

Seminar Schedule

SESSION 1

Overview

Sign in
Introduction

Part 1. Cost Approach Basics and Applications

Cost Approach Basics
Limitations of the Cost Approach in Valuing Residential Properties
Strengths of the Cost Approach in Valuing Residential Properties
Applying the Cost Approach
Exercise 1
Client Guidance on the Cost Approach
USPAP Guidance on the Cost Approach
Standards Rule 1-4
Definition
Client Guidance on the Cost Approach
Fannie Mae Selling Guide
Freddie Mac Single-Family Seller/Service Guide
FHA's Single Family Housing Policy Handbook 4000.1
Lenders Handbook – VA Pamphlet 26-7
8 Steps in the Application of the Cost Approach – Overview
Estimate Site Value
Estimate Cost of Improvements
Estimate Entrepreneurial Incentive
Estimate Total Cost of Improvements
Estimate Depreciation in the Structure
Estimate Depreciated Cost
Estimate Contribution of Site Improvements
Derive Indicated Value of the Property

SESSION 1, cont.

Part 2. Land and Site Valuation

Estimate Site Value
Site Valuation Methods
Sales Comparison Approach
Market Extraction
Allocation
Land Residual Method
Ground Rent Capitalization
Morning Break
Exercises 2–3
Exercise 4 and Its Dataset
Exercise 5 and Its Dataset
Excess Land vs. Surplus Land
Excess Land
Surplus Land
Exercise 6
Review Exercise A

Part 3. Cost-Estimating Methods

Cost Estimating Methods
Estimate Cost of Improvements
Reproduction Cost
Replacement Cost
Direct Costs
Indirect Costs
Cost Estimating Methods
Comparative Unit Method
Unit-In-Place Method
Quantity Survey Method
Morning Break
Methods to Support Current Construction Cost
Cost Comparables
Exercise 7
Cost Estimating Services
1007 Form
Exercise 8 (Talk-Through)
Lunch
Cost Estimating Services
1007 Form
Exercise 9

SESSION 2

Part 4. Entrepreneurial Incentive and Entrepreneurial Profit

Entrepreneurial Incentive
Entrepreneurial Profit
Additional Observations
Exercise 10

Part 5. Depreciation Estimates and Practical Applications

Estimate Depreciation in the Structure
Three Major Factors That Cause Depreciation
Physical Deterioration
Functional Obsolescence
External Obsolescence
Three Primary Methods of Estimating Depreciation
Physical Age-Life Method
Economic Age-Life Method
Exercise 11
Afternoon Break
Review Exercise B
Market Extraction Method
Exercise 12
Exercise 13
Exercise 14
Exercise 15
Exercise 16
Breakdown Method
Afternoon Break

Part 6. Supporting Adjustments in the Sales Comparison Approach

Paired Data Analysis
Regression Analysis
Rental Capitalization
Cost and Depreciated Cost Data
Exercise 17
Exercise 18
Depreciation Rates
Surveys of Market Participants
Ranking Analysis

Session 2, cont.

Final Q & A and Evaluations

Wrap-Up