Welcome to “In-credible Appraisal” and Review-A study in the unique
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The Review Process

**STEP 1**

<table>
<thead>
<tr>
<th>Identification of the Problem</th>
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<tbody>
<tr>
<td>Identify the client and any other intended users</td>
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<tr>
<td>Identify the intended use of the reviewer’s opinions and conclusions</td>
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<tr>
<td>Identify the purpose of the review</td>
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<tr>
<td>Identify the work under review</td>
</tr>
<tr>
<td>Identify the effective date of the reviewer’s opinions and conclusions</td>
</tr>
<tr>
<td>Identify any assignment conditions connected to the review</td>
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**STEP 2**

Reviewer’s Scope of Work
### The Review Process

#### STEP 3  Reviewer’s Research and Analyses

Consistent with the reviewer’s scope of work, examine the work under review regarding:

<table>
<thead>
<tr>
<th>Completeness</th>
<th>Accuracy</th>
<th>Adequacy</th>
<th>Relevance</th>
<th>Reasonableness</th>
</tr>
</thead>
</table>

#### STEP 4  Review of Appraiser’s Analysis, Opinions, and Conclusions

- Develop an opinion whether analyses are appropriate within the context of the requirements applicable to that work.
- Develop an opinion whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and
- Develop reasons for any disagreement.
### The Review Process

**STEP 5 Review of Appraiser’s Report**

<table>
<thead>
<tr>
<th>Develop an opinion</th>
<th>Develop reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and</td>
<td>for any disagreement</td>
</tr>
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**STEP 6 Development of the Reviewer’s Own Opinion of Value**

When the scope of work includes the reviewer developing his or her own opinion of value*

**STEP 7 Reviewer’s Report Consistent with Intended Use**
**STEP 3  Reviewer’s Research and Analyses**

Consistent with the reviewer’s scope of work, examine the work under review regarding

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</table>

- Completeness
  - Comprehensive
  - Thorough
• **Completeness**
  
  – Site description section states that the zoning classification is C4, but the report contains no explanation of what the zoning label means
Accuracy

Companion to completeness

Best relates to data and analyses

Conformity

Correctness

Provable
Example

The narrative discussion of the cost approach is inconsistent with the cost approach summary …
• Adequacy

From a review context; two aspects

Minimum

Acceptable
• Adequacy Example

The appraisal report does not adequately address relevant characteristics of the property

Such as cross easements in a shopping center
ZONING:
The Subject Site per the Area Planning Commission is reported as a recently re-zoned PDRN. The Planned Development (PDNR) zoning is a “pending” zoning that is really contract zoning. The land is now “ear marked” for a specific project but will not be “so zoned” until the improvements are fully designed and approval signed off on (and completed and the final plat recorded as a technical matter). In essence the SITE is SPECIFIC USE ZONED.

For numerous reasons the locals are enamored with the use of PD Zoning to “control” what goes on in development. Often it ZONING seems more like mating elephants; entertaining monkeys; and herding cats than LAND PLANNING! Then there are the REAL ISSUES: the
• Reasonableness
  – Common sense—practical judgment, realistic, and credible
  – Rational—balanced and sound thinking, not excessive or extreme
  – Fair—impartial, objective, evenhanded, and open-minded
  – Acceptable—suitable
• Tests of reasonableness
  – An appraisal report under review states that public utilities are projected in the subject’s area within the next three to five years.
  • May need to verify with local officials
  – Did the appraiser select comparable sales that are similar in regard to the projected arrival of public utilities
Reviewer Objectivity

• One Last Thing
  – Talk about the Report
  – Don’t Talk about the Valuer

• If appraiser competency is an issue...
  – It will be manifest in the review report conclusions
  – No need to specify competency
Thank You