work to such a degree that assignment results are not credible in the context of the intended use.
2. An appraiser must withdraw from an assignment if relevant information is not available because assignment conditions limit research opportunities, **unless** the appraiser can
   a. Modify assignment conditions to expand the scope of work to include gathering the information **or**
   b. Use an extraordinary assumption about such information if credible assignment results can still be developed.
3. An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.

IV. Disclosure Obligations

A. Report must contain sufficient information to allow intended users to understand the scope of the work performed.

B. This includes disclosure of research and analyses performed and might include disclosure of research and analyses not performed.

C. There is no requirement for the scope of work to be in a defined, specific or separate section of the report.

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1. Client and any other intended users;
2. Intended use of the appraiser's opinions and conclusions;
3. Type and definition of value;
4. Effective date of the appraiser's opinions and conclusions;
5. Subject of the assignment and its relevant characteristics; and
6. Assignment conditions.

B. Assignment elements provide an appraiser with the basis for determining type and extent of research and analyses to include in the development of an appraisal. (Similar information is also necessary in appraisal review assignments.)

C. Requires communication with client to establish most of the information necessary; however, identification of relevant characteristics is a judgment made by the appraiser that requires competency.

D. Assignment conditions include:

1. Assumptions;
2. Extraordinary assumptions;
3. Hypothetical conditions;
4. Laws and regulations;
5. Jurisdictional exceptions; and
6. Other conditions that affect the scope of work.

III. Acceptability

A. Scope of work is acceptable when it meets or exceeds

1. Expectations of parties who are regularly intended users for similar assignments **and**
2. What an appraiser's peers' actions would be when performing the same or a similar assignment.

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Review Quiz

Check the appropriate box for each question.

	TRUE	FALSE
1. It is unethical to accept an assignment with the understanding that payment will be made if and when the loan closes.	☐	☐
2. Under USPAP, confidential information is information the appraiser receives from the client, is not available from any other source, and is identified by the client as confidential.	☐	☐
3. An appraiser may only disclose confidential information to the client and to parties specifically authorized by the client.	☐	☐
4. The COMPETENCY RULE requires the appraiser to disclose lack of knowledge or experience prior to agreeing to perform an assignment.	☐	☐
5. The RECORD KEEPING RULE states that a workfile must be retained for five years or seven years in the event testimony is given by the appraiser.	☐	☐
6. An appraiser is not permitted to use or communicate a report or assignment results that are misleading or fraudulent.	☐	☐
7. An appraiser may accept assignments with predetermined opinions and conclusions as long as the purchase contract supports the opinion or conclusion.	☐	☐
8. Bias is allowed in an appraisal as long as it is disclosed in the report.	☐	☐
9. Payment of a fee to procure appraisal assignments is permitted if disclosed in the certification and in any transmittal letter.	☐	☐
10. An appraiser must obtain the necessary competency prior to accepting the assignment.	☐	☐

Your instructor will review the quiz questions in class so you can check your responses.

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Part 5.
Preview

SCOPE OF WORK RULE

Part 5 examines the SCOPE OF WORK RULE. The SCOPE OF WORK RULE provides flexibility in determining the work that is necessary to address different assignments.

Lesson Objectives

To prepare for Part 5, read the following lesson objectives and refer back to them as you study this part of the Student Manual.

Participants will be able to

- ☐ Recognize that identification of the problem to be solved provides the appraiser with the basis for determining the type and extent of research and analysis to include in the development of assignment results.
- ☐ Recognize that determining the scope of work is an ongoing process in an assignment, and the scope of work must include research and analyses that are necessary to develop credible assignment results.
- ☐ Recognize the disclosure obligations required in the SCOPE OF WORK RULE.
- ☐ Apply the Rules to the situations presented in the *Discussion Examples*.

Learning Tips

You are now familiar with the process we are using to discuss the Rules in USPAP. Two Advisory Opinions, AO-28 and AO-29, provide additional guidance in the discussion of the SCOPE OF WORK RULE.

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Part 5.
SCOPE OF WORK RULE

I. Overview

A. Three-section Rule:

1. Problem Identification;
2. Scope of Work Acceptability; and
3. Disclosure Obligations

B. Scope of work – general

1. Scope of work includes, but is not limited to:
   a. The extent to which the property is identified;
   b. The extent to which tangible property is inspected;
   c. The type and extent of data researched; and
   d. The type and extent of analyses applied to arrive at opinions or conclusions.
2. Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work in an assignment.
3. Credible assignment results require support by relevant evidence and logic.
4. The credibility of assignment results is measured in the context of the intended use.

II. Problem Identification

A. Common assignment elements are addressed in problem identification (see applicable Standards Rules – SR 1-2, SR 3-2, SR 5-2, SR 7-2, and SR 9-2). For example, in an appraisal, identification of the problem to be solved requires the appraiser to identify the following assignment elements:

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EE21 National Uniform Standards of Professional Appraisal Practice (USPAP) Course, 15-Hour Course *Exam*

Name (please print)

Home address

City State Zip

Appraisal Institute Account Number (if known)

- ☐ I am a course student
- ☐ I am writing the exam but have not attended the course
- ☐ I am a re-exam

Writing time: 1 hour

Time Started _____

Time Finished _____

Location _____

Date _____

EXAMINATION CERTIFICATION

Having completed the writing of answers to questions and problems comprising Appraisal Institute Examination for the *National Uniform Standards of Professional Appraisal Practice (USPAP) Course, 15-Hour Course*, I hereby testify and affirm that:

1. I have read and understand the "General Instructions for the Examinee."
2. I have not consulted with any unauthorized textbooks or other reference material during the conduct of this examination.
3. I have not communicated about the examination or in any way secured unauthorized aid and assistance during the course of this examination.
4. I will not carry with me away from this room any of the information, including my worksheets.
5. I understand that the contents of this examination are confidential.
6. I will not in any way destroy the security/confidentiality of this examination by disclosing examination questions or answers to any other party.

Signature (Examinee) Date

Witness (Proctor)

DO NOT WRITE BELOW THIS LINE

Grader's initials Final Score

General Instructions for the Examinee

The following instructions pertain to all Appraisal Institute examinations:

1. You will NOT be allowed access to your personal belongings during the examination. Laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.), and other devices that can store data or connect to the Internet are NOT permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.

2. You may not communicate with anyone, except for the proctor, from the time you begin writing the examination until you have finished and returned the examination materials (booklet and answer sheet). Violation of this course regulation will result in the failure of your examination.

3. **After completing the examination**, you are to sign the examination certificate on the front cover affirming that no unauthorized reference material was consulted and that you did not confer or communicate with anyone during the course of the examination.

4. Exam results will be mailed to students within 15 business days from date of receipt at the central office. Numerical grades are NOT released. Your grade notification letter will indicate only that you have passed or failed the examination. It is against the Appraisal Institute's policy to release any grade information over the telephone or by facsimile.

5. If a participant is found to have cheated on an examination, the following will occur:
   - The participant will automatically fail the examination,
     and
   - The matter will be referred to Professional Practice for peer review if the participant is a Designated member, Candidate for Designation, Practicing Affiliate, or Affiliate.

This examination booklet is the property of the Appraisal Institute and must be returned to the proctor.

EXAMINATION EE

1. USPAP is developed, interpreted, and amended by the:

   A. Appraisal Subcommittee.
   B. Appraisal Standards Board.
   C. Appraiser Qualifications Board.
   D. Appraisal Foundation Advisory Council.

2. Who maintains the official national registry of state certified and licensed appraisers?

   A. Appraisal Subcommittee
   B. Appraisal Standards Board
   C. Office of the Comptroller of the Currency
   D. Department of Housing and Urban Development

3. Why are Advisory Opinions issued?

   A. To establish new appraisal standards
   B. To modify existing appraisal results
   C. To establish regulations for appraisal boards
   D. To illustrate the applicability of appraisal standards

4. Which of the following best describes the Comments in USPAP?

   A. Provide references to applicable legal precedents.
   B. Offer advice, but do not carry the same weight as the Standards Rules.
   C. Are an integral part of the Uniform Standards and are extensions of the Rules, DEFINITIONS, and Standards Rules.
   D. Do not establish new standards or interpret existing standards but are issued to illustrate the applicability of appraisal standards in specific situations.

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5. Under USPAP, confidential information is information the appraiser:

   A. decides is private based on the scope of work decision.

   B. receives from another appraiser and is identified by that appraiser as confidential and is not available from other sources.

   C. receives from the client and is identified as confidential but is available from other sources.

   D. receives from the client and is identified by the client as confidential and is not available from other sources.

6. USPAP defines an appraiser as one who:

   A. is state licensed or certified.

   B. performs valuation services competently.

   C. performs competently and in a manner that is independent, impartial, and objective.

   D. is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

7. The type and extent of research and analysis in an assignment defines:

   A. market analysis.

   B. the scope of work.

   C. the report content.

   D. an assignment condition.

8. When an issue necessary to the development of the value opinion is uncertain as of the effective date of the assignment results, it is an example of:

   A. confidential information.

   B. a jurisdictional exception.

   C. a hypothetical condition.

   D. an extraordinary assumption.

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9. The client is always the:

   A. party who is responsible to pay the appraisal fee.
   B. party who engages the appraiser in an assignment.
   C. owner of the subject property.
   D. party who initially contacts the appraiser.

10. The subject of an appraisal review assignment may be:

   A. only work done as part of an appraisal assignment.
   B. any work completed by a licensed or certified appraiser.
   C. any work that is part of appraisal practice.
   D. any work completed as part of an appraisal or appraisal review assignment.

11. In performing an appraisal review, the review appraiser must always:

   A. provide his or her own opinion of value on the subject property in the review assignment.
   B. use all information available as of the review report date to develop the opinions communicated in the review report.
   C. develop and communicate an opinion about the quality of another appraiser's work.
   D. duplicate the same scope of work as the appraiser who performed the appraisal under review.

12. The monetary relationship between property and those who buy, sell, or use that property is:

   A. price.
   B. cost.
   C. value.
   D. utility.

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13. Which of the following is an assignment condition?

    A. Intended use

    B. Sales history of subject

    C. Hypothetical condition

    D. Type and definition of value

14. The responsibility of an appraiser to be competent, independent, impartial, and objective is based on:

    A. public trust.

    B. client requirements.

    C. confidentiality issues.

    D. government regulations.

15. To whom does USPAP apply?

    A. State licensed or certified appraisers

    B. Appraisers who are members of organizations that are sponsors of The Appraisal Foundation

    C. Appraisers either by choice or when required by law, regulation, agreement

    D. Only real property appraisers who are members of organizations that are sponsors of The Appraisal Foundation

16. An individual may advocate on behalf of a client when:

    A. acting as an appraiser, but not performing an appraisal or appraisal review.

    B. developing value opinions.

    C. representing buyers or sellers.

    D. reviewing an appraisal report for that client.

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17. USPAP states that when providing valuation services outside of appraisal practice, an individual must **NOT:**

    A. accept a contingent fee.
    B. act as an advocate.
    C. provide expert testimony.
    D. misrepresent his or her role.

18. Accepting an assignment that is contingent on attaining a stipulated result is:

    A. unethical for an appraiser.
    B. unethical unless disclosed by the appraiser.
    C. ethical only if the appraiser is not being paid.
    D. ethical only when requested by the client.

19. When may an individual acting as an appraiser advocate the cause of a client?

    A. When it is clearly disclosed in the body of the report
    B. When it is clearly disclosed in the certification and any transmittal letter
    C. An appraiser must always advocate for his or her client
    D. An appraiser may never act as an advocate

20. The ETHICS RULE states that the appraiser must:

    A. promote and preserve the public trust in appraisal practice.
    B. advocate the cause or interest of the client and intended users.
    C. disclose any bias in an assignment in the certification.
    D. not disclose the payment of fees to procure an assignment.

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21. Under the COMPETENCY RULE, when must an appraiser disclose a lack of knowledge or experience?

    A. Only in the completed report

    B. Only before agreeing to perform the assignment

    C. Before agreeing to perform the assignment and in the report

    D. Disclosure is not required if the appraiser becomes competent during the assignment

22. Prior to completing an assignment for which he or she does not have the necessary knowledge or experience, an appraiser engaged to appraise a specific type of property **MUST**:

    A. have the necessary knowledge and experience to complete the assignment competently.

    B. complete appraisal course work specific to this property type.

    C. work with another appraiser with experience in this property type.

    D. have an appraisal designation from a professional organization.

23. An appraiser is leaving an appraisal firm. What should be done regarding the appraiser's workfiles?

    A. The firm must take possession of the workfiles

    B. The appraiser must take possession of the workfiles

    C. The workfiles must be maintained in a secure environment by an independent and bonded third party

    D. The appraiser must have custody or make arrangements for access, retrieval, and retention of the workfiles

24. To properly identify the problem to be solved, an appraiser must address which of the following elements?

    A. Date of the report

    B. Report type

    C. Type and definition of value

    D. Highest and best use

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25. The SCOPE OF WORK RULE applies to all:

    A. valuation services.
    B. appraisal practice assignments.
    C. appraisal assignments.
    D. services outside of appraisal practice.

26. Which of the following is responsible for determining the scope of work?

    A. The appraiser
    B. The client
    C. USPAP
    D. The intended users

27. The scope of work is appropriate if it is:

    A. communicated sufficiently for any reader of the report.
    B. communicated sufficiently to be consistent with applicable reporting requirements.
    C. sufficient to produce credible assignment results for the intended use.
    D. sufficient to produce accurate assignment results for the intended use.

28. The appraisal report must include a disclosure of the scope of the work that:

    A. the client requested at the time of the assignment.
    B. the appraiser performed in the assignment.
    C. the client requested upon completion of the assignment.
    D. the appraiser determined to be appropriate at the start of the assignment.

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29. The JURISDICTIONAL EXCEPTION RULE:

    A. preserves the balance of USPAP when compliance with a part of USPAP is precluded by law or regulation.

    B. voids all of USPAP when compliance with a part of USPAP is precluded by law or regulation.

    C. precludes government employees from the requirement to comply with USPAP.

    D. provides requirements for adherence to attorney instructions.

30. In an appraisal of a property with proposed improvements, an appraiser must examine:

    A. certified blueprints for the proposed improvements.

    B. the builder's cost estimate of the proposed improvements.

    C. copies of the permits and approvals required to construct the proposed improvements.

    D. documentation sufficient to identify the extent and character of the proposed improvements.

31. A review appraiser prepared an appraisal review and stated in the report that the reviewer had not inspected the subject property. Have any Standards Rules been violated, and, if so, why?

    A. Yes, because the scope of work must include inspection of the subject property

    B. Yes, because review appraisers must inspect the subject property

    C. No, the disclosure as stated was proper as part of the description of the scope of work

    D. No, USPAP does not cover inspection by review appraisers, because it is so seldom practical

32. In an appraisal review assignment, the reviewer must ALWAYS:

    A. develop an opinion of value as of the effective date of the work under review.

    B. identify the purpose of the appraisal review.

    C. develop an opinion as to whether the value conclusion is correct as required by the scope of work in the original assignment.

    D. agree with the work under review or reject the report as invalid.

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33. In an appraisal review, the data and analysis provided by the reviewer to support a different conclusion must match, at a minimum, the reporting requirements for:

    A. an Appraisal Report.
    B. a Narrative Appraisal Report.
    C. a Restricted Appraisal Report.
    D. an Oral Appraisal Report.

34. In a mass appraisal, an appraiser must:

    A. employ recognized mass appraisal testing procedures and techniques.
    B. reconcile each property record card.
    C. maintain a separate workfile for each property being appraised.
    D. use computer software.

35. To the extent possible and appropriate, oral reports for personal property appraisals must address the substantive matters of which of the following?

    A. Either a Restricted Appraisal Report or an Appraisal Report
    B. USPAP does not allow oral reports for personal property
    C. A Restricted Appraisal Report
    D. An Appraisal Report

36. In business and intangible asset appraisal, the appraiser must:

    A. analyze highest and best use.
    B. certify inspection of the subject.
    C. consult with a qualified tax attorney.
    D. consider if the value would be higher by liquidation.

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37. The income approach to value **MUST** be developed in an appraisal when:

    A. it is applicable to the assignment.
    B. the subject property produces income.
    C. it is necessary for credible assignment results.
    D. the subject property could be leased.

38. When the income approach to value is not developed in an appraisal assignment, the report must:

    A. explain the exclusion.
    B. always include both the sales comparison and cost approaches to value.
    C. describe the exclusion only when the approach is applicable to the assignment.
    D. disclose the exclusion only when the approach is necessary for credible results.

39. An appraiser assumed the condition of the subject property to be average, although no physical inspection was possible, and discloses this in the report. This is an example of:

    A. a jurisdictional exception.
    B. a limiting condition.
    C. an extraordinary assumption.
    D. a hypothetical condition.

40. When must a real property or personal property appraiser develop an opinion of reasonable exposure time?

    A. In all appraisal or appraisal review assignments
    B. In any appraisal assignment in which reasonable exposure time is a component of the value definition
    C. In any appraisal assignment in which there is a retrospective value opinion
    D. In all assignments which include an opinion of market value or fair market value

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41. In the reconciliation of an appraisal, an appraiser must reconcile the quantity and quality of data:

    A. available and analyzed only within approaches used.
    B. available for use within the approaches to value.
    C. analyzed only in the most relevant approach.
    D. applicable to all approaches to value.

42. The appraiser's main objective under the development Standards in USPAP is to:

    A. develop an accurate appraisal.
    B. produce credible results.
    C. not be misleading.
    D. avoid errors in the appraisal.

43. What specific requirements, if any, apply to the development of a value opinion that is based on non-market financing?

    A. Appraise the property under typical financing only
    B. Identify the financing terms and develop an opinion of their effect on value
    C. Disclose the effect of the special financing to the client prior to completing the assignment
    D. There are no specific requirements if the financing is available to the typical buyer

44. A signed certification must be included in which of the following written reports?

    A. Appraisal review reports only
    B. Appraisal reports only
    C. Personal property and business appraisal reports only
    D. Each appraisal or appraisal review report

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45. Which of the following is **NOT** required to be in an appraisal report?

A. Client's name
B. Type and definition of value
C. Name or type of intended user
D. Effective date of the appraisal

46. When reporting the results of an appraisal, what dates must be included in the report?

A. Effective date and report date
B. Inspection date and report date
C. Assignment date and effective date
D. Assignment date and inspection date

47. The results of an appraisal may be communicated:

A. only in writing.
B. orally or in writing.
C. only in writing when the type of value is market value.
D. orally, but only when a written report is also delivered to the client.

48. The essential difference between the written appraisal reporting options is in the:

A. value of the property.
B. level of detail included in the report.
C. fee being charged by the appraiser.
D. amount of research completed by the appraiser.

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49. An appraiser may prepare a Restricted Appraisal Report only when the client is:

A. a financial institution.
B. the property owner.
C. the only intended user.
D. not the property owner.

50. Extraordinary assumptions and hypothetical conditions must be:

A. prominently shown underlined or in bold-face type.
B. disclosed clearly and conspicuously.
C. stated in conjunction with each opinion or conclusion that was affected.
D. explained and justified in detail prior to their acceptance in any appraisal.

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OFFICIAL ACADEMIC RECORD for APPRAISERS – NEW YORK

This document certifies that

Joseph Doe

NY Appraiser License Number: 46000000004

Doe Appraisals
1122 Rainbow Rd.
Fair lawn, NJ 07410

has attended this Appraisal Institute program

2016-17 15-Hour National USPAP Update Course

(NY Program License Number: 4423-07, expires 12/31/2017)
at Association of the Bar of the City of NY in New York, NY

06/06/2017.

Attendance Hours: 7.0

The New York State Board of Real Estate Appraisal has approved this program for 15.0 hours.

Attendance was 100%.

Verified by Suzanne M. Siradas on 11/09/2017

Suzanne M. Siradas
Director, Education Resources
State Certification/Licensing

NEW YORK Entity Code: 0018

The student named in this report has satisfactorily completed a course of study in real estate appraisal subjects approved in accordance with the provisions of chapter 696 of the Laws of 1990 and that his or her attendance record was satisfactory and in conformity with the law, and that such course was completed on the state date (Sec. 1103.14).

Appraisal Institute®

Professionals Providing Real Estate Solutions

Education Schedule
(as of November 7, 2017)

Appraisal Institute®
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The following are Appraisal Institute courses/seminars currently scheduled throughout the country. Courses are typically five days and are listed at the front of this list. Seminars are typically one day and are found at the latter half of the list. To receive specific information on a particular course/seminar, please call the contact person listed for the course/ seminar location. This schedule is updated on a regular basis and is subject to change. This schedule is also available on our Web page at www.appraisalinstitute.org.

DATE	SPONSOR	LOCATION	CONTACT	PHONE
15-Hour Equivalent USPAP Course				
Online	Appraisal Institute	On-Demand	OL-Help@appraisalinstitute.org	(877) 674-2447
15-Hour National USPAP Course (Classroom)				
Nov 8 - 9, 2017	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Nov 28 - 29, 2017	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Feb 15 - 16, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Mar 12 - 13, 2018	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Mar 26 - 27, 2018	Atlanta Area	Atlanta, GA	Suzanne Brockway	(770) 803-0024
Apr 19 - 20, 2018	Southern California	Costa Mesa, CA	Lianna Ayala	(818) 957-5111
Jun 10 - 11, 2018	Bluegrass	Louisville, KY	Susan Katz	(502) 727-9181
Jun 14 - 15, 2018	San Diego	San Diego, CA	Patti L. Kreutzer	(858) 292-7324
Jun 22 - 23, 2018	Pittsburgh Metropolitan	Pittsburgh, PA	Kari Ballenger	(412) 563-1900
Jun 25 - 26, 2018	Greater Tennessee	NASHVILLE, TN	Myra W. Pitts	(615) 515-9700
Jul 23 - 24, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Oct 19 - 20, 2018	North Texas	Addison, TX	Ruth A. Kelton	(972) 233-2244
Oct 22 - 23, 2018	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Nov 12 - 13, 2018	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
7-Hour Equivalent USPAP Update Course				
Online	Appraisal Institute	On-Demand	OL-Help@appraisalinstitute.org	(877) 674-2447
7-Hour National USPAP Update Course (Classroom)				
Nov 30, 2017	Greater Oregon	Tigard, OR	Vicki A. Champ	(503) 316-1979
Nov 30, 2017	Hoosier State	Indianapolis, IN	Shannon O'Keefe	(317) 815-1340
Dec 1, 2017	Austin	Austin, TX	Lori Wilkins	(713) 375-2731
Dec 1, 2017	Green Country and Ozark Mountain	Tulsa, OK	Susan Lamkin	(918) 832-9008
Dec 1, 2017	Hoosier State	South Bend, IN	Shannon O'Keefe	(317) 815-1340
Dec 1, 2017	Memphis-Tennessee	Memphis, TN	Susan F. Evans	(901) 218-0782
Dec 1, 2017	North Texas	Dallas, TX	Ruth A. Kelton	(972) 233-2244
Dec 1, 2017	Rio Grande	Albuquerque, NM	Ruth A. Kelton	(972) 233-2244
Dec 4, 2017	Colorado	Loveland, CO	Sherry Engleberg	(303) 691-0487
Dec 4, 2017	Northern Illinois	Rockford, IL	James E. Coutts, SRA	(608) 362-5166x11
Dec 5, 2017	Great Plains	Oklahoma City, OK	Susan Lamkin	(918) 557-9148
Dec 5, 2017	Hoosier State	Evansville, IN	Shannon O'Keefe	(317) 815-1340
Dec 5, 2017	Louisiana	Metairie, LA	Leslie Ortego	(504) 833-4949
Dec 5, 2017	Metropolitan New York	New York, NY	Connie Puccio	(866) 966-3710
Dec 5, 2017	Sacramento Sierra	Sacramento, CA	Jenny Calabrese	(916) 972-9700
Dec 5, 2017	Upstate New York	Utica, NY	Yvette Molinas	(845) 360-2510
Dec 6, 2017	Atlanta Area	Atlanta, GA	Suzanne S. Brockway	(770) 803-0024
Dec 6, 2017	Chicago	Chicago, IL	L.A. Anderson	(312) 616-9406
Dec 6, 2017	Keystone	Lancaster, PA	Tracy Matroni	(717) 569-4625
Dec 6, 2017	Massachusetts and Rhode Island	Woburn, MA	Lianne C. Andreucci	(781) 397-8922
Dec 6, 2017	Southern New Jersey	Deptford, NJ	LisaMay Weiss	(856) 415-0281
Dec 6, 2017	Washington DC Metropolitan Area	Rockville, MD	Peter Houstle	(301) 924-1020
Dec 7, 2017	Arkansas	Little Rock, AR	Brad Tharp, SRA	(501) 246-5794
Dec 7, 2017	Bluegrass	Louisville, KY	Susan Katz	(502) 727-9181
Dec 7, 2017	Houston	Houston, TX	Lori Wilkins	(713) 668-1757

POWERED BY Information Builders

Appraisal Institute®
Professionals Providing Real Estate Solutions

200 W. Madison St.
Suite 1500
Chicago, IL 60606

000224 DEC-5

December 1, 2017

Missouri Real Estate Appraisers
Vanessa Beauchamp
3605 Missouri Blvd.
Jefferson City, MO 65109

Dear Vanessa,

Thank you for allowing the Appraisal Institute the opportunity to submit the following course for 7-hours of continuing education credit: *7-hour National USPAP Update Course and the 15-hour USPAP Course.*

We have included in the submission packet the following course information:

Continuing Education Course Applications
AQB Approval Letters
AQB Certified USPAP Instructor Certifications
Instructor Qualifications
Student Manual Course Description and Details
Course Student Manuals
Sample Course Completion Certificates
Education Catalog

Should you have any additional questions or concerns, please advise. I look forward to hearing from you soon. Have a great day.

Best regards,

Tracye Davis Rhea
State Certification Manager
312.335.4217 Direct Dial
trhea@appraisalinstitute.org

TDR

25 12/22/17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: _____ **INITIAL COURSE APPROVAL** XXX **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL*. All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

RECEIVED
DEC 1 8 2017

1. Name of Applicant (School): Kunzler Valuation & Consulting. Inc
2. Mailing Address: 931 Nancy Carol Lane
3. Contact Person: Cheryl A. Kunzler
4. Phone: 3146142912 Fax: --
5. Website: -- Email: cheryl@kvalcon.com
6. Course Title and Number: 7- Hour USPAP Update
7. Number of Classroom Hours: 7 Number of Exam Hours: 0
8. Course Category: _____ Qualifying Education XXX Continuing Education _____ Both
9. Indicate the level of the licensure/certification this course would meet:

   XXX All _____ State License _____ Certified Residential _____ Certified General
10. Indicate the pre license requirement for this course would meet:

    _____ Principles _____ USPAP _____ Income XXX Elective
11. Instructor(s): Cheryl A. Kunzler
12. Method of Presentation: XXX Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer
13. Owner of Course Materials: The Appraisal Foundation
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License _____ Continuing Education
xx Renewal _____ Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Cheryl A. Kunzler

   Mailing Address: 931 Nancy Carol Lane

   Business Phone: 314 614-2912

   Business Fax: --

3. Name and address of school/organization for whom you will instruct:
   Citimortgage
   1000 Technology Drive
   O'Fallon, MO 63368

   School/Organization: Kunzler Valuation

4. Title of program/course or portion of program/course to be taught by the instructor:
   7-Hour USPAP Update

5. Which portion(s) to be taught by the instructor?
   All

   Total Hours: 7

   Pre License Hours: _____ Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes ( ) **No** (●) (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Real Estate Appraisers Commission?
   Yes ( ) **No** (●) (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
See AttachedSee Attached						

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
See Attached					

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Kunzler Valuation & Consulting, Inc	Appraiser, owner, instructor	April	2004	12	2017
Kunzler Pollvogt RE Appraisers	Appraiser, owner, instructor	Jan ??	1991	March	2004
Pollvogt Appraisers	appraiser	Feb	1979	Dec	1990

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Cheryl A Kunzler

(Signature of Appraiser Education Administrator)

December 18,2017

(Date)

Cheryl A. Kunzler, SRA, AI-RRS

KUNZLER VALUATION & CONSULTING, INC.
President **April 2007-present**
Co-founded small appraisal business. Managed business development and customer relations, scheduled inspection appointments, invoiced clients and purchased needed inventory.

- Generated up to 250 appraisal and review appraisal reports annually for various types of residential and commercial properties.
- Expanded client base to include non-traditional users of appraisal services
- Provided expert witness testimony for attorneys in litigation matters related to valuation, appraisal and appraisal review assignments as well as appraisal ethics and standards.
- Continuously active in review and development of appraisal seminars and qualifying appraisal education for the Appraisal Institute

Residential Review Appraiser- Interthinx, Inc. **March 2010 to January 2014**

- Produced high quality retrospective appraisal review reports on 1 to 4-unit appraisals for GSE client. Analyzed appraisal products including appraisals, appraisal reviews, broker price opinions, Automated Valuation Models and detailed market analysis reports on properties located through the United States and Puerto Rico.

- Received MVP award in 2013 for highest production in division office in recognition of consistently surpassing department goals. At one point, production output exceeded minimum production goals by 178 percent.
- Handled difficult appraisal problems on special review project teams (8 to 10 members) of a 100- appraiser staff.
- Achieved a 95 percent quality score of the 4.5 percent of the review reports completed in the prior two years.
- Proactively researched best practices and up-to-date appraisal methods and techniques.
- Continuous learner; shared newly acquired appraisal skills, ethics and standards with colleagues

Education

Attended St. Louis Missouri public and private schools, graduated 1968.
Graduated University of Missouri- Columbia 1972 with a B.J. (Bachelor of Journalism)
Since that time, I have taken numerous real estate appraising, brokerage, and technical courses and seminars to pursue my real estate valuation and analysis career.

Instructor for the following Appraisal courses:

Basic Appraisal Principles, Basic Appraisal Procedures, Residential Report Writing and Case Studies, Residential Sales Comparison and Income Approaches, Residential Market Analysis and Highest & Best Use, Residential Site Valuation and Cost Approach, Advanced Residential Applications & Case Studies, Pt. I Advanced Residential Report Writing, Pt. II, 7-Hour National USPAP Update, 15-Hour National USPAP, Residential Review Theory, Residential Review Case Studies..

Instructor for the following Appraisal seminars

REO Appraisal: Appraisal of Residential Property Foreclosure; Appraisal Challenges: Declining Markets and Sales Concessions; Residential Design: The Makings of a Good House; Introduction to FHA Appraising; Valuation by Comparison: Residential Analysis and Logic; Whatever Happened to Quality Assurance in Residential Appraisals-Avoiding Risky Appraisals and Risky Loans; Thinking Outside the Form: Tools, Techniques, and Opportunities for Residential Appraising; Residential Applications: Using Technology to Measure and Support Assignment Results; Appraising the Appraisal: Appraisal Review—Residential; Uniform Appraisal Dataset Aftereffects: Efficiency vs. Obligation; Appraising Condos, Co-ops, and PUDs; Income Approach for Residential Appraisers**;** Litigation Assignments for Residential Appraisers: Doing Expert Work on Atypical Cases; Unraveling the Mystery of Fannie Mae Appraisal Guidelines, Supervisory/Trainee course, Review Theory-Residential, Case Studies in Residential Review .

Additionally, I am one of a few instructors qualified in the State of Missouri to teach the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice and have been teaching both the 7- hour Update and the 15-hour course actively since the fall 2002.
My additional educational qualifications for the Appraisal Institute include the following:

- Development team member for the following courses and seminars for the Appraisal Institute. Residential Site Valuation and Cost Approach; Residential Market Analysis and Highest and Best Use; Condominiums Co-op's and PUD's; Appraisal Challenges: Declining Markets and Seller Concessions, both on- line and classroom versions; REO Appraisal: Appraisal of Residential Property Foreclosure; Unraveling the Mystery of Fannie Mae Appraisal Guidelines.

Reviewer for an exam preparation textbook for the national appraisal exam
Reviewer/contributor- Appraising Residential Properties textbook, 4th Edition January 2007.
Reviewer/contributor- *Dictionary of Real Estate Appraisal*, Fifth Edition, January 2010.
Reviewer/contributor-the Appraisal of Real Estate, 14th Edition, September 2013

Professional Affiliations

Appraisal Institute-Served on local and National Boards of Directors for the Appraisal Institute.

Others

- Appraiser Qualifications Board subject matter expert; developed and maintained one level of the National Appraisal Exam - 2006-present
- St. Louis Association of Realtors member since 1990, also Missouri Association of Realtors and National Association of Realtors
- Board of Director Member, Missouri Appraisal Section of the National Association of Realtors, 1994-1998, Chair 1998
- Appointed to serve on a national task force for Freddie Mac relating to Underwriting Barriers for mortgage loans, 2000-2002
- Appointed to serve on the Missouri Appraisers Advisory Council (MAAC), 1996-1997
- Past member, Education Review Panel for the Missouri Real Estate Commission
- Hearing officer for the St. Louis County Board of Equalization, 1988-2002; 2009-2014
- Appointed member, St. Louis County Board of Equalization March 2015-2016
- Chair, St. Louis County Board of Equalization 2017
- Received the residential review designation from the Appraisal Institute in November 2014.

State of Missouri State Certified General Real Estate Appraiser since 1991, # RA001059, currently certified.

<u>Experience and Types of Property Appraised</u>

My real estate valuation experience includes appraisal and appraisal review of existing and proposed construction of single- and multiunit residential and commercial properties; forensic appraisal desk review, market studies, highest and best use analysis; valuation of partial interest in residential properties; foreclosure and relocation appraising; consultation for rehabbing and remodeling; partial takings; litigation support; valuation of detrimental conditions; and appraisal services for various property types, including:

Single-unit residential
Vacant sites (residential and commercial)
Office buildings
Warehouses
Mobile home parks
Mixed-use, residential and commercial
Senior Housing
Apartments (Both 2-4 unit and 400+ units)
Condemnation appraisals
Retail properties/Strip shopping centers
Industrial properties
Houses of worship
funeral homes
Forensic fraud investigations

My expertise as a desk reviewer and fee appraiser for residential properties, excellent analytical and research skills, and strong background in appraisal theory, techniques and procedures gives me a unique insight into the workings of real estate markets.

Clients

Past clients have included financial institutions, law firms, private companies and corporations, individuals, attorneys, cities, secondary market lenders, Missouri Department of Transportation, St. Louis County, and the State of Missouri.

I have valued real property for residential, commercial, industrial and special uses for the past 39 years.

Expert Witness Experience

I have served as an expert witness relating to residential property valuations, adverse easements and encroachments, ethics and standards compliance, partial and full takings, to name a few over the past several years. I have testified in St. Louis City, St. Louis County, St. Charles County, Franklin, Cole and Jefferson Counties and in the United States District Court for the Eastern District of Missouri. I have also supplied litigation support for the Missouri Department of Transportation General Counsel's Office, and the State of Missouri Attorney General's office.

Education Transcript

Not an Official College Transcript

Must send actual signed certificate of completion

Cheryl A. Kunzler, SRA, AI-RRS Acct# 89243
931 Nancy Carol Lane
St. Louis, MO 63122-1816

This document may not be accepted by all licensing boards as verification of course completion.

