

Table of Contents

Seminar Description	v
Learning Objectives	vii
Seminar Schedule	ix
Preface	1

SECTION 1

Part 1. Introduction

Preview Part 1	3
The Effect of Inconsistency	5
Relevant References in USPAP	6
Definition of Inconsistent	7
When Does Inconsistency Occur?	8
Review Part 1	9

Part 2. Definition of Market Value

Preview Part 2	11
Market Value and Definitions	13
The “Markets”	15
Other Types of Value	16
The Principle of Contribution	27
Cash Equivalency	34
Buyer Motivations	38
Review Part 2	45

Part 3. Market Analysis and Highest and Best Use

Preview Part 3	47
Definition	49
Market Area Delineation	50
Market Analysis	54
Highest and Best Use Analysis	64
Proper Reporting of Highest and Best Use	65
Comparable Sale Selection	66
Interim Use	70
Theory of Consistent Use	74
Review Part 2	79

SECTION 2

Part 4. The Three Approaches

Preview Part 4.....	81
Consistency within the Approaches.....	83
Consistency between the Approaches	111
Review Part 4.....	115

Part 5. Functional and External Obsolescence

Preview Part 5.....	117
Consistency within the Definitions	119
Functional Obsolescence	120
External Obsolescence	122
Review Part 5.....	125

Part 6. Reconciliation

Preview Part 6.....	127
Reconciliation is a Procedure	129
What Reconciliation is Not	133
Rounding	134
Final Reconciliation	138
Review Part 6.....	143

SOLUTIONS

Overview

Seminar Description

This fast-paced seminar is packed with thought-provoking material to which every residential appraiser and reviewer can relate. It was written for residential appraisers who are considering expanding their practice to non-lender work and are looking to take their analytical abilities to the next level. Inconsistency in data, analysis and reporting can escape notice of even the most seasoned appraisers. This seminar is not about nitpicking the appraisal; instead, the focus is on significant inconsistencies that can affect the credibility of the appraiser and the value opinion. Since inconsistency can strike at any part of the appraisal process, the scope of the discussion is broad rather than highly focused.

This seminar was written with residential appraisers and reviewers in mind. Participants should have working knowledge of some advanced residential procedures.

The seminar focuses on inconsistencies that can cause issues in the following general categories:

- Definition of *market value*
- Market analysis and highest and best use
- The three approaches
- Functional and external obsolescence
- Reconciliation

Learning Objectives

After completing this seminar, participants will be better able to

- Recognize inconsistencies with the definition of *market value* and the need to stay consistent with the type of value opinion developed.
- Understand how market analysis supports the highest and best use decision throughout the remainder of the appraisal process, and how to stay utterly consistent with the highest and best use.
- Recognize the need for consistency within and between the three approaches to value.
- Determine what constitutes functional and external obsolescence how to maintain consistency with both types of obsolescence in all three approaches.
- Complete a thorough, meaningful, and consistent reconciliation.

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, 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 material you're about to cover.
- **Learning Objectives.** Each learning objective covers information required for understanding the concepts in the seminar. 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, we've included examples and problems to provide everyday illustrations and help you visualize and practice what you are learning. Almost all the problems come from actual appraisers' files. Therefore, they are practical and realistic.
- **Discussion Questions.** To foster further discussion, we have included discussion questions which may or may not have a definitive correct answer, but they will elicit opinion.
- **Review.** Each part concludes with a *Review* page, which repeats the learning objectives and lists key terms and concepts that have been covered. Also, where applicable, we've provided recommended readings from textbooks, which will reinforce what you have learned in class.
- **Solutions.** A tabbed section of suggested solutions appears at the end of the seminar handbook. This section contains solutions to the discussion questions and problems. Working through the problems before looking at the suggested solutions helps you determine if you understand the concepts or if you need to ask additional questions.

Classroom Guidelines

To make the seminar a positive experience for everyone attending, we have some guidelines for your consideration:

- 100% attendance is required. No exceptions.
- Limit use of computers 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 and other communication devices.
- 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 the HP-12C.
- **Breaks.** There will be two 10-minute breaks during the first session and two 10-minute breaks during the second session unless noted otherwise by the sponsor. The lunch break is one hour.
- **Attendance sheets** will be distributed during class to verify your attendance during both sessions.
- **Certificates of completion** may be downloaded after completion of the seminar, and attendance during the entire seminar is required.

Recommended Textbooks

The Appraisal of Real Estate, 15th ed. Chicago: Appraisal Institute, 2020.

The Dictionary of Real Estate Appraisal, 7th ed. Chicago: Appraisal Institute, 2022.

USPAP References in this Seminar

All references in this seminar to the Uniform Standards of Professional Appraisal Practice (USPAP) are taken from the 2020–2021 edition (Washington, D.C.: The Appraisal Foundation).