

# Overview: Training Series

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## Series Description

### **Commercial Real Estate Training from the Appraisal Institute: *Appraisal Engagement, Appraisal Reviews, and Evaluations***

The Appraisal Institute has developed training specifically designed for lending, credit, and/or government staff who handle engagement, review, and evaluation functions for appraisal related to commercial and residential real estate transactions and must comply with federal banking and federal appraisal regulations. The training consists of four seminars:

- Part A: Engaging Appraisers: Complying with the Regulations
- Part B: Sales Comparison Approach — A Case Study
- Part C: Income Approach — A Case Study
- Part D: Single-Family Residential — Understanding the URAR Report

Participants may choose to take one or more of the seminars, which provide insight into what the regulators expect from banks in terms of internal bank policy and process. The seminars also cover what is expected from appraisers in terms of the appraisal process, scope of work of an engagement, and valuation products available. By becoming familiar with the regulations and the appraisal process, bank staff enhance the bank's ability to order appraisals that not only comply with regulations but also provide a good risk mitigation tool and data to support the underwriting process.

## Overall CRE Training Objectives

At the conclusion of the CRE training, participants will

- Achieve a greater understanding of the federal regulations governing appraisals and appraisers who provide appraisals for federally related transactions
- Recognize a best practices process for successful appraisal engagement, including development, maintenance, and monitoring of a vendor panel
- Develop a greater understanding of USPAP and its SCOPE OF WORK RULE, which govern how an appraisal is performed and communicated to the client
- Recognize the importance of the appraisal review to the underwriting process—including what an appraisal review is and what it is not—scope of work of an appraisal review and how it should be reported

- Understand the use of the sales comparison approach when completing an appraisal review or an evaluation of an owner-occupied property, including work with a case study
- Understand the use of the income approach when completing an appraisal review or an evaluation of an investment property, including work with a case study
- Identify best practices for assessment of the URAR form and review each section of the report

# Overview: Part A

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## Seminar Description

*Part A: Engaging Appraisers: Compliance with the Regulations* covers federal appraisal regulations and federal banking regulations. It is divided into four sections. The first section covers the history and background of regulations governing single-unit (family) residential and commercial real estate, why this regulation was needed, and the changes it brought to the banking industry. Participants learn about federal appraisal regulations such as USPAP and its three most important rules for appraisers—ETHICS RULE, COMPETENCY RULE, and SCOPE OF WORK RULE. This is followed by the banking regulations that also cover appraisals, which include two congressional laws—FIRREA and FDICIA—and the banking industry’s response to the laws, the IAEGs and FAQs – General and FAQs – Subdivisions. Attendees will learn the procedures for selecting an appraiser, which transactions require an appraisal, minimum appraisal standards, transactions that permit evaluations, evaluation development and content, requirements for reviews, and requirements concerning third-party arrangements.

The third section covers the process for ordering an appraisal—developing, maintaining, and monitoring a vendor panel. The fourth section provides more insight into USPAP’s SCOPE OF WORK RULE and how it affects ordering an appraisal that is in compliance with both sets of regulations. Participants will learn about the documents that banks need to provide to the appraiser, inspection requirements, market analysis, selection of approaches, and level of research and analyses. The handbook can serve as a useful reference for attendees.

## Learning Objectives

At the conclusion of Part A, participants will be able to

- Recognize federal appraisal and federal banking regulations
- Identify best practices for establishing, maintaining, and monitoring a fee appraiser panel
- Understand the appraiser’s requirement to comply with USPAP’s SCOPE OF WORK RULE in connection with ordering an appraisal of commercial real estate

## Learning Enhancements

The seminar was designed with a variety of elements to enhance your learning experience.

- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the seminar. Look them over before the Section begins so that you have a frame of reference as you move

through the material. At the end of each section, 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 Questions.** The instructor will introduce brief questions so the class can discuss how they would apply to a particular concept or technique. Sometimes there are no “right” answers to discussion questions, but suggested responses are given.

## **General Information**

- **Breaks.** There will be one 10-minute break during the session unless noted otherwise by the seminar sponsor.