Hours Hours
Program Date Location Type Status Attend Exam
Online Business Practices and Ethics 10/15-11/14/2017 On-Line Seminar Standard 5.0 0.0
Completed 11/13 Chicago, IL
AI Instructor Webinar 11/10/2017 Webinar Standard 2.0 0.0
AI Instructor Webinar 06/28/2017 Webinar Standard 2.0 0.0
AI Instructor Webinar 03/08/2017 Webinar Standard 2.0 0.0
Review Case Studies - Residential 12/12-13/2016 Chicago Chapter Instructor Pass 14.0 1.0
Education Center Audit
Chicago, IL
AI Instructor Webinar 12/07/2016 Webinar Standard 2.0 0.0
AI Instructor Webinar 09/07/2016 Webinar Standard 2.0 0.0
AI Instructor Webinar 06/29/2016 Webinar Standard 2.0 0.0
Case Studies in Appraising Green 05/04/2016 Home Builders Standard Pass 7.0 1.0
Residential Buildings Association St Louis, MO
Introduction to Green Buildings: Principles 05/03/2016 Home Builders Standard Pass 7.0 1.0
& Concepts Association St Louis, MO
AI Instructor Webinar 03/22/2016 Webinar Standard 2.0 0.0
FHA Appraising for Valuation 11/18/2015 Chicago Chapter Instructor 7.0 0.0
Professionals: FHA Single Family Education Center Audit
Housing Appraisal Requirements Chicago, IL
AI Instructor Webinar 10/14/2015 Webinar Standard 2.0 0.0
AI Instructor Webinar 05/14/2015 Webinar Standard 2.0 0.0
Supervisory Appraiser/Trainee Instructor 12/01/2014 Webinar Standard 2.0 0.0
Training
AI Instructor Webinar 10/28/2014 Webinar Standard 2.0

Instructor Leadership & Development 09/27-28/2014 Chicago Chapter Standard 0.0 0.0
Conference (Current) Education Center
Chicago, IL

Instructor Leadership & Development 09/27-28/2014 Chicago Chapter Standard 0.0 0.0
Conference (Current) Education Center
Chicago, IL

AI Instructor Webinar 05/08/2014 Webinar Standard 0.0 0.0
Review Theory - Residential 01/27-29/2014 Chicago Chapter Instructor Pass 17.0 2.0
Education Center Audit
Chicago, IL
AI Instructor Webinar 10/17/2013 Webinar Standard 0.0 0.0
Online Business Practices and Ethics 08/01-31/2013 On-Line Seminar Standard 5.0 0.0
Completed 08/14 Chicago, IL
Instructor Training - Litigation 08/30/2013 Chicago National Office Standard 2.0 0.0
Assignments for Residential Appraisers: Chicago, IL
Doing Expert Work on Atypical Cases
Income Approach for Residential 06/05/2013 Chicago National Office Standard 2.0 0.0
Appraisers Chicago, IL
AI Instructor Webinar 04/25/2013 Webinar Standard 0.0 0.0
Knowledge Center for Instructors 10/08/2012 Webinar Standard 0.0 0.0
Online Advanced Internet Search 09/01-10/01/2012 On-Line Seminar Standard 7.0 0.0
Strategies Completed 09/20 Chicago, IL
Candidate for Designation Program 07/18/2012 Webinar Standard 0.0 0.0

Appraising the Appraisal - Residential 05/07/2012 Appraisal Institute Standard 2.0 0.0
Instructor Training Chicago, IL
FAST - Valuation by Comparison 10/01/2011 Chicago Chapter Standard 2.0 0.0
Chicago, IL
FAST - Thinking Outside the Form 09/30/2011 Chicago Chapter Standard 2.0 0.0
Chicago, IL
FAST - Residential Applications 09/30/2011 Chicago Chapter Standard 2.0 0.0
Chicago, IL
UAD Instructor Training 05/03/2011 Appraisal Institute Standard 3.0 0.0
Chicago, IL
Residential

Classes Taught

Date	Program	Location	Sponsor		
Oct 12 - 13, 2017	15-Hour National USPAP Course	St Louis Association of Realtors, St Louis, MO	Greater St. Louis Chapter		
Sep 21, 2017	Income Approach for Residential Appraisers	Blue Mountain Brewery, Afton, VA	Virginia Commonwealth Chapter		
Sep 12 - 15, 2017	Basic Appraisal Procedures	St Louis Association of Realtors, St Louis, MO	Greater St. Louis Chapter		
Aug 1 - 4, 2017	Basic Appraisal Principles	Hampton Inn, St Louis, MO	Greater St. Louis Chapter		
Jun 27 - 29, 2017	Review Theory - Residential	Residence Inn Norfolk Airport, Norfolk, VA	Hampton Roads Chapter		
May 17 - 18, 2017	Advanced Residential Applications & Case Studies/Part 1	Office Building, Indianapolis, IN	Hoosier State Chapter		
May 15 - 16, 2017	Residential Report Writing and Case Studies	Office Building, Indianapolis, IN	Hoosier State Chapter		
May 3 - 4, 2017	Residential Site Valuation and Cost Approach	Office Building, Indianapolis, IN	Hoosier State Chapter		
Mar 6 - 8, 2017	Review Theory - Residential	Tulsa, OK	RIP Green Country of Oklahoma Chapter		
Feb 16, 2017	Appraising Condos, Co-ops, and PUDs	OKCMAR, Oklahoma City, OK	Great Plains Chapter		
Oct 25 - 28, 2016	Residential Sales Comparison and Income Approaches	Hampton Inn, St Louis, MO	Greater St. Louis Chapter		
Aug 8 - 9, 2016	Residential Site Valuation and Cost Approach	Country Inn & Suites by Carlson, Oklahoma City, OK	Great Plains Chapter		
Aug 8 - 9, 2016	Residential Site Valuation and Cost Approach	Country Inn & Suites by Carlson, Oklahoma City, OK	Great Plains Chapter		
Mar 30, 2016	7-Hour National USPAP Update Course	Best Western Kirkwood Inn, St. Louis, MO	Greater St. Louis Chapter		
Mar 28, 2016	7-Hour National USPAP Update Course	Topeka, KS	Greater Kansas State Chapter		

Mar 25, 2016	7-Hour National USPAP Update Course	Realtors of South Central Kansas, Wichita, KS	Greater Kansas State Chapter		
Mar 3 - 4, 2016	Residential Market Analysis and Highest & Best Use	Home Builder's Association of Greater Kansas City, Kansas City, MO	Kansas City Chapter		
Jan 29, 2016	7-Hour National USPAP Update Course	Gateway Center, Collinsville, IL	Greater St. Louis Chapter		
Jan 26, 2016	7-Hour National USPAP Update Course	Stoney Creek Conference Center, Columbia, MO	Greater St. Louis Chapter		
Jan 12, 2016	7-Hour National USPAP Update Course	Best Western Kirkwood Inn, St. Louis, MO	Greater St. Louis Chapter		
Nov 20, 2015	FHA Appraising for Valuation Professionals: FHA Single Family Housing Appraisal Requirements	Best Western, St. Louis, MO	Greater St. Louis Chapter		
Oct 16, 2015	Litigation Assignments for Residential Appraisers: Doing Expert Work on Atypical Cases	Fairfield Inn, Urbandale, IA	Iowa Chapter		
Jun 8 - 10, 2015	Review Theory - Residential	Tri Tech Surveying Building, Houston, TX	Houston Chapter		
Mar 24, 2015	7-Hour National USPAP Update Course	Crestview Country Club, Wichita, KS	Greater Kansas State Chapter		
Mar 13 - 17, 2015	Advanced Residential Report Writing/Part 2	Hampton Inn St. Louis/Westport, St. Louis, MO	Greater St. Louis Chapter		
Mar 11 - 12, 2015	Advanced Residential Applications & Case Studies/Part 1	Hampton Inn St. Louis/Westport, St. Louis, MO	Greater St. Louis Chapter		
Mar 6, 2015	Supervisory Appraiser/Trainee Appraiser Course	OKMAR, OK	Great Plains Chapter		
Mar 5, 2015	Unraveling the Mystery of Fannie Mae Appraisal	OU-Tulsa, Tulsa, OK	RIP Green Country of Oklahoma Chapter		

	Guidelines				
Feb 23 - 25, 2015	Review Theory - Residential	Office Building, Indianapolis, IN	Hoosier State Chapter		
Feb 16 - 17, 2015	15-Hour National USPAP Course	Hampton Inn St. Louis, St. Louis, MO	Greater St. Louis Chapter		
Feb 10 - 13, 2015	Basic Appraisal Procedures	Hampton Inn St. Louis, St. Louis, MO	Greater St. Louis Chapter		
Feb 3 - 6, 2015	Basic Appraisal Principles	Hampton Inn St. Louis, St. Louis, MO	Greater St. Louis Chapter		
Feb 2, 2015	Supervisory Appraiser/Trainee Appraiser Course	Hampton Inn St. Louis, St. Louis, MO	Greater St. Louis Chapter		
Oct 20, 2014	Income Approach for Residential Appraisers	Northern Illinois University - Rockford, Rockford, IL	Northern Illinois Chapter		
Oct 1 - 2, 2014	Residential Site Valuation and Cost Approach	Classroom I, Indianapolis, IN	Hoosier State Chapter		
Jul 18, 2014	7-Hour National USPAP Update Course	WCAI Offices, Milwaukee, WI	Wisconsin Chapter		
May 9, 2014	7-Hour National USPAP Update Course	Gateway Center, Collinsville, IL	Greater St. Louis Chapter		
Apr 14 - 15, 2014	15-Hour National USPAP Course	Residence Inn - St. Louis Downtown, St. Louis, MO	Greater St. Louis Chapter		
Apr 4, 2014	Unraveling the Mystery of Fannie Mae Appraisal Guidelines	Residence Inn - St. Louis Downtown, St. Louis, MO	Greater St. Louis Chapter		
Apr 4, 2014	Litigation Assignments for Residential Appraisers: Doing Expert Work on Atypical Cases	Residence Inn - St. Louis Downtown, St. Louis, MO	Greater St. Louis Chapter		
Apr 3, 2014	Appraising Condos, Co-ops, and PUDs	Classroom I, Indianapolis, IN	Hoosier State Chapter		
Mar 21, 2014	7-Hour National USPAP Update Course	Lawyers Title of Topeka, Topeka, KS	Greater Kansas State Chapter		
Mar 20, 2014	7-Hour National USPAP Update Course	Wichita Area Assosations of Realtors, Wichita, KS	Greater Kansas State Chapter		

Mar 14, 2014	Uniform Appraisal Dataset Aftereffects: Efficiency vs. Obligation	Classroom I, Indianapolis, IN	Hoosier State Chapter		
Feb 7, 2014	7-Hour National USPAP Update Course	WCAI Offices, Milwaukee, WI	Wisconsin Chapter		
Jan 24, 2014	7-Hour National USPAP Update Course	Best Western Kirkwood Inn, St. Louis, MO	Greater St. Louis Chapter		
Nov 8, 2013	Appraising Condos, Co-ops, and PUDs	Wichita Area Association of Realtors Building, Wichita, KS	Greater Kansas State Chapter		
Oct 16 - 17, 2013	Advanced Residential Applications & Case Studies/Part 1	Classroom I, Indianapolis, IN	Hoosier State Chapter		
Oct 14 - 15, 2013	Residential Report Writing and Case Studies	Classroom I, Indianapolis, IN	Hoosier State Chapter		
Oct 4, 2013	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Sep 27, 2013	7-Hour National USPAP Update Course	Hampton Inn & Suites at Forest Park, St. Louis, MO	Greater St. Louis Chapter		
Sep 16 - 19, 2013	Basic Appraisal Principles	Hampton Inn & Suites at Forest Park, St. Louis, MO	Greater St. Louis Chapter		
Jun 22, 2013	Uniform Appraisal Dataset Aftereffects: Efficiency vs. Obligation	Chestnut Mountain Resort, Galena, IL	Northern Illinois Chapter		
Jun 21, 2013	Appraising the Appraisal: Appraisal Review--Residential	Northern Illinois University Conference Center, Rockford, IL	Northern Illinois Chapter		
Apr 2 - 5, 2013	Residential Sales Comparison and Income Approaches	Indianapolis, IN, Indianapolis, IN	Hoosier State Chapter		
Mar 28, 2013	Appraising the Appraisal: Appraisal Review--Residential	Prairie Meadows, Des Moines, IA	Iowa Chapter		
Mar 27, 2013	Appraising the Appraisal: Appraisal Review--Residential	Best Western Steeple Gate Inn, Davenport, IA	Iowa Chapter		

Mar 15, 2013	7-Hour National USPAP Update Course	Wichita Area Association of Realtors Building, Wichita, KS	Greater Kansas State Chapter		
Oct 5 - 6, 2012	15-Hour National USPAP Course	Mississippi Gulf Coast Community College, Gulfport, MS	Mississippi Chapter		
Jun 7 - 8, 2012	Residential Site Valuation and Cost Approach	Tulsa, OK, Tulsa, OK	RIP Green Country of Oklahoma Chapter		
Apr 27, 2012	7-Hour National USPAP Update Course	CityPlace, Creve Coeur, MO	Greater St. Louis Chapter		
Apr 13, 2012	Residential Design: The Makings of a Good House	Holiday Inn Express, Scottsburg, IN	Hoosier State Chapter		
Apr 12, 2012	Thinking Outside the Form: Tools, Techniques, and Opportunities for Residential Appraising	Old National Bank, Evansville, IN	Hoosier State Chapter		
Mar 13, 2012	7-Hour National USPAP Update Course	Topeka Country Club, Topeka, KS	Greater Kansas State Chapter		
Mar 12, 2012	7-Hour National USPAP Update Course	Wichita Area Association of Realtors Building, Wichita, KS	Greater Kansas State Chapter		
Mar 2, 2012	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Feb 27, 2012	7-Hour National USPAP Update Course	CityPlace, Creve Coeur, MO	Greater St. Louis Chapter		
Jan 20, 2012	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Oct 21, 2011	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Oct 1, 2011	FAST - REO Appraisal:	Chicago Chapter, Chicago, IL	Appraisal Institute		
Oct 1, 2011	FAST-Residential Design: The Makings	Chicago Chapter, Chicago, IL	Appraisal Institute		

	of a Good House				
Sep 28 - 29, 2011	Residential Report Writing and Case Studies	Hoosier State Chapter, Indianapolis, IN	Hoosier State Chapter		
Sep 23, 2011	Residential Design: The Makings of a Good House	Hoosier State Chapter, Indianapolis, IN	Hoosier State Chapter		
Aug 30, 2011	7-Hour National USPAP Update Course	Gateway Center, Collinsville, IL	Greater St. Louis Chapter		
Aug 11, 2011	The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac	Mississippi Association of Realtors Conference Center, Flowood, MS	Mississippi Chapter		
Aug 10, 2011	The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac	Workforce Training Center, Pearl River Community College, Hattiesburg, MS	Mississippi Chapter		
Aug 5, 2011	The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac	Marriott Chesapeake, Chesapeake, VA	Hampton Roads Chapter		
Jun 24, 2011	The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac	Crowne Plaza Hotel - St. Louis Airport, Bridgeton, MO	Greater St. Louis Chapter		
Jun 3, 2011	The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
May 21 - 22, 2011	15-Hour National USPAP Course	Crowne Plaza Hotel - St. Louis Airport, Bridgeton, MO	Greater St. Louis Chapter		
Apr 4 - 25, 2011	Basic Appraisal Procedures	Commerce Bank, St. Louis, MO	Greater St. Louis Chapter		
Apr 12, 2011	7-Hour National USPAP Update Course	Crowne Plaza St. Louis Airport, St. Louis, MO	Greater St. Louis Chapter		
Mar 28 - 29, 2011	Residential Market Analysis and Highest & Best Use	Crowne Plaza St. Louis Airport, St. Louis, MO	Greater St. Louis Chapter		
Feb 25, 2011	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Jan 24 - Feb 14, 2011	Basic Appraisal Principles	Commerce Bank, St. Louis, MO	Greater St. Louis Chapter		
Jan 20, 2011	Whatever Happened	Workforce Training	Mississippi		

	to Quality Assurance in Residential Appraisals: Avoiding Risky Appraisals and Risky Loans	Center, Pearl River Community College, Hattiesburg, MS	Chapter		
Dec 3 - 4, 2010	Residential Report Writing and Case Studies	Tulsa Square Hotel, Tulsa, OK	RIP Green Country of Oklahoma Chapter		
Nov 12, 2010	Residential Design: The Makings of a Good House	Wichita Area Association of Realtors Building, Wichita, KS	Greater Kansas State Chapter		
Jun 18, 2010	7-Hour National USPAP Update Course	Des Moines Botanical Gardens, Des Moines, IA	Iowa Chapter		
Jun 16, 2010	7-Hour National USPAP Update Course	Best Western Steeple Gate Inn, Davenport, IA	Iowa Chapter		
Jun 4, 2010	Appraisal Challenges:Declining Markets and Sales Concessions	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Jun 3, 2010	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Jun 1, 2010	7-Hour National USPAP Update Course	Hyatt Place Rogers / Bentonville, Rogers, AR	RIP Ozark Mountain Chapter		
May 24, 2010	Appraisal Challenges:Declining Markets and Sales Concessions	Evansville Area Association of Realtors, Evansville, IN	Hoosier State Chapter		
May 21, 2010	REO Appraisal: Appraisal of Residential Property Foreclosure	Red Lion Inn at the Park, Spokane, WA	Inland Northwest Chapter		
May 17, 2010	7-Hour National USPAP Update Course	Gateway Center, Collinsville, IL	Greater St. Louis Chapter		
Apr 23, 2010	REO Appraisal: Appraisal of Residential Property Foreclosure	Chicago Chapter Education Center (New), Chicago, IL	Chicago Chapter		
Apr 20 - 21, 2010	Residential Report Writing and Case	Indianapolis, IN, Indianapolis, IN	Hoosier State Chapter		

	Studies				
Apr 14, 2010	7-Hour National USPAP Update Course	Best Western Steeple Gate Inn, Davenport, IA	Iowa Chapter		
Apr 13, 2010	7-Hour National USPAP Update Course	Des Moines Botanical Gardens, Des Moines, IA	Iowa Chapter		
Apr 6, 2010	Introduction to FHA Appraising	Comfort Inn, Springfield, MO	RIP Ozark Mountain Chapter		
Mar 26 - 30, 2010	Advanced Residential Report Writing/Part 2	Chicago Chapter Education Center (New), Chicago, IL	Chicago Chapter		
Mar 24 - 25, 2010	Advanced Residential Applications & Case Studies/Part 1	Chicago Chapter Education Center (New), Chicago, IL	Chicago Chapter		
Mar 2, 2010	Residential Design: The Makings of a Good House	Comfort Inn, Springfield, MO	RIP Ozark Mountain Chapter		
Feb 23, 2010	7-Hour National USPAP Update Course	Comfort Inn, Springfield, MO	RIP Ozark Mountain Chapter		
Feb 22, 2010	7-Hour National USPAP Update Course	Crowne Plaza Hotel - St. Louis Airport, Bridgeton, MO	Greater St. Louis Chapter		
Feb 18, 2010	Residential Design: The Makings of a Good House	Regency Lodge, Omaha, NE	Nebraska Chapter		
Jan 27, 2010	7-Hour National USPAP Update Course	Wisconsin Chapter of the Appraisal Institute, Milwaukee, WI	Wisconsin Chapter		
Jan 25 - 26, 2010	Residential Market Analysis and Highest & Best Use	Chicago Chapter Education Center (New), Chicago, IL	Chicago Chapter		
Jan 18, 2010	Residential Design: The Makings of a Good House	Crowne Plaza Hotel - St. Louis Airport, Bridgeton, MO	Greater St. Louis Chapter		

2018-2019 EDITION

electronic edition

7-HOUR COURSE STUDENT MANUAL

NATIONAL UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP) UPDATE COURSE

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course - *Ethics, Standards, and Your Appraisal Practice*

2018-19
Student Manual

Reviewed and Updated By
The Appraisal Standards Board (ASB)

Approved By
The Appraiser Qualifications Board (AQB)

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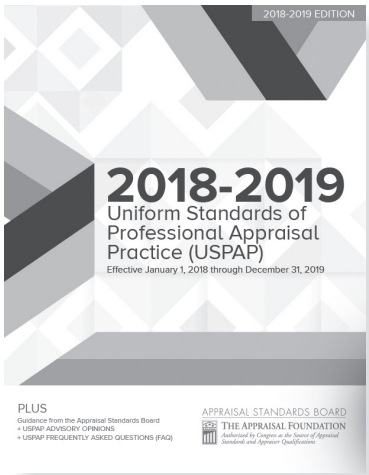
THE APPRAISAL FOUNDATION

Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications



The Appraisal Standards Board (ASB) of The Appraisal Foundation develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP) on behalf of appraisers and users of appraisal services. **The 2018-2019 Edition of USPAP is effective January 1, 2018 through December 31, 2019.**

It is important that individuals understand and adhere to changes that are adopted in each edition of USPAP. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP.

In addition, the 2018-19 Edition of USPAP contains guidance in the form of Advisory Opinions and over 300 USPAP Frequently Asked Questions (FAQs). These communications illustrate the applicability of Standards in specific situations and offer advice from the ASB for the resolution of specific appraisal issues and problems.

To purchase a spiral bound or PDF copy of USPAP, please visit our website at **www.appraisalfoundation.org**, store or call 800-348-2831.

ABOUT THE APPRAISAL FOUNDATION

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at **www.appraisalfoundation.org**.

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Overview

Course Description

This is the 7-Hour National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course, as developed by The Appraisal Foundation. The course focuses on changes to USPAP for 2018-19 and on appraisal issues that affect daily appraisal practice. It is unique in that the Course is developed by The Appraisal Foundation and is revised on a periodic basis to stay current with the latest edition of USPAP.

In addition to this student manual, each student must have a copy of the 2018-19 USPAP publication available for use in the course. The publication includes USPAP, USPAP Advisory Opinions, USPAP *Frequently Asked Questions,* and Index.

Course Objectives

- Present and explain the new revisions to USPAP that were adopted in 2017 and effective from January 1, 2018 through December 31, 2019.
- Present the current changes to USPAP in a variety of scenarios for class discussion.
- Present scenarios that challenge participants to apply USPAP to situations they encounter in their daily practice.

In addition to lectures, the course includes discussion illustrations that show how USPAP applies in situations that appraisers may encounter in everyday practice. These examples primarily address issues frequently experienced by appraisers as professionals in the appraisal of real property.

This course is designed to assist appraisers in all areas of appraisal practice seeking competency in USPAP, including those subject to state licensing or certification and continuing education requirements imposed by professional organizations, client groups, or employers.

USPAP has been endorsed and adopted by major appraisal organizations in the United States. As required by federal law, USPAP must be used by states in their real property appraiser licensing and certification programs.

This course provides at least 7 hours of instruction in USPAP. There is no accompanying exam for the classroom course; however, some states may require an examination for distance education.

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Classroom Guidelines

To make the classroom environment a positive experience for all attendees, adherence to the following is required:

- No smoking in the classroom.
- Silence cell phones, laptops, tablets, and any other electronic device when class is in session.
- Audio/video recording is prohibited.
- Refrain from ongoing conversations with those seated near you and other distracting behavior while class is in session.

General Information

- **Breaks.** There will be two breaks during the morning session and two breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is generally for one hour.
- **Attendance.** Attendance sheets will be distributed during class to verify your attendance during the morning and afternoon sessions. Full attendance during the entire course is required.
- **Certificates.** Certificates of completion will be distributed by the provider after successful completion of the course.

Complaint Process

For the protection of all parties, The Appraisal Foundation has set up procedures for processing student complaints under the AQB Certified USPAP Instructor Program. All complaints must be submitted in writing to The Appraisal Foundation. Complaints will be reviewed to determine whether they have merit. If it is determined that a complaint has merit, an investigation will be conducted followed by a recommendation as to the next course of action.

To file a complaint regarding an AQB Certified USPAP Instructor, download a copy of the Complaint Form and instructions at www.appraisalfoundation.org, Standards & Qualifications, USPAP Instructor Program, and Additional Resources.

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Survey Program

The AQB has instituted a USPAP Instructor Quality Review Program in order to monitor, evaluate, and improve the quality of USPAP instruction. The program has been designed as a mentoring process and is not meant to be punitive.

The AQB may send a survey to all students by email after a course is completed. The survey will seek the students' feedback on items such as the instructor's preparedness, knowledge of the subject matter, use of the materials provided, and ability to teach.

The survey may contain an optional comments section for students to offer narrative feedback not covered by the survey items. Additionally, there will be an optional section for students to identify themselves if they wish to be contacted to provide further information.

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Course Schedule

SECTION 1. Morning

Introduction	
10 Minutes	Welcome and course announcements Introduction to the course
Section 1	
30 Minutes	Why and How USPAP Changes are Made - The Result of Exposure (Part I)
30 Minutes*	Specific changes and their impact (Part II)
140 Minutes*	Specific changes and their impact (Parts III through XI)

SECTION 2. Afternoon

Section 2	
60 Minutes*	Review of Scope of Work
90 Minutes	Review of Report Content Requirements
60 Minutes	Analyze and Summarize – What is Expected?

*Time includes a 10-minute break

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Introduction

USPAP was developed with the express purpose to promote and maintain a high level of public trust in professional appraisal practice. The development of uniform standards enhanced the role of the appraiser in society and reinforced the appraiser's obligations to act in a manner that promotes public trust and confidence in appraisal services.

The *Uniform Standards of Professional Appraisal Practice* (USPAP) reflect the multifaceted nature of our profession. USPAP changes are made in conjunction with changes to the appraisal profession, as well as the changing needs of potential clients. The changes are intended to improve the clarity, understanding, and enforcement of USPAP. The goals of this course are to update you on the changes to the document, discuss its effect on appraisal practice, and provide you with the opportunity to use USPAP in examining and exploring solutions to appraisal issues.

BEFORE WE BEGIN …

USPAP has Standards for real property, personal property, and intangible property (business valuation). It also has Standards for individual appraisal assignments and mass appraisal assignments.

What do appraisals in these various disciplines have in common?

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This course is developed to review the changes to the publication for the 2018-19 edition of USPAP, and apply the changes to relevant appraisal issues through the use of classroom discussions and illustrations. The course also addresses common USPAP issues and applications of USPAP in daily practice.

The Course is intended for experienced appraisers who have previously taken the 15-Hour National USPAP Course.

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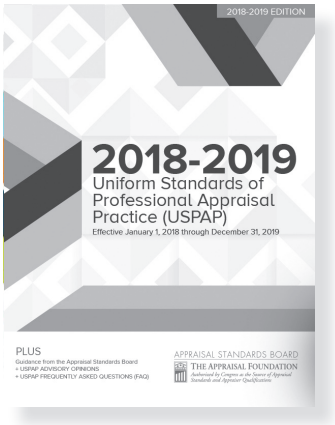
Here's where we are headed in the morning session



SECTION ONE

LEARNING FOCUS:

Changes to USPAP

Section 1. Changes to USPAP

The umbrella of public trust in the appraisal profession is of paramount importance to the Appraisal Standards Board (ASB) when considering and adopting changes to USPAP. All potential changes and additions to USPAP are evaluated with the goal of promoting and maintaining a high level of public trust in appraisal practice.

The process is transparent and allows for and encourages the input of appraisers, users of appraisal services, and other interested parties through written and oral public testimony on proposed changes.

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BACK TO BASICS #1

Note: *In this 7-Hour Update, the expression "USPAP publication" will be used to refer to USPAP and the guidance that is in the bound publication with USPAP (i.e., the Advisory Opinions (AOs), Frequently Asked Questions (FAQs), and the Index).*

Throughout this 7-Hour National USPAP Update Course there are several "Back to Basics" mini discussions. The purpose of these discussions is to bring context and meaning to the material that follows them. For example, in order to understand the reasoning or impact of a certain change, it might be very important to be aware of the USPAP definition of some of the terms used to describe that reasoning or impact. In those cases, a Back to Basics may review that definition before looking at the related change.

This first Back to Basics is simply a reminder that the USPAP publication, which includes USPAP, the Advisory Opinions, and the FAQs also includes a Table of Contents for each of these sections of the publication and a consolidated Index that references the entire publication.

The Index may be helpful in finding the solutions to many of the "From Your Perspective" cases in this course and in resolving many day-to-day real world USPAP questions.

I. Why and How Changes Are Made – The Results of Exposure

The ASB has been revising USPAP on a two-year cycle. Most of the changes that are considered in each cycle are the result of issues and concerns raised by various stakeholders. Other items are the result of periodic review of USPAP to ensure that it is in line with current conditions.

The ASB:

A. Develops and releases drafts for public exposure

1. Exposure drafts

a. The actual drafting of the language contained in an exposure draft is typically the combined result of numerous sources including the ASB, individuals or groups within the profession, state regulators, user groups, the public, committees and task forces appointed by the ASB, staff, and published papers within the profession. The ASB seeks a wide range of ideas and views as it develops proposed standards.

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b. The ASB takes ownership of the language in the draft and votes to approve it for release.

c. The exposure period for a draft is never less than 30 days, and is often 45-60 days after the expected distribution date, unless otherwise specified by the ASB. For information on how you might respond to an exposure draft, visit The Appraisal Foundation (TAF) website at www.appraisalfoundation.org.

B. Reads and analyzes comments received

1. All written comments are sent to TAF's office in Washington, DC, where a permanent file of all comments and pertinent correspondence is maintained.

2. Each comment is acknowledged by the Board's staff.

3. Comment letters are read and valued by each member of the ASB. The ASB's primary focus is the reasoning and insight presented in the comments, rather than the source or authorship. The ASB gives impartial consideration to all comments and is guided by the quality, relevancy, and accuracy of the points made, and not their frequency.

   Following each exposure draft, oral comments are received at the ASB's public meetings.

   Often, comment letters provide insight beyond what was originally proposed, or stimulate a discussion that may lead the ASB in a different direction.

4. If changes in the original exposure draft are substantial enough to constitute a fundamental change in direction, then consideration is given to additional exposure drafts as needed.

   A Discussion Draft and three exposure drafts were issued in developing changes for the 2018-19 edition of USPAP publication. At the end of each exposure period, the Board considered the issues brought forward and developed a work plan to address those issues.

C. Finalizes any changes to USPAP

1. Final action on a proposed change may be taken only

   a. After the completion of the exposure process, and

   b. After discussion and adoption at a public meeting.

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2. Once adopted, only administrative edits may be made. Adopted changes are intended to improve the clarity, understanding, and enforceability of USPAP, furthering the goal of promoting and maintaining public trust in appraisal practice.

   Final changes for the 2018-19 edition of USPAP were adopted at the ASB's public meeting on February 3, 2017.

Note: Throughout this student manual, deletions to USPAP and the Advisory Opinions are shown in ~~strikethrough~~ and additions shown in <u>underscore</u> text**.** To see the final edited version of any of the material without the strikethrough and underscore, simply go the 2018-19 USPAP publication.

BACK TO BASICS #2

Assignment results is a defined term in USPAP. The Definition is as follows:

> **ASSIGNMENT RESULTS:** An appraiser's opinions or conclusions developed specific to an assignment.
>
> <u>Comment</u>: Assignment results include an appraiser's:
> •opinions or conclusions developed in an appraisal assignment, not limited to value;
> •opinions or conclusions, developed in an appraisal review assignment, not limited to an opinion about the quality of another appraiser's work; or
> •opinions or conclusions developed when performing a valuation service other than an appraisal or appraisal review assignment.
>
> Physical characteristics are not assignment results.

Keep in mind the following regarding assignment results:

1. Assignment results include all opinions and conclusions in any assignment within appraisal practice - not just appraisal and appraisal review; and
2. In an appraisal assignment, assignment results include all opinions and conclusions (e.g., highest and best use, condition of the improvements, etc.) - not just the value opinion.

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II. Changes to the Definition of Report, the ETHICS RULE, and the RECORD KEEPING RULE

A. Definition of report

1. Rationale for revising the definition

   a. The prior definition included the expression "transmitted to the client" but did not address transmission to any other party.

   b. A question was raised as to whether a communication transmitted to some other party authorized by the client would be a report given that definition. For example, if a lender client requires that the communication of an appraisal be transmitted to an appraisal management company (AMC), is that communication an appraisal report? Or, if a property owner client asks that the communication is transmitted to his or her accountant, is that communication an appraisal report? The consensus was that such communications, although not transmitted to the client, should fall under the definition of report.

   c. The prior definition included a Comment that related to oral reports. Some stakeholders questioned the relevance of or need for this Comment.

2. What changed?

   REPORT: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.

   ~~Comment: Most reports are written and most clients mandate written reports. Oral report requirements (see the RECORD KEEPING RULE) are included to cover court testimony and other oral communications of an appraisal or appraisal review.~~

3. Impact on practice

   a. This change aligns USPAP with the manner in which most appraisers have been practicing. It is likely that very few, if any, appraisers had not been considering such communications to be reports and subject to the reporting Standards and workfile requirements in USPAP.

   b. The ASB believes the impact on practice of extending the definition to cover the transmission to parties authorized by the client will be minimal, but that application will be more consistent with common practice.

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c. The ASB reviewed the Comment to the definition of report and agreed that is was not necessary. Since the Comment merely pointed to other requirements, its deletion will have no impact on practice but will make USPAP more clear and concise.

B. ETHICS RULE

1. Rationale for revising

a. The Conduct section of ETHICS RULE in previous editions of USPAP addressed inappropriate communication of reports, but did not address other allowed communications.

b. In some cases, appraisers engaged in an appraisal or appraisal review assignment might be required to provide preliminary communication that includes assignment results (as defined in USPAP).

c. Assignments other than appraisal or appraisal review do not (per the definition of report) have a report, but assignment results are communicated to the client or to a party authorized by the client.

2. What changed?

The following excerpt from the ETHICS RULE shows the changes that were made to the Conduct section:

An appraiser:

- **must not perform an assignment with bias;**
- **must not advocate the cause or interest of any party or issue;**
- **must not accept an assignment that includes the reporting of predetermined opinions and conclusions;**
- **must not misrepresent his or her role when providing valuation services that are outside of appraisal practice;**
- **must not communicate assignment results with the intent to mislead or to defraud;**
- **must not use or communicate a report ~~that is~~ or assignment results known by the appraiser to be misleading or fraudulent;**
- **must not knowingly permit an employee or other person to communicate a report or assignment results that are misleading or fraudulent ~~report~~;**

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3. Impact on practice

   a. This is another change that will have little or no impact on most appraisers' practices. It extends the prohibition against the use of misleading or fraudulent communication beyond reports to include all communications.

   b. Appraiser regulators and professional organizations that enforce USPAP will be better equipped to take action against clearly unethical behavior.

C. RECORD KEEPING RULE

1. Rationale for revising

   a. The RECORD KEEPING RULE had required that the workfile be in existence prior to issuing the report, but not necessarily prior to providing other communication of assignment results.

   b. The development process and the act of communicating the results of the process are to a large degree independent of each other. However, Restricted Appraisal Reports and oral appraisal reports may include significantly less information than Appraisal Reports. While the RECORD KEEPING RULE had a clear requirement that the workfile for a Restricted Appraisal Report be sufficient for the appraiser to produce an Appraisal Report, there was no such requirement for an oral report.

   c. The last bullet point that lists the requirements for workfile content contained wording that was inconsistent with the others and did not follow the stem at the top of the list; it was suggested that a change here would make the Rule easier to understand.

2. What changed? The RECORD KEEPING RULE with edits is shown below:

   RECORD KEEPING RULE

   An appraiser must prepare a workfile for each appraisal or appraisal review assignment. A workfile must be in existence prior to the issuance of any report <u>or other communication of assignment results</u>. A written summary of an oral report must be added to the workfile within a reasonable time after the issuance of the oral report.

   The workfile must include:
   - **the name of the client and the identity, by name or type, of any other intended users;**
   - **true copies of all written reports, documented on any type of media. (A true copy is a replica of the report transmitted to the client. A photocopy or an electronic copy of the entire report**

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transmitted to the client satisfies the requirement of a true copy.);

- **summaries of all oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and**
- **all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other data, information, and documentation~~; and~~.**
- ~~**a workfile in support of a Restricted Appraisal Report must be sufficient for the appraiser to produce an Appraisal Report.**~~

A workfile in support of a Restricted Appraisal Report or an oral appraisal report must be sufficient for the appraiser to produce an Appraisal Report. A workfile in support of an oral appraisal review report must be sufficient for the appraiser to produce an Appraisal Review Report.

An appraiser must retain the workfile for a period of at least five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last.

An appraiser must have custody of the workfile, or make appropriate workfile retention, access, and retrieval arrangements with the party having custody of the workfile. This includes ensuring that a workfile is stored in a medium that is retrievable by the appraiser throughout the prescribed record retention period.

An appraiser having custody of a workfile must allow other appraisers with workfile obligations related to an assignment appropriate access and retrieval for the purpose of:

- **submission to state appraiser regulatory agencies;**
- **compliance with due process of law;**
- **submission to a duly authorized professional peer review committee; or**
- **compliance with retrieval arrangements.**

  Comment: A workfile must be made available by the appraiser when required by a state appraiser regulatory agency or due process of law.

An appraiser who willfully or knowingly fails to comply with the obligations of this RECORD KEEPING RULE is in violation of the ETHICS RULE.

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3. Impact on practice

   a. In most cases, appraisers begin a workfile at the start of an assignment. In those cases, this change will have no impact. The effect of the changes to when the workfile must exist will be that prior to communication of any assignment results in an appraisal or appraisal review assignment, the appraiser must have the necessary documentation to support the assignment results that are communicated and must be able to show compliance with USPAP in achieving those assignment results.

   b. The requirement that documentation in the workfile is required in cases when the appraiser produces only an oral report has been highlighted. The already existing requirement that the workfile include (or include reference to) data, information, and documentation to support the opinions and conclusions and show USPAP compliance have been reinforced to be consistent with the requirements for a Restricted Appraisal Report. For appraisers who were complying with the prior requirements, this is not a substantial change. However, for those who enforce USPAP, the requirement is now clearer.

D. The relationship among the changes to the Definition of Report, the ETHICS RULE, and the RECORD KEEPING RULE.

   1. The change to the Definition of report expands somewhat on what communications are reports.

   2. Superfluous language relating to oral reports was deleted from the definition.

   3. The changes to the ETHICS RULE expand the prohibition against communicating fraudulent or misleading assignment results to include any communication, not just those communicated in a report.

   4. The changes to the RECORD KEEPING RULE impose a workfile requirement prior to any communication of assignment results (again, not just reports) and clarifies the workfile requirements for oral reports.

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FROM YOUR PERSPECTIVE #1

An appraiser was engaged to perform an appraisal of a single-unit residential property for a mortgage lending transaction. After inspecting the property and collecting the necessary data, the appraiser concluded that the highest and best use was as a two-unit dwelling. The appraiser informed the client of this conclusion prior to completing the appraisal and the client then canceled the assignment.

1. Does USPAP allow the appraiser to convey the opinion of highest and best use prior to transmitting an appraisal report?

2. Since there was no appraisal performed and no appraisal report transmitted, must the appraiser keep a workfile for the prescribed five-year period?

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III. Changes relating to the Definitions of Assignment, Assignment Conditions, Intended Use, and Intended User; and the COMPETENCY RULE

A. Definition of Assignment

1. Rationale for revising the definition

a. The prior definition of assignment addressed both the appraiser-client agreement to provide a service and the service itself.

b. There are areas in USPAP where it was not clear whether the term "assignment" is intended to mean the agreement or the service.

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c. Other terminology was considered (e.g., engagement) for the agreement, but was not deemed necessary.

2. What changed? The ASB eliminated the agreement portion of the definition and added a phrase to make it clear that the service provided in an assignment is provided by an appraiser. The following shows the edits to the Definition of assignment:

ASSIGNMENT: ~~1) An agreement between an appraiser and a client to provide a valuation service; 2) the~~ a valuation service that is provided by an appraiser as a consequence of an agreement with a client ~~such an agreement~~.

B. New Definition - Assignment Conditions

1. Rationale for adding the definition

a. The expression assignment conditions has a meaning that is specific to USPAP; that meaning had been stated in the SCOPE OF WORK RULE.

b. Assignment conditions are addressed both in the SCOPE OF WORK RULE and the development Standards.

c. The concept of assignment conditions is essential to the understanding of USPAP.

d. Language describing or defining assignment conditions was stated in the SCOPE OF WORK RULE, but not in the Definitions.

2. What changed? The following definition was added:

ASSIGNMENT CONDITIONS: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulations, jurisdictional exceptions, and other conditions that affect the scope of work.

Comment: Laws include constitutions, legislative and court-made law, administrative rules, and ordinances. Regulations include rules or orders, having legal force, issued by an administrative agency.

C. Definitions of Intended Use and Intended User

1. Rationale for revising the definition

a. The initial reason that these definitions were reviewed related to the use of "at the time of the assignment" which, because assignment had two definitions, caused some confusion.

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b. The change to the definition of assignment resolved that issue, but other minor changes were made for the sake of consistency and clarity.

2. What changed? The Definitions of intended use and intended user were changed as follows:

INTENDED USE: the use(s) ~~or uses~~ of an appraiser's reported appraisal or appraisal review assignment results ~~opinions and conclusions~~, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on ~~the basis of~~ communication with the client at the time of the assignment.

D. Change to the COMPETENCY RULE

1. Rationale for the change to the COMPETENCY RULE

a. The Being Competent section of the COMPETENCY RULE stated in part: "… prior to accepting an assignment …" Given the prior definition of assignment, this was awkward. With the revised definition (i.e., a valuation service provided by an appraiser) it was out of context.

b. There was a reference in the Comment to the same section that referred to "the time of the assignment." It was suggested that this could be more clearly stated.

2. What changed? The Being Competent section of the COMPETENCY RULE was changed as follows:

Being Competent

An ~~The~~ appraiser must determine, prior to ~~accepting~~ agreeing to perform an assignment, that he or she can perform the assignment competently. Competency requires:

1. **the ability to properly identify the problem to be addressed;**
2. **the knowledge and experience to complete the assignment competently; and**
3. **recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment.**

Comment: Competency may apply to factors such as, but not limited to, an appraiser's familiarity with a specific type of property or asset, a market, a geographic area, an intended use, specific laws and regulations, or an analytical method. If such a factor is necessary for an

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appraiser to develop credible assignment results, the appraiser is responsible for having the competency to address that factor or for following the steps outlined below to satisfy this COMPETENCY RULE.

For assignments with retrospective opinions and conclusions, the appraiser must meet the requirements of this COMPETENCY RULE at the time ~~of~~ the assignment is performed, rather than the effective date.

3. Impact on practice

The changes to the Definitions of intended use, intended user, assignment conditions, and assignment and the edits to the COMPETENCY RULE have little or no impact on the actual practice of appraisers. The overall impact is that the intent and application of USPAP are clearer.

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FROM YOUR PERSPECTIVE #2

An appraiser is performing an appraisal of a small retail property for the property owner. The intended use of the appraisal is for estate planning. Before the appraiser completes the appraisal report, the client informs her that he has hired a new financial planner and the appraiser and client agree that the financial planner should be identified as an additional intended user.

1. In this scenario, does adding an intended user change the scope of work? Why or why not?

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2. In this scenario, does adding an intended user result in a new assignment? Why or why not?

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3. Would the answers to the previous questions be any different if the change was made after the report was issued? Why or why not?

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FROM YOUR PERSPECTIVE #3

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements and the client imposed the following conditions:

a. The appraiser must develop at least two approaches to value;
b. The property must be appraised as if it had been completed per plans and specifications as of the date of inspection;
c. The report must include photographs of abutting properties;
d. The report must include an as-is value for the subject property; and
e. The report must be transmitted to the client within 30 days of the agreement to perform the appraisal.

Which, if any, of these conditions are assignment conditions?

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IV. Changes Regarding: the Definitions of Assumption and Extraordinary Assumption

A. Definition of Assumption has been retired

1. Rationale for retiring the definition

   a. The purpose of defining terms in USPAP is to establish the meaning and context for terms that are used differently within USPAP than they are in plain English usage.

   b. The Definition for assumption in USPAP (that which is taken to be true) gave it a meaning that is no different within USPAP than it is in its non-USPAP usage.

