

Table of Contents

Overview..... ix

Course Schedule.....xiii

SECTION 1

Introduction

Developing a Reviewer’s Mentality.....1

Part 1. Role of the Reviewer

Preview Part 1.....5
Defining Review9
Why Clients Need Reviews12
Distinguishing Reviewer from Appraiser.....13
Overview of the *Review Process*18
Reviewer’s Focus21
Professional Perspective.....23
Review Part 125
Digging Deeper27
Self-Study Review Quiz29

Part 2. Reviewer Competency

Preview Part 2.....33
Overview.....35
Reviewer Aptitude and Review Proficiency36
Standards and Ethics Requirements38
Enhancing Review Skill Sets47
Review Competency—Applications48
Review Part 253
Self-Study Review Quiz55

SECTION 2

Part 3. Review Regulatory Environment

Preview Part 3.....	59
Reviewing the Past.....	61
Laws and Regulations Affecting Appraisers and Reviewers	65
Review Part 3	73
Self-Study Review Quiz	75

Part 4. Skill Sharpener #1

Preview Part 4.....	79
Skill Sharpener Exercises 4.1–4.20.....	81
Review Part 4	107

SECTION 3

Part 5. Review Assignment—Identification

Preview Part 5.....	109
Overview of the <i>Review Process</i>	111
Before Accepting the Assignment	113
Step 1: Identification of the Problem	115
Review Part 5	125
Self-Study Review Quiz	127

Part 6. Review Assignment—Scope of Work

Preview Part 6.....	131
Reviewer’s Scope of Work	133
Analyzing Key Inputs.....	136
Scope of Work Situations	140
Review Part 6	145
Self-Study Review Quiz	147

SECTION 4

Part 7. Reviewer’s Research and Analyses

Preview Part 7.....	151
Applying the Reviewer’s Research and Analyses	153
Tests of Reasonableness	166
Reviewer’s Framework for Review Opinions	172
Review Part 7	173
Self-Study Review Quiz	175

Part 8. Reviewer’s Opinions and Reasoning

Preview Part 8.....	179
Review of the Appraiser’s Analyses, Opinions, and Conclusions	181
Application of Step 4.....	185
Review Part 8	207
Self-Study Review Quiz	209

SECTION 5

Part 9. Reviewing the Appraiser’s Report

Preview Part 9.....	213
Transitioning from Development to Reporting	215
Developing Reasons for Disagreement.....	222
Review Part 9	225
Digging Deeper	226
Self-Study Review Quiz	227

Part 10. Reviewer’s Own Opinion of Value

Preview Part 10.....	231
It All Starts with Scope of Work	233
Reviewer’s Development and Reporting Process.....	239
Review Part 10	243
Self-Study Review Quiz	245

SECTION 6

Part 11. Reviewer's Report

Preview Part 11.....	249
General Thoughts.....	251
USPAP Requirements for Reviews.....	252
SVP Requirements for Reviews.....	255
Form Review Reports.....	256
Narrative Review Reports.....	266
Oral Review Reports.....	268
Review Part 11.....	271
Self-Study Review Quiz.....	273

Part 12. Skill Sharpener #2

Preview Part 12.....	277
Challenge: Reviewer's Scope of Work Discussion.....	279
Challenge: Create a Template for a Narrative Review Report.....	288
Review Part 12.....	295

SECTION 7

Part 13. Reviews Involving Complex Properties

Preview Part 13.....	297
Characteristics of a Complex Property.....	299
Examples of Complex Properties.....	300
Regional and super-regional shopping centers.....	300
Lodging facilities.....	301
Health care facilities.....	301
Gas stations and C-stores.....	302
Golf courses.....	302
Religious facilities.....	303
Special-use industrial facilities.....	303
Residential and nonresidential subdivisions.....	304
Conservation easements.....	304
Undeveloped land in transitional areas.....	305
Timeshares.....	305
Air rights.....	306
Review Part 13.....	311
Self-Study Review Quiz.....	313

