



VALUATION BEYOND
BORDERS

2017 INTERNATIONAL CONFERENCE

Presented by Appraisal Institute Canada & Appraisal Institute

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

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The Review Process

STEP 1 Identification of the Problem					
Identify the client and any other intended users	Identify the intended use of the reviewer's opinions and conclusions	Identify the purpose of the review	Identify the work under review	Identify the effective date of the reviewer's opinions and conclusions	Identify any assignment conditions connected to the review



STEP 2 Reviewer's Scope of Work	
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The Review Process

STEP 3 Reviewer's Research and Analyses				
Consistent with the reviewer's scope of work, examine the work under review regarding				
Completeness	Accuracy	Adequacy	Relevance	Reasonableness

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

Develop an opinion

whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and

Develop reasons

for any disagreement

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

Completeness

Accuracy

Adequacy

Relevance

Reasonableness

- **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

- Examples

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

- Relevance

Connected

Applicable

Useful

Significant

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

- **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



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Thank You