2. What changed? The Definition of assumption has been removed from USPAP.

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B. Definition of Extraordinary Assumption has been revised

1. Rationale for changing the Definition of extraordinary assumption

   a. Multiple stakeholders had expressed concern that the difference between an assumption and an extraordinary assumption was unclear.

   b. Under the prior definition, any assumption could be construed as an extraordinary assumption.

   c. Some properties have one or more specific uncertain characteristics that preclude the appraiser from appraising them without making assumptions related to those uncertain characteristics. These assumptions are different from those that are made in almost all appraisals.

   d. A primary reason for differentiating between an extraordinary assumption and other assumptions is that it is critical that the intended users understand that there was some atypical condition that necessitates its use and that use might affect the assignment results.

2. What changed? The edits to the Definition of extraordinary assumptions are shown below:

   EXTRAORDINARY ASSUMPTION: an assignment-specific assumption, ~~directly related to a specific assignment,~~ as of the effective date regarding uncertain information used in an analysis~~, of the assignment results,~~ which, if found to be false, could alter the appraiser's opinions or conclusions.

   Comment: ~~Extraordinary assumptions presume as fact otherwise u~~Uncertain information might include ~~about~~ physical, legal, or economic characteristics of the subject property; or ~~about~~ conditions external to the property, such as market conditions or trends; or ~~about~~ the integrity of data used in an analysis.

3. Impact on practice

   a. Appraisers continue to have an obligation to differentiate between assumptions and extraordinary assumptions. The term assumption is still used in USPAP and its meaning is unchanged.

   b. The revised definition of extraordinary assumption is intended to make it clearer that extraordinary assumptions are those that are "assignment-specific" and that the intended users will not understand the report properly unless they are aware of the extraordinary assumption.

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BACK TO BASICS #3

In addition to defining extraordinary assumptions, USPAP also defines hypothetical conditions. The definition is:

> **HYPOTHETICAL CONDITION:** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
>
> > Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The Standards Rules that apply to the use of extraordinary assumptions and hypothetical conditions in the development of an appraisal are somewhat different (see SR 1-2(f) and 1-2(g)). It is important to understand the difference between the two.

FROM YOUR PERSPECTIVE #4

An appraiser is appraising a property that is in an area that has been transitioning from residential to professional use. Although zoned R-1 (residential), several properties in the area have recently been granted variances for professional office uses.

The subject is under contract of sale to a buyer who plans to use the property for a medical office and the lender/client has asked that the property be appraised as if a variance had been granted.

If the effective date is current, is the appraisal being performed subject to an extraordinary assumption or a hypothetical condition?

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FROM YOUR PERSPECTIVE #5

An appraiser has agreed to perform a market value appraisal of a property with proposed improvements. The assignment calls for a prospective appraisal with an effective date that is 120 days after the date the appraisal report is submitted.

The client and the appraiser believe that the construction will have been completed and a certificate of occupancy issued prior to the effective date. What assumptions, extraordinary assumptions, or hypothetical conditions might apply to this assignment?

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FROM YOUR PERSPECTIVE #6

A client has asked an appraiser to appraise a property subject to the extraordinary assumption that it would be possible to connect it to the municipal water supply at a cost of no more than $10,000. The appraiser is not aware of any nearby access to municipal water lines, however the appraiser has not confirmed that it cannot be accomplished for $10,000 or less. May the appraiser use an extraordinary assumption in this case? Why, or why not?

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V. Definition of Appraisal Review and Dividing STANDARD 3 into Two Standards

A. Rationale for changes

1. An appraiser's opinion and the communication of that opinion are components of both appraisal and appraisal review assignments.

2. Appraisal has separate Standards for development and reporting; appraisal review development and reporting work were both addressed in STANDARD 3.

3. The definition of appraisal is limited to development; the definition also encompasses instances where the term appraisal is used as an adjective (e.g., appraisal assignment or appraisal experience). The prior definition of appraisal review included the development and reporting and its possible use as an adjective was not addressed.

4. Historically, the definition of report included both appraisal and appraisal review reports.

5. Several years ago, STANDARD 4 (Appraisal Consulting – Development) was retired, thus the Standard adjacent to STANDARD 3 was available.

B. What changed?

1. The Definition of Appraisal Review was changed as follows:

   APPRAISAL REVIEW: (noun) the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment; (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.

   Comment: The subject of an appraisal review assignment may be all or part of a report, workfile, or a combination of these.

2. The Standards Rules that relate to the reporting of an appraisal review assignment have been removed from STANDARD 3 and placed into the new STANDARD 4. Reformatting and renumbering was also needed. See pages 26 through 33 in the 2018-19 USPAP publication for the full text of these Standards.

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C. Impact on practice

1. The performance-related expectations placed on appraisers have not changed. Work that would have complied with STANDARD 3 in the past will still be USPAP compliant under STANDARDS 3 and 4.

2. USPAP is more consistent and the requirements that apply to appraisal assignments and appraisal review assignments are now more clearly parallel.

BACK TO BASICS #4

USPAP recognizes a difference between the process of developing an opinion and the communication of the opinion once it has been developed.

The process of developing an appraisal or appraisal review requires an appraiser to go through the steps of the appraisal process in compliance with the applicable development Standard beginning with problem identification. Problem identification leads to the determination of an appropriate scope of work. The appraiser then must carry out that scope of work (or if necessary, modify it). The appraiser must apply his or her knowledge and experience in the research and analysis needed to achieve credible assignment results in the context of the intended use.

Those assignment results must then be conveyed in the report to the client (or party authorized by the client). The report must comply with the requirements of the applicable reporting Standard. The appraiser must apply his or her communication skills to ensure that the report is sufficient for the intended users to understand it.

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FROM YOUR PERSPECTIVE #7

I am an appraiser and my practice includes requests to comment on a wide range of valuation work performed by others. At various times this work is presented as an appraisal report, appraisal review report, market data summary, or even as a broker's price opinion. When do STANDARDS 3 and 4 apply?

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VI. Mass Appraisal – Dividing STANDARD 6 into Two Standards and Edits to the Standards and Revisions to Advisory Opinion 32, *Ad Valorem Property Tax Appraisal and Mass Appraisal Assignments*

A. Rationale:

1. For the same reasons discussed regarding appraisal review, there was discussion regarding splitting STANDARD 6 – Mass Appraisal Development and Reporting into two Standards. As was the case with Appraisal Review, an unused adjacent Standard number (STANDARD 5) was available.

2. STANDARD 6 had not been reviewed in-depth for over ten years, so it was suggested that the ASB consult with mass appraisal experts to ensure that USPAP was appropriate and reflected any recent changes in this field.

3. These mass appraisal experts made several recommendations to the ASB; the ASB used those recommendations to propose several changes related to mass appraisal.

4. Given the extent of the proposed changes, a related Advisory Opinion (AO-32) would need to be rewritten.

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B. What changed?

The Standards Rules that relate to the development of a mass appraisal assignment have been removed from STANDARD 6 and placed into new STANDARD 5. Reformatting and renumbering was also needed. See pages 34 through 43 in the 2018-19 USPAP publication for the full text of these Standards.

C. Impact on practice

1. The newly adopted STANDARD 5 and the edited STANDARD 6 apply only to mass appraisal.

2. USPAP is more consistent and the requirements that apply to appraisal assignments and mass appraisal assignments are now more clearly parallel.

FROM YOUR PERSPECTIVE #8

An assessment appeal is in process, and an appraisal of an individual property is being conducted as part of that appeal. Which development standards apply?

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VII. Changes to STANDARDS 7 and 8

A. Rationale:

1. While market value is commonly the objective of real property appraisal assignments, the term is seldom used in personal property.

2. Edits were proposed to make STANDARDS 7 and 8 more consistent with current practice in the personal property appraisal discipline.

3. In some personal property appraisals, multiple appraisers with varying areas of specialty may collaborate in an assignment. In these cases, there was concern regarding the requirement that each appraiser must sign the certification and therefore was accepting responsibility for the entire report.

B. What changed?

The references to market value in STANDARDS 7 and 8 were removed and related edits were made. In addition, the Comment to Standards Rule 8-3 regarding the certification requirements was edited. See pages 44 through 54 in the 2018-19 USPAP publication for the full text of these Standards.

C. Impact on practice

1. The edits to STANDARDS 7 and 8 impact only the appraisal of personal property.

2. USPAP is more consistent with the language and practice commonly used in personal property appraisal.

VIII. Revision to the Illustration in Advisory Opinion 21 – *USPAP Compliance*

A. Rationale

1. Advisory Opinion 21 includes two graphics that illustrate the applicability of various parts of USPAP in different assignments.

2. It was suggested that a third graphic might help add clarity to the issue.

3. The reaction to the proposed new graphic was that it rendered one of the existing graphics unnecessary.

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B. What changed?

The following graphic replaced the old table in Advisory Opinion 21. The new graphic is shown on the next page.

C. Impact on Practice

1. The ASB does not intend for this to impact practice.

2. The purpose of the illustration is to more clearly indicate which parts of USPAP apply to various types of assignments.

FROM YOUR PERSPECTIVE #9

A client feels that her property is over assessed by the county. She's asked me to perform a tax consulting service that involves advocacy for her position and I'd like to charge her on a contingency fee basis. This assignment would not include an appraisal. I have two questions: Is this service allowed under USPAP? If not, can I perform this assignment outside of USPAP?

(Hint – Check the FAQs!)

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← Valuation Services →

Appraisal Practice Valuation services performed by an individual acting as an appraiser Appraisal and Appraisal Review (Development and Reporting)		
	Other valuation services when acting as an appraiser	
All Rules apply. Standards apply. Which ones apply varies by assignment.	Three Rules apply: ETHICS RULE COMPETENCY RULE JURISDICTIONAL EXCEPTION RULE No Standards apply in these assignments. Compliance with the RECORD KEEPING RULE and SCOPE OR WORK RULE is not required in these assignments.	Valuation services when **not** acting as an appraiser When performing these services , do not misrepresent your role: i.e., clearly communicate that you are **not** acting as an appraiser.

Examples

Appraisal and Appraisal Review (Development and Reporting)	Other valuation services when acting as an appraiser	Valuation services when not acting as an appraiser
Appraisal with Appraisal Report Appraisal with Restricted Appraisal Report Appraisal with oral appraisal report Expert witness testimony Appraisal Review with report Selecting comparable sales data *Calculation engagement *Limited scope appraisal *Valuation engagement or *Evaluation Purchase price allocation	Researching market data (when acting as appraiser) Teaching appraisal courses Analyzing specific elements of value (e.g., reproduction cost of functional utility) Consulting (when acting as an appraiser) Mechanical computation Developing educational texts Ad valorem tax consulting (when acting as an appraiser) Providing raw sales data Litigation support (when acting as an appraiser)	Brokerage Consulting (when acting as an advocate) Ad valorem tax consulting (when acting as an advocate) Auctioning Litigation support (when acting as an advocate) Property management Mortgage underwriting Leasing (agent)

* **Note:** These terms are commonly used by appraisers to describe appraisals with a narrow scope of work. Regardless of the label used in the assignment, these opinions of value are appraisals as defined in USPAP. An appraiser my perform these assignments under USPAP by complying with the Rules and applicable Standards.

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FROM YOUR PERSPECTIVE #10

A client recently requested that I perform a feasibility study on a potential retail development. No value conclusions are included in the scope of the work assignment agreed upon with the client, but they have requested that I provide many of the components of what could lead to a value conclusion, such as potential income streams, capitalization rates, cost estimates, and similar information. I have completed numerous appraisal assignments for this client and I am certain that I was chosen, in large part, because I am an appraiser. Does this assignment fall within appraisal practice? And, must I comply with USPAP in completing the assignment?

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IX. Creation of Advisory Opinion 37, *Computer Assisted Valuation Tools*

A. Rationale:

1. The use of various computer assisted tools by appraisers has become more common.

2. Appraisers have certain obligations when using these tools.

3. The USPAP publication already had Advisory Opinions addressing the use of automated valuation models (AVMs) and discounted cash flow analysis (DCF). There was no guidance for other automated valuation tools.

4. It was also suggested that due to reduced use of AVMs by appraisers, the guidance regarding AVMs could be retired. When this was exposed, the ASB received considerable feedback that suggested it should be retained.

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B. What changed?

The ASB adopted Advisory Opinion 37. The new AO begins on page 172 of the 2018-19 USPAP publication.

C. Impact on practice

1. Appraisers now have an additional resource for USPAP-related guidance in the use of computer assisted valuation tools.

FROM YOUR PERSPECTIVE #11

A stand-alone program will calculate the replacement cost of the office building that is being appraised. The software's output is notably different from the actual costs submitted by the builder. On which cost estimate should the appraiser rely? Why?

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FROM YOUR PERSPECTIVE #12

An appraiser has purchased a software package that has multiple functions, such as market analysis, deriving adjustments for physical characteristics, automatically inputting information from the local MLS, and more. He uses the program to develop an adjustment for an in-ground pool. The program provides that amount and reports the standard deviation. The appraiser is not familiar with this term. He assumes that a large standard deviation is better so he decides to employ that adjustment. Is the appraiser correct in deciding that the output was credible? Why or why not?

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X. Revisions to Advisory Opinion 31, *Assignments Involving More than One Appraiser*

A. Rationale:

1. Reliance on significant appraisal or appraisal review assistance triggers certain reporting obligations in USPAP.

2. Significant assistance is not defined in USPAP and concerns were raised that it could be interpreted differently by different people.

3. Some language had to be added to reflect the changes to STANDARD 8 regarding personal property appraisers with varying specialties.

B. What changed?

A new section was added to provide guidance in determining what constitutes significant appraisal assistance and a new Illustration was provided. The new section is as follows:

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Significant Professional Assistance

USPAP does not define what constitutes significant appraisal assistance in an appraisal or appraisal review assignment. To be significant, the assistance provided must be substantial enough to have affected the development of the assignment results. Assistance is related to the appraisal process and requires appraisal competency. Therefore, only those acting as an appraiser sign the certification, or are identified as providing significant appraisal assistance in the certification. Examples of significant appraisal assistance include, but are not limited to, identification (research and selection) of comparable properties and data, inspection of the subject property and comparable properties, estimating accrued depreciation, or forecasting income and expenses.

An appraiser often uses assistance that does not constitute significant appraisal assistance. Although it is the responsibility of the appraiser to determine the role of any individual providing assistance, tasks such as, but not limited to, writing down measurements the appraiser provides when measuring a structure, taking photographs of the subject property, and providing clerical duties are not considered significant appraisal assistance.

An appraiser providing assistance must comply with those parts of USPAP that apply to the assistance that he or she provides. So, for example, if an appraiser's assistance includes only developing a cost approach in a real property appraisal assignment, that appraiser must comply with the applicable Rules (i.e., the ETHICS RULE, etc.), Standards Rules 1-1, 1-3, 1-4(b), and any other applicable sections of Standards Rule 1-4 and Standards Rule 1-6(a).

C. Impact on practice

1. This will not affect the performance of most appraisers.

2. The essential impact is clearer guidance that may be used to differentiate significant professional assistance from other assistance that an appraiser might receive.

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FROM YOUR PERSPECTIVE #13

An appraiser trainee is working with a more senior appraiser on a complex appraisal assignment. His only task has been to develop the income approach based on information provided by the senior appraiser. What is the appropriate way to acknowledge this trainee's role in the assignment?

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FROM YOUR PERSPECTIVE #14

An appraiser is performing a specific portion of a complex appraisal assignment, but is not competent to complete the entire assignment. As part of her training, she read the report and discussed it with the senior appraiser. Having now expanded her knowledge of the assignment, she wants to sign the certification along with the senior appraiser on the project. Is this appropriate? Why or why not?

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XI. Revisions to Advisory Opinion 1, *Sales History*

A. Rationale:

1. In real property market value appraisal assignments, USPAP has requirements addressing an analysis of all agreements of sale, options, or listings of the subject current as of the effective date and all sales within three years prior to the effective date.

2. A summary of any such analyses must be included in an Appraisal Report and even in a Restricted Appraisal Report.

3. The guidance provided in AO-1 focused on situations where information was not available.

4. Regulators and users of appraisal services expressed concerns that the reports included information regarding sales, listings, etc., but no analyses.

B. What changed?

Extensive changes were made to Advisory Opinion 1, including many new Illustrations of how the various required analyses should be reported. The Advisory Opinion begins on page 69 of the 2018-19 USPAP publication.

C. Impact on practice

1. The expectations on the appraiser when an analysis is required are more clear.

2. Appraisers now have several examples of what could be included in a report as a summary of an analysis.

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FROM YOUR PERSPECTIVE #15

What should be included in the summary of an analysis of a current listing?

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FROM YOUR PERSPECTIVE #16

What should be included in the summary of an analysis of an agreement of sale current as of the effective date?

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FROM YOUR PERSPECTIVE #17

What should be included in the summary of an analysis of a sale that occurred within three years prior to the effective date?

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FROM YOUR PERSPECTIVE #18

What should be included in the summary of an analysis of a pending sale when the information regarding that sale is not available to the appraiser in the normal course of business?

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BACK TO BASICS #5

What an appraiser's peers' actions would be in the same or similar assignment is one of the benchmarks used to determine scope of work acceptability. This includes the determination of the normal course of business (see Advisory Opinion 24).

It is very important to remember that appraiser's peers is defined in USPAP and does not include all other appraisers, or even all other appraisers with the same credentials.

The Definition of appraiser's peers is as follows:

> **APPRAISER'S PEERS:** other appraisers who have expertise and competency in a similar type of assignment.

Keep in mind the following regarding appraiser's peers:

1. An appraiser's peers are assignment-specific; you may have one set of peers for one assignment and a different set for another assignment; and
2. In order for another appraiser to be an appraiser's peer, he or she must have the necessary expertise and competency.

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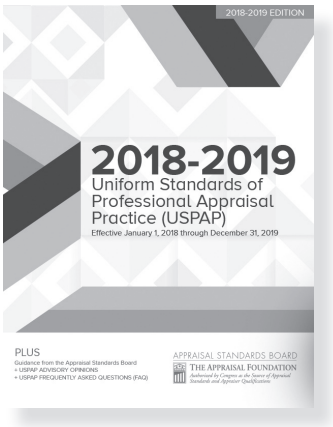
Here's where we are headed in the afternoon session



S E C T I O N T W O

LEARNING FOCUS:

Another Look at Scope of Work

Review of Report Content Requirements

Analyze and Summarize – What is Expected?

Section 2.
USPAP Flexibility and Expectations

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I. Overview

It has often been pointed out that appraisal is not a one-size-fits-all endeavor. The afternoon session will provide a refresher on the concept of scope of work and how various scenarios may result in a different scope of work. Next, the course will look at what must be included in a report with a focus on the Restricted Appraisal Report.

Finally, we will look at two terms (analyze and summarize) that are not defined in USPAP (the plain English definitions apply) and discuss what these terms mean within the context of appraisal practice. The course will use many From Your Perspective exercises to demonstrate these concepts.

ANOTHER LOOK AT SCOPE OF WORK

The SCOPE OF WORK RULE has been in USPAP since 2006. We will take a look at the SCOPE OF WORK RULE and provide a refresher on the obligations that the Rule places on appraisers.

We will also take a quick look at the flexibility that USPAP provides and some of the services that appraisers may provide for their clients.

REPORT CONTENT REQUIREMENTS

Too often, appraisers, especially within the realm of residential real property, think of appraisal as a form-filling process. While a form is certainly an important tool that can guide the appraiser through the process and help ensure that the report addresses all the areas that many clients see as important, it is only a tool. It is also important to keep in mind that the proper tool may vary based on the task at hand.

In this part of the course we will look at how various reporting tools can be used to enable the appraiser to perform more effectively, efficiently, and professionally.

ANALYZE AND SUMMARIZE – WHAT IS EXPECTED?

The development Standards in USPAP (STANDARDS 1, 3, 5, 7, and 9) require that the appraiser perform several analyses. The reporting Standards (STANDARDS 2, 4, 6, 8, and 10) require that in most cases, the results of these analyses be summarized in the report.

We will look at several examples of analyses and discuss what is expected and how the results of those analyses should be reported.

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II. Another Look at the Scope of Work

BACK TO BASICS #6

This discussion of scope of work will use several terms that have USPAP-specific definitions. In order to understand this discussion, it is important to be aware of these Definitions:

> **VALUATION SERVICES:** services pertaining to aspects of property value.
>
> > Comment: Valuation services pertain to all aspects of property value and include services performed both by appraisers and by others.
>
> **APPRAISAL PRACTICE:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.
>
> > Comment: Appraisal practice is provided only by appraisers, while valuation services are provided by a variety of professionals and others. The terms appraisal and appraisal review are intentionally generic and are not mutually exclusive. For example, an opinion of value may be required as part of an appraisal review assignment. The use of other nomenclature for an appraisal or appraisal review assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to the Uniform Standards of Professional Appraisal Practice.

Note – all of appraisal practice falls under the umbrella of valuation services; a valuation service becomes appraisal practice when it is performed by an individual who is ***acting as an appraiser***. Of course, this leads to the next relevant definition . . .

> **APPRAISER**: one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.
>
> > Comment: Such expectation occurs when individuals, either by choice or by requirement placed upon them or upon the service they provide by law, regulation, or agreement with the client or intended users, represent that they comply.

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A. For some appraisers, although the properties they appraise may vary significantly, the types of assignments they perform are often fairly limited, or one particular type (e.g., appraisals for residential mortgage lending for a purchase or refinance) can make up a very large portion of their practice. This makes it easy to forget that USPAP provides appraisers with significant flexibility in other assignments.

B. USPAP recognizes that in addition to appraisal and appraisal review, practitioners may be called upon as an appraiser to provide other valuation services. If the assignment does not call for the appraiser to provide an opinion of value or an opinion of another appraiser's work that was performed as part of an appraisal or appraisal review assignment, the only areas of USPAP with which the appraiser must comply are the ETHICS RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE.

C. USPAP also recognizes that not all appraisal assignments are the same. The SCOPE OF WORK RULE and the development Standards provide a framework where the appraiser has flexibility and responsibility in determining the appropriate scope of work necessary to produce credible assignment results.

BACK TO BASICS #7

Much of the focus of the following discussion will be on determining an appropriate scope of work to produce credible assignment results. So let's look at two more Definitions:

> **SCOPE OF WORK**: the type and extent of research and analyses in an appraisal or appraisal review assignment.
>
> **CREDIBLE**: worthy of belief.
>
> > Comment: Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use.

D. In addition to deciding on the appropriate scope of work to perform, the appraiser may also need to determine the appropriate reporting content and format for each assignment. For example, residential real property appraisers preparing assignments for mortgage lending are often required to use standardized report forms that might not be a requirement in other assignments. Later in this course we will address reporting in greater detail.

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FROM YOUR PERSPECTIVE #19

An appraiser specializes in eminent domain and right-of-way appraisal assignments. The subject properties are typically very large, wooded, and sometimes have rugged topography. The appraiser uses a camera mounted on a drone to view areas of the subject property that are not practical to view on foot. Drones are also useful in viewing comparable sales. The certification required by Standards Rule 2-3 requires the appraiser to disclose whether or not he or she personally inspected the subject property. Do aerial viewings using a drone constitute a personal inspection?

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The Appraisal Foundation has published a one-page document called "Yes I Can Accept That Assignment! USPAP Flexibility at a Glance." This document is shown on the next page.

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YES, I CAN ACCEPT THAT ASSIGNMENT! USPAP FLEXIBILITY AT A GLANCE

Some appraisers may not be aware of the inherent flexibility built into the *Uniform Standards of Professional Appraisal Practice* (USPAP). Because USPAP is a set of standards that is built on the basic principles of ethics and competency, those who do not appreciate such flexibility can sometimes view USPAP as vague. However, the scope of work concept in USPAP enables appraisers to perform many types of assignments while maintaining compliance with standards. Following are examples of such flexibility:

Assignment Types	Some Examples	Allowed by USPAP?	How Does USPAP Apply?
Oral Appraisal Reports	A client does not require a written report	Yes	STANDARDS 2, 8, 10
Purchase Price Negotiation	A potential buyer is considering purchasing a property or business	Yes	STANDARDS 1 & 2, 7 & 8, 9 & 10
Calculation Engagement	A CEO is considering an acquisition and wants to know the calculated result given a specific valuation method	Yes	STANDARDS 9 & 10
Consulting/Appraisal Consulting[1]	A client is considering developing a vacant parcel and is looking for maximum return	Yes	Advisory Opinion 21
Appraisals for Litigation/Expert Witness Testimony	An attorney needs an impartial opinion of value for legal proceedings	Yes	STANDARDS 1 & 2, 6, 7 & 8, 9 & 10
Evaluations[2] *for Lending*	A lender needs an evaluation providing an opinion of market value to ensure a loan is adequately collateralized	Yes	STANDARDS 1 & 2 and Advisory Opinion 13[3]
Appraisals for Lending	A lender needs an appraisal providing an opinion of value to ensure a loan is adequately collateralized	Yes	STANDARDS 1 & 2, 7 & 8
Appraisal Review	A client needs to know whether or not an appraisal is credible	Yes	STANDARD 3
Appraisals for Charitable Contributions	An individual donating real or personal property requires a qualified appraisal performed by a qualified appraiser[4]	Yes	STANDARDS 1 & 2, 7 & 8
Appraisals for Estates	An executor needs to know the value of property in order to equitably settle an estate; an executor needs to know the Fair Market Value to pay estate taxes	Yes	STANDARDS 1 & 2, 7 & 8, 9 & 10
Appraisals for Insurance	A property owner wants to know how much insurance coverage is adequate; a property owner needs an independent appraisal to help settle a damage/loss claim	Yes	STANDARDS 1 & 2, 7 & 8
Advocacy	An individual who is an appraiser is asked to represent one party in a court proceeding	Yes (see footnote)	ETHICS RULE and Advisory Opinion 21[5]
Assessment Appeals	An appraiser is asked to work for a property owner in an assessment appeals hearing	Yes (see footnote)	ETHICS RULE and Advisory Opinion 21[6]
Contingent Fee	An appraiser agrees to be compensated for the appraisal only when the loan closes	No	Management Section, ETHICS RULE

As illustrated in the preceding chart, USPAP provides tremendous flexibility for appraisers. The SCOPE OF WORK RULE in USPAP requires appraisers to produce credible assignment results, but USPAP requires only those analyses that are necessary for credible results, given the intended use. In assignments performed for real property, personal property, or business valuation/intangible assets, USPAP also includes provisions for an abbreviated reporting format.[7]

In order to protect public trust, USPAP does not permit assignments where an appraiser's fee is contingent on the outcome, or on a subsequent event directly related to the appraiser's opinions.[8]

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1 Appraisal consulting is no longer defined in USPAP and the Real Property Appraisal Consulting Standards were retired; however, those services formerly called appraisal consulting are still permitted under USPAP.
2 As defined in the *Interagency Appraisal and Evaluation Guidelines*, December 2010.
3 Advisory Opinion 13, *Performing Evaluations of Real Property Collateral to Conform with USPAP*, provides guidance on this topic.
4 Internal Revenue Service, Publication 561.
5 An individual may provide services as an advocate, or as an appraiser (one who expected to perform in a manner that is independent, impartial, and objective); however, one cannot act in both roles in the same assignment. When acting as an advocate, the individual must not misrepresent his or her role.
6 Appraisers may perform assignments for assessment appeals, but cannot do so if the fee is based on a percentage of the cost savings or other events as stated in the Management section of the ETHICS RULE. Appraisers must also ensure they do not misrepresent their role in such assignments.
7 *Restricted Appraisal Reports* are allowed under STANDARDS 2, 8 and 10.
8 Management section of the ETHICS RULE.

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FROM YOUR PERSPECTIVE #20

Is a scope of work specified by the client acceptable?

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FROM YOUR PERSPECTIVE #21

An appraiser was asked by a client to provide an "alternative valuation product" using a report form that the client designed. This product, as designed, does not appear to comply with USPAP. Is an appraiser allowed to perform such an assignment?

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BACK TO BASICS #8

The expression "restricted appraisal" is used occasionally by appraisers and users of appraisal services. It is important for appraisers to understand that such terminology is inappropriate and could be misleading.

USPAP provides an option for the use of Restricted Appraisal Reports (see STANDARDS 2, 8, and 10), but there is no option for a Restricted Appraisal. The scope of work in any appraisal assignment is driven by the assignment elements that must be identified by the appraiser in compliance with the applicable development Standard. The scope of work and the level of detail in the report are two separate determinations that the appraiser must make.

The "Restricted" in a Restricted Appraisal Report refers to the fact that the use of the report is restricted to the client(s). It should never be used in a way that implies that the research and analyses (i.e., the scope of work) were restricted.

FROM YOUR PERSPECTIVE #22

Is an inspection of the subject property always required in a real property appraisal assignment?

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FROM YOUR PERSPECTIVE #23

A client asked an appraiser to disregard any foreclosure, real estate owned (REO), or short sale when performing market value appraisal assignments. Is this an acceptable assignment condition?

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BACK TO BASICS #9

STANDARD 1 has several types of Standards Rules. Some are absolute and must always be met. For others, compliance is required when necessary for credible results. Some are triggered by assignment conditions and apply only if those conditions are present. Here are some examples:

> Absolute: Standards Rules 1-2; the identification of assignment elements is always required.
>
> When Necessary for Credible Results: Standards Rule 1-4; the collection, verification, and analyses of the various types of information must be performed when necessary for credible results.
>
> Conditional: Standards Rule 1-5; only applies when the opinion to be developed is market value.

Some Standards Rules are both conditional and required only when necessary for credible results. For example, Standards Rule 1-4(d) is conditional (applies when developing an opinion of a leased fee or leasehold estate) and, being part of Standards Rule 1-4, it is required only when necessary for credible results.

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FROM YOUR PERSPECTIVE #24

An appraiser has been engaged to perform an exterior only appraisal of a single-family property for a potential home equity loan. Another appraiser has been asked to appraise a single-family property in the same development for an FHA loan. Since the subject properties are similar, would the assignments require the same scope of work?

FROM YOUR PERSPECTIVE #25

A state certified general appraiser is appraising a highly specialized industrial facility and is concerned that the assignment is so complex that many appraisers who are knowledgeable about industrial property would not be qualified to judge whether or not the scope of work was appropriate. Who would be considered the appraiser's peers in this assignment?

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FROM YOUR PERSPECTIVE #26

Many have described the opinions developed by appraisers as being "subjective." Is that description appropriate? Why or why not?

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III. Report Content Requirements

A. USPAP provides the appraiser with flexibility in reporting as well as in development. Appraisers should be careful to not confuse the secondary market requirements with USPAP. In many assignments, a less detailed report may be sufficient. Examples of these assignments might include:

1. An appraisal prepared for a property owner who is thinking of selling;
2. An appraisal for pending divorce in which the parties have agreed to hire just one appraiser;
3. An appraisal for a loan for which an evaluation (as defined in the Interagency Appraisal and Evaluation Guidelines) is sufficient;
4. An appraisal for estate planning purposes; or
5. Numerous other scenarios

B. Many Appraisal Reports that appraisers prepare to comply with Standards Rule 2-2(a), 8-2(a), or 10-2(a) go beyond the content level required by USPAP.

C. Many Restricted Appraisal Reports that appraisers prepare to comply with Standards Rule 2-2(b), 8-2(b), or 10-2(b) go beyond the content level required by USPAP.

D. In a real property Appraisal Report the following must be summarized:

1. Information sufficient to identify the subject property, including (see SR 2-2(a)(iii)):
   a. physical characteristics;
   b. legal characteristics; and
   c. economic characteristics.

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2. The scope of work used to develop the appraisal (see SR 2-2(a)(vii)).

3. The information analyzed, the methods and techniques used, and the reasoning that supports the analyses, opinions, and conclusions including information regarding the rationale for the reconciliation of the data and approaches and the analyses of any agreements of sale, etc., as required by SR 1-5. (Note: When an approach to value is not used in an appraisal assignment, USPAP's reporting requirements require that the exclusion be explained.) (See SR 2-2(a)(viii))

4. The support and rationale for the opinion of highest and best when such an opinion has been developed by the appraiser (see SR 2-2(a)(x)).

E. Each report must contain sufficient information to enable the intended users to understand the report properly.

1. Some clients may require reports that include more than is required by USPAP. For example, most lender clients have additional requirements.

2. In some cases, an Appraisal Report may be more than a client needs, but a Restricted Appraisal Report that only meets the minimum requirements of Standards Rule 2-2(b) may not be suitable.

FROM YOUR PERSPECTIVE #27

An appraiser's client does not require a cost approach for residential appraisal assignments when the house is more than two-years old. If the appraiser states this in the report, is that a sufficient explanation for the exclusion of the approach?

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F. In a real property Restricted Appraisal Report the analyses need only be stated, except that the results of the analyses of any agreements of sale, etc., that have been analyzed as required by SR 1-5 must be summarized.

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BACK TO BASICS #10

An area where there appears to be some confusion among both appraisers and users of appraisal services is covered in the Confidentiality section of the ETHICS RULE.

The fact that an appraiser has performed an assignment is not confidential unless such confidentiality was a condition of the appraiser's engagement. Otherwise, only two categories of information must not be disclosed (except as provided for in the Confidentiality section): confidential information and assignment results. Both are defined terms in USPAP.

CONFIDENTIAL INFORMATION: information that is either:

- identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- classified as confidential or private by applicable law or regulation.

ASSIGNMENT RESULTS: An appraiser's opinions or conclusions developed specific to an assignment.

Comment: Assignment results include an appraiser's:

- opinions or conclusions developed in an appraisal assignment, not limited to value;
- opinions or conclusions, developed in an appraisal review assignment, not limited to an opinion about the quality of another appraiser's work; or
- opinions or conclusions developed when performing a valuation service other than an appraisal or appraisal review assignment.

Physical characteristics are not assignment results.

Assuming the appraiser and client have not agreed otherwise, other information is not confidential and the appraiser, although not required to do so, may disclose such information unless prohibited by law or regulation.

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FROM YOUR PERSPECTIVE #28

An appraiser was engaged by two siblings to perform an appraisal of a vacation property that they co-own. Both parties are very familiar with the property and the appraiser thinks that a Restricted Appraisal Report might be appropriate, but he was not sure if this was allowed when there are multiple intended users. May the appraiser use a Restricted Appraisal Report in this case?

FROM YOUR PERSPECTIVE #29

Some appraisal report forms include the appraiser's certification within the form itself and it cannot be altered. USPAP requires the certification include a statement addressing whether the appraiser performed any services regarding the subject property in three years prior to the assignment. May the appraiser simply add such a statement elsewhere in the report?

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FROM YOUR PERSPECTIVE #30

Look at the sample Residential Restricted Appraisal Report that is included in the Appendix.

Suppose that the **Sale and Listing History** section of the report stated, "As of the effective date, the subject property had been listed for sale for 83 days at $339,900." Keeping in mind that this is a Restricted Appraisal Report, is that sufficient? If not, what would be acceptable?

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FROM YOUR PERSPECTIVE #31

A client asked an appraiser for a report with a minimum amount of detail overall, but that includes a very detailed presentation of the income approach. The client, an investor, is the only intended user. Can an appraiser provide more than a Restricted Appraisal Report, but less than an Appraisal Report and still comply with USPAP?

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G. A Restricted Appraisal Report may be appropriate for use in an assignment where the client needs an evaluation of real property collateral to comply with the Interagency Appraisal and Evaluation Guidelines.

1. The scope of work applied to develop the assignment results must comply with STANDARD 1.

2. The report must comply with Standards Rule 2-2(b).

3. The sample Restricted Appraisal Reports shown in the Appendix would require additional information to meet the Interagency Guidelines (see ADVISORY OPINION 13).

FROM YOUR PERSPECTIVE #32

A lender/client ordered an evaluation and stated in the order that an appraisal is not necessary. May an appraiser who is required to comply with USPAP accept this assignment, develop an opinion of value in compliance with STANDARD 1, and submit the results to the client in a document labeled only as an "Evaluation Report"?

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IV. Analyze and Summarize – What is Expected?

A. Several Standards Rules in STANDARD 1 require analyses. Among these Standards Rules are:

1. 1-3(a) and (b) regarding the effect on use and value of land use regulations and factors related to highest and best use;

2. 1-4(a) through (c) regarding the approaches to value;

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3. 1-4(d) through (g) regarding circumstances that may impact a specific assignment; and

4. 1-5(a) and (b) regarding current agreements of sale, option, and listings of the subject and sales of the subject within three years prior to the effective date.

B. As previously discussed, in a real property Appraisal Report some Standards Rules require that information or analyses be summarized. Among these Standards Rules are:

1. SR 2-2(a)(iii) regarding information sufficient to identify the subject property;

2. SR 2-2(a)(vii) regarding the scope of work used to develop the appraisal;

3. SR 2-2(a)(viii) regarding the information analyzed, the methods and techniques used, the reasoning that supports the analyses, opinions, and conclusions including information regarding the rationale for the reconciliation of the data and approaches and the analyses of any agreements of sale, etc., as required by SR 1-5. (Note: This includes an explanation for the exclusion of any approach to value); and

4. SR 2-2(a)(x) regarding the support and rationale for the opinion of highest and best when such an opinion has been developed by the appraiser.

C. What does analyze mean?

1. Analyze is not a defined term in USPAP.

2. A common meaning of analyze is to "to examine carefully and in detail so as to identify causes, key factors, possible results, etc."[8]

3. Analysis is more than a simple reiteration of facts.

D. What does summarize mean?

1. Summarize is not a defined term in USPAP.

2. ADVISORY OPINION 11 tells us that "State" is used to connote a minimal presentation of information. "Summarize" is used to connote an expanded presentation of information.

3. ADVISORY OPINION 11 also provides examples of information that is stated and information that is summarized.

---

[8] *Dictionary.com Unabridged*, s.v. "analyze," accessed April 12, 2017, http://www.dictionary.com/browse/analyze.

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FROM YOUR PERSPECTIVE #33

What might be included in the physical characteristics that are summarized in an Appraisal Report?

_____

_____

_____

_____

_____

FROM YOUR PERSPECTIVE #34

What might be included in the legal characteristics that are summarized in an Appraisal Report?

_____

_____

_____

_____

_____

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FROM YOUR PERSPECTIVE #35

What might be included in the economic characteristics that are summarized in an Appraisal Report?

_____

_____

_____

_____

_____

FROM YOUR PERSPECTIVE #36

An appraiser determined that a highest and best use analysis is not necessary for credible assignment results in a particular appraisal assignment. However, the assignment called for the appraisal to be reported on a preprinted Appraisal Report form with a required checkbox response regarding highest and best use (Is the existing use the highest and best use? Y/N).

Since the opinion was not necessary for the credible results, must the report summarize the rationale for the stated highest and best use opinion?

_____

_____

_____

_____

_____

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FROM YOUR PERSPECTIVE #37

If the subject is zoned residential and the existing use is a single-unit dwelling, do I need any more explanation regarding highest and best use?

_____

_____

_____

_____

_____

FROM YOUR PERSPECTIVE #38

An appraiser completed a market value appraisal on a small shopping center for a mortgage origination. Eight months later, she is asked to perform a market value appraisal on the same property for the owner. There have been no significant changes in the market area since the prior appraisal and she copies much of the information into the new report. Among the items that were copied is the highest and best use section of the report.

Is this appropriate? Why or why not?

_____

_____

_____

_____

_____

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FROM YOUR PERSPECTIVE #39

A residential appraiser has a standard statement regarding the reconciliation of the sales comparison approach that he uses in all of his single-unit appraisal reports. It states: "The comparable sales included in this report are the most similar recent sales and all support the final indicated value in the sales comparison approach."

Is this an adequate summary for the reconciliation of the sales comparison approach in an Appraisal Report?

_____

_____

_____

_____

_____

FROM YOUR PERSPECTIVE #40

Using the same scenario as the preceding "From Your Perspective" suppose there were significant differences in sale dates, number and sizes of adjustments, and proximity.

