A Demonstration Mass Appraisal Report

Of (Type of Properties)

Located at

Market Area

Effective Date of Appraisal

Date of Report

Prepared for

Prepared by

     Date of Letter/report

     From

International Association of Assessing Officers

Professional Designation Subcommittee

314 W. 10th Street

Kansas City, MO 64105

Dear Subcommittee Members:

Attached is a demonstration mass appraisal report of       located at      . It is legally described as      .

This report, containing       pages and an addendum of       exhibits, is presented as a demonstration of my knowledge of and ability to apply mass appraisal procedures to an actual group of properties in fulfillment of one of the requirements of the IAAO Professional Designation Program. The purpose of the report is to estimate the market value of fee simple title to the unencumbered rights of the subject properties in xxxxx as of xxxxxx

Market value is defined as “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and both acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Property Assessment Valuation, International Association of Assessing Officers, Third Edition, IAAO, Kansas City, Missouri. Copyright 2010

According to the Uniform Standards of Professional Appraisal Practice (USPAP), this valuation assignment can best be described as encompassing a credible appraisal and the reporting option is a written mass appraisal report.

The opinion of value reported below is of the stated effective date and is contingent upon the certification and limiting conditions attached.

On the basis of my analysis, which is detailed in the report attached, I estimate the market value of the properties in the subject neighborhood as of the effective date of appraisal having a range of value from xxxx to xxxx       as of xxxxxxxx.

This letter is accompanied by a mass appraisal report.

Sincerely,

     name and signature

TABLE OF CONTENTS

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS X

THE APPRAISAL PROCESS X

TYPE OF APPRAISAL REPORT X

IDENTIFICATION OF THE CLIENT X

INTENDED USE OF THE APPRAISAL AND INTENDED USERS X

IDENTIFICATION OF THE SUBJECT PROPERTY X

PHOTOGRAPHS OF SUBJECT PROPERTY X

PROPERTY RIGHTS APPRAISED X

PURPOSE OF APPRAISAL X

DEFINITION OF VALUE AND DATE OF OPINION X

ASSUMPTIONS AND LIMITING CONDITIONS X

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS X

SCOPE OF WORK X

PRELIMINARY ANALYSIS AND PLAN X

GENERAL DATA X

SPECIFIC DATA X

COMPARATIVE DATA X

EXPLORATORY DATA ANALYSIS X

HIGHEST AND BEST USE ANALYSIS X

VALUATION PROCESS IN MASS APPRAISAL X

TYPES OF VARIABLES AND DATA TRANSFORMATION X

COST APPROACH X

SALES COMPARISON APPROACH X

INCOME APPROACH X

RECONCILIATION X

EXPOSURE TIME X

CERTIFICATION X

ADDENDUM

EXHIBIT A MAP OF THE AREA X

EXHIBIT B MAP OF THE CITY X

EXHIBIT C NEIGHBORHOODS X

EXHIBIT D LOCATION AND ZONING OF COMPARABLE SALES X

EXHIBIT E LOCATION OF COMPARABLE RENTALS X

EXHIBIT F LOCATION OF GROSS RENTAL MULTIPLIER SALES X

EXHIBITS OF SYNTAX OF ALL TRANSFORMATIONS AND RELATED SYNTAX X

EXHIBIT XX QUALIFICATIONS/RESUME OF APPRAISER X

# SUMMARY OF SALIENT FACTS AND CONCLUSIONS

|  |  |
| --- | --- |
| Purpose of the Appraisal and For Whom: |  |
| Property Rights Appraised: |  |
| Properties to Be Appraised:  Description of the Improvements: |  |
| Description of the Sites including Zoning: |  |
| Highest and Best Use Conclusions:  Final Model Testing and Performance Analysis for each Approach to Value:  Final Sales Ratio Study Results:  Effective Date of Valuation: |  |
| Date of Appraisal Report: |  |
|  |  |
|  |  |

Appraiser’s Name

THE APPRAISAL PROCESS ( Guide page 7)

TYPE OF APPRAISAL AND REPORT (Prospective, Current or Retrospective, see Guide page 7)

This report is a mass appraisal report as of the stated effective date of appraisal. (A written report prepared under USPAP standards rule 6 of the 2014-2015 Edition. The report format will meet USPAP Standard 6-8.

IDENTIFICATION OF THE CLIENT

International Association of Assessing Officers

IAAO Professional Designations Subcommittee

314 W. 10th Street

Kansas City, MO 64105

INTENDED USE OF THE APPRAISAL AND INTENDED USERS

The intended use of this appraisal is to satisfy the demonstration appraisal report requirement for an IAAO professional designation, either the RES or CAE. The intended user is the IAAO Professional Designations Subcommittee.

