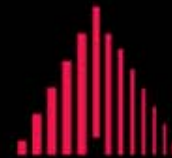


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Topics Covered

As Is Value, Prospective Value, and
Extraordinary Assumptions &
Hypothetical Conditions



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As Is Market Value - Definition

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date.



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Hypothetical Condition - Definition

*That which is contrary to what exists
but is supposed for the purpose of
analysis.*



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Therefore:

- Market Value 'As Is' **CANNOT** have a Hypothetical Condition associated with it !!!
- Market Value 'As Is' can have an Extraordinary Assumption associated with it – probably a good idea to get Client approval beforehand though



Prospective Market Value

According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report.



Prospective Market Value (Cont.)

- The prospective market value “as completed” reflects the property’s market value as of the time that development is expected to be completed.
- The prospective market value “as stabilized” reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy.



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Therefore:

- The Prospective Market Value 'As Completed' and 'As Stabilized' **CANNOT** have a Hypothetical Condition associated with them !!!
- Extraordinary Assumptions are associated with Prospective Market Value



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The URAR Conundrum

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:



The URAR Conundrum (Cont.)

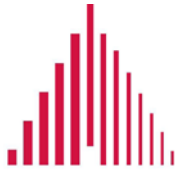
- Residential Appraisers need to ask client if loan is going to stay on the Bank's books or be sold to the secondary market
- For loans staying on the Bank's books, FIRREA must be followed; Dodd-Frank Act does not apply; URAR may not be appropriate form to use



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The URAR Conundrum (Cont.)

 AI Reports™ Form 100.03*	Client File #:		Appraisal File #:	
	Summary Appraisal Report • Residential			
	Appraisal Company:			
	Address:			
	Phone:	Fax:	Website:	



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The URAR Conundrum (Cont.)

Opinion of Value as of: _____ \$

The above opinion is subject to: Hypothetical Conditions and/or
Extraordinary Assumptions cited on the following page.