What might be included in a summary of the reconciliation in this case?

_____

_____

_____

_____

_____

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FROM YOUR PERSPECTIVE #41

Again, using the same scenario as the preceding "From Your Perspective" suppose there were significant differences among the adjusted sale prices of the comparable sales used in the sales comparison approach.

What might be included in a summary of the reconciliation in this case?

_____

_____

_____

_____

_____

FROM YOUR PERSPECTIVE #42

Look at the sample Non-Residential Restricted Appraisal Report that is included in the Appendix. Are there any areas of the report that appear to exceed the minimum requirements for a Restricted Appraisal Report?

_____

_____

_____

_____

_____

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FROM YOUR PERSPECTIVE #43

Appraisal consulting was a defined term in USPAP, but the term is no longer in USPAP and the definition has been removed from the publication. Some appraisers still provide services that had been called appraisal consulting and even use the term appraisal consulting to describe the services. Is that allowed under USPAP?

_____

_____

_____

_____

_____

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RESIDENTIAL
RESTRICTED APPRAISAL REPORT

{This sample residential Restricted Appraisal Report complies with USPAP Standards Rule 2-2(b)}

Use of this report is limited to the client(s). The rationale for how the appraiser arrived at the opinions and conclusions set forth in this report may not be understood properly without additional information that is in the appraiser's workfile.

Subject Address: 123 Maple Street, Anytown, NH 03999
Legal Description: See Washington County Registry of Deeds – Book 1111, Page 222
Property Type: A 1.1 acre parcel with a 2,255 square foot, 1-story owner-occupied single-unit residence
Clients: John Doe and Jane Doe, 123 Maple Street, Anytown, NH, 03999
Intended Use: To assist the client(s) in determining an equitable division of assets in a dissolution of marriage. No other uses of the assignment results are intended by the appraiser.
Intended Users: John Doe and Jane Doe. No other users of this report are intended by the appraiser.
Property Rights: Fee Simple
Type of Value: Market Value

Source of Value Definition: Although the appraisal communicated in this report was not prepared for a financial institution, the commonly-used definition of market value found in the federal regulations of the agencies that regulate financial institutions has been used in this assignment.

Scope of Work: Onsite interior and exterior inspection of the subject and review of tax assessor's records and a prior MLS listing of the subject property. The appraiser measured the exterior of the dwelling.

The sales comparison and cost approaches were developed. Properties such as the subject are seldom rented and there is no reliable data to develop an income approach. The income approach is not necessary for credible assignment results.

Comparable sales data was taken from local MLS and confirmed via public records and discussions with listing agents. The lack of sales of properties similar to the subject within the subject neighborhood made it necessary to use sales from surrounding areas.

The cost approach was developed using the Marshall and Swift Residential Cost Handbook.

Conditions of Appraisal: The appraisal was performed with no extraordinary assumptions or hypothetical conditions.

Sale and Listing History: There is no current agreement of sale, listing, or option regarding the subject property. There have been no sales or other transfers of the subject property within three years prior to the effective date of this appraisal.

OPINIONS AND CONCLUSIONS

Highest and Best Use: Continued use as-is. The existing use as a single-unit residence contributes to the value of the site. Conversion to any other use would not be legal.

Exposure Time: The appraiser's opinion of reasonable exposure time for the subject property is approximately 120 days.

Indicated Values: Sales Comparison Approach: $282,000; Cost Approach: $279,000 (rounded)

Effective Date of Value: July 1, 2016

Opinion of Market Value: The sales comparison approach is the best indicator of value for single-unit residential properties in this market. The cost approach supports the value indicated by the sales comparison approach. Therefore, the appraiser's opinion of market value is:

$282,000

SAMPLE

ASSUMPTIONS AND LIMITING CONDITIONS

This assignment was conducted, and the report presented, subject to the following assumptions and limiting conditions. The use and acceptance of this report indicates that the client accepts these assumptions and limiting conditions.

{Assumptions and limiting conditions will vary by appraiser and by assignment.}

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

{Appraiser may insert additional certifications as needed, such as those required by a professional association}

Xxxxxxxx Y. Zzzzzz
Appraiser's Signature

July 12, 2016
Date of Report/Certification

SAMPLE

These samples are not intended to be used as templates for appraisal assignments. They are intended only to be examples. Please see Standards Rule (SR) 2-2(b) for guidance. Some highlights are presented below:

1) These samples of a Restricted Appraisal Report on an office building and a single unit residence following SR 2-2(b) do not address all possible alternatives that may need to be addressed in the report.

2) The supporting documentation for the appraiser's research and analysis that is retained in the workfile in an assignment with a Restricted Appraisal Report will be the same as, or perhaps greater than, the documentation retained for an Appraisal Report.

3) Restricted Appraisal Reports are specifically restricted to use by the client(s) only; however, the client can be more than one person and/or entity, such as, a husband and wife, multiple partners, Bank A and Bank B, etc.

4) In a Restricted Appraisal Report most of the content must be stated; however, the Comment to S.R. 2-2(b)(vii) states "Because the client's reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed."

5) One topic where it is necessary to summarize, rather than state, in a Restricted Appraisal Report is addressed in the Comment to SR 2-2(b)(viii), which states: "When reporting an opinion of market value, a summary of the results of analyzing the subject sales, agreements of sale, options, and listings in accordance with SR 1-5 is required. If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required."

6) It is also important for the appraiser to "state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained" as required by SR 2-2(b)(viii).

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NON-RESIDENTIAL
RESTRICTED APPRAISAL REPORT

{This sample non-residential Restricted Appraisal Report complies with USPAP Standards Rule 2-2(b)}

Use of this report is limited to the client(s). The rationale for how the appraiser arrived at the opinions and conclusions set forth in this report may not be understood properly without additional information that is in the appraiser's workfile.

Subject Address: 456 Central Boulevard, Anytown, New Hampshire, 11111
Property Type: 100,000 square foot, 5-story owner-occupied office building on 15± acres
Client: Jones Widget, Inc., 123 Main Street, Washington, DC, 99999
Intended Use: Internal Asset Management. No other uses of this appraisal are intended by the appraiser.
Intended User: Jones Widget, Inc. No other users of this appraisal are intended by the appraiser.
Property Rights: Fee Simple
Type of Value: Market Value

Definition of Market Value: Although the appraisal communicated in this report was not prepared for a financial institution, the commonly-used definition of market value found in the federal regulations of the agencies that regulate financial institutions has been used in this assignment.

Conditions of Appraisal: The appraisal was performed as is; no extraordinary assumptions or hypothetical conditions were used.

Sale & Listing History: There is no current agreement of sale, listing, or option regarding the subject property. There have been no sales or other transfers of the subject property within three years prior to the effective date of this appraisal.

Scope of Work: Subject description was obtained from interior and exterior inspection, building plans, municipal records, and discussions with the property owner.

As detailed below, all three approaches to value were developed: Cost; Sales Comparison; and Income Capitalization. Comparable sales data, for both improved and unimproved properties, was taken from the local MLS, CoStar, and company records. Sales were confirmed via public records and discussions with parties to the transactions. Construction costs were obtained from Marshall-Swift Valuation online service, SwiftEstimator. Market rent, expenses, and investment rates were forecast based upon data provided by area professionals, including investors, real estate agents, and building managers.

OPINIONS AND CONCLUSIONS

Highest and Best Use: The existing use is the highest and best use.

Exposure Time: The appraiser's opinion of reasonable exposure time for the subject property is 3 to 6 months.

Effective Date of Value: May 11, 2016

Result of Approaches to Value:

Cost Approach	$35,000,000
Sales Comparison	$34,000,000
Income Approach	$31,500,000

Reconciliation: Due to the difficulty associated with developing a credible estimate of accrued depreciation, the cost approach is employed only as a test of reasonableness.

The market is driven primarily by owner occupants, although the high caliber of the tenant mix draws some investor interest. Therefore, the income approach has been developed, but given minimal weight.

Because the strongest demand for the subject is by owner users, most weight was placed on the sales comparison approach. A sufficient number of comparable sales were available in the subject neighborhood to develop a credible indication of value by the sales comparison approach. This value is also supported by the other two approaches to value.

SAMPLE

The supporting documentation for the analyses and the development of the approaches to value is retained in the appraiser's workfile.

Opinion of Market Value: **$34,000,000**

ASSUMPTIONS AND LIMITING CONDITIONS

This assignment was conducted, and the report presented, subject to the following assumptions and limiting conditions. The use and acceptance of this report indicates that the client accepts these assumptions and limiting conditions.

{**Assumptions and limiting conditions will vary by appraiser and by assignment.**}

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

{**Appraiser may insert additional certifications as needed, such as those required by a professional association**}

Xxxxxxxx Y. Zzzzzz
Appraiser's Signature

July 1, 2016
Date of Report/Certification

SAMPLE

These samples are not intended to be used as templates for appraisal assignments. They are intended only to be examples. Please see Standards Rule (SR) 2-2(b) for guidance. Some highlights are presented below:

1) These samples of a Restricted Appraisal Report on an office building and a single unit residence following SR 2-2(b) do not address all possible alternatives that may need to be addressed in the report.

2) The supporting documentation for the appraiser's research and analysis that is retained in the workfile in an assignment with a Restricted Appraisal Report will be the same as, or perhaps greater than, the documentation retained for an Appraisal Report.

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6) It is also important for the appraiser to "state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained" as required by SR 2-2(b)(viii).

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RECEIVED
DEC 04 2017

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** _____ **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL*. All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): Missouri State Assessors Assaiation
2. Mailing Address: 101 Mocking bird Lane - Suite 204, Warrenton, MO 63383
3. Contact Person: Wendy Boedwald - Warren County Assessor
4. Phone: 636-456-8885 Fax: 636-456-9024
5. Website: www.moassessorsassn.org Email: wnordwald@warrencountymo.org
6. Course Title and Number: Income and Expense / Loding Properties & Storage Units.
7. Number of Classroom Hours: 30 Number of Exam Hours: 2
8. Course Category: _____ Qualifying Education X Continuing Education _____ Both
9. Indicate the level of the licensure/certification this course would meet:

   X All _____ State License _____ Certified Residential _____ Certified General

10. Indicate the pre license requirement for this course would meet:

    X Principles _____ USPAP X Income _____ Elective

11. Instructor(s): Rick Stuart
12. Method of Presentation: X Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer

13. Owner of Course Materials: Rick Stuart / Team Consulting LLC
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

Recd #25 - 11-30-17

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License x Continuing Education

_____ Renewal _____ Initial Submission

000271 NOV 30

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Rick Stuart, CAE, CDEI

   Mailing Address: 3533 SW Randol[h Ave, Topeka, KS 66611

   Business Phone: 785.259.1379

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   Missouri Assessor's Association Missouri State Assessor's Association
   c/o Wendy Nordwald Warren County Assessor
   101 Mockingbird Lane - Suite 204
   School/Organization: Warrenton, MO 63383
   wnordwald@warrencountymo.org

4. Title of program/course or portion of program/course to be taught by the instructor:

   Data Collection, Interpretation and Model Building of Income and Expense Data - 2 days, Valuation of Lodging Properties - 1 day and Valuation of Self-Storage Properties - 1 day, Exam - 2 hours

5. Which portion(s) to be taught by the instructor?

   All

   Total Hours: 30 + 2 hours for exam = 32 hours

   Pre License Hours: _____ Continuing Education Hours: 30 + 2 hours for exam = 32 hours

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes **No** XXX (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Commission of Appraisers?
   Yes **No** XXX (If "Yes", attach explanation)

8. Education:

School	From Month	From Year	To Month	To Year	Degree Earned	Subject Matter
Northwest MO State Univ.	Aug	2008	Dec	2011	Bachelor of Science	Accounting

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
Full-time nationwide	July	2005	Current		Real estate appraisal, management, public relations and customer service

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Nodaway County, MO	County Assessor	Jan	1982	Sep	1986
Shawnee County, KS	Deputy County Appraiser	Oct	1986	Aug	1992
Jefferson County, KS	County Appraiser	Sep	1992	Jun	2005
Self-Employed – TEAM Consulting	Partner	Jul	2005	Current	

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

Wendy Snadwald

11/27/2017

(Date)

Rick Stuart, CAE, CDEI

3533 SW Randolph Ave.
Topeka, KS 66611
Mobile Phone: 785.259.1379
rstuart17@cox.net
www.teamconsulting.cc

SUMMARY OF QUALIFICATIONS

Mr. Stuart has had has over 28 years' experience as an elected assessor in Missouri and an appointed appraiser in Kansas. As a Senior IAAO instructor, Rick now teaches and develops courses and workshops on appraisal, public relations/customer service, and management and provides assistance and consulting services to local government. Through his instruction, experience and formal education (B.S. in Accounting), he has provided assistance to numerous individuals and jurisdictions on how to develop and improve staff, public relations and customer service, establishing office procedures and related issues on modeling and market valuations. Rick holds the CAE (Certified Assessment Evaluator) designation from the IAAO and has been the recipient of several IAAO awards including the recent awards of: 2010 McCarren Award, 2008 Instructor of the Year, the 2005 Most Valuable Member, 2003 Public Information Program and the 2003 Donehoo Essay Award. Rick also has the CDEI designation as a Certified Distance Education Instructor.

PROFESSIONAL EXPERIENCE

2005 to Present **TEAM Consulting**
Principal Consultant
Started my own business as an independent contractor to teach more, write workshops and courses and to do consulting work.

1992 – 2005: **County Appraiser of Jefferson County, Oskaloosa, Kansas.**
Responsible for all aspects of the Appraiser's Office consisting of 14,500 parcels of real property and 5,500 personal property renditions. I accepted this position with the county being out of state compliance. We proceeded to train staff and generally conducted a complete revaluation for January 1, 1994. Since that revaluation, Jefferson County continues to annually be in state compliance.

Developed and helped implement a technology update for the County. I chaired the Technology Team for three years and started and managed the GIS (Geography Information System) for the first two years. The technology updates included GIS, digital property images and document scanning.

1986 – 1992: **Deputy Appraiser/Reappraisal Coordinator of Shawnee County, Topeka, Kansas.**
My duties in this position consisted of day-to-day operations within the Appraiser's Office and supervision of the first reappraisal in Shawnee County in 20 years. Responsibilities in the reappraisal project included supervision of the reappraisal and mapping contractors, the County's in-house map editing process, implementation and management of GIS for over one year, plus staff training and development. Shawnee County contained approximately 67,000 parcels.

1981- 1986: **Nodaway County Assessor, Maryville, Missouri.**
Being elected the first County Assessor, responsibilities included establishment of the office for valuation of all real and personal property. I supervised and directed the first ever revaluation of approximately 13,000 parcels of real property completed January 1, 1985.

EDUCATION:

Dec. 1981 **Professional Education**
Appraisal education consists of numerous courses and workshops through the IAAO (International Association of Assessing Officers). Additional courses have been taken from the Appraisal Institute and the PVD (Property Valuation Division).

1978 – 1981: **Northwest Missouri State University, Maryville, Missouri.**
Received a Bachelor of Science in Business Administration with a major in Accounting

DESIGNATION AND AWARDS:

CAE (Certified Assessment Evaluator) designation from the IAAO

Eight (8) time winner of the IAAO Zangerle Award as Editor of the Kansas County Appraiser's Quarterly Newsletter *Appraising the Plains*

2015 IAAO Harry Galkin Award

2014 Texas James Goodwin Excellence in Education Award

2013 IAAO Verne W. Pottoroff, CAE Professional Designee of the Year Award

2010 IAAO McCarren Award

2008 IAAO Instructor of the Year Award

2005 IAAO Clifford B. Allen Most Valuable Member Award Winner

2003 IAAO Public Information Program Award Winner

2003 IAAO Donehoo Essay Award Winner

2002-2003 IAAO Presidential Awards

2002 KCAA (Kansas County Appraiser's Association) Outstanding Member Award.

2002 IAAO Chapter of Year – While serving as Chapter President.

1999 & 2000 KCAA Distinguished Service Award.

1999 & 1996 IAAO Distinguished Assessment Jurisdiction Award.
1996 KCAA Member of the Year

1993 KCIAAO (Kansas City Chapter of IAAO) Outstanding Member

1992 IAAO Chapter of Year – While serving as Chapter President

PROFESSIONAL ACTIVITIES:

Senior IAAO instructor qualified to instruct five week-long courses, 10 workshops and 11 one-day forums.

2012 – 2014 IAAO Instructor Relations Subcommittee

2012 – 2015 IAAO Infrastructure Committee

2011 – 2012 IAAO Associate Member Committee

2005-2006 Super chair for Professional Development Committee consisting of three subcommittees: Education, Professional Designation and Instructor Relations.

2003-2004 Chair of IAAO Instructor Relations Committee, a new committee

2002-2003 Chair of IAAO Professional Development Committee consisting of Education and Professional Designation Subcommittees

2002 President of KCIAAO (Kansas City Chapter of IAAO)

1999-2001 Member of IAAO Executive Board

1999-2001 Member of IAAO Budget Subcommittee

1997-1998 President of KCAA (Kansas County Appraiser's Association)

1992 President of KCIAAO

1988- 1999 Various IAAO committees including two trust funds, regional governor of the rural and small jurisdiction, budget subcommittee and as a state membership representative.

Co-authored the section on public relations and customer service in the newest IAAO textbook

Published five times in the IAAO *Assessment Journal and Fair & Equitable*

Published article in IAAO Subscription Service

Developed and teach several one and two-day workshops.

Collection, Interpretation and Model Building of Income & Expense Data
Workshop Overview

The purpose of this workshop is to assist appraisers in the collection and interpretation of income and expense data for the construction of income models for establishing market value.

This workshop will concentrate on the following areas:

- Review of the income approach.
- Forms and methods of data gathering and additional data sources.
- Templates for storing and use of data.
- Review of reconstructing income and expense statements.
- Data analysis, interpretation and model building.
- Extraction and development of capitalization rates.
- Testing the income models.
- Data write-ups and documentation.

Collection, Interpretation and Model Building of Income & Expense Data
Objective

Upon completion of this workshop, participants will be able to:

- Know the basis premises for the Uniform Standard for Professional Appraisal Practice (USPAP)

- Review application of the income approach to value

- Have the ability to find various other data sources and techniques for establishing income, expense and capitalization rate data

- Develop skills to analysis data and build valuation models

- Recognition of the value of statistical testing for accuracy and defense of valuation models

- Recognize how to document and explain the steps and processes in developing the data

Collection, Interpretation and Model Building of Income & Expense Data
Instruction Methods

Instruction methods consist of the following:

- Lecture with oral questions throughout to lead to class discussion and interaction
- Mathematical problems within the material that allows for discussion, examples and then student opportunity to solve a similar problem

- Actual data to develop income and expense models, establish capitalization rates and test the models

Collection, Interpretation and Model Building of Income & Expense Data
Timeline

Start Time	End Time	Topic	Number of Hours
Day 1			
8:00	8:15	Introduction of instructor and workshop topic	0.25
8:15	9:00	Income Approach Review	0.75
9:00	9:45	Forms and Templates for Data Gathering and Storing	0.75
9:45	10:00	Break	
10:00	11:00	Forms and Templates for Data Gathering and Storing – cont.	1.00
11:00	12:15	Reconstructing Income and Expense Statements	1.25
12:15	1.15	Lunch	
1:15	3:00	Analysis, Interpretation and Model Building	1.75
3:00	3:15	Break	
3:15	4:15	Extraction of Capitalization Rates	1.00
4:15	4:45	Testing the Income Models	0.50
4:45	5:00	Questions and Discussion	0.25
		Total Hours – Day 1	7.50

Start Time	End Time	Topic	Number of Hours
Day 2			
8:00	9:00	Review of statistics in analysis	1.00
9:00	10:00	Review of the modeling process	1.00
10:00	10:15	Break	
10:15	12:00	Model Building Exercise	1.75
12:00	1:00	Lunch	
1:00	2:30	Model Building Exercise – cont.	1.50
2:30	2:45	Break	

2:45	4:00	Model Building Exercise – cont.	1.25
4:00	4:45	Answer Review of Model Building	0.75
4:45	5:00	Conclusions and Final Discussion	0.25
		Total Hours – Day 2	7.50
		Total Classroom Hours	15.00

Valuation of Hotel/Motel: Objectives/Instruction/Timeline

Purpose of this workshop is to provide guidance and suggestions on the valuation process of hotel/motel properties. The workshop will look at the different classifications of hotel/motel properties, lodging terminology and how all three approaches to value can be used to value these types of properties. The workshop will also provide some internet web sites where additional information on the hotel/motel industry can be discovered. Also, included is some information on what authorities in the field say lies ahead for the industry in the upcoming year or two.

Instruction Methods

Instruction methods consist of the following;

- Lecture with oral questions throughout to lead to class discussion and interaction.
- Mathematical problems within the material that allows for discussion, examples and then student opportunity to solve a similar problem.

Valuation of Lodging Properties
Workshop Timeline

Start Time	End Time	Topic	Number of Hours
8:00	8:15	Introduction of instructor and workshop topic • Definition of hotel/motel and what their purpose is	0.25
8:15	8:30	USPAP review • Know the basic premises for the Uniform Standard for Professional Appraisal Practice (USPAP) • Understand the functions of the four (4) boards associated with the Appraisal Foundation	0.25
8:30	9:00	History of Hotel/Motel Industry • Discussion on how the industry developed and evolved • How and why hotel/motels are going 'green'	0.50
9:00	9:45	Recent Hotel/Motel Articles • Review some key hotel articles of interest from 2008 to current • Discussion on the ups and downs of the industry in the last few years • Discussion on projections for the near future	0.75
9:45	10:00	Break	
10:00	10:30	General Hotel/Motel Information • Discussion about the categories that the industry uses to identify the properties • Examples of property class and associated average daily rates • Examples of the various types of demand studies used by the industry	0.50

10:30	11.15	Hotel/Motel Terminology • Become familiar with all the various terms used by the industry • Become familiar with how to use the terms and data to determine value • Considerable examples and problems to assist in the valuation process	0.75
11:15	11:45	Market Value Definition • Discussion about the differences between market value, investment value, foreclosure value and going concern • Examples of how to adjust for personal property • Comparison of Rushmore and Lennhoff concepts	0.50
11:45	12:00	Highest and Best Use Analysis • Four (4) criteria in analyzing highest and best use • Trends and conditions • Additional considerations	0.25
12:00	1:00	Lunch	
1:00	1:30	Land Valuation • Site characteristics and economic principles • Physical, economic, governmental and social factors that affect site selection and values • Examples of site and size adjustments in the sales comparison approach	0.50
1:30	2:00	The Cost Approach • Application of the cost approach • Understand how the cost approach is used by the buyers and sellers of hotel/motel properties • Distinguish between quality class and investment class	0.50

		• Appropriate application of all possible forms of depreciation	
2:00	2:15	The Sales Comparison Approach • How the sales comparison approach is used by the buyers and sellers • Understand some possible market adjustments to be considered or applied	0.25
2:15	2:30	Gross Rent Multiplier • Consideration and application of a Gross Income Multiplier	0.25
2:30	3:00	The Income Approach • How to use an income and expense questionnaire to gather data • How to use the website, if available, for projecting potential gross income for the subject property • Understand that this approach is how hotel/motel properties are bought and sold	0.50
3:00	3:15	Break	
3:15	4:45	The Income Approach – continued • Determining reasonable occupancy, management and expense ratios • Developing capitalization rates from the direct market and mortgage equity techniques • Rate comparisons to nationally published sources • Alternative income approach	1.50
4:45	5:00	General Comments and Conclusions	0.25
		Total Hours	7.50

Valuation of Self-Storage Properties Workshop Overview

Purpose of this workshop is to provide some guidance and suggestions on the process of analysis and valuation of self-storage properties, using information from various areas of the U.S. Images and property characteristics of sales and listed properties will be used. Topics discussed include:

Section 1 - Introduction of instructor and workshop topic
Section 2 - USPAP Review
Section 3 – History of Self Storage Industry
Section 4 – General Self Storage Information
Section 5 – Market Value Definition
Section 6 – Highest and Best Use Analysis
Section 7 - Land Valuation
Section 8 - The Cost Approach
Section 9 – The Sales Comparison Approach
Section 10 – The Income Approach
Section 11 – Data Sources

Self – Storage Instruction Methods

Instruction methods consist of the following:

- Lecture with oral questions throughout to lead to class discussion and interaction
- Mathematical problems within the material that allows for discussion, examples and then student opportunity to solve a similar problem
- Large amount of data to analysis for use in the three approaches to value
- Use of sample EXCEL spreadsheets for data collection and analysis

Valuation of Self-Storage Properties Workshop Timeline & Objectives

8:00 – 8:15 Introduction of instructor and workshop topic (0.25 hours)

8:15 – 8:45 USPAP review (0.50 hours)

- Know the basic premises for the Uniform Standard for Professional Appraisal Practice (USPAP)
- Understand the functions of the four (4) boards associated with the Appraisal Foundation

8:45 – 9:15 The History of Self-Storage (0.50 hours)

- Understand how and why self-storage was developed

9:15 – 9:45 General Self-Storage Information (0.50 hours)

- Become familiar with the various types of self-storage units
- Understand why and what type of unit people typically seek
- Market information about rents, market conditions and future activity
- Research various websites and other sources to find data

9:45 – 10:00 Break

10:00 – 10:30 Market value definition and Highest and best use (0.30 hours)

- Understand the distinction between market value, investment and liquidation values
- Importance of market based demand and how it is recognized

10:30 – 10:45 Land valuation (0.25 hours)

- What location is preferred
- Typical site characteristic
- Visibility
- Optimal land and facility sizes

10:45 – 12:00 Cost approach (1.25 hours)

- Application of the cost approach
- Understand how the cost approach is used by the buyers and sellers of self-storage units
- Distinguish between quality class and investment class
- Use of actual cost as comparison to Marshall Valuation cost
- Appropriate application of all possible forms of depreciation

12:00 – 1:00 Lunch

1:00 – 1:45 Cost approach – continued (0.75 hours)

1:45 – 2:30 Sales comparison approach (0.75 hours)

- How the sales comparison approach is used by the buyers and sellers
- Understand some possible market adjustments to be considered or applied
- Use of outside sources to measure market activity

2:30 – 2:45 Break

2:45 – 4:45 Income approach (2.00 hours)

- How to use an income and expense questionnaire to gather data
- How to use the website, if available, for projecting potential gross income for the subject property
- Application of local government and national publications to extract typical vacancies, expenses and capitalization rates
- Understand that this approach is how self-storage properties are bought and sold

4:45 – 5:00 Closing remarks (0.25 hours)

Total Hours 7.50

Missouri State Assessors Association

Certificate of Training

JOSH KETSENBURG

has successfully completed 30 hours of study, pursuant RSMo 53.255, sponsored by the Missouri State Assessors Association

Presented this the 15th day of September, 2017

Wendy S. Nordwald
MSAA Education Chairman

Morrow, Patty

From: Morrow, Patty
Sent: Thursday, November 30, 2017 1:27 PM
To: wnorwald@warrencountymo.org
Subject: MREAC Course application
Attachments: reappraiserseducationapprovalforms.pdf

November

Wendy,
The MREAC has received the course materials for the recent course submission by Missouri State Assessor's Association. Please remit the course application. This is attached for your convenience.

Patty Morrow
Processing Technician III
Missouri Real Estate Appraisers Commission
Missouri Board of Occupational Therapy
Missouri Board for Respiratory Care
Office of Tattooing, Body Piercing and Branding
Missouri Department of Insurance, Financial Institutions & Professional Registration
573-751-0038 REAC
573-751-0877 OT
573-522-5864 RT
573-526-8288 Tattoo
573-526-3489 Fax
patty.morrow@pr.mo.gov

Morrow, Patty

From: Wendy <wnordwald@warrencountymo.org>
Sent: Wednesday, December 13, 2017 10:33 AM
To: Morrow, Patty
Subject: RE: MREAC Course application

RECEIVED
DEC 13 2017

I'm sorry Patty: Income & Expense, Lodging and Self-Storage.

Let me know if you need anything else.

Merry Christmas! Wendy

Wendy Nordwald
Warren County Assessor
President Missouri Association of Counties
Warren County Administration Building
101 Mockingbird Lane- Suites 202-204
Warrenton, MO 63383
636.456.8885 (ext. 350)
636.456.9024 (fax)
636.297.5528 (cell)
www.warrencoassessor.com

From: Morrow, Patty [mailto:patty.morrow@pr.mo.gov]
Sent: Wednesday, December 13, 2017 8:45 AM
To: 'Wendy' <wnordwald@warrencountymo.org>
Subject: RE: MREAC Course application

December 13, 2017

Wendy,
What is the title of the course? (the print is unclear)

Patty

From: Morrow, Patty
Sent: Wednesday, December 06, 2017 12:45 PM
To: 'Wendy'
Subject: RE: MREAC Course application

From: Morrow, Patty
Sent: Monday, December 04, 2017 9:27 AM
To: 'Wendy'
Subject: RE: MREAC Course application

Wendy,
What is the title of the course? (the print is unclear)

Patty

From: Wendy [mailto:wnordwald@warrencountymo.org]
Sent: Friday, December 01, 2017 4:24 PM
To: Morrow, Patty
Subject: RE: MREAC Course application

Patty,

The application is attached here. Sorry for the inconvenience. Please advise if you need anything else.

Wendy

Wendy Nordwald
Warren County Assessor
President Missouri Association of Counties
Warren County Administration Building
101 Mockingbird Lane- Suites 202-204
Warrenton, MO 63383
636.456.8885 (ext. 350)
636.456.9024 (fax)
636.297.5528 (cell)
www.warrencoassessor.com

Rcvd $25 12.12.17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: X **INITIAL COURSE APPROVAL** _____ **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

0003310 DEC 12

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL*. All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): NAIFA
2. Mailing Address: 330 N Wabash Ave #2000, Chicago, IL 60611
3. Contact Person: Meredith McCann
4. Phone: 312-321-6830 Fax: 312-673-6652
5. Website: www.naifa.com Email: info@naifa.com
6. Course Title and Number: Residential Report Writing Skills
7. Number of Classroom Hours: 7 Number of Exam Hours: n/a
8. Course Category: _____ Qualifying Education X Continuing Education _____ Both
9. Indicate the level of the licensure/certification this course would meet:

   X All _____ State License _____ Certified Residential _____ Certified General

10. Indicate the pre license requirement for this course would meet:

    _____ Principles _____ USPAP _____ Income _____ Elective

11. Instructor(s): Mike Orman
12. Method of Presentation: X Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer

13. Owner of Course Materials: NAIFA
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

Morrow, Patty

From: Morrow, Patty
Sent: Wednesday, December 13, 2017 12:12 PM
To: 'info@naifa.com'
Subject: RE: Residential report writing

RECEIVED
DEC 13 2017

Thanks for the clarification.

From: info@naifa.com [mailto:info@naifa.com]
Sent: Wednesday, December 13, 2017 11:42 AM
To: Morrow, Patty
Subject: RE: Residential report writing

Hi Patty,

The course is not AQB approved.

Thanks,
Meredith

Meredith McCann
NAIFA
330 N Wabash Ave Suite 2000
Chicago, IL 60611
Phone: 312-321-6830
Fax: 312-673-6652
meredith_mccann@naifa.com

From: Morrow, Patty [mailto:patty.morrow@pr.mo.gov]
Sent: Wednesday, December 13, 2017 10:25 AM
To: info@naifa.com
Subject: Residential report writing

December 13, 2017

Meredith,
The Missouri Real Estate Appraisers Commission has received the course application for Residential report writing. Does this course have AQB approval? If so, please remit.

Thanks

Patty Morrow
Processing Technician III
Missouri Real Estate Appraisers Commission
Missouri Board of Occupational Therapy
Missouri Board for Respiratory Care
Office of Tattooing, Body Piercing and Branding
Missouri Department of Insurance, Financial Institutions & Professional Registration
573-751-0038 REAC
573-751-0877 OT

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License X Continuing Education
_____ Renewal X Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
(All applications must be accompanied by a full resume/bio)

2. Name of instructor: Mike Orman

Mailing Address: 2989 Elmore Park Rd, Bartlett, TN 38134

Business Phone: (901) 382-2700

Business Fax: (901) 373-6879

3. Name and address of school/organization for whom you will instruct:
330 N Wabash Ave #2000
Chicago, IL 60611

School/Organization: NAIFA

4. Title of program/course or portion of program/course to be taught by the instructor:
Residential Report Writing Skills

5. Which portion(s) to be taught by the instructor?
All

Total Hours: 7

Pre License Hours: n/a Continuing Education Hours: 7

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
Yes ◯ **No** ◉ (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Real Estate Appraisers Commission?
Yes ◯ **No** ◉ (If "Yes", attach explanation)

8. Education: Please see enclosed

School	From		To		Degree Earned	Subject Matter
	Month	Year	Month	Year		

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience: Please see enclosed

School	From		To		Subjects Taught
	Month	Year	Month	Year	

10. Real Estate Appraisal Experience: Please see enclosed

Employing Company	Job Description	From		To	
		Month	Year	Month	Year

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

(Signature of Appraiser Education Administrator)

12/4/17

(Date)

STATEWIDE
Appraisal Service, Inc.

QUALIFICATIONS OF MICHAEL T. ORMAN, IFAS, CRP, GAA, RAA, ASA

1. **Holds Tennessee Certified General appraisers licensed for State of Tennessee, License # CG - 192.**
2. **Holds Mississippi Certified General Real Estate Appraiser License # GA-273.**
3. **Holds Arkansas Certified General Real Estate Appraiser License for the State of Arkansas, License # CG-1151N.**
4. **Holds Oklahoma Certified General Real Estate Appraiser for the state of Oklahoma, License # 12865CGA**
5. **Licensed Tennessee & Mississippi real estate broker.**
6. **Appraisal Qualification Board Certified Uniform Standards of Professional Appraisal Practice Instructor – Certification received 2002. Recertified 12/09.**
7. **Experience in real estate appraisal since 1982.**
8. **Experience in real estate research 1977.**
9. **Member of Appraisal Selection Roster - Housing and Urban Development (FHA).**
10. **Veteran Administration (VA) approved appraiser.**
11. **Member of National Association of Independent Fee Appraisers, 1988, awarded IFA designation, 1993; present designation - Independent Fee Appraiser Senior (IFAS) - awarded 1998.**
12. **Member of American Society of Appraisers, awarded ASA designation 2008.**
13. **2008 National President of the National Association of Independent Fee Appraisers. (NAIFA)**
14. **2007 National Vice President of the National Association of Independent Fee Appraisers. (NAIFA)**
15. **2006 National Secretary of the National Association of Independent Fee Appraisers. (NAIFA)**
16. **2005 National Treasurer of the National Association of Independent Fee Appraisers. (NAIFA)**

17. Appraiser Member of Employee Relocation Council, designation held - Certified Relocation Professional (CRP), 1990.
18. Member of National Association of Realtors, designation held, General Accredited Appraiser and Residential Accredited Appraiser. (GAA/RAA)
19. Member of Tennessee Association of Realtors.
20. Appraisal Committee Member of Tennessee Association of Realtors- 1994 – 1999, Chairman 2000, 2003.
21. Member of Memphis Area Association of Realtors.
22. Instructor for Southwest Tennessee Community College.
23. Instructor for University of Memphis Continuing Education.
24. Senior Instructor for the National Association of Independent Fee Appraisers (NAIFA) since 1997.
25. Member of Tennessee Banker's Association.
26. Member of Bartlett Chamber of Commerce.
27. 1996 Graduate of Leadership Bartlett.
28. Member of Rotary International, through Bartlett/Cordova, TN, Rotary club.
29. Attended many courses, seminars and lectures pertaining to real property, studies in accounting, economics, management, business, real estate appraisal, and other real estate courses.
30. Appraisals completed for State Tax purposes, Probate and Circuit Courts, and condemnation.
31. Appraisal experience over large area in West and Middle Tennessee and North Mississippi and Eastern Arkansas.
32. Appraisals have been completed for Regulatory Agencies such as Federal Deposit Insurance Corporation (FDIC), Resolution Trust Corporation (RTC) and for a variety of lending institutions, investors, attorneys, real estate concerns and individuals for financing and credit, for insurance and other purposes.

revised 9/11

STATEWIDE
Appraisal Service, Inc.

