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SOLUTIONS

Overview

Course Description

Residential Site Valuation and Cost Approach is a practical, hands-on course designed and presented in a manner that addresses the actual employment and application of appraisal techniques learned in previous courses. This course concerns two basic aspects of residential real estate appraisal: land/site valuation and the development of the cost approach. Special attention is given to the appraisal of residential building sites and the various means of measuring accrued depreciation. Another major course component is class work that develops skills in developing a current cost estimate using market extraction, interview techniques, and information provided by professional cost data sources.

An in-depth case study is presented in three segments. It features the valuation of a two-unit residential rental property and demonstrates the fundamentals of site valuation, estimation of current improvement cost, and various methods of recognizing and measuring accrued depreciation.

This course provides 14 (15 with exam) hours of education and is divided into four sections. Section 1 consists of a detailed study of the development of a complete cost approach. The step-by-step process of estimating current construction cost is the focal point. Data sources and the comparative-unit method of cost calculation are explored in detail, and the specifics of the age-life and market extraction methods of estimating depreciation are discussed.

Section 2 focuses on applications of the breakdown method for estimating depreciation techniques, including physical deterioration, functional obsolescence, and external obsolescence. This section concludes with a discussion on cost approach summation, which includes a reconciliation of depreciation estimates.

Sections 3 and 4 focus on topics concerning site valuation. These sections cover residential site valuation principles, the concept of market analysis, and the development of a highest and best use conclusion. Section 3 contains a detailed study of the elements of comparison and the units of comparison as they are applied in the sales comparison approach for estimating site value. Section 4 presents the extraction and allocation methods of site valuation and concludes with a discussion of reconciliation of the value indications to a final opinion of site value.

This course is designed for individuals with introductory experience and an understanding of the fundamental concepts of appraising who wish to become a licensed and/or certified appraiser. It translates theory into practice through extensive and varied classroom activities. By applying concepts to real-world situations, participants can discover new ways to use their knowledge and analytical skills.

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, you will find a preview page that begins each part. Included on the preview page is 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 you're about to learn.
- **Learning Objectives.** Each learning objective covers essential information you need to know 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.
- **Case Study.** The case study contains real-world exercises that provide practice in applying the methodologies presented in the course.
- **Examples & Problems.** Supplementing the discussions, we've included examples and problems 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 has "missing" content in the outline that you will need to add in the space provided in your handbook as the instructor goes over the content.
- **Review.** Each part concludes with a review. Included in the review are the learning objectives and key terms and concepts that have been covered. Also, we've provided recommended readings from textbooks that will reinforce what you have learned in class.
- **Review Quizzes and Section Practice Tests.** Short quizzes are included at the end of most parts, and section tests are included at the end of each section. The questions are similar to the types of questions you might find on the exam. By answering the true/false questions, fill-in-the-blanks, or multiple-choice questions, etc., you will know whether or not you really know the information that was covered in that part. Answers to the review quizzes and practice tests are found in the solutions section at the end of the handbook.
- **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 on the course exam; however, appraisers preparing for the comprehensive exam should be familiar with it, as well as all other material contained in the course handbook, whether or not it is presented in class.**

Classroom Guidelines

To make the classroom environment 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

- **Calculators.** A financial calculator is required. The accepted model used in the course is the HP-12C. Other calculators can be used if participants know how to operate them. No class time will be used to cover the operation of other calculators.

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 each half-day session unless noted otherwise by the course sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during each half-day session to verify your attendance.
- **Certificates of completion** may be downloaded after completion of the course, and attendance during the entire course is required.

Recommended Texts

- *The Appraisal of Real Estate*, 15th ed.
- *The Dictionary of Real Estate Appraisal*, 7th ed.

Exam

- 30 multiple-choice questions