## **USPAP References in This Handbook**

All references to the Uniform Standards of Professional Appraisal Practice (USPAP) are taken from the 2024 edition (Washington, D.C.: The Appraisal Foundation).

# Overview: Part B

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## Seminar Description

*Part B: Sales Comparison Approach — A Case Study* covers the use of the sales comparison approach in completing an appraisal review or an evaluation of a land parcel. It is divided into two sections. The first section introduces the sales comparison approach and discusses its usefulness for different types of properties. Scope of work issues are also briefly introduced, including the number of sales required, client requirements, level of data confirmation, level of inspection, and level of comparison and analysis. At the beginning of the second section, participants are introduced to Case Study 1 and refer to it as they discuss the steps of the review process. The class will use the Engagement Proposal / Reviewer's Checklist to work through the case study.

## Learning Objectives

At the conclusion of Part B, participants will be able to

- Recognize when the sales comparison approach is appropriate for an appraisal or an evaluation
- Discuss resources available to appraisers / reviewers
- Recognize the appropriate methodology to complete the approach

Understand the focus of the reviewer or review appraiser (RA)

- Are the comparable sales selected reasonable
- Are the adjustments to the comparable sales reasonable
- Is the value conclusion reasonable

## Learning Enhancements

The seminar was designed with a variety of elements to enhance your learning experience.

- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the seminar. Look them over before the section begins so that you have a frame of reference as you move through the material. At the end of each section, 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.

- **Case Study.** Participants will use a Reviewer's Checklist to work through the case study and review the methodologies presented in the seminar.

## General Information

- **Breaks.** There will be one 10-minute break during the session unless noted otherwise by the seminar sponsor.

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# Overview: Part C

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## Seminar Description

*Part C: Income Approach — A Case Study* begins by discussing the methodology for the income approach and the types of properties for which the income approach is used. Scope of work issues are discussed in relation to the appraisal, evaluation, and appraisal review. Participants will refer to Case Study 2 as they observe how to estimate income from all sources, adjust for market vacancy and collection loss, deduct expenses, and use direct capitalization.

## Learning Objectives

At the conclusion of Part C, participants will be able to

- Understand when the income approach is appropriate
- Recognize and discuss resources available to complete the income approach
- Recognize the appropriate methodology for the income approach
- Recognize the focus of the reviewer
  - Is the report's quality and quantity of data appropriate
  - Is the analysis complete and accurate
  - Is the value conclusion credible

## Learning Enhancements

The seminar was designed with a variety of elements to enhance your learning experience.

- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the seminar. Look them over before the Section begins so that you have a frame of reference as you move through the material. At the end of each Section, 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 Questions.** The instructor will introduce brief questions so the class can discuss how they would apply to a particular concept or technique. Sometimes there are no “right” answers to discussion questions, but suggested responses are given.

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# Overview: Part D

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## Seminar Description

*Part D: Single-Family Residential — Understanding the URAR Report* introduces participants to the forms used for single-family appraisal and focuses on the URAR form. Participants will identify best practices for assessment of the URAR form and understand the scope of work and value premise used. They will learn about the type of data used and verification sources used for that data. Most importantly, they will review each section of the report separately so they understand the steps necessary for completing a residential appraisal.

## Learning Objectives

At the conclusion of Part D, participants will

- Recognize how appraisers document their opinion of market value using the sales comparison approach, how they select comparable sales, and how they use procedures for making adjustments.
- Identify the steps necessary to complete a real estate appraisal
- Contrast the three appraisal approaches used to arrive at an opinion of value
- Identify all the elements recorded on a URAR report
- Describe how and why adjustments are made to comparable properties
- Understand and recognize the impact of rules on appraisal independence

## Learning Enhancements

The seminar was designed with a variety of elements to enhance your learning experience.

- **Learning Objectives.** Each learning objective covers essential information you need to know to fully understand the concepts in the seminar. Look them over before the Section begins so that you have a frame of reference as you move through the material. At the end of each Section, 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.
- **Examples.** Supplementing the discussions, there are short examples to help you visualize and practice what you are learning.

## **USPAP References in This Handbook**

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