Michael T. Orman, IFAS, ASA, CRP, GAA, RAA
Continuing Education Courses

Tennessee Real Estate Exam Prep	3/18/1982	Shelby State	30*
Real Estate Appraisal (I)	Apr-84	MSU	30*
Real Estate Principles	7/28/1984	AIREA	30*
Real Estate Valuation	10/27/1984	AIREA	30*
Standards of Professional Practice	10/31/1984	AIREA	15*
Residential Design and Construction	Apr-85	MSU	30
Income Property	Jun-85	AACA	15
Real Estate Brokerage Management	Apr-86	MSU	30*
Real Estate Appraisal (II)	Oct-87	MSU	30*
Real Estate Contracts	Nov-87	MSU	30*
Current Financing and Economic Trends	Apr-88	MBR	2
Market Analysis	Aug-88	AIREA	8
Real Estate Educators	Sep-88	TREE	8
FNMA Appraising	Oct-88	FNMA	4
Advance Residential Appraising	Sep-89	AACA	8
Small Residential Income Property Appraisal	Sep-89	AACA	8
Real Estate Finance	Oct-89	MSU	30*
Professional Practice and the Society of Real Estate Appraisers	10/28/1989	SREA	7
Uniform Comm/Ind Appraisal	12/1/1989	SREA	7
Professional Standards of Practice	Feb-90	NAIFA	15*
Appraisal Seminar	May-90	ERC	3
1004 Form and Secondary Market Guideline	May-90	AACA	7
Taste of the Test (Review)	May-90	AACA	7
State Appraiser Certification	Oct-90	SREA	14
Fair Housing	1990	MAAR	3*
Appraisal Seminar	May-91	ERC	5*
Environmental Liabilities	Jun-91	MAAR	4*
Appraisal Compliance	Aug-91	TBA	15
Income Property Appraisals	Aug-91	NAIFA	30*
1 BA Cap Theory and Tech, Part A	Mar-92	AI	36*
Appraiser Seminar	May-92	ERC	5
Principles & Techniques for Review Appraisal & Mortgage Underwriters	May-92	NARA/MU	21

Michael T. Orman's Continuing Education Courses

Real Estate Fraud and Deception	Jun-92	MAAR	3
Residential Demonstration Appraisal Report Writing Seminar	Mar-93	AI	14
Marketing Principles of VAMA, Fair Housing Checklist, Equal Prof. Service Model	Apr-93	TAC	3
Standards of Professional Practice – Part A	Apr-93	AI	15*
Standards of Professional Practice – Part A	Apr-94	AI	15*
Standards of Professional Practice – Part B	May-94	AI	15*
Relocation Appraisal Seminar	May-94	AI	10*
2.0 Financial Analysis of Income Properties	Feb-95	NAIFA	15*
2.1 Introduction to Income Properties	Feb-95	NAIFA	30*
2.2 Income Techniques Advanced	Mar-95	NAIFA	30*
1995 National Relocation Appraisal Forum	May-95	ERC	7
1.4 Report Writing of Residential Real Estate Appraising	May-95	NAIFA	30*
2.3 Condemnation Appraising	Mar-95	NAIFA	15*
2.3A Litigation Valuation: The Appraiser's Role as an Expert Witness	Apr-95	NAIFA	15*
2.0 Financial Analysis of Income Properties	Feb-95	NAIFA	15*
2.2 Techniques of Income Property Appraising	Mar-95	NAIFA	30*
5.0 Professional Standards of Practice	Mar-95	NAIFA	15*
2.1 Introduction to Income Property Appraising	Mar-95	NAIFA	30*
How to Better Inspect A Home	Nov-95	TAPS	8
Principles & Practices of Environmental Risk Screening (101)	Nov-95	NAREA	16*
Environmental Screen Report Writing (102)	Nov-95	NAREA	8
1.2 Market Data Analysis	Aug-96	NAIFA	30*
Principles of Environmental Risk Auditing (301,302,&303)	Aug-96	NAERA	40*
1.1 Principles of Residential Real Estate Appraising	Mar-97	NAIFA	30*
5.0 Professional Standards of Practice USPAP	Apr-97	NAIFA	15*
Alternative Appraisal Reports	Jun-97	NAIFA	7
3.1 Farm, Ranch, and Rural Appraising	Jun-98	NAIFA	30*
4.4 Relocation Report Writing	Jun-98	NAIFA	15
9.0A Concepts Terminology & Techniques	Feb-99	NAIFA	15*
5.0 Uniform Standards of Professional Appraisal Practice	Mar-99	NAIFA	15*
4.7 HUD Basic HUD Guidelines	Jul-99	NAIFA	7*
5.0A Uniform Standards of Professional Appraisal Practice	Jan-00	NAIFA	8
11.8 ANSI Standards of Gross Living Area	Jun-00	NAIFA	8

Michael T. Orman's Continuing Education Courses

4.0 Marshall & Swift Valuation Guides	Jun-00	NAIFA	16*
4.6 Reviewing Residential Appraisals	Jul-00	NAIFA	4
15.7 Valuing Undivided Fractional Interest	Oct-00	NAIFA	8
15.2 Road Map 2000 (Income Property Valuation)	Oct-00	NAIFA	4
15.0 Intro to Automated Valuation Models	Oct-00	NAIFA	4
99.7 Blueprint Reading	Oct-00	NAIFA	4
5.0A Standard Review	1-Feb	NAIFA	8
1.6 Testing Highest and Best Use	1-Feb	NAIFA	8
6.0B Historic Appraising Seminar	1-Oct	NAIFA	4
16.2A REO/Fannie Mae Appraisals	1-Oct	NAIFA	4
16.0A Understanding Legal Descriptions	2-Feb	NAIFA	4
15.1A Environmental Concerns	2-Feb	NAIFA	4
1.3B Mobile/Manufactured Home Review	2-Feb	NAIFA	4
1.3D Home Inspections: Common Defects In Homes	2-Feb	NAIFA	4
7.5 Appraising Stigmatized Properties	2-Oct	NAIFA	4
5.0 A Standards Review	3-Jan	NAIFA	7
5.0 Uniform Standard of Professional Appraisal Practice	3-Feb	NAIFA	15*
99.9 Lead-Based Paint & Mold: HUD Update	3-Sep	NAIFA	4
16.2C The Appraisal of Foreclosure Properties	3-Sep	NAIFA	4
9.7 FNMA Mac Updated Property & Appraisal Guidelines	3-Dec	NAIFA	8
1.3B Manufactured Home Guide Updated	3-Dec	NAIFA	8
5.3 Scope of Work	4-Feb	NAIFA	8
6.1A Liability Risk Management/Expert Witness Testimony	4-Feb	NAIFA	4
5.2 Fair Lending Seminar	4-Feb	NAIFA	4
5.0F Ethics	4-May	NAIFA	2
863 Appraising HUD REO Properties	4-Nov	JVI	7
AQB USPAP Instructor Re-Certification Course	5-Jan	Appraisal Foundation	7
16.2 Appraising Foreclosure Property	5-Feb	NAIFA	7
9.8 Fannie Mae Forms	5-Jul	NAIFA	8
2006 Appraisal Compliance	6-Mar	TN Bankers	7
15.4A 1031 Like Kind Exchange	6-Mar	NAIFA	4
9.1a Roadmap to Income Valuation	6-Mar	NAIFA	4
Easements, Profits, License and Land	6-Oct	NAIFA	8
5.0A 2006 National USPAP Update	7-Feb	NAIFA	7
AQB USPAP Instructor Re-Certification Course	7-Mar	Appraisal Foundation	7
Institutional Fraud	7-Oct	NAIFA	4

Michael T. Orman's Continuing Education Courses

Rural and Residential Easements, Takings, Damages and Cost to Cure Part I	8-Jun	IRWA	4
Rural and Residential Easements, Takings, Damages and Cost to Cure Part II	8-Jun	IRWA	4
Conservation Easement and new IRS Ruler	8-Jun	IRWA	4
4.6A Reviewing Residential Appraisals	8-Sep	NAIFA	7
Appraising FHA Insured Loans	8-Sep	AR Bankers Assoc.	7
4.6B Advance Reviewing Techniques	9-Aug	NAIFA	7
FHA Current Appraised Requirements	9-Aug	NAIFA	7
2010 USPAP Instructor Recertification Course	9-Nov	Appraisal Foundation	7
Requirements of UASFLA-The "Yellow Book"	10-Apr	American Society of Farm Managers and Rural Appraisers	22
19.1 An Appraiser's Guide to Environmental Issues	10-Oct	NAIFA	7
Recognition, Dangers & Liabilities of Meth Labs	11-May	TN Appraiser Coalition	4
Forensic Review – Hands on Tips	11-Jul	Central Oklahoma Chapter - NAIFA	4
Uniform Appraisal Dataset	11-Jul	Central Oklahoma Chapter - NAIFA	4
2011 State Investigator Training	11-Sep	The Appraisal Foundation	17.5

* Denotes Tested Class **Total Hours:** 1399.5

rev 9/2011

STATEWIDE
Appraisal Service, Inc.

Michael T. Orman-NAIFA Taught Courses

Uniform Standards of Professional Appraisal Practice – USPAP 15hr/7hr update
AQB Approved Instructor

1.5C Residential Analysis for Small Income Property Appraisals (8 Hours)

11.8a Calculating Gross Living Area Using ANSI Standards

19.1 An Appraiser's Guide to Environmental Issues (7 hours)

19.2 Appraising Environmentally Impacted Properties (7 hours)

2.0 Financial Analysis of Income Properties (15 hours)

2.1 Introduction to Income Properties (30 hours)

4.6 B Advance Reviewing Techniques (7 hours)

4.6 Reviewing Residential Appraisals (7 hours)

5.0f Ethics (2 Hours)

6.7 The Cost Approach to Residential Properties (7 hours)

Appraising 2-4 Family & Multi-Family Properties (7 Hours)

Appraising Complex Commercial Properties

Appraising in the Foreclosure Market (7 hours)

Concepts, Terminology, & Techniques (15 hours)

Easements, Profits, and Licenses in Land (8 hours)

Fair Lending (4 hours)

FHA Current Appraisal Requirements (7 hours)

Foreclosures & Short Sales: Dilemmas and Solutions (7 hours)

Continued…

Michael T. Orman-NAIFA Taught Courses

HP 12C Calculator and 6 Functions of One Dollar (7 hours)

Institutional Fraud (4 Hours and 8 Hours)

Lending Guidelines for Manufactured Housing (4 hours)

Manufactured Home Guide (8 hours)

Manufactured Home Guide History & Construction (4 hours)

Market Data Analysis (30 hours)

Principles of Residential Real Estate Appraising (30 hours)

REO Fannie Mae Appraisals (4 hours)

Residential Report Writing Skills (7 hours)

Scope of Work (8 hours)

Stop the Madness (4 hours)

The Appraisal of Foreclosure Properties (4hours)

Understanding Appraising Subdivisions (4 hours)

Understanding Highest and Best Use (7 hours)

Understanding Leases (4 hours)

Understanding the Message (4 hours)

Valuing Real Estate in a Changing Market (7 hours)

Trans-American Institute of Professional Studies, Inc.

P.O. Box 97
Kearney, NE 68848

Phone : 308-237-4160 **Fax: 308-236-6717**

Course Title: Residential Report Writing Skills **Contact Hours:** 7

Course/Seminar Description: This course is a 1-day seminar designed to help the appraiser understand the necessity of and the process to present assignment results to the client and other intended users in a meaningful format while meeting all of the report requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The course includes a mix of lecture and student participation. Ample opportunity will be provided for questions from students. This program is a good review for practicing appraisers.

Course/Seminar Objectives: By the end of the seminar, students will have a clearer understanding of how proper communication of assignment results can be achieved. Each student should also have a better understanding of USPAP after successfully completing the course.

Course Materials: $39.95. Discounts based on quantity ordered.

Course Outline*

8:30 – 8:45	Introduction of Instructor. Discussion of course materials and a review learning objectives.
8:45 – 9:00	Student exercise – summarize characteristics; discussion of summaries
9:00 – 9:15	Discussion of Summaries
9:15 – 9:30	USPAP review
9:30 – 9:45	USPAP review
9:45 – 10:00	USPAP review
10:00 – 10:15	Break
10:15 – 10:30	Value Definitions
10:30 – 10:45	Appraisal Process
10:45 – 11:00	Data Collection
11:00 – 11:15	Data Collection (cont'd)
11:15 – 11:30	Valuation principles
11:30 – 11:45	Valuation principles (cont'd)
11:45 – 12:00	Highest and Best Use
12:00 – 1:00	Lunch
1:00 – 1:15	Cost Approach – Common Errors
1:15 – 1:30	Sales Comparison – Common Errors
1:30 – 1:45	Income Approach – Common Errors
1:45 – 2:00	Common report errors
2:00 – 2:15	Break

2:15 – 2:30	URAR - old
2:30 – 2:45	URAR - New
2:45 – 3:00	Writing Assignment - Write a Scope of Work
3:00 – 3:15	Discuss
3:15 – 3:30	Break
3:30 – 3:45	Review "Bad Example"
3:45 – 4:00	Review "Bad Example" (cont'd)
4:00 – 4:15	Review "Bad Example" (cont'd)
4:15 – 4:30	Discuss & Answer Questions

*The course outline is intended to be somewhat flexible. The actual time dedicated to each topic may vary somewhat with each class according to its needs.

National Association of Independent Fee Appraisers

PRESENTS

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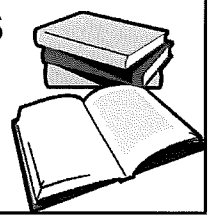
Residential Report Writing Skills



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COURSE OBJECTIVES

- USPAP - The Application
- Definitions of Value
- The Appraisal Process

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COURSE OBJECTIVES

- Data Collection
- Value Principles
- Highest and Best Use

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COURSE OBJECTIVES

- The Approaches to Value
- Writing the Report
- Report Forms

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COURSE OBJECTIVES

- URAR – Choices!
- Report Writing Format
- Bad Example

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Write Your Description!

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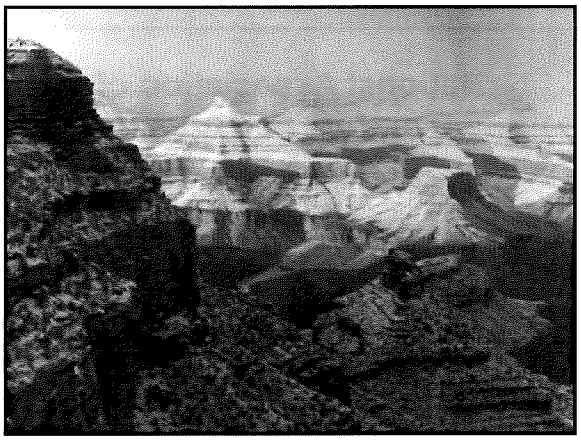

THE TEXT

Introduction

Why are good report writing skills important?

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CHAPTER 1

The Appraiser's Rules

THE APPRAISAL FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

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USPAP

Uniform Standards of Professional Appraisal Practice

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DEFINITIONS

© Trans-American Institute of Professional Studies, Inc.

USPAP

- Appraisal

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USPAP

- Valuation Services
- Appraisal Practice

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USPAP

- Appraiser

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USPAP

- Appraisers Peers
- Assignment

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USPAP

- Client
- Confidential Information

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USPAP

- Extraordinary Assumption
- Hypothetical Condition

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USPAP

- Intended Use
- Intended User

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USPAP

- Type and Definition of Value

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USPAP

- Scope of Work Decision
- Assignment Elements

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USPAP

Appraisal Report Options

Self- Contained
Summary
Restricted Use
Oral

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USPAP

- Signature
- Workfile

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USPAP

General Rules.....

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USPAP

Ethics Rule

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USPAP

Competency Rule

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USPAP

Jurisdictional Exception Rule

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USPAP

Rules and Regulations
"Example"

FDIC

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USPAP

Standard One

Development

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Standard Two

Reporting

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USPAP

Statements

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Not USPAP

Advisory Opinions & FAQ's

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USPAP

Review Questions

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CHAPTER 2

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Market Value Definitions

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MARKET VALUE

"USPAP"

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MARKET VALUE

"THE AGENCIES"

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FAIR MARKET VALUE

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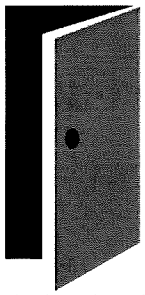
CHAPTER 3



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THE APPRAISAL PROCESS

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THE APPRAISAL PROCESS

COMPETENCY RULE

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THE APPRAISAL PROCESS

STANDARD ONE

STEP 1

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STANDARD ONE

STEP 2

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STANDARD ONE

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THE APPRAISAL PROCESS

STANDARD TWO

STEP 7

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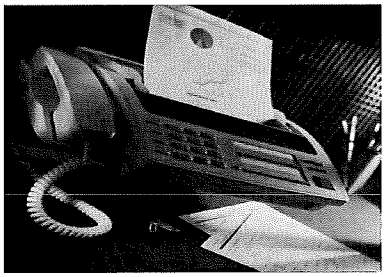
CHAPTER 4



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DATA COLLECTION

- General
- Specific

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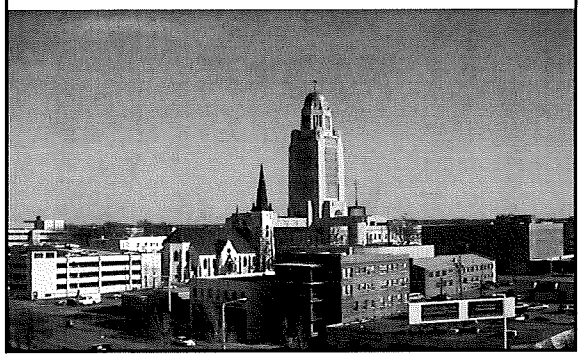
DATA GATHERING
General



DATA GATHERING
General

Physical

Economic

Governmental

Social

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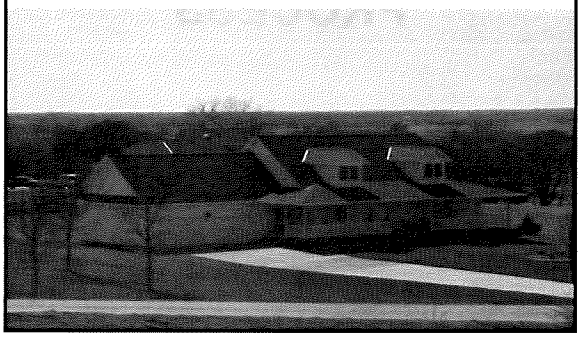
DATA GATHERING
Specific



DATA GATHERING
Specific

Relevant Property Characteristics

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DATA GATHERING
Specific

Verify Information!

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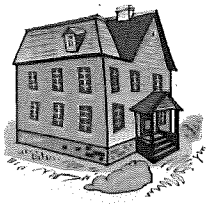
CHAPTER 5



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VALUE PRINCIPLES

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BALANCE

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SUPPLY
AND
DEMAND

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CONFORMITY
PROGRESSION
REGRESSION

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CONTRIBUTION

COMPETITION

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CHANGE

LIFE CYCLE

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INCREASING & DECREASING
RETURNS

ANTICIPATION

SUBSTITUTION

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EXTERNALITIES

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CHAPTER 6

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HIGHEST AND BEST USE

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HIGHEST AND BEST USE

Physically Possible

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HIGHEST AND BEST USE

Legally Permitted

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HIGHEST AND BEST USE

Economically Feasible

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HIGHEST AND BEST USE

Maximally Productive

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HIGHEST AND BEST USE

"As If Vacant"

"As Improved"

"Interim Use"

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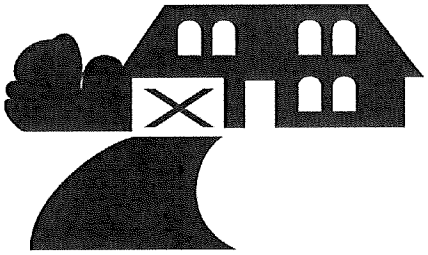
CHAPTER 7



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THE APPROACHES TO VALUE

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THE APPROACHES TO VALUE

COST APPROACH

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THE APPROACHES TO VALUE

SALES COMPARISON APPROACH

(Market Approach?)

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THE APPROACHES TO VALUE

INCOME APPROACH

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THE APPROACHES TO VALUE

RECONCILIATION

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Your Assignment!

Practice your writing skills

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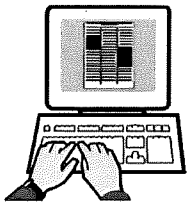
CHAPTER 8



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WRITING THE REPORT

- Report Options
  - ➢Self Contained
  - ➢Summary
  - ➢Restricted Use

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WRITING THE REPORT

➢TECHNIQUES AND SKILLS

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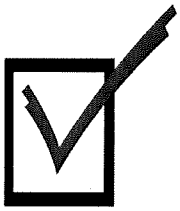
WRITING THE REPORT



➢COMMON ERRORS

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STANDARD TWO

- USPAP COMPLIANCE
  - ➢QUESTIONS TO ASK MYSELF!

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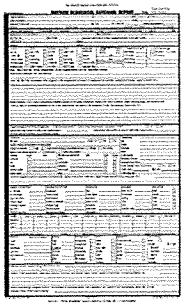
CHAPTER 9



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REPORT FORMS

Are Forms USPAP Compliant?

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UNIFORM RESIDENTIAL APPRAISAL REPORT

- 7/93
- 3/05

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URAR Report Form Differences

7/93 – 3/05

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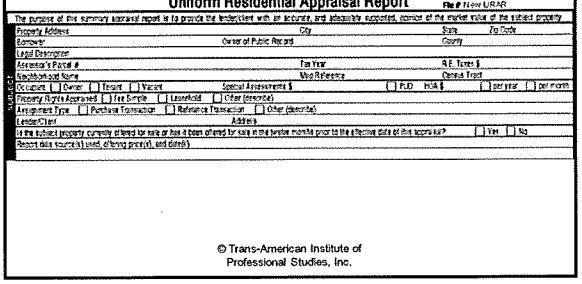
New URAR – 3/05



Uniform Residential Appraisal Report File # New URAR

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address | City | State | Zip Code
Borrower | Owner of Public Record | County
Legal Description
Assessor's Parcel # | Tax Year | R.E. Taxes $
Neighborhood Name | Map Reference | Census Tract
Occupant [ ] Owner [ ] Tenant [ ] Vacant | Special Assessments $ | [ ] PUD HOA $ | [ ] per year [ ] per month
Property Rights Appraised [ ] Fee Simple [ ] Leasehold [ ] Other (describe)
Assignment Type [ ] Purchase Transaction [ ] Refinance Transaction [ ] Other (describe)
Lender/Client | Address
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? [ ] Yes [ ] No
Report data source(s) used, offering price(s), and date(s)

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New URAR – 3/05

CONTRACT

☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed

Contract Price $ Date of Contract Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No

If Yes, report the total dollar amount and describe the items to be paid.

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New URAR – 3/05

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics			One-Unit Housing Trends			One-Unit Housing		Present Land Use %
Location	☐ Urban	☐ Suburban	☐ Rural	Property Values	☐ Increasing	☐ Stable	☐ Declining	PRICE AGE	One-Unit %
Built-Up	☐ Over 75%	☐ 25-75%	☐ Under 25%	Demand/Supply	☐ Shortage	☐ In Balance	☐ Over Supply	$ (000) (yrs)	2-4 Unit %
Growth	☐ Rapid	☐ Stable	☐ Slow	Marketing Time	☐ Under 3 mths	☐ 3-6 mths	☐ Over 6 mths	Low	Multi-Family %
Neighborhood Boundaries								High	Commercial %
								Pred	Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

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New URAR – 3/05

Dimensions Area Shape View

Specific Zoning Classification Zoning Description

Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No FEMA Flood Zone FEMA Map # FEMA Map Date

Are the utilities and all site improvements typical for the market area? ☐ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

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New URAR – 3/05

General Description		Foundation		Exterior Description materials/condition		Interior materials/condition	
Units	☐ One ☐ One with Accessory Unit	☐ Concrete Slab	☐ Crawl Space	Foundation Walls		Floors	
# of Stories		☐ Full Basement	☐ Partial Basement	Exterior Walls		Walls	
Type	☐ Det ☐ Att ☐ S-Det/End Unit	Basement Area	sq ft	Roof Surface		Trim/Finish	
☐ Existing ☐ Proposed ☐ Under Const		Basement Finish	%	Gutters & Downspouts		Bath Floor	
Design (Style)		☐ Outside Entry/Exit	☐ Sump Pump	Window Type		Bath Wainscot	
Year Built		Evidence of	☐ Infestation	Storm Sash/Insulated		Car Storage	☐ None
Effective Age (Yrs)		☐ Dampness	☐ Settlement	Screens		☐ Driveway # of Cars	
Attic	☐ None	Heating	☐ FWA ☐ HWBB ☐ Radiant	Amenities	☐ Woodstove(s) #	Driveway Surface	
☐ Drop Stair	☐ Stairs	☐ Other	Fuel	☐ Fireplace(s) #	☐ Fence	☐ Garage # of Cars	
☐ Floor	☐ Scuttle	Cooling	☐ Central Air Conditioning	☐ Patio/Deck	☐ Porch	☐ Carport # of Cars	
☐ Finished	☐ Heated	☐ Individual	☐ Other	☐ Pool	☐ Other	☐ Att ☐ Det ☐ Built-in	

Appliances ☐ Refrigerator ☐ Range/Oven ☐ Dishwasher ☐ Disposal ☐ Microwave ☐ Washer/Dryer ☐ Other (describe)

Finished area above grade contains Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade

Additional features (special energy efficient items, etc.)

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

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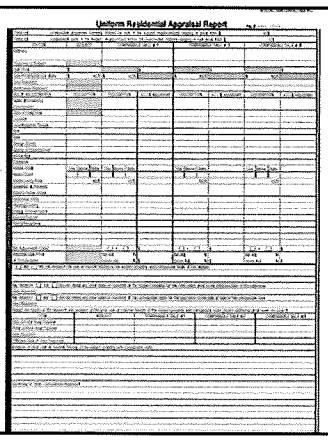

Uniform Residential Appraisal Report

New URAR – 3/05

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	ESTIMATE OF SITE VALUE		= $
Source of cost data	DWELLING	Sq Ft @ $	= $
Quality rating from cost service Effective date of cost data		Sq Ft @ $	= $
Comments on Cost Approach (gross living area calculation, depreciation, etc.)			= $
	Garage/Carport	Sq Ft @ $	= $
	Total Estimate of Cost-New		= $
	Less	Physical / Functional / External	
	Depreciation		= $( )
	Depreciated Cost of Improvements		= $
	"As is" Value of Site Improvements		= $
Estimated Remaining Economic Life (HUD and VA only) Years	INDICATED VALUE BY COST APPROACH		= $

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New URAR – 3/05

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)			
Estimated Monthly Market Rent $	X Gross Rent Multiplier	= $	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)			

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New URAR – 3/05

PROJECT INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)		
Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached		
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit		
Legal Name of Project		
Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)
Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion		
Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source		
Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion		
Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options		
Describe common elements and recreational facilities		

Freddie Mac Form 70 March 2005 Page 3 of 6 Fannie Mae Form 1004 March 2005

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New URAR – 3/05

RECONCILIATION

Indicated Value by: Sales Comparison Approach $	Cost Approach (if developed) $	Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

Freddie Mac Form 70 March 2005 Page 2 of 6 Fannie Mae Form 1004 March 2005

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Other Considerations

- Hypothetical Conditions/Extraordinary Assumptions
- Limiting Conditions and Certifications
- Scope of Work

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Other Considerations

- Certification #17
- Certification #25
- Certification - Overall

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Report Content

Sufficient information based on:

Intended Users

&

Intended Use

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Suggested Report Content

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CHAPTER 10

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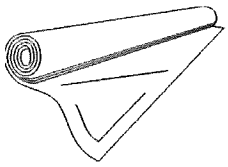
THE ASSIGNMENT



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THE ASSIGNMENT

Write Your Scope of Work

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CHAPTER 11

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Report Writing Format

Logical for other applications?

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Useful Reference Websites

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Bad Example

Find Errors!

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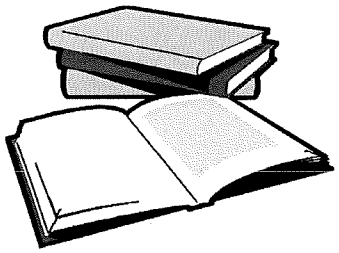
RESIDENTIAL REPORT WRITING Skills



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Your Instructor!

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Thank You For Attending!

National Association of Independent Fee Appraisers

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Residential Report Writing Skills

Developed By

Lynne L. Heiden

GRPA, IFAS, MRA

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Residential Report Writing Skills

$39.95

TRANS-AMERICAN INSTITUTE OF PROFESSIONAL STUDIES, INC.

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PROGRAMS OF STUDY

The Trans-American Institute of Professional Studies (**TAIPS**) provides pre-license education to individuals who are seeking to enter or upgrade to a higher credential as a Real Property Appraiser. We also offer continuing education seminars for appraisers and real estate agents. In addition to our offerings at our primary location in Kearney, Nebraska, we offer appraisal courses and seminars at various locations around the country. If you would like us to offer a course or seminar in your area, please contact us.

TAIPS also offers several specialized programs such as mentoring, appraisal reviews performed for the appraiser and customized training developed specifically for individual appraisal and/or real estate offices and others.

Our most current schedule is always available online. To enroll in any of our classes, call 308-237-4160, or download the course registration form available on our website (www.TransAmStudies.com).

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TEXT PURPOSE

This text has been developed for the real property appraiser interested in learning how to correctly report residential appraisal results based on the report type and scope of work in the assignment. It provides an excellent review for the experienced appraiser.

It is important for the appraiser to recognize that the level of information required in every appraisal report is based on the agreement with the client and the intended use. The Uniform Standards of Professional Appraisal Practice (USPAP) and basic appraisal methodology are emphasized in the text content.

This text should be considered a foundation. The real property appraiser must understand the importance of compliance with the Competency Rule in USPAP when accepting appraisal assignments. A careful study of the information provided in this text will assist the professional appraiser with USPAP compliance in writing appraisal reports.

About The Author:

This text has been developed by Lynne L. Heiden, GRPA, IFAS, MRA, for the Trans-American Institute of Professional Studies, Inc.

Lynne L. Heiden is a Certified General Real Property Appraiser. She has taught numerous courses for the Trans-American Institute of Professional Studies, Inc., the Mid-West Appraisers Association, the University of Nebraska at Kearney and for other appraisal groups and professional associations throughout the United States.

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INTRODUCTION

Residential Report Writing Skills

Developing good writing skills are essential for the professional appraiser. In some cases, the increased use of forms has diminished the quality of residential appraisal reports. It is important to recognize that even if you are using residential appraisal forms, you must also include appropriate addenda in the report for the client and intended users to understand your development process and to support your value conclusion. The report option selected will determine the amount of information that should be in the appraisal report.

The criterion to become an appraiser emphasizes report writing and basic English courses. As part of the evolution of the criteria, the Appraiser Qualifications Board of The Appraisal Foundation recognized the need for better report writing skills. This is evidenced in the college degree requirements or the specific college courses that must be taken to be a Certified Residential or a Certified General Appraiser.

Think of your appraisal report as a document that must communicate successfully the reasoning behind your value opinion. If the intended users can follow your reasoning you will have accomplished successful written communication.

This course has been developed to provide guidance for value opinion development and the appropriate appraisal report content. The Uniform Standards of Professional Appraisal Practice are integrated throughout the course to assist you in writing a USPAP compliant appraisal report.

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CHAPTER ONE

Uniform Standards of Professional Appraisal Practice

The Appraiser's Rules

The Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation, are written to establish minimum development and reporting standards for appraisers. The underlying purpose of the USPAP is to promote and maintain a high level of public trust in appraisal practice. The Uniform Standards of Professional Appraisal Practice reflect the current standards of the appraisal profession. These standards establish objectives for appraisers and help set expectations for users of appraisal services. A clear understanding of the USPAP is essential to the proper developing and reporting of appraisal assignments.

Chapter One is a review of the USPAP as it applies to the appraisal process and proper communication with the client and identified intended users. The current edition of the USPAP should be reviewed in conjunction with this text.

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USPAP - Applicable Definitions

Appraisal

-An Opinion of Value - Development

-Standard One

Valuation Services

-performed by appraisers and others

Appraisal Practice

–performed by an individual acting as an appraiser

When an appraiser is performing services under Appraisal Practice the Ethics Rule and Competency Rule always applies!

Appraiser – What is expected?

-independent, impartial, objective

"Competent"

Appraiser's Peers

-expertise and competency

Assignment

-a service provided as a result of an agreement between an appraiser and a client

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USPAP - Applicable Definitions

Client

-the party who engages the appraiser

Confidential Information

-identified by the client as confidential when providing it to the appraiser and that is
-not available from any other source; or
-classified as confidential by applicable law or regulation.

Extraordinary Assumption

-an assumption which if found to be false, could alter the opinion or conclusion

Hypothetical Condition

-that which is contrary to what exists

Intended Use

-identified by the appraiser through communication with the client at the time of the assignment. Uniform Standards of Professional Appraisal Practice

Intended User

-identified by the appraiser through communication with the client at the time of the assignment. (The client and other parties as identified by name or type.)

Market Value

-appraisers are required to identify the exact definition of market value, and its source applicable in each appraisal completed for the purpose of market value.

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Scope of Work - USPAP

Scope of Work Decision – Assignment Elements

Intended Use

Intended Users

Type and Definition of Value

Relevant Property Characteristics

Effective Date

Assignment Conditions

- Hypothetical Conditions
- Extraordinary Assumptions
- Jurisdictional Exceptions
- Special Limiting Conditions
- Rules and Regulations

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The Written Appraisal Report

Self-Contained- Describe

Summary- Summarize

Restricted Use- State

The Oral Appraisal Report

-What information needs to be in the workfile?

Signature

- authentication and responsibility
- sole personalized control

Workfile

-true copy

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GENERAL RULES - USPAP

Ethics Rule

Conduct

Assignments completed ethically and competently
No predetermined value conclusions
Responsible for employees
Fair housing

Management

No undisclosed fees connection with the procurement of an assignment
No contingent fees based on predetermined results

Confidentiality

Appraiser-client relationships
Gramm-Leach-Bliley and privacy policies

Record Keeping

Workfile requirements.
True copy of appraisal report

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Competency Rule

-prior to accepting an assignment.....

-disclose.....

-take all steps.....

-describe.....

(4 areas that must be covered – property type, the market, the geographic area and the analytical method.)

Jurisdictional Exception Rule

-contrary to law or public policy (takes away from USPAP)
(not the appraiser's choice!)

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RULES AND REGULATIONS "Example"

FDIC Law, Regulations, Related Acts
5000 - FDIC STATEMENTS OF POLICY
Interagency Appraisal and Evaluation Guidelines

Minimum Appraisal Standards

The agencies' appraisal regulations include five minimum standards for the preparation of an appraisal. The appraisal must:

Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation unless principles of safe and sound banking require compliance with stricter standards;

Although allowed by USPAP, the agencies' appraisal regulations do not permit an appraiser to appraise any property in which the appraiser has an interest, direct or indirect, financial or otherwise.

Be written and contain sufficient information and analysis to support the institution's decision to engage in the transaction;

As discussed below, appraisers have available various appraisal development and report options; however, not all options may be appropriate for all transactions. A report option is acceptable under the agencies' appraisal regulations only if the appraisal report contains sufficient information and analysis to support an institution's decision to engage in the transaction.

Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units;

This standard is designed to avoid having appraisals prepared using unrealistic assumptions and inappropriate methods. For federally related transactions, an appraisal is to include the current market value of the property in its actual physical condition and subject to the zoning in effect as of the date of the appraisal.

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For properties where improvements are to be constructed or rehabilitated, the regulated institution may also request a prospective market value based on stabilized occupancy or a value based on the sum of retail sales. However, the sum of retail sales for a proposed development is not the market value of the development for the purpose of the agencies' appraisal regulations. For proposed developments that involve the sale of individual houses, units, or lots, the appraiser must analyze and report appropriate deductions and discounts for holding costs, marketing costs and entrepreneurial profit. For proposed and rehabilitated rental developments, the appraiser must make appropriate deductions and discounts for items such as leasing commission, rent losses, and tenant improvements from an estimate based on stabilized occupancy.

Be based upon the definition of market value set forth in the regulation; and

Each appraisal must contain an estimate of market value, as defined by the agencies' appraisal regulations. {8-31-98 p.5466}

Be performed by State-licensed or certified appraisers in accordance with requirements set forth in the regulation.

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STANDARD ONE - USPAP

Development

Standards Rule 1-1 (must)

(a) - produce a credible appraisal

(b) - no substantial error

(c) - no series of errors

Standards Rule 1-2 (must)

Identify!

(a) - client and intended users

(b) - intended use

(c) - type and definition of value

(d) - effective date

(e) - relevant property characteristics

(f) - extraordinary assumptions

(g) - hypothetical conditions

(h) - scope of work

Standards Rule 1-3 (must if necessary for credible results)

(a) - land use regulations, modifications, market trends

(b) - highest and best use

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<u>Standards Rule 1-4</u> (must if necessary for credible results)

(a) - sales comparison approach

(b) - cost approach

(c) - income approach

(d) - leased fee/leasehold estate

(e) - assemblage

(f) - anticipated public or private improvements

(g) - personal property, trade fixtures, intangible items

<u>Standards Rule 1-5</u> (must)

(a) - analyze agreements of sale, options or listings

(b) - analyze all sales - three years

<u>Standards Rule 1-6</u> (must)

(a) - reconcile-quality and quantity of the data within each approach

(b) - reconcile-applicability and suitability - among the approaches

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STANDARD TWO - USPAP

Reporting

In reporting the results of a real property appraisal, an appraiser must communicate each analysis, opinion, and conclusion in a manner that is not misleading.

Standards Rule 2-1

Each written or oral real property appraisal report must:

a. clearly and accurately set forth the appraisal in a manner that is not misleading;

b. contain sufficient information to enable the intended users of the appraisal to understand the report properly; and

c. clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, or limiting conditions used in the assignment.

Standards Rule 2-2 (a), (b), (c)

- Identify the Report Option Used

(i) - client and intended users

(ii) - intended use

(iii) - relevant property characteristics

(iv) - interest appraised

(v) - type and definition of value (source)

(vi) - effective date

(vii) - scope of work - sufficient information

(viii) - information analyzed, procedures followed and reasoning for conclusions

(ix) - use - highest and best use

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(x) -extraordinary assumptions/hypothetical conditions
(use may have affected assignment results)

(xi) signed certification

Standards Rule 2-3

Certification

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STATEMENTS - USPAP

Statement 3

There are two essential dates in every appraisal assignment; the effective date of the appraisal and the date of the report. The effective date of the appraisal establishes the framework for the value conclusion. The report date establishes the perspective from which the appraiser evaluates the market and the subject property.

Retrospective value conclusions usually include extraordinary assumptions as the appraiser typically will not inspect the subject of the assignment on the effective date. In addition, there are special considerations regarding market trends and changes in the market since the effective date of the appraisal which are known by the appraiser. This Statement provides excellent direction for developing retrospective value conclusions.

Statement 4

Again, there are two essential dates in every appraisal assignment; the effective date of the appraisal, and the date of the report. The effective date of the appraisal establishes the framework for the value conclusion. The report date indicates the time frame and perspective from which the appraiser evaluates the market.

When completing a prospective value conclusion the appraiser must be very careful not to be misleading. A prospective value conclusion typically involves proposed construction or developments where the client has specifically requested a value conclusion upon completion. The effective date of the value conclusion and the report date must be clearly disclosed.

Prospective value conclusions also contain extraordinary assumptions. Items such as the market as of the effective date, should be supported by market trends.

Statement 6

The concept of exposure time is used in most definitions of market value. Exposure time always precedes the effective date of the appraisal and is specific to the subject property in the appraisal assignment.

The appraiser should consider the property type and the value range of the subject property to appropriately arrive at a conclusion regarding exposure time. Property that is atypical for the market or does not conform may have a longer exposure time.

The appraiser must also make sure that the comparable sales selected for the development of the Sales Comparison Approach, meet the criteria for an arms length transaction including exposure in the open market.

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ADVISORY OPINIONS – "Other Communication"

AO – 3 Update of a Prior Appraisal

Once an appraisal assignment is completed, the client may request a subsequent appraisal or additional analysis involving the same property. Advisory Opinion 3 provides guidance regarding nomenclature that may be used by clients and the appropriate way to handle this type of assignment.

AO – 11 Appraisal Report Content

Use the chart in this Advisory Opinion to assist with USPAP compliance. Examples of the differences between a Self-Contained Appraisal Report, a Summary Appraisal Report, and a Restricted Use Appraisal Report are provided to assist the appraiser with the appropriate appraisal report content.

AO – 23 Relevant Property Characteristics

It is very important for the appraiser to recognize that the ownership interest being appraised will affect the relevant property characteristics. This Advisory Opinion provides excellent examples that illustrate the differences when the appraisal assignment changes based on ownership interests and the intended use.

AO – 24 Normal Course of Business

Due diligence must be practiced in the appraisal development process. The "normal course of business" is determined by the actions of an appraiser's peers, as well as the expectations of parties who are regular intended users for similar appraisal assignments. A0-24 also emphasizes that that an appraiser's practices or an appraisal firm's polices do not establish the "normal course of business."

AO – 26 Readdressing (transferring) a Report to another Party

Once an appraisal report has been completed and delivered to the client, the appraiser cannot transfer the report to another party. Identification of the client and the intended users are key elements in the scope of work decision and must be determined at when the assignment is accepted by the appraiser. They cannot be modified after an assignment has been completed.

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AO – 27 Appraising the Same Property for a New Client

Appraisers are often asked to appraise the same property for a new client. The appraiser must consider several issues when accepting the assignment. First of all, it is a new assignment! Second, confidential information must be handled appropriately. In most cases, the best way to handle the second assignment is to re-inspect the subject property. If the effective date of the appraisal is the date of inspection, the effective date will change and there will not be any misconceptions regarding just changing the name of the client. The appraiser should also carefully research the market to see if there are any additional comparable sales that should be used in the development of the Sales Comparison Approach.

AO – 28 Scope of Work Decision, Performance and Disclosure

Problem identification is the first step in every appraisal assignment. The appraiser must consider the basic assignment elements (Scope of Work Rule) and make the appropriate decisions to provide credible assignment results to the client. This includes, based on the report option used, sufficient information in the appraisal report for the client to understand the scope of work performed in the development of the assignment results.

AO – 29 An Acceptable Scope of Work

What makes a scope of work acceptable? When it meets the expectations of parties who are regularly intended users for similar assignments and when it is what an appraiser's peers would do in performing a similar assignment. The illustrations provide excellent guidance for the application of the Scope of Work Rule.

AO – 30 Appraisals For Use by a Federally Regulated Financial Institution

The 2008 – 2009 USPAP removed Statement 10. It was replaced with this advisory opinion to provide guidance for appraisers completing appraisal assignments for federally related transactions.

AO – 31 Assignments Involving More Than One Appraiser

This advisory opinion provides guidance for appraisers working together on different assignment types. Specific USPAP references are included as well as record keeping guidelines and certification requirements.