Part 14. Challenging Review Assignments

Preview Part 14.....317
Suspected Fraud.....319
Comparing Two or More Appraisals.....321
Reviewing a Review324
Reviewing for Litigation Support326
Review Part 14329
Self-Study Review Quiz331

SECTION 8

Part 15. Reviewer-Appraiser Communication

Preview Part 15.....335
Why Communication Matters.....337
How Communication Works.....340
Suggestions for Reviewers.....342
Challenge: Drafting a Memo to the Appraiser345
Review Part 15347
Self-Study Review Quiz349

Part 16. Skill Sharpener #3

Preview Part 16.....353
Disclosure of Assignment Conditions.....355
Record Retention362
Part 16 Review365
Digging Deeper367
Self-Study Review Quiz369

Part 17. Exam Content Review

Preparing for the Exam373
Guidance on Taking the Final Exam373
Test-Taking Strategies374
Content Covered in the Course.....374
Self-Study Practice Test.....377

SECTION 9

Part 18. Course Review

Instructor’s Review—PowerPoint Classroom
Final Question and Answer Session Classroom

Final Exam

3-Hour Multiple-Choice Exam..... Classroom

DOWNLOADS (See link provided with registration letter)

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (redlined version)

Excerpts from *Appraising the Appraisal: The Art of Appraisal Review*, 2nd ed., by Richard C. Sorenson, MAI (Chicago: Appraisal Institute, 2010)

- Appendix B: Resources for Reviewers
- Appendix C: Sample Review Materials
 - Fannie Mae Form 2000/Freddie Mac Form 1052: One Unit Residential Field Review Report (March 2005)
 - Fannie Mae Form 2000A/Freddie Mac Form 1072: Two- to Four-Unit Residential Appraisal Field Review Report (March 2005)
 - Sample Appraisal Review Form for a Commercial Property
 - Sample Checklist for Reviewing Narrative Appraisal Reports
 - Sample Appraiser Performance Rating Form
- Appendix D: Articles for Further Reading
 - “Appraisal Review in a Litigation Support Role” by Jack P. Friedman, MAI, PhD, CPA, and Nicholas Ordway, PhD, JD, originally published in the January 2000 issue of *The Appraisal Journal*

Interagency Appraisal and Evaluation Guidelines, December 2, 2010

Appraisal Institute Standards of Valuation Practice (also available on the Appraisal Institute website under Professional Practice)

“Common Errors and Issues” (also available on the Appraisal Institute website under Professional Practice)

Overview

Course Description

Review Theory—General is the fundamental review course that all reviewers should have in their educational background. It is a required course for individuals pursuing the Appraisal Institute General Review Designation (AI-GRS – Appraisal Institute General Review Specialist).

At the core of this course is the *review process*. Participants embark on an in-depth exploration of the seven steps outlined in this process. To be a reviewer, an appraiser must learn how to develop opinions of completeness, accuracy, adequacy, relevance, and reasonableness relative to the work under review. These opinions must be refined through tests of reasonableness to develop reconciled opinions of appropriateness and credibility. By taking this course, participants will gain invaluable confidence in the fundamentals of review.

Learning Enhancements

The course has been designed with a variety of elements to enhance your learning experience.

- **Preview.** To give you a taste of what is to come, each part begins with a *Preview* page, which includes a brief overview of the content, learning objectives to consider as you move through the content, and learning tips that will assist you in understanding the information presented.
- **Learning Objectives.** Each learning objective covers information you need to fully understand the concepts in the course. Look them over before the part begins so that you have a frame of reference as you move through the material. At the end of each part, 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 and Problems.** Supplementing the discussions are examples, problems, and Review Reality Checks to help you visualize and practice what you are learning.
- **Fill-in-the-Blanks.** It is a proven fact that when you write something down, you are more apt to remember it. The Course Handbook includes various problems and discussion questions. Be sure to write out your solutions and annotate the handbook as much as possible. These additions will be a valuable resource as you prepare for the final exam.

