

Appraisal Procedure

In every appraisal, an appraiser must follow the Uniform Standards of Professional Appraisal Practice or USPAP. This is law and has been developed and refined over the years. The rules and standards in this document outline the acceptable standards to which an appraisal must be prepared.

The “appraisal” is actually an entire procedure consisting of two major parts:

1. **The Appraisal** – where a procedure is followed and through research and analysis of data coupled with the data on the subject property a value is estimated
2. **The Report** – where the results of the appraisal are reported

As a consumer, you see actually very little of the entire process. You are usually present for the inspection portion of the appraisal – a procedure of data gathering which doesn’t take that long for an experienced appraiser and then you see the final report.

We’ve prepared a chart (attached) in which the details of this procedure are more fully outlined since you don’t see all the steps that go into the research and analysis of the appraisal or the writing of the report.

Appraisal Contents

<ol style="list-style-type: none">1. Cover Page with Photo2. Table of Contents3. URAR (Uniform Residential Appraisal Report)<ol style="list-style-type: none">a. Market and Neighborhood Datab. Subject Datac. Subject Room and Size countd. Commentse. Market Grid Calculationsf. Commentary and Conditionsg. Reconciliationh. Final Value Estimatei. Cost Approach Calculationsj. General Conditionsk. Definition of Market Valuel. Limiting Conditionsm. Certification4. Market Conditions Addendum – this new “MC” for requires the appraiser to collect data and analyze	<ol style="list-style-type: none">5. Land Sales from MLS to estimate site value6. Land Value Analysis from Excel Analysis if necessary Photograph Addendums – exterior7. Photograph Addendums – interior8. Building Sketch9. GLA Calculations10. Photograph Addendum of Comparable Sales11. Location Map of Subject and Comparables12. Flood Map from FEMA showing subject determined by GPS coordinates13. Deed, legal description or survey addendum if available14. Land Sales if necessary
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Appraisal Procedure

1	2	3	4	5	6	7	8	9	10	11	12
Appraisal Assignment from Bank	Establish Scope of Work	Research Market Data	Research Subject Data	Schedule Inspection	Property Inspection	Prepare Data	Determine Highest & Best Use	Analyze Data	Appraisal Calculations	Prepare Report	Deliver Report
Office	Office	Office/Field	Office/Field	Office	Field	Office	Office	Office	Office	Office	Office
Bank requests appraisal by Fax or email. Bank usually provides deed and other documents, including purchase and sale agreement.	Bank special requests and needs. As-is or subject to repairs or construction.	Update comparable data base from MLS and Country transaction reports. Update cost data from Marshall & Swift Valuation Service. Evaluate market trends with respect to values and marketing time.	Obtain taxes, tax card and tax map from town or on-line source. Obtain zoning and zoning ordinance. Check sales history of subject. Check listing history of subject in MLS. Get purchase and sale agreement. Get plans, specs, budget if construction.	Call owner or broker to arrange showing of property. Insure broker or owner provides missing documents.	Visit property. Measure outside of property and all out buildings. Photograph outside and interior of property. Sketch floor plan. Note age, construction materials, quality of construction, unfinished items, deferred maintenance. Note amenities such as decks, porches, fireplaces, outbuildings. Note heating system(s). Estimate effective age. Note & measure site improvements. Get GPS Coordinates of subject property. Note access and drive, utilities.	Search MLS for comparables and neighborhood sales. Search MLS for land sales. Review and analyze purchase and sale agreement. Assemble photographs Sketch property and calculate all areas. Prepare location map, flood map and aerial map.	Analyze and confirm highest and best use -- use finding to choose comparable sales. Sort potential comparables and use appropriate sales in grid. Assemble pages for report as required. Analyze deed. Analyze purchase and sale agreement and concessions.	Analyze neighborhood for value trends for depreciation. Estimate land value -- do separate analysis if necessary. Estimate land value of each comparable. Estimate effective age of each comparable. Review any owner supplied data.	Estimate site value for subject property and all comps. Calculate reproduction cost for cost approach. Calculate depreciation. Calculate and apply adjustments for depreciation, site value, effective age, bathrooms, GLA (Size), basement, basement finish, amenities, heating system, garages, etc.	Collect adjustments in report, reconcile all comps to a final value, reconcile this final value with other approaches. Appraisal now has a final value. Check for USPAP compliance and errors.	Print and mail report. Email report and status to client.
Establish client data, subject data, address, billing info, report requirements	Scope of work traditionally follows USPAP -- changes with construction.	Multiple on-line data bases are utilized. Our database has over 60,000 records and we use dozens of on-line sources.	Also check sales history of all comparables		Also inspect surrounding area and neighborhood. Estimate effective age of subject property.	Research and prepare Market Conditions Report for many parameters	Place photos & sketches in report. Place deed in report if available. Place additional data as required.			Reconcile all results into an estimate of the final value.	