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CHAPTER ONE – Review Questions

1. With whom does the appraiser have a confidential relationship?

   a. The client.
   b. The person who pays for the appraisal report.
   c. The client and all intended users.
   d. The client and the person who pays for the report.

2. What Rule in USPAP **explains** the key elements in every appraisal assignment?

   a. Competency Rule.
   b. Scope of Work Rule.
   c. Jurisdictional Exception Rule.
   d. Standard Three.

3. Who identifies the client and intended users in an appraisal assignment?

   a. The client.
   b. The appraiser through communication with the client.
   c. The client and the intended users.
   d. The intended users.

4. Which of the following are considered assignment conditions?

   a. Hypothetical conditions and extraordinary assumptions.
   b. Relevant property characteristics and effective date.
   c. Scope of the assignment and the value conclusion.
   d. Intended use, intended user and standard of value.

5. Which report type has the highest level of information?

   a. Summary
   b. Self-Contained
   c. Restricted Use
   d. Narrative

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6. What are the first determinants for the appropriate level of information in every appraisal report?

   a. The appraisal fee and turn-around time.
   b. The amount of time allowed for the assignment.
   c. Intended Use and Intended User
   d. Assignment Conditions

7. Per USPAP an extraordinary assumption is

   a. that which is contrary to what exists, but is supposed for the purpose of the appraisal assignment based on an agreement with the client.

   b. an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

   c. a conflict between the requirements in USPAP and a law, rule or regulation as identified by the appraiser.

   d. an appraiser's opinions and conclusions developed specific to the assignment based on an agreement with the client.

8. The content of a Self-Contained Appraisal Report must

   a. be consistent with the intended use of the appraisal.
   b. summarize the intended use of the appraisal.
   c. state information sufficient to identify the real estate involved with the appraisal.
   d. summarize information to disclose to the client and any intended users the scope of work in the assignment.

9. In the valuation process, when does the reconciliation of value indicators to a final value estimate take place?

   a. After completion of each approach
   b. After completion of the approaches developed
   c. After the legal description is complete
   d. Periodically during the appraisal process

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CHAPTER TWO

Market Value Definitions

One of the key elements in the Scope of Work decision is properly identifying the appropriate type and definition of value which should be utilized in the development of the opinion of value. The appraiser must determine the appropriate definition to be utilized through communication with the client based on intended use, prior to starting the data gathering process.

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Definition of Market Value - USPAP

"A definition of a definition" *

MARKET VALUE: a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser applicable in an appraisal.

Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

1.) **the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);**

2.) **The terms of the sale (e.g., cash, cash equivalent, or other terms); and**

3.) **The conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).**

Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.

***This definition should never be used in an appraisal assignment.**

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Market Value Per The Agencies

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America is:

Definition:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what he considers his own best interest;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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Fair Market Value

There are some instances where the above market value definition will not apply. For example, when appraising for use by the Internal Revenue Service, the appropriate standard of value is Fair Market Value.

Fair market value (FMV) is defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts."

The above definition of fair market value falls under the topic of charitable contributions in the regulations and applies to income tax and estate and gift tax cases.

The definition of fair market value for estate tax purposes is at Treas. Reg. § 20.2031-1(b) and, for gift tax purposes is at Treas. Reg. § 25.2512-1. Both definitions are the same.

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CHAPTER THREE

The Appraisal Process

Key elements in the Scope of Work Decision include identifying intended use, intended user and the type and definition of value. This Chapter reviews the basic appraisal process and the application of the USPAP.

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The Problem

Competency Rule

Prior to accepting an assignment, the appraiser must determine whether he or she has the knowledge and skill necessary to perform the work competently (Competency Rule-USPAP). It is important to note that this includes not only the proper analysis of the specific property type, but also locational and market competency as well as competency in the application of proper analytical methods.

Standard 1 - USPAP

Step 1

In order to correctly identify the proper scope of work for the appraisal assignment, the appraiser must identify the intended use, the intended users, and the appropriate definition of value to be applied. This process requires good communication with the client.

Step 2

The appraiser then needs to identify all relevant property characteristics and any applicable assignment conditions such as hypothetical conditions, extraordinary assumptions, jurisdictional exceptions, and any other limiting conditions that may impact value.

Step 3

The appraiser must consider and apply the scope of work that is appropriate for the appraisal assignment. This includes, but is not limited to, the effective date of the appraisal assignment, the interest to be appraised and all other applicable assignment conditions.

Step 4

The appraiser must develop an opinion of the highest and best use of the property. If the current use is different from the highest and best use, evaluate the impact on value.

Step 5

The appraiser then verifies and analyzes the data as needed in developing the appropriate approaches to value to arrive at a credible opinion of value for the subject property.

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Step 6

Reconcile each approach to value and reconcile the approaches used to arrive at the value conclusion.

Step 7

Write the appraisal report and check it for compliance with USPAP and any additional rules and regulations that are applicable to the assignment.

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CHAPTER FOUR

Data Collection

One of the components of the appraisal assignment most affected by the Scope of Work decision is the collection of data that is appropriate for the assignment. This includes analyzing and reporting general data that is relevant, which, depending on the intended use, may include those factors that may result in market risk. Specific data (relevant property characteristics) included in the report is based on the scope of work agreed upon by the appraiser and the client and the report option needed to satisfy the intended use.

The appraiser must be very careful not to include vague or overly generic "boiler plate" information in every appraisal report. The report should include all data and analysis that is part of the value decision as appropriate based on the intended use of the assignment results.

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General Data – (PEGS)

Physical or Environmental

Natural and man-make environmental forces influence the value of real property. Climate and growing season are major considerations. Topography, climate, drainage, precipitation, wetlands, contaminants and natural or man-make barriers are forces that influence value.

1. **Proximity to cities and markets**
2. **Climate**
3. **Conformity**
4. **Natural Resources**
5. **Transportation**
6. **Topography**
7. **Amenities and any adverse conditions**

Economic Data

The economic stability of a community affects the value of real property. Economic changes, the extent, impact and cause need to be studied. National and regional trends measure changes over a period of time. Local trends may or may not follow the national or regional trends. Employment, wage levels, new construction, supply and demand, and interest rates are forces that influence value.

1. **Employment (one major employer or industry?)**
   Consider market risk!
2. **Taxes and assessments**
3. **Demographics**
   Average income level
   Population trends
4. **Transportation**
5. **Cost of living**
6. **Interest rates**

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Governmental Data

Governmental and legal actions can have a negative or a positive impact on property values. Public services such as fire and police protection, utility providers and transportation influence property values. Local zoning, groundwater regulations, and restrictive covenants are also forces that influence value.

1. **Police and fire protection**
2. **Zoning and land use controls(see covenants and restrictions in specific data)**
3. **Soil conservation programs**
4. **Wetlands**
5. **Special charges (see homeowners association in specific data)**

Social Data

Social forces influence value and typically an interpretation of the trends in the marketplace is a necessary component in the appraisal process. The demographic composition of the population reveals the demand for real estate. Population characteristics and changes, quantity and quality of schools, accessible health care facilities, recreational and shopping services are forces that influence value in a specific market area.

1. **Schools and training centers**
2. **Houses of worship**
3. **Recreation**
4. **Civic opportunities**
5. **Technology and communications**
6. **Medical Facilities**

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Specific Data

Specific data includes anything that applies to one property. That property may be the subject property or any of the comparable sales or comparable rentals.

Relevant Property Characteristics!

1. **Size**
2. **Location**
3. **Condition**
4. **Amenities**
5. **Covenants and restrictions**
6. **Cost**
7. **Rental and other income**
8. **Financial terms of the sale**
9. **Property Expenses**
10. **Homeowners Association Fees**

Verify Data! Confirm Data!

Are neatness and cleanliness relevant property characteristics?

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CHAPTER FIVE

Value Principles

A significant step in the appraisal process is to consider how the basic valuation principles apply to the subject property and the comparables. Many of the basic value principles are interrelated and their importance is determined by the Scope of Work in the assignment including the type and definition of value and the intended use.

Some of the value principles become more important based on the approach to value being developed. Reviewing the basic principles as part of the development process is very important as an omission may directly impact the value conclusion.

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Value Principles

Balance
The principle of balance applies to the factors of production. The four factors of production are land, labor, capital and entrepreneurship or management. Land will usually be at its highest and best use when these factors are in balance. An appropriate mix of different types of land uses and the location of these mixes creates value. This principle is used in estimating depreciation in the Cost Approach and in determining the highest and best use in a specific market.

Supply and Demand
The concept of supply and demand indicates that property values will rise when market demand increases or will decline when there is a surplus supply. Demand relates directly to the supply of a particular type of property in a specific market area.

Conformity, Progression and Regression
The principle of conformity applies when a property has characteristics that conform to a market. The use of properties in a specific area may or may not conform to other uses in that area. Progression is a concept where the value of an inferior property is enhanced by its union with better properties of the same type. Regression is a concept where the value of a superior property is hindered by its union with inferior properties of the same type.

Contribution
The principle of contribution affirms that the value of a specific part is measured in terms of its contributory value to the whole. The contributory value can be higher than the cost, equal to the cost, lower than the cost, have no value or create a negative value.

Competition
Supply and demand influences competition. A single highly successful business in a market will stimulate a second business entering the market. Property types compete against other properties for the same use. Buyers compete with each other for these properties. The overall effect of this competition is evidenced as trends in the marketplace.

Change
Since conditions do not stay constant, the principle of change influences value. Social, economic, governmental and/or environmental forces influence changes. These changes influence the demand and supply and the shift in market preference. Physical changes also influence value. The normal wear and tear in buildings results in depreciation, which is a loss in value. Every parcel of real estate is subject to change.

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Growth, Equilibrium, Decline and Revitalization
There are four stages through which improvements may pass. Growth is when the improvements are built and there is demand in the market; Equilibrium or stability is when the property undergoes minimal change; Decline is when the property requires a great deal of maintenance; and Revitalization is when the property is rehabilitated which also indicates demand in the market place. Neighborhoods and individual improvements go through these stages which is also referred to as the Life Cycle of the property or neighborhood.

Increasing and Deceasing Returns
The contributory value of an improvement is based on what the market will pay for that specific item. When the cost of that improvement supercedes the return on the improvement, the specific improvement moves to the decreasing return phase. Specialized improvements such as swimming pools and elaborate fixtures are examples of items that may exhibit a decreasing return on the total investment.

Anticipation
The anticipation or expectation of benefits in the future influences value. Depending on the type of property, the value is based on the buyer and seller's perception of the future benefit. These benefits can be expected advantages, amenities, ownership, and the ability to generate income. Another benefit anticipated is appreciation. Generally, real estate appreciates. This anticipation of a higher value in the future influences value. This principle of anticipation is fundamental to the Income Approach to value.

Substitution
Substitution is the underlying value principle in the Cost Approach and the Sales Comparison Approach. Simply stated, an individual or entity will not pay more for a property than an equal property will bring in the marketplace.

Externalities
Influences outside (external to) a property may have a positive or a negative influence on its value. Due to the fact that real estate is immobile, forces outside the property affect it. These influences can be on a national, regional or local level.

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CHAPTER SIX

Highest and Best Use

A discussion of the Highest and Best Use analysis of the subject property must be included in every appraisal report. If the Scope of Work requires the subject property to be appraised "as is" or "value in use" and not to appraise the land to its highest and best use, then this must be addressed in the report so it is not misleading.

The appraiser must be careful to analyze any interim uses as part of the development process. The final conclusions must be reasonably probable.

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Considerations!

Physically Possible

Proposed improvements must be possible to place on the site. Is the site large enough? Does the site conform to zoning code? Existing improvements should be considered based on their contributory value to the site. If the improvements are out-dated or show high physical depreciation or functional obsolescence, they may have little or no contributory value. What is the access to the site? Would assemblage with another parcel increase the value (plottage)?

Legally Permitted

What is the current zoning? Does it appear to be an interim use based on comprehensive growth plans or proposed zoning changes? In most cases, if the site use is not legal, the parcel may not qualify for a loan. This should be discussed with the client. It is always a good idea to check the zoning on a parcel before going to the site. If the inspection reveals a use that is not legal, the client must be contacted before proceeding. It is also possible that the assignment involves a hypothetical condition under which there is a proposed zoning change that must be clearly and conspicuously disclosed in the appraisal report.

Economically Feasible

The next consideration is the return on investment. It is possible that the site is physically possible and legally permissible and may still be undesirable due to other considerations. Environmental issues or external obsolescence may create situations that make it not economically feasible. It is also possible that market trends will indicate, although not feasible now, it may be feasible in the future.

Maximally Productive

What is the most maximally productive use of the site? Zoning may allow more than one use. A market study may indicate varying income streams based on use. Land that is appraised at it's Highest and Best Use must be maximally productive.

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Definition of Interim Use: A temporary use of a property when an alternative use is not economically feasible or maximally productive as of the effective date, but will likely become so in a relatively short period of time.

Comment: It is important that the appraiser keep in mind that he or she is attempting to measure reactions. If the typical buyer for a property would anticipate changing the use of a property over a relatively short holding period, it is proper for an appraiser to develop a value opinion based on the Interim Use.

The final conclusion must be reasonably probable!

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CHAPTER SEVEN

The Approaches to Value

The three approaches to real estate value have developed through the experience of professional appraisers. The techniques utilized in developing each approach will depend on the property type being appraised and the intended use.

It is important to remember that an appraisal is an estimate or opinion of value. To a large extent, its accuracy depends upon the basic competency and experience of the appraiser. Its worth is influenced by the availability of pertinent data and how the appraiser processes the data. The real property appraiser does not make the market, but rather interprets it.

An appropriate analysis of the quality and quantity of the data is essential in the reconciliation process with each approach to value. The final reconciliation of the approaches combines the approaches used and places emphasis on the approach or approaches with the best data to arrive at the final value conclusion. The appraiser must include an explanation of the exclusion of any of the usual approaches in the report.

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COST APPROACH

Square Foot Method

Physical Depreciation

Incurable

Long lived
Short lived

Curable

Functional Obsolescence

Incurable
Curable

External Obsolescence

Incurable

The appraiser must remember the correct order of applied depreciation. All depreciation must be market extracted and explained in the appraisal report.

Land Value

The method used and the source of the information should be explained in the appraisal report. It must be specific to the assignment. Assessed value is not a method of arriving at land value if the appraiser is completing the assignment for Market Value.

Reconciliation of the Cost Approach

Reconcile the quality and quantity of the data.

The cost approach is almost always applicable to the assignment. Do not let the use of forms dictate the development of this approach to value!

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SALES COMPARISON APPROACH

Adjustment considerations:

Financing Terms (Cash Equivalency)

Date of Sale (Time Adjustment – Market conditions - supported)

Location

Interest

Site

Design and Appeal

Quality of Construction

Age

Condition

Above Grade Square Footage

Basement Square Footage

Functional Utility

Heating/Cooling

Energy Efficient Items

Garage/Carport

Porch, Patio, Deck, Fireplace

Fence, Pool, Amenities

+Any other factor that would likely cause a difference in price between the subject and comparable sale

Reconciliation of the Sales Comparison Approach
Reconcile the quality and quantity of the data.

The reconciliation results must be in the adjusted value range!

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Gross Rent Multipliers

Reconciliation of the Income Approach
Reconcile the quality and quantity of the data.

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FINAL RECONCILIATION

Quantity and Quality of the Data

The final value conclusion must be supported from the information gathered and analyzed.

Each approach to value should be weighed based on the strength of the data. The approaches should then be reconciled together to arrive at the final value conclusion. Standards Rule 1-6 (b) reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion.

If one approach is substantially higher or lower than the others, it is possible that something has been missed in the development of the approach. The appraiser should carefully review the approach to make sure it was applicable to the assignment and to determine if errors have been made in the development process.

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YOUR ASSIGNMENT!

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CHAPTER EIGHT

Report Options

The Uniform Standards of Professional Appraisal Practice currently provides for three written report options for communicating real property appraisal results. The type of report to be provided to the client is part of the initial Scope of Work. It is identified by the appraiser through communication with the client. The intended use and intended users of the report will determine the type of report to be provided.

It is important for the appraiser to remember that the report must contain sufficient information for the intended user to understand the scope of work in the assignment. If the appraiser and the client decide on a Restricted Use Report, the client will not be able to understand the scope of work in the assignment without the information in the workfile.

Appraisers may make mistakes in writing their reports in an effort to produce appraisal reports quickly. An appraiser must not allow assignment conditions to adversely affect their work. It is important to remember that reports must be written specific to each assignment. The concept of generic comments must be avoided.

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Report Options

Self-Contained Report - **Describe**

Summary Report - **Summary**

Restricted Use Report - **State**

Description

Self-Contained - Describe

The highest level of information

Summary - Summarize

More concise, may be a form report

Restricted Use - State

A minimal amount of information

Restricted to the use of one client

Cannot be understood without the workfile!

The appraiser is responsible for including the appropriate amount of information in the report based on the intended use and the intended users. Any of the three written USPAP report options can be completed using forms or in a narrative format.

Always remember that forms are not USPAP compliant. The appraiser is responsible for USPAP compliance and the proper amount of information in the appraisal report or the workfile.

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Report Writing Techniques and Skills

- Be objective!
- Include all necessary data for the reader to understand the report properly.
- Be consistent!
- Coordinate ideas and express in a similar format throughout the report.
- Double check spelling, punctuation and grammar.
- Explain the terminology and abbreviations used in the report.
- Avoid repeating the same words.
- Use complete, but concise sentences. Use articles (a, an, the) as needed.
- Use active voice.
- Vary the length of sentences.
- Use the present tense to describe conditions in effect as of the effective date of the appraisal.

Keep in mind your intended users and provide sufficient information for them to understand your report properly.

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Writing The Report - Common Errors

- Including statements such as: "In the process of developing this appraisal, if I have not used an approach to value in this assignment, it was considered not applicable to the assignment." All explanations in the appraisal report must be specific to the assignment!
- Failing to explain the exclusion of any of the approaches to value, including the reasoning behind the decision.
- Utilizing FHA, VA and FRT reporting requirements in all reports.
- Not explaining the scope of work in the report.
- Not stating the intended use, client and intended user(s).
- Not stating the report option utilized.
- Not providing enough analysis for the intended user to understand the report properly.
- Not using market extracted data.
- URAR - inconsistencies between the analysis on the subject property and the analysis in the rest of the report.
- Sign errors in the adjustments (wrong way).
- Incorrectly computing depreciation and remaining economic life.
- Failure to explain the support and rationale for the appraiser's opinion of the Highest and Best Use.
- Failing to analyze any listing, option, or purchase agreement on the subject.
- Failing to address market risk.
- Failing to reconcile the approaches used to arrive at a credible value conclusion.
- Failing to comply with rules and regulations based on the Client and Intended User.
- The failure to keep current with USPAP and changes in basic appraisal terminology for example, using a term such as function which has been replaced by the expression intended use.

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- Not explaining adjustments and the reasoning behind the adjustments in the report.

Remember that the appraiser is responsible for assignment results and the report content.

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Standard Two- Questions to Ask Myself!

1. Does my report clearly and accurately set forth the appraisal in a manner that is not misleading?

2. Does my report contain sufficient information to enable the intended users of the appraisal to understand the report properly?

3. Does my report clearly and accurately disclose any extraordinary assumption, hypothetical condition, or limiting condition that directly affects the appraisal and have I indicated its impact on value?

4. Does my report prominently state which report option I have used?

5. Does my report state the identity of the client and any intended users?

6. Does my report state the intended use?

7. Does my report provide sufficient information based on the report option to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment?

8. Is the real property interest appraised clearly stated?

9. Does my report state the type and definition of value and the source of the definition?

10. Are the effective date of the appraisal and the date of the report clearly stated?

11. Have I provided sufficient information based on the report option to clearly and accurately disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal?

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12. Does my report provide enough information based on the report option to properly explain the information analyzed, the appraisal procedures followed and the reasoning that supports the analyses, opinions, and conclusions?

13. Have I explained the reason for excluding any of the usual valuation approaches?

14. Have I stated the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and when the purpose of the assignment is market value, have I provided sufficient information based on the report option to support the rationale for my opinion of the highest and best use of the real estate?

15. Does my report state all assumptions, hypothetical conditions and limiting conditions that affected my analyses, opinions, and conclusions and have I stated that their use might have affected the assignment results?

16. Have I addressed any rules and regulations applicable in the assignment?

17. Have I properly cited any jurisdictional exceptions that affect the assignment?

18. Have I included a signed certification in accordance with Standard Rule 2-3?

19. Have I properly disclosed any significant real property appraisal assistance in the report?

20. Have I carefully proofed my report?

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Practice Your Skills!

Your instructor is going to give you a report writing assignment. Factually describe the subject of the assignment. Use your best report writing techniques.

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CHAPTER NINE

Report Forms

This Chapter reviews the Uniform Residential Appraisal Report (URAR) form (both the 7/93 and the 11/05) and the type and amount of information that should be included in each appraisal report. It is very important for the appraiser to remember that there is no appraisal form that is USPAP compliant. It is up to the appraiser to review the report for USPAP compliance and add any needed supportive information to insure the reader understands the report and Scope of Work in the assignment.

The 7/93-URAR form or the equivalent should be used for all appraisal assignments that are not for lending. The appraiser should develop assumptions and limiting conditions that are applicable to the assignment based on the use of this form. The 11/05-URAR form is designed for lending purposes only.

Each report option can be written using a form and supportive addenda. Examples of report options are provided in the Appendix of this text.

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Report Forms
Uniform Residential Report Form – 7/93

Trans-American

File No. Report Writing# Page #1

UNIFORM RESIDENTIAL APPRAISAL REPORT File No. Report Writing

Property Description

Property Address City State Zip Code
Legal Description County
Assessor's Parcel No Tax Year R.E. Taxes $ Special Assessments $
Borrower Current Owner Occupant ☐ Owner ☐ Tenant ☐ Vacant
Property rights appraised ☐ Fee Simple ☐ Leasehold Project Type ☐ PUD ☐ Condominium (HUD/VA only) HOA $ /Mo
Neighborhood or Project Name Map Reference Census Tract
Sale Price $ Date of Sale Description and $ amount of loan charges/concessions to be paid by seller
Lender/Client Address
Appraiser Address

Location	☐ Urban	☐ Suburban	☐ Rural	Predominant occupancy	Single family housing PRICE $(000) / AGE (yrs)	Present land use %	Land use change
Built up	☐ Over 75%	☐ 25-75%	☐ Under 25%			One family	☐ Not likely ☐ Likely
Growth rate	☐ Rapid	☐ Stable	☐ Slow	☐ Owner	Low	2-4 family	☐ In process
Property values	☐ Increasing	☐ Stable	☐ Declining	☐ Tenant	High	Multi-family	To:
Demand/supply	☐ Shortage	☐ In balance	☐ Over supply	☐ Vacant (0-5%)	Predominant	Commercial	
Marketing time	☐ Under 3 mos	☐ 3-6 mos	☐ Over 6 mos	☐ Vac (over 5%)			

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics:

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):

Project Information for PUDs (if applicable) -- Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No
Approximate total number of units in the subject project Approximate total number of units for sale in the subject project
Describe common elements and recreational facilities

Dimensions
Site area Corner Lot ☐ Yes ☐ No
Specific zoning classification and description
Zoning compliance ☐ Legal ☐ Legal nonconforming (Grandfathered use) ☐ Illegal ☐ No zoning
Highest & best use as improved ☐ Present use ☐ Other use (explain)

Topography
Size
Shape
Drainage
View
Landscaping
Driveway Surface
Apparent easements
FEMA Special Flood Hazard Area ☐ Yes ☐ No
FEMA Zone Map Date
FEMA Map No

Utilities	Public	Other	Off-site Improvements	Type	Public	Private
Electricity	☐		Street		☐	☐
Gas	☐		Curb/gutter		☐	☐
Water	☐		Sidewalk		☐	☐
Sanitary sewer	☐		Street lights		☐	☐
Storm sewer	☐		Alley		☐	☐

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.):

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units		Foundation		Slab		Area Sq. Ft.		Roof	☐
No. of Stories		Exterior Walls		Crawl Space		% Finished		Ceiling	☐
Type (Det./Att.)		Roof Surface		Basement		Ceiling		Walls	☐
Design (Style)		Gutters & Dwnspts.		Sump Pump		Walls		Floor	☐
Existing/Proposed		Window Type		Dampness		Floor		None	☐
Age (Yrs.)		Storm/Screens		Settlement		Outside Entry		Unknown	☐
Effective Age (Yrs.)		Manufactured House		Infestation					

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm	Rec. Rm	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												
Level 1												
Level 2												

Finished area above grade contains Rooms, Bedroom(s), Bath(s), Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING	KITCHEN EQUIP.	ATTIC	AMENITIES	CAR STORAGE
Floors		Type	Refrigerator ☐	None ☐	Fireplace(s) # ☐	None ☐
Walls		Fuel	Range/Oven ☐	Stairs ☐	Patio ☐	Garage # of cars
Trim/Finish		Condition	Disposal ☐	Drop Stair ☐	Deck ☐	Attached
Bath Floor		COOLING	Dishwasher ☐	Scuttle ☐	Porch ☐	Detached
Bath Wainscot		Central	Fan/Hood ☐	Floor ☐	Fence ☐	Built-In
Doors		Other	Microwave ☐	Heated ☐	Pool ☐	Carport
		Condition	Washer/Dryer ☐	Finished ☐		Driveway

Additional features (special energy efficient items, etc.):

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.:

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property:

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Form UA2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

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File No. Report Writing Page #2

Valuation Section

UNIFORM RESIDENTIAL APPRAISAL REPORT

File No. Report Writing

ESTIMATED SITE VALUE ..... = $ _____

ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:

Dwelling _____ Sq. Ft. @$ _____ = $ _____

_____ Sq. Ft. @$ _____ = _____

_____ = _____

Garage/Carport _____ Sq. Ft. @$ _____ = _____

Total Estimated Cost New ..... = $ _____

Less Physical Functional External

Depreciation _____ | _____ | _____ = $ _____

Depreciated Value of Improvements ..... = $ _____

"As-is" Value of Site Improvements ..... = $ _____

INDICATED VALUE BY COST APPROACH ..... = $ _____

Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): _____

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address				
Proximity to Subject				
Sales Price	$	$	$	$
Price/Gross Living Area	$ (=)	$ (=)	$ (=)	$ (=)
Data and/or Verification Source				
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION / +(–)$ Adjust	DESCRIPTION / +(–)$ Adjust	DESCRIPTION / +(–)$ Adjust
Sales or Financing Concessions				
Date of Sale/Time				
Location				
Leasehold/Fee Simple				
Site				
View				
Design and Appeal				
Quality of Construction				
Age				
Condition				
Above Grade Room Count	Total / Bdrms / Baths	Total / Bdrms / Baths	Total / Bdrms / Baths	Total / Bdrms / Baths
Gross Living Area	Sq. Ft.	Sq. Ft.	Sq. Ft.	Sq. Ft.
Basement & Finished Rooms Below Grade				
Functional Utility				
Heating/Cooling				
Energy Efficient Items				
Garage/Carport				
Porch, Patio, Deck, Fireplace(s), etc.				
Fence, Pool, etc.				
Net Adj. (total)		☐ + ☐ – $	☐ + ☐ – $	☐ + ☐ – $
Adjusted Sales Price of Comparable		Net % Gross % $	Net % Gross % $	Net % Gross % $

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): _____

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal				

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal: _____

INDICATED VALUE BY SALES COMPARISON APPROACH ..... $ _____

INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent $ _____ /Mo. x Gross Rent Multiplier _____ = $ _____

This appraisal is made ☐ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans & specifications.

Conditions of Appraisal: _____

Final Reconciliation: _____

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised _____).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF _____ (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE $ _____

APPRAISER:	SUPERVISORY APPRAISER (ONLY IF REQUIRED):
Signature _____	Signature _____ ☐ Did ☐ Did Not Inspect Property
Name _____	Name _____
Date Report Signed _____	Date Report Signed _____
State Certification # _____ State _____	State Certification # _____ State _____
Or State License # _____ State _____	Or State License # _____ State _____

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Uniform Residential Appraisal Report -7/93
Page 1 - Subject Section

Property Description	UNIFORM RESIDENTIAL APPRAISAL REPORT	File No. URAR
SUBJECT	Property Address	City	State	Zip Code
	Legal Description	County
	Assessor's Parcel No.	Tax Year	R.E. Taxes $	Special Assessments $
	Borrower	Current Owner	Occupant: ☐ Owner ☐ Tenant ☐ Vacant
	Property rights appraised ☐ Fee Simple ☐ Leasehold	Project Type ☐ PUD ☐ Condominium (HUD/VA only)	HOA $ /Mo.
	Neighborhood or Project Name	Map Reference	Census Tract
	Sale Price $	Date of Sale	Description and $ amount of loan charges/concessions to be paid by seller
	Lender/Client	Address
	Appraiser	Address

Property Address - a complete street address for the subject property should be provided. Do not use post office box numbers.

City- the proper name of the city or town must be provided. If the subject property is in a rural area, the closest city or landmark that is commonly used in the area should be named.

State - if abbreviations are used they should be those that are universally recognized.

Zip Code - - code map numbers can be obtained from local post offices or online (http://www.usps.com/zip4/). Always verify even when a Zip Code is provided by the client.

Legal Description - always verify. Sources may include deeds, title policies, abstracts, and real estate documents.

County- the full name of the county should be included in the space provided. This becomes very important to the reader as it may establish geographical parameters for conducting research and doing analyses.

Assessors Parcel No.- used by the local assessor to identify the property for taxation. Do not use this instead of a legal description. The appraiser must verify tax information against the assessor's parcel number.

Tax Year - clearly identify the current taxation amount. If the property is new construction, this may reflect a partial assessment for the property and should be noted. If the new taxation amount (levy) has been set, the appraiser should estimate the taxes based on typical tax valuation practice in the market area, i.e. 80%, 90%, 100%.

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UNIFORM RESIDENTIAL APPRAISAL REPORT File No. URAR

Property Description

SUBJECT						
Property Address			City		State	Zip Code
Legal Description					County	
Assessor's Parcel No.			Tax Year	R.E. Taxes $		Special Assessments $
Borrower		Current Owner			Occupant: ☐ Owner	☐ Tenant ☐ Vacant
Property rights appraised	☐ Fee Simple	☐ Leasehold	Project Type	☐ PUD	☐ Condominium (HUD/VA only)	HOA $ /Mo.
Neighborhood or Project Name				Map Reference		Census Tract
Sale Price $	Date of Sale		Description and $ amount of loan charges/concessions to be paid by seller			
Lender/Client		Address				
Appraiser		Address				

Special Assessments - it is very important that this be verified. Assessments are usually levied for roads or utilities. Some lenders require unpaid assessments to be paid prior to the closing. In other cases, the amount of the assessment payment may be considered in loan qualification. An explanation of the assessment should be provided in the narrative section of the report.

Borrower
Current Owner
Current Occupant - these may be the same or different depending on the purpose and intended use of the appraisal report. Each should be clearly identified. If the property is occupied by a tenant this may affect the valuation section and more complete information should be provided in the narrative section of the report.

Property Rights Appraised - the appraiser must determine the property rights to be appraised. "Fee Simple" is the most typical for residential ownership. "Leasehold" rights would be appraised if the home is on leased land. The impact on value must be considered and discussed in the narrative section of the appraisal report. Although the report form does not have a check box for Leased Fee, this may be the case and should be properly addressed in the in the development of the value conclusion and clearly disclosed in the report.

PUD-Condominium - If the property being appraised is in a PUD or is part of a condominium project, the appropriate box should be checked. This is explained further in the PUD section on the first page of the URAR form. There may also be cases where clients and intended users will expect a certain property type to be addressed as if it is a PUD when in fact it is not.

HOA $/Mo.- If the property is subject to homeowners association dues this must be entered as a monthly dollar amount. If the homeowners association is subject to other assessments this must be noted in the narrative section. High special assessments may affect the borrower's ability to make loan payments. If applicable this should also be considered on the grid analysis based on the theory of substitution.

Neighborhood or Project Name – Most subdivision developments have a name that has been selected by the developer. The name may also be part of the legal description. The subdivision should fall within the designated market area of the subject property. If the subject is not in a named subdivision, enter "None."

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Page 1 – Subject Section

Property Description	UNIFORM RESIDENTIAL APPRAISAL REPORT	File No. URAR
SUBJECT	Property Address	City	State	Zip Code
	Legal Description	County
	Assessor's Parcel No.	Tax Year	R.E. Taxes $	Special Assessments $
	Borrower	Current Owner	Occupant: ☐ Owner ☐ Tenant ☐ Vacant
	Property rights appraised ☐ Fee Simple ☐ Leasehold	Project Type ☐ PUD ☐ Condominium (HUD/VA only)	HOA $ /Mo.
	Neighborhood or Project Name	Map Reference	Census Tract
	Sale Price $	Date of Sale	Description and $ amount of loan charges/concessions to be paid by seller
	Lender/Client	Address
	Appraiser	Address

Map Reference – This should be a reference number commonly recognized within the subject's market area. The source of the map and its identification number should be stated.

Census Tract - Record the designation number for any subject property located within an assigned and noted census tract. If the property is not located in a designated census tract, then None or the Block Numbering Area should be entered in the blank.

Sales Price – If the appraisal is being completed in conjunction with a sale, then the total acquisition price must be stated. This must also be the price listed in the sales comparison approach section as part of the sales comparison analysis. (The appraiser must carefully review the purchase agreement and all addenda to make sure that there are not any changes in the sales price through additional negotiations between buyer and seller.) The detailed information on the contract should also be listed on the second page of the URAR under the contract analysis section or in an addendum section of the report.

Date of Sale – this should be the exact date as shown on the purchase contract. When the sale is confirmed through public documents, the date of sale and source of verification should be specified.

Description and $ amount of loan charges/concessions to be paid by the seller - as part of reviewing the sales contract, the appraiser must note all loan fees, points, settlement charges, or concessions that are to be paid by the seller. The actual dollar amount and type of concessions should be entered in the space provided. If further explanation is warranted this should be explained in the contract analysis section on the second page of the URAR or in an addendum.

Lender/Client – enter the full name and address of the lender or client.

Appraiser – enter the full name and address of the appraiser who is responsible for the assignment results. If more than one appraiser is responsible this should be clearly disclosed in the report and in the certification.

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The appraiser must clearly identify the neighborhood boundaries for the subject property prior to completing this section.

NEIGHBORHOOD

Location	☐ Urban	☐ Suburban	☐ Rural	**Predominant occupancy**	**Single family housing** PRICE $(000) AGE (yrs)	**Present land use %**	**Land use change**
Built up	☐ Over 75%	☐ 25-75%	☐ Under 25%			One family ____	☐ Not likely ☐ Likely
Growth rate	☐ Rapid	☐ Stable	☐ Slow	☐ Owner	Low ____	2-4 family ____	☐ In process
Property values	☐ Increasing	☐ Stable	☐ Declining	☐ Tenant	High ____	Multi-family ____	To: ____
Demand/supply	☐ Shortage	☐ In balance	☐ Over supply	☐ Vacant (0-5%)	Predominant	Commercial ____	
Marketing time	☐ Under 3 mos.	☐ 3-6 mos.	☐ Over 6 mos.	☐ Vac.(over 5%)			

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics: ____

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):

Location – the determination of Urban, Suburban or Rural is based on the development within the defined market area boundaries. The appraiser must consider proximity to services and the economic base of the defined market area to appropriately determine which box should be checked.

Built up – this section should appropriately illustrate the % of development within the defined neighborhood.

Growth Rate – The appraiser must decide if the growth rate is typical or if the growth rate is rapid or slow based on competing markets.

Property Values – this section reflects the market value trends in the identified neighborhood. If "declining" is checked the appraiser must carefully explain the reasons in the narrative section of the report.

Demand/Supply – What is the supply and demand for houses in the subject's neighborhood? If the "In Balance" section is checked, then this indicates that this is normal for the subject's market area. If "Oversupply"or "Shortage" is checked, evidence of this should be explained in the narrative section of the report.

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Page 1 – Neighborhood Section

NEIGHBORHOOD

Location	☐ Urban	☐ Suburban	☐ Rural	Predominant occupancy	Single family housing PRICE $(000) AGE (yrs)	Present land use %	Land use change
Built up	☐ Over 75%	☐ 25-75%	☐ Under 25%	☐ Owner	Low	One family	☐ Not likely ☐ Likely
Growth rate	☐ Rapid	☐ Stable	☐ Slow	☐ Tenant	High	2-4 family	☐ In process
Property values	☐ Increasing	☐ Stable	☐ Declining	☐ Vacant (0-5%)	Predominant	Multi-family	To:
Demand/supply	☐ Shortage	☐ In balance	☐ Over supply	☐ Vac.(over 5%)		Commercial	
Marketing time	☐ Under 3 mos.	☐ 3-6 mos.	☐ Over 6 mos.				

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics:

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):

Marketing Time – this section ties it all together. There is a direct correlation between the other sections (growth rate, property values, supply and demand and marketing conditions.) If there are inconsistencies in this part of the report, they will be strongly questioned by reviewers and underwriters. To avoid this, the appraiser must explain in detail why they exist. Remember marketing time, as used in the URAR, refers to the neighborhood and is not specific to the subject property.

Predominant Occupancy – identify the predominant type of occupancy in the subject's market area. This section refers to residential occupancy only.

Single Family Housing –
Price and Age –
The values recorded should be representative of the appraiser's opinion based on a careful review of the subject's market area. Both an age range and a dollar amount should be entered.

Present land use % - the appraiser estimates the percentage of developed property types in the identified neighborhood. Vacant land should also be identified and included. The total of all land uses should equal 100%.

Land Use Change – If the neighborhood is in transition or in a development stage then this should be clearly noted in this section. Further explanation should be provided in the narrative section of the report. If the area is fully developed without any changes pending, then further explanation is not necessary.

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NEIGHBORHOOD

Location	☐ Urban	☐ Suburban	☐ Rural	**Predominant occupancy**	**Single family housing** PRICE $(000) / AGE (yrs)	**Present land use %**	**Land use change**
Built up	☐ Over 75%	☐ 25-75%	☐ Under 25%			One family ____	☐ Not likely ☐ Likely
Growth rate	☐ Rapid	☐ Stable	☐ Slow	☐ Owner	Low ____	2-4 family ____	☐ In process
Property values	☐ Increasing	☐ Stable	☐ Declining	☐ Tenant	High	Multi-family ____	To: ____
Demand/supply	☐ Shortage	☐ In balance	☐ Over supply	☐ Vacant (0-5%)	Predominant	Commercial ____	
Marketing time	☐ Under 3 mos.	☐ 3-6 mos.	☐ Over 6 mos.	☐ Vac.(over 5%)			

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood boundaries and characteristics: ____

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):

Market conditions in the subject neighborhood (including support for the above conclusions related to the trend of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the neighborhood, description of the prevalence of sales and financing concessions, etc.):

Neighborhood Boundaries and Characteristics – defining the boundaries of the subject's market area is a key element in the total analysis. The comparables used in the analysis should be from the defined neighborhood boundaries, or from competing market areas with similar features. It would be best for the appraiser to complete this field in the report prior to addressing the previously stated neighborhood characteristics.

Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.) – This is a narrative section of the report where the appraiser describes the economic characteristics of the neighborhood. Area services, employment, medical facilities, schools, parks and recreational amenities should all be noted. Care should be taken to cover those factors that have both positive and negative influences. If there is external obsolescence applied in the approaches to value, this information should be carefully explained in this section.

Often there is not enough room to adequately cover these items in this space. Additional information should be included in the addenda section of the report. When an addendum is used, it should be referenced on the form.

Market conditions in the subject neighborhood – this space is used to discuss market trends in the neighborhood. Items such as typical terms of financing, loan to value ratios and listing to sales price ratios are all economic trends that should be considered. If the market is showing an increase or decrease, this should be explained in detail.

