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Overview

Seminar Description

Valuation by Comparison: Residential Analysis and Logic informs appraisers about the issues and procedures used in developing a sales comparison analysis for residential properties. Participants become immersed in the sales comparison approach through the use of mini case studies, examples, and discussion questions. Participants can follow along in the required textbook as the class goes through the slide presentation. Participants must purchase this book and bring with them to class.

The seminar begins in Chapter 1 by illustrating the reasons clients need appraisals. The importance of obtaining appropriate market data and knowing the market is emphasized. The qualifications and role of the appraiser are covered. Chapter 2 follows with a discussion of the term *value*. Both market value and value in use are covered. The value of real estate is broken down, and there is a discussion of equity and/or the illusion of equity. Next, in Chapters 3 and 4, participants learn about market value components and market analysis. These topics expose some current issues regarding risks to lenders in the current market. The impacts of over and undersupply are presented, which highlight the importance of supply and demand analysis.

In Chapter 5, participants learn that market consistency is an appraisal problem in some markets where buyers and sellers are negotiating prices that are not consistent. This makes supporting a value opinion difficult. If sale prices are erratic, it is difficult to reconcile a value opinion. There is also discussion of the use of “For Sale by Owner” transfers and comparable sales in which the appraised value caused a price reduction.

This topic is followed by Chapters 6 and 7 where the valuation process is outlined in commonly used forms, along with the process of data collection and some constant rules and applications to follow. The process of data collection is critical and varies from market to market. Search criteria and tools are also mentioned. The relationship of the approaches to value is presented with a discussion about depreciation. The discussion focuses on the rationale of the residential sales comparison approach through coverage of topics such as market value of actual sales, pending sales, new construction sales, expired listings, and rejected offers. The back stories of the comparable sales will help explain the reasons why some sales show a much higher value than others.

In Chapters 8-11, the seminar explores the techniques appraisers use to anticipate the actions of buyers and sellers in today’s market. The sales comparison grid and the individual attributes by line are discussed in detail with examples to support adjustments for dissimilar components that affect value. Various tools are presented that demonstrate the importance of consistency and logical reasoning for adjustments.

Learning Enhancements

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

- **Preview.** To give you a taste of what is to come, you will find a Preview page that begins each Chapter. Included on the Preview page are learning objectives to consider as you move through the content.
- **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 Chapter begins so that you have a frame of reference as you move through the material. At the end of each Chapter, 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 Topics.** Throughout the seminar, there are questions that provide you with additional ideas to consider as you absorb what you are learning.
- **Case in Point.** These mini case studies contain real-world situations that provide practice in applying the methodologies presented in the seminar.
- **Examples.** Supplementing the discussions, we've included examples to help you visualize and practice what you are learning.

Classroom Guidelines

To make the seminar a positive experience for everyone attending, please follow these guidelines when class is in session:

- 100% attendance is required. No exceptions.
- Limit use of laptops 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

- **Calculator.** A financial calculator is required. The accepted model used in the seminar is the HP-12C.
- **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 seminar 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 e-mailed after completion of the seminar. Attendance for the entire seminar is required.

Required Textbook

Participants must purchase this book and bring with them to class. The seminar is built around the book, and it differs from the traditional seminar because the “handbook” is a published text rather than a workbook. A link for ordering is provided on the course registration page of the Appraisal Institute Web site.

- Ratterman, Mark R., MAI, SRA. *Valuation by Comparison*, Second Edition (Chicago: Appraisal Institute, 2018).

Recommended Textbooks

- *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013).
- *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

USPAP References in This Handout

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