- **Review.** Each part concludes with a review, which includes the learning objectives and may include key terms and concepts that have been covered. Also, where applicable, we've provided recommended readings from textbooks that will reinforce what you have learned in class.
- **Self-Study Review Quizzes and Practice Test.** A short quiz is included at the end of most parts, and a practice test is included at the end of Part 17. The questions are similar to the types of questions you might find on the final exam. By answering these multiple-choice questions, you will find out whether you know the information covered in that part. The review quizzes and practice test are intended for self-study, and answers are found in the Solutions Booklet.
- **Digging Deeper.** **Digging Deeper information goes beyond the scope of the course and is not intended to be covered in class. It is not tested directly on the course exam; however, appraisers should be familiar with it, as well as with all other material contained in the Course Handbook, whether or not it is presented in class.**

Classroom Guidelines

To make the course a positive experience for everyone attending, please follow these guidelines:

- 100% attendance is required. No exceptions.
- Limit use of laptops and wireless devices to classroom projects.
- Communicate with business associates during break time instead of class time.
- Put away reading materials such as newspapers and books that are not used in class.
- Silence cell phones.
- Use recording devices only if prior permission has been granted.
- Refrain from ongoing conversations with those seated near you and other distracting behavior.

General Information

- **Laptop computer.** This course includes writing exercises. Each participant will need his or her own laptop with word processing software.

Calculator. A financial calculator is required. The accepted model used in the course is the HP-12C. Other calculators may be used if participants know how to operate them. No class time will be used to cover the operation of other calculators. For additional help, go to the “Using a Financial Calculator” section of the Appraisal Institute’s website: www.appraisalinstitute.org/education/education-resources/using-a-financial-calculator

- **Important Note:** Laptops, cellular phones, tablets, iPads, wearable technology (smart watch, Apple Watch, Google Glass, etc.), and other devices that can store data or connect to the Internet are **NOT** permitted during the exam. In addition, all watches, wallets, bags, and purses must be removed and stored out of reach prior to taking the exam.
- **Breaks.** There will be two 10-minute breaks during the morning session and two 10-minute breaks during the afternoon session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during the morning and afternoon sessions.
- **Certificates** of completion will be emailed after completion of the course, and attendance during the entire course is required.

USPAP References

All references to the Uniform Standards of Professional Appraisal Practice (USPAP) are taken from the 2018–2019 edition (Washington, D.C.: The Appraisal Foundation).

Recommended Documents and Texts

- Appraisal Institute Standards of Valuation Practice (SVP)
- Uniform Standards of Professional Appraisal Practice, current edition
- *Review Theory and Procedures: A Systematic Approach to Review in Real Property Appraisal.* Chicago: Appraisal Institute, 2015.

- *Appraising the Appraisal: The Art of Appraisal Review*, 2nd ed. Chicago: Appraisal Institute, 2010.
- *The Appraisal of Real Estate*, 14th ed. Chicago: Appraisal Institute, 2013.

Other Useful Texts

- *The Dictionary of Real Estate Appraisal*, 6th ed. Chicago: Appraisal Institute, 2015.
- Charles B. Akerson, MAI, and David C. Lennhoff, MAI, SRA, AI-GRS, Editor. *Capitalization Theory and Techniques Study Guide*, 3rd ed. Chicago: Appraisal Institute, 2009.
- Charles B. Akerson, MAI. *The Appraiser's Workbook*, 2nd ed. Chicago: Appraisal Institute, 1996 [out of print but available through online sources].
- Stephen F. Fanning, MAI. *Market Analysis for Real Estate: Concepts and Applications in Valuation and Highest and Best Use*, 2nd ed. Chicago: Appraisal Institute, 2014.
- Don M. Emerson, Jr., MAI, SRA. *Subdivision Valuation*, 2nd ed. Chicago: Appraisal Institute, 2017.
- *Scope of Work and Range of Services*, 2nd ed. Chicago: Appraisal Institute, 2016.

Downloads

- Supplementary items that are not included in the print materials are available by download. These are on a secure link connected to the registration process.
- These files should be on your hard drive in an easy-to-locate folder. You may also print copies for class, but having the files available electronically will facilitate your work.

Exam

- 75 multiple-choice questions