As previously discussed, it is often difficult to adequately cover this information in the space provided. The appraiser is cautioned to include sufficient information in the addenda to cover all topics of concern or that might be considered of special interest to the client including all considerations that directly impact the reported value conclusion. When an addendum is used, it should be referenced on the form.

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Page 1 - PUD Section

PUD	
	Project Information for PUDs (If applicable) - - Is the developer/builder in control of the Home Owners' Association (HOA)? ☐ Yes ☐ No
	Approximate total number of units in the subject project _____ Approximate total number of units for sale in the subject project _____
	Describe common elements and recreational facilities:

A planned unit development typically includes common elements shared by several property owners within a development. It is very important that the appraiser carefully review filed documents that directly relate to this type of development. Specific documents include restrictive covenants, declarations, deeds, and homeowners association rules and regulations.

Is the developer/builder in control of the Home Owners' Association (HOA)? – this information can generally be obtained by checking with the president of the association. If the answer to this question is yes, it must be explained in detail in the addenda section of the report.

Approximate total number of units in the subject project – record the total number of living units in the project. If the project is fully built out, this would include all residences. If it is partially built out, this would include existing residences and planned residences. Other needed additional information should be provided in the addenda section of the report.

Approximate total number of units for sale in the subject project – this number is the total units for sale as of the effective date of the appraisal report. If the number is atypical, this should be explained.

Describe common elements and recreational facilities – What elements are shared by all property owners? Examples: tennis courts, swimming pools, green belts, parks, roads, beaches, etc.

According to Fannie Mae and HUD, if the following conditions exist than the property should be treated as a PUD:

Commonly owned or leased amenities, membership in the association is mandatory, and there is a mechanism in place for lien enforced collection of fees.

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Page 1 - Site Section

SITE

Dimensions _____
Site area _____ Corner Lot ☐ Yes ☐ No
Specific zoning classification and description _____
Zoning compliance ☐ Legal ☐ Legal nonconforming (Grandfathered use) ☐ Illegal ☐ No zoning
Highest & best use as improved: ☐ Present use ☐ Other use (explain)

Utilities	Public	Other	Off-site Improvements	Type	Public	Private
Electricity	☐		Street		☐	☐
Gas	☐		Curb/gutter		☐	☐
Water	☐		Sidewalk		☐	☐
Sanitary sewer	☐		Street lights		☐	☐
Storm sewer	☐		Alley		☐	☐

Topography _____
Size _____
Shape _____
Drainage _____
View _____
Landscaping _____
Driveway Surface _____
Apparent easements _____
FEMA Special Flood Hazard Area ☐ Yes ☐ No
FEMA Zone _____ Map Date _____
FEMA Map No. _____

Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.): _____

A site analysis includes a careful study of the subject property as compared to other sites in the subject's neighborhood or subdivision.

Dimensions – if possible, list the dimensions of the site as length and width. Most lenders require that a site map be attached and referenced in the appraisal. When the lot is irregular with many dimensions, refer the reader to an attached metes and bounds description and/or a detailed site map.

Site Area – the total land area must be recorded and expressed in square feet or acres. If only part of the site is considered usable and applicable to the assignment, then this must be explained in the addenda section of the report. Extraordinary assumptions and hypothetical conditions must be clearly disclosed.

Corner Lot – check the box to indicate whether or not this is a corner lot. If the corner location impacts value, discuss it in the site "comments" field.

Specific Zoning classification and description – this should not be letters and numbers only. The appraiser must identify exactly what the zoning is. This varies from jurisdiction to jurisdiction.

Zoning Compliance – if the improvements conform to zoning regulations, the "Legal" box should be checked. If the use is "Legal nonconforming" this should be checked and explained in the narrative section of the report. "Illegal Zoning" may negate the possibility of doing a loan on the property. If this is verified, the appraiser should contact the client. "No Zoning" refers to the community or county that does not have a zoning code. Caution should be taken to address this if it could affect the marketability of the subject property.

Highest and Best Use as improved - typically this is the "Present Use." The appraiser is reminded to consider the physically possible, legally permissible and financially feasible potential uses of the subject property. This requires further explanation in the narrative section of the report. For most residential lending situations, the appraiser considers the property "as improved." Since the form does not provide space for the appraiser to summarize information to support the rationale, this must be included in an addendum.

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Uniform Residential Appraisal Report -7/93
Page 1 - Site Section

SITE

Dimensions							Topography
Site area			Corner Lot ☐ Yes ☐ No				Size
Specific zoning classification and description							Shape
Zoning compliance ☐ Legal ☐ Legal nonconforming (Grandfathered use) ☐ Illegal ☐ No zoning							Drainage
Highest & best use as improved: ☐ Present use ☐ Other use (explain)							View
Utilities	Public	Other	**Off-site Improvements**	Type	Public	Private	Landscaping
Electricity	☐		Street		☐	☐	Driveway Surface
Gas	☐		Curb/gutter		☐	☐	Apparent easements
Water	☐		Sidewalk		☐	☐	FEMA Special Flood Hazard Area ☐ Yes ☐ No
Sanitary sewer	☐		Street lights		☐	☐	FEMA Zone Map Date
Storm sewer	☐		Alley		☐	☐	FEMA Map No.
Comments (apparent adverse easements, encroachments, special assessments, slide areas, illegal or legal nonconforming zoning use, etc.):							

Utilities – identify the five types of public or other utility services. If "other" is indicated include a statement explaining their acceptance within the market area and the effect on value of the subject property.

Off site Improvements – provide a brief description for each of the five categories and indicate if the maintenance is public or private.

Physical Characteristics

- **Topography**
- **Size**
- **Shape**
- **Drainage**
- **View**
- **Landscaping**
- **Driveway surface**
- **Apparent Easements**

-a complete description of each characteristic should be given. If a characteristic is unusual for the neighborhood, it should be explained in the narrative section of the report.

The FEMA Flood Map information should be the most recent available. If the property is not in an identified or mapped area and the appraiser feels the property could be subject to flooding, this must be clearly disclosed. If the property is in an identified flood zone, the map should be included as part of the report.

Comments – note any special assessments, adverse easements, encroachments or non conforming zoning. If there are delinquent taxes or unpaid special assessments, the actual amount should be entered here and also in the reconciliation of the report.

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DESCRIPTION OF IMPROVEMENTS

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units		Foundation		Slab		Area Sq. Ft.		Roof	☐
No. of Stories		Exterior Walls		Crawl Space		% Finished		Ceiling	☐
Type (Det./Att.)		Roof Surface		Basement		Ceiling		Walls	☐
Design (Style)		Gutters & Dwnspts.		Sump Pump		Walls		Floor	☐
Existing/Proposed		Window Type		Dampness		Floor		None	☐
Age (Yrs.)		Storm/Screens		Settlement		Outside Entry		Unknown	☐
Effective Age (Yrs.)		Manufactured House		Infestation					

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												
Level 1												
Level 2												

Finished area above grade contains: Rooms; Bedroom(s); Bath(s); Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING		KITCHEN EQUIP.		ATTIC		AMENITIES		CAR STORAGE:	
Floors		Type		Refrigerator	☐	None	☐	Fireplace(s) #	☐	None	☐
Walls		Fuel		Range/Oven	☐	Stairs	☐	Patio	☐	Garage	# of cars
Trim/Finish		Condition		Disposal	☐	Drop Stair	☐	Deck	☐	Attached	
Bath Floor		COOLING		Dishwasher	☐	Scuttle	☐	Porch	☐	Detached	
Bath Wainscot		Central		Fan/Hood	☐	Floor	☐	Fence	☐	Built-In	
Doors		Other		Microwave	☐	Heated	☐	Pool	☐	Carport	
		Condition		Washer/Dryer	☐	Finished	☐			Driveway	

Units – this entry is usually "1" because other forms are typically used for multi-family reports. If the home would have separate living quarters for family members or domestic staff, then this could be more than 1.

Stories – enter the number of levels "above grade."

Type – refers to either attached or detached. Attached means that the property shares at least one common wall with another unit.

Design – the terms used here should be reflective of the market area i.e., ranch, bungalow, two-story, split-level, cape, colonial, etc.

Existing/Proposed – if the property is finished and occupied then existing should be noted. If the property is proposed (from plans and specifications) then proposed should be noted. If the property is under construction then "Under Const" should be entered.

Age – The actual age of the subject improvements in years should be noted as the age.

Effective Age – is based on the professional judgment of the appraiser considering all curable and incurable physical depreciation. This figure is also used in the cost approach analysis. It is very important that the appraiser be consistent when making these entries. A precise number or a range may be entered. This figure may be higher or lower than the actual age based on depreciation and maintenance.

Foundation – enter the type of materials used.

Exterior Walls – enter the type of exterior wall covering.

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Uniform Residential Appraisal Report -7/93
Page 1 - Improvement Section

DESCRIPTION OF IMPROVEMENTS

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units		Foundation		Slab		Area Sq. Ft.		Roof	☐
No. of Stories		Exterior Walls		Crawl Space		% Finished		Ceiling	☐
Type (Det./Att.)		Roof Surface		Basement		Ceiling		Walls	☐
Design (Style)		Gutters & Dwnspts.		Sump Pump		Walls		Floor	☐
Existing/Proposed		Window Type		Dampness		Floor		None	☐
Age (Yrs.)		Storm/Screens		Settlement		Outside Entry		Unknown	☐
Effective Age (Yrs.)		Manufactured House		Infestation					

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												
Level 1												
Level 2												

Finished area above grade contains: Rooms; Bedroom(s); Bath(s); Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING		KITCHEN EQUIP.		ATTIC		AMENITIES		CAR STORAGE:	
Floors		Type		Refrigerator	☐	None	☐	Fireplace(s) #	☐	None	☐
Walls		Fuel		Range/Oven	☐	Stairs	☐	Patio	☐	Garage	# of cars
Trim/Finish		Condition		Disposal	☐	Drop Stair	☐	Deck	☐	Attached	
Bath Floor		COOLING		Dishwasher	☐	Scuttle	☐	Porch	☐	Detached	
Bath Wainscot		Central		Fan/Hood	☐	Floor	☐	Fence	☐	Built-In	
Doors		Other		Microwave	☐	Heated	☐	Pool	☐	Carport	
		Condition		Washer/Dryer	☐	Finished	☐			Driveway	

Roof Surface – identify the material used for the roof finish.

Gutters and Downspouts – specify the material. If they are not present then give the dimensions of the roof overhang and explain under the comments section if it is typical practice in your market area.

Window Type – give the specific type such as casement, double hung, or horizontal slide and the casing material.

Storms and Screens – provide information as to their presence and give materials.

Slab, Crawl Space, Basement, Sump Pump – enter a yes or no or partial.

Dampness, Settlement, Infestation – if there is none observed then state "None Observed." If there are noted problems, briefly indicate what they are and explain further in the addenda section of the report.

Area Sq. Ft. – enter the gross basement area. If there is not a basement enter N/A. If there is not a basement, the rest of the blanks in this section will also be N/A.

% Finished – the amount of finish should be calculated and entered here as a percentage of the full basement area.

Ceiling, Walls, Floor – enter the type of finish. If not finished, enter "unfinished."

Outside Entry – enter yes or no and describe.

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DESCRIPTION OF IMPROVEMENTS

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units		Foundation		Slab		Area Sq. Ft.		Roof	☐
No. of Stories		Exterior Walls		Crawl Space		% Finished		Ceiling	☐
Type (Det./Att.)		Roof Surface		Basement		Ceiling		Walls	☐
Design (Style)		Gutters & Dwnspts.		Sump Pump		Walls		Floor	☐
Existing/Proposed		Window Type		Dampness		Floor		None	☐
Age (Yrs.)		Storm/Screens		Settlement		Outside Entry		Unknown	☐
Effective Age (Yrs.)		Manufactured House		Infestation					

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. R.
Basement												
Level 1												
Level 2												

Finished area **above** grade contains: Rooms; Bedroom(s); Bath(s); Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING		KITCHEN EQUIP.		ATTIC		AMENITIES		CAR STORAGE:	
Floors		Type		Refrigerator	☐	None	☐	Fireplace(s) #	☐	None	☐
Walls		Fuel		Range/Oven	☐	Stairs	☐	Patio	☐	Garage	# of cars
Trim/Finish		Condition		Disposal	☐	Drop Stair	☐	Deck	☐	Attached	
Bath Floor		COOLING		Dishwasher	☐	Scuttle	☐	Porch	☐	Detached	
Bath Wainscot		Central		Fan/Hood	☐	Floor	☐	Fence	☐	Built-In	
Doors		Other		Microwave	☐	Heated	☐	Pool	☐	Carport	
		Condition		Washer/Dryer	☐	Finished	☐			Driveway	

Roof, Ceiling, Walls, Floor, None – enter the amount of the insulation in inches or R-factor for each category. Additional rules and regulations need to be considered here. The intended use of the appraisal will determine if you have to inspect the attic and walls for insulation.

If asbestos or urea-formaldehyde insulation is determined or suspected, it must be disclosed and discussed further in the adverse environmental conditions addenda section of the report.

In this section of the report the room count is provided. Foyers, utility rooms, baths, porches, attics, and breezeways are not typically included in the total room count. The number of baths on each level should be entered as a number. All rooms should be entered as a number. Foyers, porches etc. should be entered with an X to indicate they are not included in the room count.

Square Footage- enter the specific square footage for each level of the home.

In this section of the report, provide the most prevalent type of finish. Further description should be included in the narrative section of the report.

Condition can be provided as excellent, good, average, fair or poor.

The appraiser must be very careful to be consistent as this information will be considered in the approaches and entered on the second page of the URAR. If the condition on all of these items is considered average, then condition on the second page should also be average unless the exterior of the property is different from the interior. If that is the case, then the appraiser needs to provide adequate explanation as to the differences and the reasoning behind the overall condition of the property.

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Uniform Residential Appraisal Report -7/93
Page 1 - Improvement Section

DESCRIPTION OF IMPROVEMENTS

GENERAL DESCRIPTION		EXTERIOR DESCRIPTION		FOUNDATION		BASEMENT		INSULATION	
No. of Units		Foundation		Slab		Area Sq. Ft.		Roof	☐
No. of Stories		Exterior Walls		Crawl Space		% Finished		Ceiling	☐
Type (Det./Att.)		Roof Surface		Basement		Ceiling		Walls	☐
Design (Style)		Gutters & Dwnspts.		Sump Pump		Walls		Floor	☐
Existing/Proposed		Window Type		Dampness		Floor		None	☐
Age (Yrs.)		Storm/Screens		Settlement		Outside Entry		Unknown	☐
Effective Age (Yrs.)		Manufactured House		Infestation					

ROOMS	Foyer	Living	Dining	Kitchen	Den	Family Rm.	Rec. Rm.	Bedrooms	# Baths	Laundry	Other	Area Sq. Ft.
Basement												
Level 1												
Level 2												

Finished area **above** grade contains: Rooms; Bedroom(s); Bath(s); Square Feet of Gross Living Area

INTERIOR	Materials/Condition	HEATING		KITCHEN EQUIP.		ATTIC		AMENITIES		CAR STORAGE:	
Floors		Type		Refrigerator	☐	None	☐	Fireplace(s) #	☐	None	☐
Walls		Fuel		Range/Oven	☐	Stairs	☐	Patio	☐	Garage	# of cars
Trim/Finish		Condition		Disposal	☐	Drop Stair	☐	Deck	☐	Attached	
Bath Floor		COOLING		Dishwasher	☐	Scuttle	☐	Porch	☐	Detached	
Bath Wainscot		Central		Fan/Hood	☐	Floor	☐	Fence	☐	Built-In	
Doors		Other		Microwave	☐	Heated	☐	Pool	☐	Carport	
		Condition		Washer/Dryer	☐	Finished	☐		☐	Driveway	

Heating and Air Conditioning – give specific information as to the type and the fuel. If the units are not in at least average condition, provide further information in the narrative section of the report.

Kitchen Equipment – check all boxes that apply. If the item would be considered personal property then a "P" may be entered in the box. If an item is built-in, then an X should be entered in the box. If the personal property is included as part of the sale, this must be addressed in the analysis of the pending sale.

Attic – this section is used to note attic access and features that apply. Check appropriate boxes based on what is applicable.

Amenities – list all amenities that apply to the subject property. Use the blank space for any amenity not listed.

Car Storage – if there is not any on site parking, check "None." If the property has a garage then enter the appropriate number of stalls by the item that best describes the garage. The driveway line is used to indicate the number of spaces available for off street parking. If the parking is considered inadequate this needs to be addressed as functional obsolescence in the Cost Approach and Sales Comparison Approach as part if the analysis.

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Page 1 – Comment Section

COMMENTS

Additional features (special energy efficient items, etc.):

Condition of the improvements, depreciation (physical, functional, and external), repairs needed, quality of construction, remodeling/additions, etc.:

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property.:

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Additional Features – discuss in detail any energy efficient items that are included with the subject property or any items that would be considered deficient. Also discuss any "extras" the subject has that have not been noted in the previous sections of the report.

Condition of the Improvements – this section should address the overall condition of the subject property (remember what was entered in the Description of Improvements Section.) Physical, functional and external depreciation or obsolescence should also be explained here. Any items that need repair should also be listed. The appraiser should also comment on the overall quality of the improvements. If there is not sufficient room, continue in the narrative section of the report.

Adverse Environmental Conditions – all adverse observed or suspected environmental conditions should be noted. Comments should also be made regarding the market impact of these conditions.

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Uniform Residential Appraisal Report -7/93
Page 2 – Cost Approach

It is essential that the appraiser be very careful to enter the information on the second page of the URAR exactly the way it is noted on the first page. The most common errors include quality and condition of the improvements and square footage of the site. If functional or external obsolescence were noted on page 1, then they must also be addressed in the approaches to value. Most software programs will assist with the consistency of the house square footage, but this should always be double checked.

The cost approach is most beneficial in the valuation of new or newer construction. The URAR uses the per square foot method. The cost approach may also be beneficial in determining an appropriate upper limit for adjustment figures on a per line item basis in the sales comparison approach considering the contributory value. The appraiser must be very careful to apply depreciation before applying these figures in the analysis.

Note: To properly complete this section, the Marshall and Swift long form or its equivalent should be used and the information transferred to the URAR. This assists in the application of proper methodology.

COST APPROACH

ESTIMATED SITE VALUE ..... = $ _____

ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:

Dwelling _____ Sq. Ft. @$ _____ = $ _____

_____ Sq. Ft. @$ _____ = _____

_____ = _____

Garage/Carport _____ Sq. Ft. @$ _____ = _____

Total Estimated Cost New ..... = $ _____

Less	Physical	Functional	External	
Depreciation				=$ _____

Depreciated Value of Improvements ..... =$ _____

"As-is" Value of Site Improvements ..... =$ _____

INDICATED VALUE BY COST APPROACH ..... =$

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Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property):

National cost guides are typically used in determining the cost figures. These also need to be supported by the local market. When using the national cost guides, a local and current multiplier must be applied. The source of information used in this approach should be clearly explained in this section.

Land value must be extracted from the market. The method utilized should be explained in this section. All supporting documentation should be in the subject's work file.

The remaining economic life of the subject property should also be provided in the Comments Section. The remaining economic life, plus the effective age from Page 1 equals the Total Economic Life. If the appraiser is using the effective age/life method for estimating depreciation, it is very important to be consistent.

It is important that the report contain sufficient information for the intended user to understand how you developed this approach to value.

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Uniform Residential Appraisal Report -7/93
Page 2 – Sales Comparison Approach

The proper analysis of market data and comparable sales is essential in the valuation of single-family residential properties. The sales comparison approach is based on the direct comparison of similar properties. This form allows for three comparable sales. If needed, the appraiser should add supplemental pages for additional comparable sales. Care should be taken to follow all applicable rules and regulations or other requirements established by the client in the assignment.

Adjustments – should always be extracted from the market. The reasoning behind the adjustments must always be included in the narrative section of the appraisal report.

Negative adjustments should be noted on the form using a (-). Positive adjustments do not have an indicator prior. Adjustment guidelines are typically as follows:

Gross:	**should not exceed 25%**
Line:	**should not exceed 10%**
Net:	**should not exceed 15%**

The appraiser should always include an explanation when it is necessary to exceed these guidelines. Most appraisal software will compute these adjustments for the appraiser. The appraiser should always spot check the adjustments for software errors.

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SALES COMPARISON ANALYSIS

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address							
Proximity to Subject							
Sales Price	$		$		$		$
Price/Gross Living Area	$ ⌀	$ ⌀		$ ⌀		$ ⌀	
Data and/or Verification Source							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(–)$ Adjust.	DESCRIPTION	+(–)$ Adjust.	DESCRIPTION	+(–)$ Adjust.
Sales or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design and Appeal							
Quality of Construction							
Age							
Condition							
Above Grade Room Count	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Gross Living Area	Sq. Ft.	Sq. Ft.		Sq. Ft.		Sq. Ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch, Patio, Deck, Fireplace(s), etc.							
Fence, Pool, etc.							
Net Adj. (total)		☐ + ☐ –	$	☐ + ☐ –	$	☐ + ☐ –	$
Adjusted Sales Price of Comparable		Net % Gross %	$	Net % Gross %	$	Net % Gross %	$

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.):

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Data Source, for prior sales within year of appraisal				

Analysis of any current agreement of sale, option, or listing of subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal:

INDICATED VALUE BY SALES COMPARISON APPROACH ..... $ _____

Address – the address of the subject and each comparable must be entered. This should include the street, and the name of the town or city where the property is located.

Proximity to the Subject – distance should be expressed in blocks, fractions of a mile or in miles. It should give the specific direction.

Sales Price – the total acquisition price of the subject property and the comparables should be entered. For appropriate comparison the sales prices of the comparables should be in the same range as the sale price of the subject property.

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Uniform Residential Appraisal Report -7/93
Page 2 – Sales Comparison Approach

Price/Gross Living Area – if the subject property is not a sale, then this space is left blank. The price per square foot of the comparables should be in the same range as the subject property if it is a sale. If it is not, the appraiser must analyze the reasons in the narrative section of the report.

Data Verification – at least two sources should be provided if possible. It is extremely important that this information is independently verified. MLS data is not considered sufficient and is quite often inaccurate.

Sales or Financing Concessions – any special financing concessions with the comparable sales must be noted. The appraiser must determine if the concession warrants a dollar for dollar adjustment or if a % adjustment is more appropriate based on the market.

Date of Sale / Time – enter the date of the recorded document for each comparable sale and the date of the contract if possible. Time adjustments must be supported from the market.

Location – this section reflects market area differences. Items such as proximity to services, parks or high traffic areas could all impact value. The appraiser must support this adjustment based on the market.

Leasehold / Fee Simple – identify the property rights held by title to the subject and each comparable. If at all possible, the appraiser should use comparables that reflect the same property rights.

Site – provide the size of each site, in square feet or acres. The land analysis in the cost approach should provide appropriate adjustments for size.

View – enter what the view is (residential, lake, golf course etc.) If possible, the comparables should reflect the same view. If not, the adjustments must reflect the market.

Design and Appeal – enter the basic design of the house and street appeal.

Quality of Construction – enter the quality as excellent, good, average, fair or poor. Provide a simple description of the exterior improvements if this typical practice in your market area.

Consider Age and Condition together:

Age – actual age and effective age both may be provided. This becomes extremely important with properties that reflect high maintenance.

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Condition – for the subject property, this must be the same as the front page of the URAR. The condition of the comparables should be independently verified.

Be very careful not to double adjust with age and condition. Your rationale for the applied effective age and condition must be explained in the report.

Above Grade Square Footage
Room Count
Gross Living Area – this information is the same as the front page of the URAR for the subject property. Gross living area is always above grade square footage. Do not double adjust based on room count and GLA.

Basement and Finished Rooms Below Grade – total square footage and finished square footage should be noted. Room Count should be listed above this information as specifically as possible. The adjustments should be made on a per square foot basis, based on typical market reaction to the differences.

Functional Utility – this information should be the same for the subject property as noted in the cost approach. If the subject and the comparables are the same, then an adjustment may not be warranted.

Heating and Cooling – enter the specific type for the subject and the comparables.

Energy Efficient Items – note any atypical items in the subject and the comparables that would warrant an adjustment.

Garage / Carport – enter the type and number of stalls with the subject and the comparables.

Porch, Patio, Deck, Fireplace – enter the specifics that apply to the subject and each comparable.

Fence, Pool – enter the specifics that apply to the subject and each comparable.

Blank Space – this area can be used for any items the appraiser feels needs considering. This could include kitchen appliances, upgrades, sprinkler systems, etc.

Net Adjustments – enter the net adjustments for each comparable.

Adjusted Sales Price – enter the adjusted sales price for each comparable.

Comment Section – enter specific information about the comparables and the reasoning behind the adjustments. If this area does not provide enough space, then the narrative section of the report should be used. This section should also include a summary of the appraiser's reconciliation within the sales comparison approach.

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Uniform Residential Appraisal Report -7/93
Page 2 – Sales Comparison Approach

Sales History – USPAP requires that the sales history of the subject property be reviewed for any sales within three years of the effective date of the appraisal. Clients may also have requirements for comparables sales. It is highly recommended that specific information be entered so the client and other intended users know this was researched.

Analysis of any current agreement of sale- specifically this should address any option, listing or sale of the subject property. This should be thoroughly discussed.

Indicated Value by the Sales Comparison Approach – enter your reconciled opinion of value.

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INDICATED VALUE BY INCOME APPROACH (if Applicable) Estimated Market Rent $ _____ /Mo. x Gross Rent Multiplier _____ = $ _____

Indicated Value by the Income Approach – if applicable to the assignment, enter the researched and documented gross rent multiplier and the extracted market rent for the subject property. Multiply the figures to give your opinion of value based on the Income Approach. Additional discussion on the Income Approach should be included in an addendum.

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Uniform Residential Appraisal Report -7/93
Page 2 – Reconciliation

RECONCILIATION

This appraisal is made ☐ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans & specifications.

Conditions of Appraisal _____

Final Reconciliation: _____

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised _____).

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF _____ (WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE $ _____

APPRAISER:		SUPERVISORY APPRAISER (ONLY IF REQUIRED):	
Signature		Signature	☐ Did ☐ Did Not Inspect Property
Name		Name	
Date Report Signed		Date Report Signed	
State Certification #	State	State Certification #	State
Or State License #	State	Or State License #	State

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Form UA2 — "TOTAL for Windows" appraisal software by a la mode, inc. — 1-800-ALAMODE

This section of the report should clearly reflect your reasoning for your opinion of the market value of the subject property.

The appraisal is made – check the box that applies. If the appraised value is "subject to" list the specific requirements including any extraordinary assumptions and hypothetical conditions in the comment section. Remember that USPAP requires a statement regarding the use of extraordinary assumptions and hypothetical conditions regarding the use may have affected assignment results.

Final Reconciliation – reconcile among the approaches used to provide solid reasoning for your opinion of value. Any elimination of an approach to value and the supportive reasoning should be provided here.

Market Value Opinion – enter your opinion of market value and the effective date of the appraisal.

Appraiser – Type the appraiser's name and the date of the report
Sign the report
Enter the licensing number or certificate number as applicable in the jurisdiction

Supervisory Appraiser - If applicable, type the supervisor's name and the date of the report
Sign the report
Enter the licensing number or certificate number as applicable in the jurisdiction

Note: An appraiser who signs anywhere in the appraisal report must also sign the certification. Any one who provides significant professional assistance to the appraiser must be clearly disclosed in the report.

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Uniform Residential Report Form – 03/05

The new (03/05) version of the Uniform Residential Appraisal Report (URAR) is to be used to report the results of an appraisal of a single family property, including an individual unit with a Planned Unit Development. The URAR has been developed for use where a full exterior and interior inspection is performed.

This form has been designed for lending purposes only. The comments in this section are specific to the form. The basic information on form completion that relates to both forms has not been repeated in this section.

It is very important that the appraiser have good communication with the client to determine the appropriate form to use. In some cases, local banks or savings and loans will accept the old URAR if the loan is to stay "in house." The appraiser should carefully review the certification and limiting conditions for USPAP compliance and add the appropriate certification statements. The certification can also be added in a typed addendum.

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Uniform Residential Report Form – 03/05 – Page 1

Uniform Residential Appraisal Report

File # New URAR

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address | City | State | Zip Code
Borrower | Owner of Public Record | County
Legal Description
Assessor's Parcel # | Tax Year | R.E. Taxes $
Neighborhood Name | Map Reference | Census Tract
Occupant ☐ Owner ☐ Tenant ☐ Vacant | Special Assessments $ | ☐ PUD HOA $ ☐ per year ☐ per month
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)
Lender/Client | Address
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☐ No
Report data source(s) used, offering price(s), and date(s).

CONTRACT

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price $ | Date of Contract | Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No
If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %
Location	☐ Urban ☐ Suburban ☐ Rural	Property Values	☐ Increasing ☐ Stable ☐ Declining	PRICE	AGE	One-Unit %
Built-Up	☐ Over 75% ☐ 25-75% ☐ Under 25%	Demand/Supply	☐ Shortage ☐ In Balance ☐ Over Supply	$ (000)	(yrs)	2-4 Unit %
Growth	☐ Rapid ☐ Stable ☐ Slow	Marketing Time	☐ Under 3 mths ☐ 3-6 mths ☐ Over 6 mths	Low		Multi-Family %
Neighborhood Boundaries				High		Commercial %
				Pred		Other %

Neighborhood Description

Market Conditions (including support for the above conclusions)

SITE

Dimensions | Area | Shape | View
Specific Zoning Classification | Zoning Description
Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe

Utilities	Public	Other (describe)		Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐

FEMA Special Flood Hazard Area ☐ Yes ☐ No FEMA Flood Zone | FEMA Map # | FEMA Map Date
Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe

IMPROVEMENTS

General Description		Foundation		Exterior Description materials/condition		Interior materials/condition	
Units	☐ One ☐ One with Accessory Unit	☐ Concrete Slab	☐ Crawl Space	Foundation Walls		Floors	
# of Stories		☐ Full Basement	☐ Partial Basement	Exterior Walls		Walls	
Type	☐ Det. ☐ Att. ☐ S-Det./End Unit	Basement Area	sq. ft.	Roof Surface		Trim/Finish	
☐ Existing	☐ Proposed ☐ Under Const.	Basement Finish	%	Gutters & Downspouts		Bath Floor	
Design (Style)		☐ Outside Entry/Exit	☐ Sump Pump	Window Type		Bath Wainscot	
Year Built		Evidence of	☐ Infestation	Storm Sash/Insulated		Car Storage	☐ None
Effective Age (Yrs)		☐ Dampness	☐ Settlement	Screens		☐ Driveway	# of Cars
Attic	☐ None	Heating	☐ FWA ☐ HWBB ☐ Radiant	Amenities	☐ Woodstove(s) #	Driveway Surface	
☐ Drop Stair	☐ Stairs	☐ Other	Fuel	☐ Fireplace(s) #	☐ Fence	☐ Garage	# of Cars
☐ Floor	☐ Scuttle	Cooling	☐ Central Air Conditioning	☐ Patio/Deck	☐ Porch	☐ Carport	# of Cars
☐ Finished	☐ Heated	☐ Individual	☐ Other	☐ Pool	☐ Other	☐ Att.	☐ Det. ☐ Built-in

Appliances ☐ Refrigerator ☐ Range/Oven ☐ Dishwasher ☐ Disposal ☐ Microwave ☐ Washer/Dryer ☐ Other (describe)
Finished area above grade contains | Rooms | Bedrooms | Bath(s) | Square Feet of Gross Living Area Above Grade
Additional features (special energy efficient items, etc.).

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe

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Uniform Residential Appraisal Report

File # New URAR

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq.ft.	$ sq.ft.		$ sq.ft.		$ sq.ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq.ft.	sq.ft.		sq.ft.		sq.ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

SALES COMPARISON APPROACH

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ **Cost Approach (if developed) $** **Income Approach (if developed) $**

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $, as of , which is the date of inspection and the effective date of this appraisal.

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Uniform Residential Appraisal Report

File # New URAR

ADDITIONAL COMMENTS

COST APPROACH

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	OPINION OF SITE VALUE _____ =$	
Source of cost data	DWELLING Sq.Ft. @ $ _____ =$	
Quality rating from cost service Effective date of cost data	Sq.Ft. @ $ _____ =$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)	_____ =$	
	Garage/Carport Sq.Ft. @ $ _____ =$	
	Total Estimate of Cost-New _____ =$	
	Less Physical	Functional External
	Depreciation	=$( )
	Depreciated Cost of Improvements _____ =$	
	"As-is" Value of Site Improvements _____ =$	
Estimated Remaining Economic Life (HUD and VA only) Years	INDICATED VALUE BY COST APPROACH _____ =$	

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM)

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion.

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

Freddie Mac Form 70 March 2005 Page 3 of 6 Fannie Mae Form 1004 March 2005

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Uniform Residential Appraisal Report

File # New URAR

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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Uniform Residential Appraisal Report

File # New URAR

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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Uniform Residential Appraisal Report

File # New URAR

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature and Report _____
Effective Date of Appraisal _____
State Certification # _____
or State License # _____
or Other (describe) _____ State # _____
State _____
Expiration Date of Certification or License _____

ADDRESS OF PROPERTY APPRAISED
_____
_____

APPRAISED VALUE OF SUBJECT PROPERTY $ _____

LENDER/CLIENT
Name _____
Company Name _____
Company Address _____
_____
Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
Name _____
Company Name _____
Company Address _____
_____
Telephone Number _____
Email Address _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____

SUBJECT PROPERTY

☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection _____
☐ Did inspect interior and exterior of subject property
Date of Inspection _____

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection _____

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Uniform Residential Appraisal Report -03/05
Page 1 – Subject

Uniform Residential Appraisal Report

File # New URAR

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address	City	State	Zip Code
Borrower	Owner of Public Record	County	
Legal Description			
Assessor's Parcel #	Tax Year	R.E. Taxes $	
Neighborhood Name	Map Reference	Census Tract	
Occupant ☐ Owner ☐ Tenant ☐ Vacant	Special Assessments $	☐ PUD HOA $	☐ per year ☐ per month
Property Rights Appraised ☐ Fee Simple ☐ Leasehold ☐ Other (describe)			
Assignment Type ☐ Purchase Transaction ☐ Refinance Transaction ☐ Other (describe)			
Lender/Client	Address		
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal?			☐ Yes ☐ No
Report data source(s) used, offering price(s), and date(s).			

The purpose of this section of the report is to properly identify the subject property and the property rights being appraised. The subject section also requires information regarding the listing history of the subject if it is applicable to the assignment.

Legal Description- The subject section of the new URAR includes a larger field to enter the legal description. If the legal description does not fit in this section, then an addendum should be used with a copy of the deed or other documentation to properly identify the property being appraised.

Owner of Public Record - the legal owner of the property being appraised. This information is also referenced in the Contract Section of the new form.

Homeowners Association Fees – can be entered based on a monthly or annual fee.

Property Rights Appraised – Fee Simple, Leasehold, or Leased Fee (use Other and explain.)

Offering For Sale – The appraiser must consider requirements per USPAP and requirements based on intended users. USPAP requires the appraiser to analyze any current listing and summarize the results in the report. GSEs require the appraiser to supply information regarding any listing of the subject property in the twelve months prior to the effective date of the appraisal. There is not a specific area of the form for this information. The Additional Comments section of the report or an addendum can be used for the information.

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CONTRACT	
I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.	
Contract Price $ Date of Contract Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s)	
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? If Yes, report the total dollar amount and describe the items to be paid.	☐ Yes ☐ No

Contract – It is very important that the appraiser carefully analyze the purchase agreement or contract on the subject property and provide information in the report regarding the terms of the agreement. If there is not sufficient space in this section, then the appraiser can use an addendum or the Additional Comments section of the report.

This section should also be used to clearly disclose any fees or concessions to be paid by the seller or any other party that benefits the borrower.

If the purchase agreement is not signed by the buyer or seller, it technically is not a contract. The appraiser should request a copy that has been executed by both buyer and seller. If an executed copy is not provided, then it should be clearly disclosed in the report that the copy was requested and not provided.

Another consideration is the property that sells for more than listing price. If this is determined by the appraiser, it becomes increasingly important that the reasons are verified by the appraiser.

Seller/Owner Public Record – The seller and owner of public record may not be the same. If they are not the same, it may indicate an illegal property flip. The appraiser must clearly note whether the seller is the owner of public record.

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Uniform Residential Appraisal Report -03/05
Page 1 – Neighborhood

NEIGHBORHOOD												
Note: Race and the racial composition of the neighborhood are not appraisal factors.												
Neighborhood Characteristics				One-Unit Housing Trends				One-Unit Housing		Present Land Use %	
Location	☐ Urban	☐ Suburban	☐ Rural	Property Values	☐ Increasing	☐ Stable	☐ Declining	PRICE	AGE	One-Unit	%
Built-Up	☐ Over 75%	☐ 25-75%	☐ Under 25%	Demand/Supply	☐ Shortage	☐ In Balance	☐ Over Supply	$ (000)	(yrs)	2-4 Unit	%
Growth	☐ Rapid	☐ Stable	☐ Slow	Marketing Time	☐ Under 3 mths	☐ 3-6 mths	☐ Over 6 mths	Low		Multi-Family	%
Neighborhood Boundaries								High		Commercial	%
								Pred.		Other	%
Neighborhood Description											
Market Conditions (including support for the above conclusions)											

Neighborhood Boundaries – the first step to properly completing this section of the report is to identify the neighborhood boundaries for the subject property. All information regarding Neighborhood Characteristics, One-Unit Housing Trends, One-Unit Housing and Present Land Use is based on the identified boundaries.

It is important for the appraiser to remember that the racial composition of the neighborhood is not a factor that should be considered.

Neighborhood Description – the neighborhood must be appropriate described. This section of the report may not contain sufficient space. The neighborhood description should be specific to the assignment and not include general data. The Additional Comments section or an addendum may be used.

Market Conditions - This section may use some general data for the market (interest rates, availability of funds, etc.) and should also include specific information regarding the number of sales and listings in the defined neighborhood as well as average days on the market and median selling price. If there is an over supply or a shortage of available property, this should also be discussed.

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SITE								
Dimensions			Area			Shape	View	
Specific Zoning Classification			Zoning Description					
Zoning Compliance ☐ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)								
Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☐ Yes ☐ No If No, describe								
Utilities	**Public**	**Other (describe)**		**Public**	**Other (describe)**	**Off-site Improvements - Type**	**Public**	**Private**
Electricity	☐	☐	Water	☐	☐	Street	☐	☐
Gas	☐	☐	Sanitary Sewer	☐	☐	Alley	☐	☐
FEMA Special Flood Hazard Area ☐ Yes ☐ No FEMA Flood Zone				FEMA Map #			FEMA Map Date	
Are the utilities and off-site improvements typical for the market area? ☐ Yes ☐ No If No, describe								
Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☐ No If Yes, describe								

Zoning – this section provides an area for the local area code as well as what the code means.

Highest and Best Use – it is very important that the appraiser recognize that just checking the boxes will probably not meet USPAP compliance. USPAP requires that the report include a summary of the appraiser's support for the highest and best use. There is not any space on the form for the rationale. This should be completed in an addendum or in the Additional Comments section. It is always good practice to explain the Highest and Best Use in conjunction with the zoning. If the highest and best use of the site is not in compliance with the zoning, then a detailed analysis should be provided.

Flood Hazard Area – this section should be carefully completed. If the appraiser uses a mapping service, the appraiser should always double check the map to make sure it is correct. If any portion of the property is in a floor zone, this should be discussed and analyzed based on the impact on value.

Adverse Site Conditions – be sure to comment on anything that is visible or known that could adversely affect the property. It is very important for the appraiser to be locational competent. Some adverse conditions may be noted in public documents such as the local newspaper. Other conditions may be provided through engineers in a market. A quick phone call to gain the information from a person knowledgeable in the market may prevent problems later. A copy of the deed or filed plat should provide recorded easements of record.

Other Site Comments – positive site improvements should also be noted. If the subject property is adjacent to a lake, tennis courts, a golf course or a green belt, this may positively affect the value. If an adjustment is going to made based on site/view or location that is based on these elements, it should be commented on in this section as to the positive influence on value.

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Uniform Residential Appraisal Report -03/05
Page 1 – Improvements

IMPROVEMENTS	General Description	Foundation	Exterior Description materials/condition	Interior materials/condition
	Units ☐ One ☐ One with Accessory Unit	☐ Concrete Slab ☐ Crawl Space	Foundation Walls	Floors
	# of Stories	☐ Full Basement ☐ Partial Basement	Exterior Walls	Walls
	Type ☐ Det. ☐ Att. ☐ S-Det./End Unit	Basement Area sq.ft.	Roof Surface	Trim/Finish
	☐ Existing ☐ Proposed ☐ Under Const	Basement Finish %	Gutters & Downspouts	Bath Floor
	Design (Style)	☐ Outside Entry/Exit ☐ Sump Pump	Window Type	Bath Wainscot
	Year Built	Evidence of ☐ Infestation	Storm Sash/Insulated	Car Storage ☐ None
	Effective Age (Yrs)	☐ Dampness ☐ Settlement	Screens	☐ Driveway # of Cars
	Attic ☐ None	Heating ☐ FWA ☐ HWBB ☐ Radiant	Amenities ☐ Woodstove(s) #	Driveway Surface
	☐ Drop Stair ☐ Stairs	☐ Other Fuel	☐ Fireplace(s) # ☐ Fence	☐ Garage # of Cars
	☐ Floor ☐ Scuttle	Cooling ☐ Central Air Conditioning	☐ Patio/Deck ☐ Porch	☐ Carport # of Cars
	☐ Finished ☐ Heated	☐ Individual ☐ Other	☐ Pool ☐ Other	☐ Att. ☐ Det. ☐ Built-in
	Appliances ☐ Refrigerator ☐ Range/Oven ☐ Dishwasher ☐ Disposal ☐ Microwave ☐ Washer/Dryer ☐ Other (describe)			
	Finished area above grade contains: Rooms Bedrooms Bath(s) Square Feet of Gross Living Area Above Grade			
	Additional features (special energy efficient items, etc.).			
	Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.).			
	Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☐ No If Yes, describe			
	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? ☐ Yes ☐ No If No, describe			

Materials/Condition – both the finish material and the condition should be entered in each category.

Abbreviations – the form has limited space to enter information. If abbreviations are used, a list of abbreviations and what they mean should be included in the report.

Type – this section is used to identify whether the subject property is attached, detached or semi-detached. Semi-detached should be selected whenever the subject is attached on one wall only.

Foundation – if there is evidence of dampness or settlement, the appraiser should explain the observation in the report. The physical deficiencies section would be a good place for this information.

Car Storage – none is checked if there is not any on-site car storage.

Room Count – think about the functional utility of the design. Areas such as foyers, pantries and utility rooms are not typically counted as a room.

Appliances – only enter those appliances that are built in and part of the real estate.

Comments – use this section of the report to describe additional features, depreciation and needed maintenance. If there is insufficient space, then the information should be provided in an addendum.

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Uniform Residential Appraisal Report

File # New URAR

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from $ to $.

There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from $ to $.

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address							
Proximity to Subject							
Sale Price	$		$		$		$
Sale Price/Gross Liv. Area	$ sq.ft.	$ sq.ft.		$ sq.ft.		$ sq.ft.	
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment	DESCRIPTION	+(-) $ Adjustment
Sales or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Above Grade Room Count	Total / Bdrms. / Baths	Total / Bdrms. / Baths		Total / Bdrms. / Baths		Total / Bdrms. / Baths	
Gross Living Area	sq.ft.	sq.ft.		sq.ft.		sq.ft.	
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)		☐ + ☐ -	$	☐ + ☐ -	$	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$	Net Adj. % Gross Adj. %	$

I ☐ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research ☐ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s)

My research ☐ did ☐ did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s)

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				

Analysis of prior sale or transfer history of the subject property and comparable sales

Summary of Sales Comparison Approach

Indicated Value by Sales Comparison Approach $

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Uniform Residential Appraisal Report -03/05
Page 2 – Sales Comparison Approach

Comparable Listings and Sales – the top of this page should be completed first entering the number of comparable properties that are listed for sale and the listed price range. The number of comparable sales in the subject neighborhood should also be listed and the selling price range.

Data Sources/Verification Sources – it is extremely important that the appraiser identify and utilize information sources that support credible assignment results. Partial verification might include public records, but it is very important that this is further supported by discussing the comparable transaction with the real estate agent or a party to the sale (buyer or seller). This discussion should also include specific information in regard to the condition of the comparable. Keep in mind that "cash equivalency" is a necessary consideration with every sale. This information is usually not evident in the public record and many times is not posted on the multiple listing service.

Actual Age - enter the actual age of the subject and comparables, not the effective age.

Adjustments – all adjustments must be supported. The report should summarize the reasoning behind the adjustment and how it was developed. In some cases, an adjustment might not be made due to the lack of market support. This lack of an adjustment should also be explained if the intended user would expect to see one. The summary section for the Sales Comparison Approach can be used to explain the adjustments. If there is not sufficient room, then an addendum should be used.

Sales History – USPAP requires the appraiser to analyze any sale of the subject property within the 3 years prior to the effective date of the appraisal. Many intended users require the appraiser to analyze any prior sale or transfer of the comparable sales within one year prior to the comparable sale's transfer date. Since the requirement to analyze is part of the scope of work, the information must also be summarized in the appraisal report.

Effective Date of Data Sources – this is asking the appraiser to report how current the data source was as of the effective date of the appraisal. If assessors records had been updated 3 years prior, then that date should be entered in this section. It is not the date the appraiser looks up the information!

Certification #8 – makes it clear that the appraiser must not use as comparable sales any transaction that involved a land sale and a contract for new construction.

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COST APPROACH	COST APPROACH TO VALUE (not required by Fannie Mae)				
	Provide adequate information for the lender/client to replicate the below cost figures and calculations.				
	Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)				
	ESTIMATED ☐ REPRODUCTION OR ☐ REPLACEMENT COST NEW	OPINION OF SITE VALUE			=$
	Source of cost data	DWELLING	Sq.Ft. @ $		=$
	Quality rating from cost service Effective date of cost data		Sq.Ft. @ $		=$
	Comments on Cost Approach (gross living area calculations, depreciation, etc.)				=$
		Garage/Carport	Sq.Ft. @ $		=$
		Total Estimate of Cost-New			=$
		Less Physical	Functional	External	
		Depreciation			=$( )
		Depreciated Cost of Improvements			=$
		"As-is" Value of Site Improvements			=$
	Estimated Remaining Economic Life (HUD and VA only) Years	INDICATED VALUE BY COST APPROACH			=$

Labels – this section of the report is labeled "(not required by Fannie Mae)." It is very important to recognize that even if it is not required, it may be applicable to the assignment. USPAP requires the appraiser to explain why an approach to value is not developed. The appraiser is ultimately responsible for producing credible assignment results. If developing the Cost Approach is necessary, then the appraiser must develop the Cost Approach and report it. The explanation should include sufficient information for the intended user to understand how it was developed, the data sources and a clear understanding of all depreciation or obsolescence applied (scope of work).

It should be noted that the incorrect development of the Cost Approach is a common error in many appraisal reports. Figures appear to be pulled out of the air and no support is provided for land values or depreciation.

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Uniform Residential Appraisal Report -03/05
Page 3 – Income Approach

INCOME	INCOME APPROACH TO VALUE (not required by Fannie Mae)			
	Estimated Monthly Market Rent $	X Gross Rent Multiplier	= $	Indicated Value by Income Approach
	Summary of Income Approach (including support for market rent and GRM)			

Labels – this section of the report is also labeled "(not required by Fannie Mae)." If the Income Approach is applicable to the assignment it should be developed if the scope of work indicates it is necessary for credible assignment results. If it is not developed, then the reason behind the lack of development must be explained.

Uniform Residential Appraisal Report -03/05
Page 3 – PUD

PUD INFORMATION	PROJECT INFORMATION FOR PUDs (if applicable)		
	Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No	Unit type(s) ☐ Detached ☐ Attached	
	Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.		
	Legal Name of Project		
	Total number of phases	Total number of units	Total number of units sold
	Total number of units rented	Total number of units for sale	Data source(s)
	Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No	If Yes, date of conversion.	
	Does the project contain any multi-dwelling units? ☐ Yes ☐ No	Data Source	
	Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No	If No, describe the status of completion.	
	Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No	If Yes, describe the rental terms and options.	
	Describe common elements and recreational facilities.		

Freddie Mac Form 70 March 2005 Page 3 of 6 Fannie Mae Form 1004 March 2005

Fannie Mae – ***"Fannie Mae considers a project to be a PUD if the owner's association requires automatic, non-severable membership for each unit owner and if it can establish mandatory assessments for the maintenance of the property."***

If the subject project is no longer under the control of the developer/ builder and/or the subject unit is not an attached unit, then check the appropriate boxes and the rest of the information can be left blank. If, however, the project information is relevant and addresses factors that influence value or marketability, it must be included in the report to avoid being misleading.

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RECONCILIATION

Indicated Value by: Sales Comparison Approach $	Cost Approach (if developed) $	Income Approach (if developed) $

This appraisal is made ☐ "as is", ☐ subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is $ _____, as of _____, which is the date of inspection and the effective date of this appraisal.

Freddie Mac Form 70 March 2005 Page 2 of 6 Fannie Mae Form 1004 March 2005

USPAP – USPAP requires the appraiser to reconcile the quantity and quality of the data in each approach to value. The final value conclusion is then a result of weighing each of the approaches used to arrive at a final opinion of value. The appraiser must be very careful not to allow software programs to arrive at the value conclusion. This final opinion of value is the appraiser's opinion, not an estimate based on computer data.

The reasoning behind the final value opinion should be stated. If more room is needed for comments, the information can be placed on an addendum.

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Other Report Considerations

Hypothetical Conditions/Extraordinary Assumptions - the Reconciliation Section of the URAR asks the appraiser to identify the use of Hypothetical Conditions or Extraordinary Assumptions. If the appraiser used either of these conditions, USPAP requires a statement such as "their use might have affected assignment results." The appraiser must make sure this statement is in the report.

Limiting Conditions and Certifications – when appraising property for Fannie Mae or Freddie Mac, the appraiser is not allowed to change any of the certification or limiting conditions on the form. The appraiser can add certifications as long as they do not "constitute material alterations."

Scope of Work – it is very important for the appraiser to recognize that the scope of work statement on Page 4 of the form is generic and in general terms. The appraiser must provide sufficient information in the appraisal report for the intended users to understand the scope of work specific to the assignment. Guidance is provided in the Scope of Work Rule and in AO-28 and AO-29. USPAP does not require a specific scope of work section in the report, although many appraisers are including one. The scope of work can be an on-going process, reported throughout the report, as applicable to the assignment.

Certification #17 – if the opinion of value being developed is for lending, the appraiser is not allowed to have a specified interest in the property.

Certification #25 – emphasizes the appraiser's liability.

Certification - the appraiser should read carefully all of the certification statements in the form. When the form is signed, the appraiser is certifying to all of the information on the form.

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Suggested Appraisal Report Content

- Cover Page
- Table of Contents
- Transmittal letter
- Appraisal Order
- Scope of the Assignment
- Glossary of Terminology
- General Data –Market Area Information
- Specific Data
- Elevations – Plans
- Floor Plan
- Subject Photos
- Flood Map
- Plat Map
- Other Maps as appropriate
- Highest and Best Use Analysis
- Appraisal Procedure – The Process
- URAR
- Comparable Photographs
- Comparable Addendum
- Subject and Comparable Location Map
- Land Comparables or supporting information
- Resource Information – Significant Professional Appraisal Assistance
- Certification
- Limiting Conditions
- Qualifications of Appraiser

(All information necessary to support your value conclusion and make the report clearly understood by the Intended Users and to meet USPAP Compliance)

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CHAPTER TEN

The Assignment

Among the factors the appraiser must consider in determining the appropriate reporting option are intended use and intended users. Consider the following scenario:

> You have been asked to appraise a residential property for a lender to use in making a mortgage underwriting decision. The lender has requested a summary report.
>
> The lender provided the plans, specifications, and a plat map for the subject site. The effective date of your appraisal will be the date of the site inspection. The site is under contract for $50,000 subject to loan approval.
>
> Think through the assignment elements and write what you would consider an appropriate scope of work for this appraisal assignment:

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CHAPTER ELEVEN

Report Writing Format

The basic organizational content provided in this text may be used as a guide in writing narrative commercial or agricultural reports as well as narrative residential reports. It is very logical in sequence and allows the client and intended users to follow the appraiser's reasoning.

Appraisers must always remember the Competency Rule in USPAP before accepting any appraisal assignment.

Remember: The appraisal report must contain sufficient information, based on the intended use and the intended user, to understand the scope of work used to develop the assignment results!

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APPENDIX

Useful Reference Websites

FEMA Community Status Book
http://www.fema.gov/fema/csb.shtm

Census Tracts (Address lookup)
http://www.ffiec.gov/geocode/default.htm

Census Tracts (Map)
http://factfinder.census.gov/servlet/ReferenceMapFramesetServlet?_lang=en

EPA local environmental information
http://www.epa.gov/epahome/whereyoulive.htm

Zip Codes
http://www.usps.com/zip4/

The Appraisal Foundation
http://www.appraisalfoundation.org/

The Appraisal Subcommittee
http://www.asc.gov/

Historical Prime Rate lookup
http://www.hsh.com/indices/prime00s.html

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BAD EXAMPLE

The following appraisal report has been assigned to you to complete an appraisal review for USPAP compliance. Go through the report and identify any USPAP errors. Make a list of the errors and specific references to USPAP. In addition, decide if the appraiser has demonstrated an understanding of basic appraisal methodology.

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NATIONAL ASSOCIATION OF
Independent Fee Appraisers

NAIFA EDUCATION POLICIES

Attendance Policy
Each student must sign a sign-in sheet at the beginning of each class. For any course that is seven or more hours, students must sign in at the beginning of both morning and afternoon sessions for the duration of the class. The sign-in sheet will provide the title of the course, the date, and the instructor(s) name. Each student must attend 100 percent of the class in order to receive credit. Once attendance has been confirmed by NAIFA staff, a certificate of attendance will be issued.

All students must also fill out a registration card in order to receive credit within each state in which they are licensed.

These records are kept at the NAIFA National Office in Chicago, Illinois for a minimum of five years.

Course Completion Certificate Policy
Materials including sign-in sheets and rosters will be returned to the National Office one day post-class.

Within two weeks of class completion, upon confirmation, the National Office will report class attendance to all relevant state agencies. At this time, the National Office will create IFA State certificates for all (passing) course attendees and distribute certificates for all who have paid.

Information on the certificate will include course number, course title, number of classroom hours accredited, successful passage of course examination (if applicable), and date(s) of the class.

Attendee Refund Policy
Individuals who cancel NAIFA class registration more than 7 business days prior to the start of the class are eligible for a full refund. Between 7 and 3 business days, the registrant is subject to a $50 cancellation charge. Within 2 business days of the class, no refund will be given.

Attendee substitutions or transfers may be made before the start of the class without penalty.

Individuals who are dissatisfied with a course they have taken through NAIFA will not be refunded. However, after submitting their concerns in writing to the Director of Education, they will be allowed to sit through a course again free of charge.

Class Cancellation Policy
NAIFA classes are subject to cancellation if enrollment is insufficient.

In the event of a cancellation of a class for any reason, NAIFA liability is limited to the return of the tuition cost only. NAIFA is not responsible for expenses incurred by the student (transportation, hotel, etc.) if a class is cancelled.

Record Maintenance and Retention Policy
All records are kept for seven years.

Instructor Hiring Policy

1. NAIFA instructors must have earned the NAIFA member designation (IFA) or the NAIFA senior designation (IFAS). The instructor must have earned the senior designation to teach any of the income-related courses.
2. The NAIFA instructor must be a practicing appraiser and a designated member in good standing.
3. The instructor must attend the annual NAIFA instructor's seminar prior to being considered as an NAIFA instructor.
4. The aspiring NAIFA instructor must co-teach with a certified instructor for peer review before being considered as an approved instructor.
5. The NAIFA instructor must be an expert in the subject being taught.
6. The NAIFA instructor must attend the annual instructor's seminar no less than every other year to maintain instructor certification.
7. The NAIFA instructor must follow prescribed teaching outlines.

Although it is not a requirement, most NAIFA instructors have a college degree.

SAMPLE ADVERTISEMENT

NAIFA is happy to announce the following class coming to a town near you!

5.0A National USPAP Update Course

Date: September 20, 2011
Time: 8:00am - 4:30pm

Location: Willowbrook Holiday Inn
7800 South Kingery Hwy
Willowbrook, IL 60527
Instructor: Mark Munizzo

The cost of this course is $159 for NAIFA, ICAP, ASA, AI, and ASFRMA members and $179 for non-members.

To register for this course, please contact NAIFA headquarters at 312-321-6873.
You can also fax in the registration form to 312-673-6652 or e-mail it to info@naifa.com.

National Association of Independent Fee Appraisers
330 North Wabash Avenue, Suite 2000, Chicago, IL 60611
Phone: 312-321-6830 • Fax: 312-321-6830 • E-mail: info@naifa.com

This email was sent to '@@email@@' from NAIFA - National Association of Independent Fee Appraisers. If you wish to stop receiving email from us, you can simply remove yourself by visiting: http://www.naifa.com/general/opt.asp?e=@@email@@

NATIONAL ASSOCIATION OF
Independent Fee Appraisers

December 5, 2017

Ms. Patty Morrow
Missouri Real Estate Appraisers Commission
3605 Missouri Blvd.
Jefferson City, MO 65102-1335

Dear Patty,

Please find the enclosed course application for the following class:

- Residential Report Writing Skills – 7 hours

Also enclosed is a check for the requisite fees.

If any further information is necessary, please contact me at 312-321-6830 or meredith_mccann@naifa.com.

Sincerely,

Meredith McCann
Education Coordinator, NAIFA

Enclosures

Reed $25 - 12-21-17

COURSE APPROVAL PROGRAM – MISSOURI REAL ESTATE APPRAISERS COMMISSION

APPLICATION FOR: XXX **INITIAL COURSE APPROVAL** _____ **RENEWAL**

There is a $25 fee per course for Continuing Education Course Approval. In addition, there is a $10 fee per course for Continuing Education Course Renewal.

INSTRUCTIONS: The course owner must use this application form when applying for course approval through the **State of Missouri**. *A SEPARATE APPLICATION FORM MUST BE FILED FOR EACH COURSE SUBMITTED FOR APPROVAL.* All items on the form must be completed (enter "N/A" for any item that is not applicable) and all required attachments must be submitted with the application.

1. Name of Applicant (School): Southwest Missouri Chapter of IAAO
2. Mailing Address: c/o Greene County Assessor's Office, 940 N Boonville Ave, Springfield, Mo 65802
3. Contact Person: Ken Olive
4. Phone: 573-480-6510 Fax: N/A
5. Website: N/A Email: kaolive51@gmail.com
6. Course Title and Number: IAAO Course 500 - Assessment of Personal Property
7. Number of Classroom Hours: 30 Number of Exam Hours: 3.5
8. Course Category: _____ Qualifying Education XXX Continuing Education _____ Both
9. Indicate the level of the licensure/certification this course would meet:

   XXX All _____ State License _____ Certified Residential _____ Certified General
10. Indicate the pre license requirement for this course would meet:

    _____ Principles _____ USPAP _____ Income _____ Elective
11. Instructor(s): Mr. Jewette Farley, CAE, CLA
12. Method of Presentation: XXX Traditional Classroom _____ Correspondence _____ Internet

    _____ Video Tape _____ Remote TV _____ Computer
13. Owner of Course Materials: International Association of Assessing Officers (IAAO)
14. Required Attachments:

    For Qualifying Education Only: Please submit a copy of the contract between the course owner and course provider.

    Fee: As Indicated Above

    Course Materials:
    - Course Description
    - Detailed Course Outline
    - Learning Objectives
    - Final Exam and Answer Key (This is not required for the Continuing Education Application)

    Policies Covering:
    - Instructor Qualifications
    - Attendance

    Miscellaneous:
    - Course Schedule
    - Copy of Completion Certificate
    - Instructor's Resume/Bio

INSTRUCTOR APPLICATION

Instructor Approval Requested for: _____ Pre-License XXX Continuing Education
_____ Renewal _____ Initial Submission

1. **PROOF OF QUALIFICATION *MUST* BE ATTACHED.**
   (All applications must be accompanied by a full resume/bio)

2. Name of instructor: Mr. Jewette Farley

   Mailing Address: 5078 Hwy 167, Ruston, La. 71270

   Business Phone: 318-243-5275

   Business Fax: _____

3. Name and address of school/organization for whom you will instruct:
   Southwest Missouri Chapter of IAAO
   c/o Greene County Assessor's Office,
   940 Boonville Ave, Springfield, Mo. 65802

   School/Organization: Southwest Missouri Chapter of IAAO

4. Title of program/course or portion of program/course to be taught by the instructor:
   Assessment of Personal Property

5. Which portion(s) to be taught by the instructor?
   All portions will be taught by Mr. Farley

   Total Hours: 30.0

   Pre License Hours: _____ Continuing Education Hours: 30.0

6. Has the instructor ever been refused approval or a denied a license to teach, or has such approval or license been suspended, revoked or subject to discipline?
   Yes ◯ **No** ◉ (If "Yes", attach explanation)

7. Has the instructor ever been subject to disciplinary action by the Real Estate Commission or the Real Estate Appraisers Commission?
   Yes ◯ **No** ◉ (If "Yes", attach explanation)

8. Education:

School	From		To		Degree Earned	Subject Matter
	Month	Year	Month	Year		
Not Known						

NOTE: If the Course of Instruction is USPAP, the Instructor must provide verification of completion of the USPAP Instructor Training Course from the Appraisal Foundation.

9. Teaching Experience:

School	From		To		Subjects Taught
	Month	Year	Month	Year	
See Attached					

10. Real Estate Appraisal Experience:

Employing Company	Job Description	From		To	
		Month	Year	Month	Year
Lincoln Parish Louisiana	Assessor		1977		2001

(Attach additional pages as necessary)

11. I hereby affirm and swear that the information submitted with this application is true and accurate and that no willful omissions have been made.

Ken Olive

(Signature of Appraiser Education Administrator)

Dec 18, 2017

(Date)

JEWETTE FARLEY, CAE, CLA
5078 Hwy 167
RUSTON, LA 71270

(318) 255-8856 HOME (318) 243-5275 CEL

ASSESSMENT ADMINISTRATION EXPERIENCE

Elected Assessor for Lincoln Parish, Ruston, Louisiana - 1977 to 2001
Consultant various Property Tax Matters
Served as member Louisiana Tax Commission

PROFESSIONAL DESIGNATIONS

CAE - Certified Assessment Evaluator - 1990
RES - Residential Evaluation Specialist - 1988
CLA - Certified Louisiana Assessor - 1986

PROFESSIONAL MEMBERSHIPS

International Association of Assessing Officers
Louisiana Assessors' Association

PROFESSIONAL ACTIVITIES

International Association of Assessing Officers

Member since 1977
State Representative - 1980 to present
Education Committee Member 1988 to 1992
State Professional Designation Advisor 1988-Present
Member, Personal Property Section
Contributor to IAAO course material
Contributor to IAAO publications
Member Instructor Relations Committee
Published numerous articles in various national publications
Professional Demonstration Appraisal Grader
Wrote Instructor Manual for Course 5 - Personal Property
Certified Senior Instructor - Courses 101, 400, 500, 201, 402, 610, 619, 622, 625, 626, 630, 631
Served as member, Ad Hoc Committee on Personal Property
Speaker, moderator, and panelist at conferences
Speaker at seminars and workshops

Elected IAAO Executive Board 1991
Planning and Budget Subcommittee 1993
Chairman Professional Development Committee 1993-1994
Chairman Council and Sections 1994-1995
Chairman Outreach Committee 1995-1996
Chairman Instructor Relations Committee 2004
IAAO Most Valuable Member 1995
Instructor of Excellence 2016
Lifetime Achievement Award 2016
President-Elect 1997-98
President 1998-99
Immediate Past-President 1999-2000

Louisiana Assessors' Association

Served on Board of Directors
Served on Legislative, Education, Homestead Exemption, and Louisiana Certification Committees
Founder and Chairman, Taxing Bodies Liaison Committee
Chairman, Personal Property Committee
Chairman, Education Committee
Assisted in developing courses and seminars (Mapper RU1 and Oil and Gas)
Taught various courses and seminars
Special Award - Contribution To Education - 1995
Governors Award - State of LA - 1995
LA Assessor's Special Education Award - 1995

ASSESSMENT AND APPRAISAL EDUCATION

IAAO Course 1 - Fundamentals of Real Property Appraisal - 1976; 1979; 1987
IAAO Course 2 - Income Approach to Valuation - 1979; 1987
IAAO Course 3 - Development and Writing of Narrative Appraisal Reports - 1980; 1985
IAAO Course 4 - Assessment Administration - 1985; Annually to Present
IAAO Course 5 - Assessment of Personal Property – 1978; Annually to Present
IAAO Course 6 - Fundamentals of Mapping - 1982
IAAO Course 201 - Appraisal of Land – 1981; Annually to Present
IAAO Course 202 - Income Approach to Valuation II - 1983
IAAO Course 207 - Industrial Property Appraisal - 1982
IAAO Course 301 - Mass Appraisal of Residential Property - 1980
IAAO Course 302 - Mass Appraisal of Income-Producing Property - 1984; 1988
IAAO Course 303 - Computer-Assisted Assessment Systems - 1983
IAAO Course 305 - CAMA Valuation Model Building – 1986
IAAO Course 402 - Tax Policy - Annually to Present
All seminars and workshops currently taught by IAAO
Attended and instructed at numerous IAAO Instructor Training Workshops
Attended Society of Real Estate Appraisers Lock-In Workshop - 1987

All seminars and workshops of Louisiana Assessors' Association
Attended and instructed at numerous Uniform Standards of Appraisal Practice Courses.

Currently has earned over 1100 credit hours of Appraisal and Tax Policy Education
Taught numerous IAAO courses, seminars, and workshops - 1988 to present
Originated, developed and presented workshops and seminars
Speaker at many State Assessor Conferences
Speaker – Dublin, Ireland, International Property Tax Seminar
Attendee – Krakow, Poland, International Property Tax Seminar

PERSONAL INFORMATION

Born April 14, 1937
2 children, 3 grandchildren, one great grandchild
Lifelong resident of Lincoln Parish
Attended Lincoln Parish schools and Louisiana Tech University

HOBBIES

Collecting and refurbishing antiques
Composing and performing country music
Humorous after-dinner speaking
Fishing

IAAO
INTERNATIONAL ASSOCIATION
of ASSESSING OFFICERS
Valuing the World

Course 500 - Assessment of Personal Property

Course Description

The Assessment of Personal Property is designed to provide the students with an understanding and working knowledge of the procedures and techniques required to assess personal property. This course concentrates on the skills necessary for listing, appraising and assessing the market value of properties using the three approaches to value: the cost approach, the income approach and the sales comparison approach.

The Assessment of Personal Property utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the course. The ten sections of the course present a broad mixture of theory and practical application. Exercises are included so the student can test and reinforce new skills. Time is allotted for questions and answers throughout the course. Students are encouraged to participate actively.

This course provides a comprehensive program of study for those who assess personal property for ad valorem tax purposes. The following topic areas will be covered during this week long course:

1. Introduction; Course Outline & Objectives
2. Characteristics of the Property Tax
3. Nature of Personal Property
4. Assessment of Personal Property
5. Appraisal of Personal Property
6. Advanced Appraisal Concepts
7. Valuation Guidelines & Quality Control
8. Special Use Properties
9. Using Technology in Personal Property Assessment
10. IAAO Standard on Valuation of Personal Property

Objectives

Upon completion of Chapter 1, you will be able to:

- Describe the history and theory of taxation covered in the course.
- Select the correct legal interpretationof certain state and federal laws relating to personal property assessment.

Upon completion of Chapter 2, you will be able to:

- Identify an ad valorem tax.
- Identify characteristics of property tax.
- Calculate effective tax rate, nominal tax rate, assessment level, assessed value, and tax due.

Upon completion of Chapter 3, you will be able to:

- Define the terms, "Real Property" and "Personal Property".
- List those rights associated with ownership known as the bundle of rights.
- Identify examples or characteristics of real property and personal property.
- Differentiate between tangible property and intangible property.
- Categorize different examples of personal property as inventories, fixed assets, leasehold improvements, or intangible property.
- Identify the challenges related to the assessment of leasehold improvements and and describe some of the ways to overcome those challenges.

Upon completion of Chapter 4, you will be able to:

- Identify the duties and responsibilities of the assessor.
- Given a descriptive example of each of the eight functions of the assessor, as it relates to personal property, the student will be able to correctly match the example with a given list of the eight functions.
- Determine a property's situs.
- Define given accounting terms.
- Determine whether a described expenditure is an expensed item or a capitalized item for accounting purposes.
- Classify given terms as market value or accounting principles.
- Calculate depreciation using straight-line, declining balance, and sum-of-the-years-digits methods.
- Determine the value of the inventory using the First-in/First-out method and Last-in/First-out method.

Upon completion of Chapter 5, you will be able to:

- Define value and describe how it applies to appraising property for tax purposes.
- Distinguish between value in use and value in exchange.
- Identify definitions of "market value" and "market price".
- Define the term "market value".
- State the principle of value that best relates to a given scenario.
- List the steps in the valuation (assessment) process.
- Answer a series of questions regarding the trade level concept and calculate a trade level adjustment.
- Determine which of the three approaches to value would lend itself to various valuation scenarios.
- Appraise property using the cost, sales comparison, and income approaches to value, given appropriatte information.

Upon completion of Chapter 6, you will be able to:

- State how accounting procedures might affect the appraisal process.
- Make appropriate adjustments for various transactions from one trade level to another.
- Demonstrate a technique for adjusting the overall value of a company's personal property assets due to the replacements and determine if and when such an adjustment is warranted.
- Apply the reconciliation process after appraising property using the three approaches to value.

Upon completion of Chapter 7, you will be able to:

- Select the valuation guideline(s); such as unit costs, inventory turnovers, and income multipliers, that could be used to verify an assessment.
- Apply the unit cost method to determine an estimated value of an integrated system of assets.
- Select appropriate methods to be used in the discovery and appraisal process.
- List three problems with the development and use of valuation guidelines and standards.

Upon completion of Chapter 8, you will be able to:

- Evaluate scenarios to determine if they correctly or incorrectly describes the issues with the specialized properties.

Upon completion of Chapter 9, you will be able to:

- Determine which technologies best serve the assessment function.

Upon completion of Chapter 10, you will be able to:

- Discuss the correlation of the IAAO Standard on Valuation of Personal Property with concepts learned in Course 500.

Topic	Time Table	Day Covered
Introduction	10 minutes	Monday AM
Theory and History of Taxation	20 minutes	Monday AM
Statutory Guidelines and Laws	20 minutes	Monday AM
Chap 2 - Relationship of Property Tax to other Taxes	15 minutes	Monday AM
Ad Valorem basis of the property tax	5 Minutes	Monday AM
Calculation of tax rates and tax bills	80 Minutes	Monday AM
Chap 3 - Definition of Personal Property	25 minutes	Monday AM
Inventories	5 minutes	Monday AM
Fixed Assets	25 minutes	Monday AM
Intangible Personal Property	5 minutes	Monday PM
Review Questions	15 minutes	Monday PM
Chap 4 - Authority of the Assessor	15 minutes	Monday PM
Function of the Assessor	15 minutes	Monday PM
Assessment Functions	30 minutes	Monday PM
Accounting Principles	120 minutes	Monday PM
Chap 5 - The Nature of Value	150 minutes	Monday PM/Tuesday AM
Steps in the Valuation Process	90 minutes	Tuesday AM
The Income Approach	180 minutes	Tuesday AM/Tuesday PM
The Sales Comparison Approach	180 minutes	Tuesday PM/Wednesday AM
The Cost Approach	210 minutes	Wednesday AM/Wednesday PM
Chap 6 - Advanced Appraisal Concepts	15 minutes	Wednesday PM
Chap 6 -Measuring Physical Deterioration	30 minutes	Wednesday PM
Chap 6 -Measuring Functional Obsolescence	30 minutes	Wednesday PM
Chap 6 -Measuring Economic Obsolescence	60 minutes	Wednesday PM/Thursday AM
Chap 6 -Accounting Considerations	45 minutes	Thursday AM
Chap 6 -Trade Level Adjustments	30 minutes	Thursday AM
Chap 6 -Rebuilds and Overhauls	15 minutes	Thursday AM
Chap 6 -Reconciliation	15 minutes	Thursday AM
Chap 7 - Introduction	15 minutes	Thursday AM
Chap 7 - Turnover Ratio	30 minutes	Thursday AM
Chap 7 - Income Multipliers	30 minutes	Thursday AM
Chap 7 - Unit Cost	30 minutes	Thursday AM/Thursday PM
Chap 8 - Regional and Jurisdictional Differences	30 minutes	Thursday PM
Chap 8 - Legal Distinctions and definitions	30 minutes	Thursday PM
Chap 8 - Special Properties	60 minutes	Thursday PM
Chap 9 - Online Personal Property Forms	15 minutes	Thursday PM
Chap 9 - Availability of Online Assessment Records	15 minutes	Thursday PM
Chap 9 - Online Appraisal Information	15 minutes	Thursday PM
Chap 9 - Personal Property Software	15 minutes	Thursday PM
Chap 10 - IAAO Standard on Personal Property	60 minutes	Thursday PM

IAAO Instructional Hours

Agencies have been informed and expect IAAO courses to consist of 30 instructional hours, exclusive of the final examination, and may base attendance credit on this figure. Therefore, IAAO instructors must ensure that the courses they teach run the allotted 30 hours. No agency should abbreviate the schedule in any way. Unauthorized abbreviations of a course may cause the agency to reassess the credit granted, and may also affect the instructor's IAAO annual performance rating.

The IAAO Education Subcommittee has recommended, and agencies have been informed, that the following is the regular schedule for all IAAO courses.

Monday (registration) 7:30 a.m.-8:00 a.m.

Monday (instruction) 8:00 a.m.-5:00 p.m.

Tuesday (instruction) 8:00 a.m.-5:00 p.m.

Wednesday (instruction) 8:00 a.m.-5:00 p.m.

Thursday (instruction) 8:00 a.m.-5:00 p.m.

Friday (instruction/exam) 8:00 a.m.-5:00 p.m.

(Examinations allow 2 ½ hours for workshops, 3 ½ hours for courses)

There will be two fifteen-minute breaks each day, one in the morning and one in the afternoon. In addition, students will be allowed at least one one-hour lunch period per day.

Agencies may alter the recommended schedule if they advise IAAO of their intention prior to the course and schedule for the appropriate number of hours.

Schedules for workshops should consider the specified number of instructional hours. Workshop schedules should also include appropriate morning and afternoon breaks and a lunch hour.

SOUTHWEST MISSOURI CHAPTER

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS

CHAPTER TRAINING COURSE ATTENDANCE REQUIREMENTS:

Education attendance will be monitored by each student personally signing a registration form with their name and address, state real estate appraiser's license/certification number, if the student is a licensed or certified real estate appraiser, at the beginning of the course, upon return from lunch and at the end of the course each day.

Any student failing to sign in at the required times will not receive a certificate of attendance or certificate of continuing education.

The course/workshop registration log will be maintained by the chapter's secretary with the official documents of the chapter for a period of 3 years, covering the renewal period for the Missouri State Real Estate Appraisers Commission licensure renewal period. The registration log will be made available to any and all state licensing authorities upon request.

CHAPTER TRAINING COURSE INSTRUCTOR QUALIFICATIONS:
All instructors will submit their appraisal/teaching experience to the Chapter's Education Committee for review and approval prior to agreeing to sponsor a training course/workshop by an individual.

The instructor(s) will either be:
state real estate certified by their respective home state and in good standing at the time of the course/workshop,
or
have a designation by a national real estate appraisal organization and in good standing with the organization at the time of the course/workshop,
or
have sufficient knowledge and work experience to present information contained in the course/workshop as determined by the Chapter's Education Committee.

Course Fee: $600.00 per student for non-Chapter members, $575.00 for Chapter members.

Ken Olive
Secretary
Southwest Missouri Chapter of IAAO

INTERNATIONAL ASSOCIATION
of ASSESSING OFFICERS
Valuing the World™

Certificate of Completion

The International Association of Assessing Officers
presents this certificate to

Jean Spiegel (Sample Certificate)

in recognition of satisfactory completion of

IAAO Course
500 - Assessment of Personal Property
(30.0 hours)

conducted by

The International Association of Assessing Officers

December 15, 2017

Executive Director

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS
CORPORATE SEAL
ILLINOIS

SOUTHWEST MISSOURI CHAPTER
INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS

Certificate of Attendance

Name

In Recognition of Attending
the
IAAO – Course 500 –
Assessment of Personal Property

Ozark, Mo. **July 23 to 27, 2018**

XX.X hours Continuing Education
Approved by the Missouri State Real Estate
Appraisers Commission.

_____ _____

Instructor **President**

Southwest Missouri Chapter of International Association of Assessing Officers
Springfield, Mo.

Course Name: Assessment of Personal Property
Course Date: July 23 - 27, 2018
Course Location: Ozark, Mo.
Number of Hours of Continuing Education: 30
Instructor: Mr. Jewette Farley, CAE, CLA

PLEASE PRINT:

Name	State Certification: License/Residential/ General	Certificate/License Number	Address	City	State	Zip	Morning: Initial	Noon: Initial	Afternoon: Initial	Completion: Initial

SOUTHWEST MISSOURI CHAPTER

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS

IAAO CHAPTER

000186 DEC 21

December 18, 2017

Missouri Real Estate Appraisers Commission
PO Box 1335
Jefferson City, Mo. 65102-1335

Please accept the enclosed application for Course Approval and attachments for real estate appraiser's continuing education hours. We are scheduling one course, IAAO Course 500 - Assessment of Personal Property, for July 23 to 27, 2018 to be held in Ozark, Mo.

I have enclosed a Course Approval Program – Missouri Real Estate Appraisers Commission for an Initial Course Approval for Continuing Education hours along with several attachments.

I should note, as this educational course is provided under the guidelines of the International Association of Assessing Officers (IAAO), Kansas City, Mo., after meeting all of the IAAO's requirements, the IAAO will be providing either a "certificate of successful completion", if the student successfully passes the written exam on Friday or should the student either not take the exam or not successfully pass the exam, a "certificate of attendance" will be issued directly to the student. A copy of the "certificate of completion" is attached.

The Southwest Missouri Chapter of IAAO will issue a certificate of attendance to only the students who complete the 30.0 hours of education. A copy of the certificate is attached.

Enclosed is my personal check for the amount of twenty-five ($25.00) dollars for the application fee for the Continuing Education Course Approval.

If you need additional information, please let me know and I will provide it at once.

Please notify me of the course approval and the number of continuing education hours granted.

Thank you for your time and consideration.

Yours,

Ken Olive
Chapter Secretary/Education Committee – SW Mo Chapter of IAAO
Mailing address:
65 Sophia Ln
Camdenton Mo 65020
573-480-6510
Email: kaolive51@gmail.com