# IDENTIFICATION OF THE PROPERTIES TO BE APPRAISED (Guide page 7)

PROPERTY RIGHTS APPRAISED (Page 7)

The properties being appraised were appraised assuming fee simple title. “Fee simple title indicates ownership that is absolute and subject to no limitation other than eminent domain, police power, escheat, and taxation”, Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997).

# PURPOSE OF APPRAISAL

# The purpose of this appraisal is to estimate the market value of the market value of the defined rights of the properties being appraised as of the effective date of appraisal so that the appraiser can demonstrate their ability to apply appraisal practices and procedures to a property using actual data, to be reviewed by the International Association of Assessing Officers for the purpose of attaining a professional designation.

DEFINITION OF VALUE AND DATE OF VALUE ESTIMATES (Guide page 8)

Market value is defined in USPAP 2014-2015 Edition as “A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal”. For the purpose of this appraisal report the definition used will be

Market value for the purposes of this appraisal is defined as “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and both acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Property Assessment Valuation, International Association of Assessing Officers, Third Edition, IAAO, Kansas City, Missouri. Copyright 2010

For the purposes of this appraisal, the specified date is the effective date of appraisal as stated elsewhere in this report.

# 

# GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This mass appraisal has been made with the following general assumptions:

* The properties were assumed to be free of any and all liens and encumbrances. Each property has also been appraised as though under responsible ownership and competent management.
* Surveys of the appraised properties have not been provided. We have relied upon tax maps and other materials in the course of estimating physical dimensions and the acreage associated with appraised properties.
* We assume the utilization of the land and any improvements is located within the boundaries of the property described. It is assumed that there are no adverse easements or encroachments for any parcel that have not already been addressed in the mass appraisal.
* In the preparation of the mass appraisal, interior inspections **have/have not** been made of the parcels of property included in this report. All inspections are made from the exterior only. It is assumed that the condition of the interior of each property is similar to its exterior condition, unless the assessor has received additional information from qualified sources giving more specific detail about the interior condition.
* Property inspection dates will have ranged in time from both before and after the appraisal date. It is assumed that there has been no material change in condition from the latest property inspection, unless otherwise noted on individual property records retained in the assessor’s office.
* We assume that there are no hidden or unapparent conditions associated with the properties, subsoil, or structures, which would render the properties (land and/or improvements) more or less valuable.
* It is assumed that the properties and/or the landowners are in full compliance with all applicable federal, state, and local environmental regulations and laws.
* It is assumed that all applicable zoning and use regulations have been complied with.
* It is assumed that all required licenses, certificates of occupancy, consents, or other instruments of legislative or administrative authority from any private, local, state, or national government entity have been obtained for any use on which the value opinions contained within this report are based.
* We have not been provided a hazardous condition’s report, nor are we qualified to detect hazardous materials. Therefore, evidence of hazardous materials, which may or may not be present on a property, was not observed. As a result, the final opinion of value is predicated upon the assumption that there is no such material on any of the properties that might result in a loss, or change in value.
* Information, estimates, and opinions furnished to the appraisers and incorporated into the analysis and final report were obtained from sources assumed to be reliable, and a reasonable effort has been made to verify such information. However, no warranty is given for the reliability of this information.
* The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made compliance surveys nor conducted a specific analysis of any property to determine if it conforms to the various detailed requirements identified in the ADA. It is possible that such a survey might identify nonconformity with one or more ADA requirements, which could lead to a negative impact on the value of the property(s). Because such a survey has not been requested and is beyond the scope of this appraisal assignment, we did not take into consideration adherence or non-adherence to ADA in the valuation of the properties addressed in this report.
* Possession of this report does not carry with it the right of reproduction, and disclosure of this report is governed by the rules and regulations of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and is subject to jurisdictional exception and the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

This appraisal has been made with the following general limiting conditions:

* The distribution of the total value estimated between the land and the improvements in this report is applicable only under the stated program of utilization. The values allocated to the land and buildings are not to be used in conjunction with any other appraisal and are invalid if they are.
* The intended use of this appraisal report is to satisfy the demonstration mass appraisal report requirement for an IAAO professional designation. The client is the sole intended user. This appraisal may not be appropriate for other uses or users.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS(Guide page 9)

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SCOPE OF WORK(Guide page 9)

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the mass appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by

the appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date of Appraisal, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser assumes no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

Extent of the Process of Collecting, Confirming and Reporting the Data

Process of Identifiying Properties

Process of selecting Properties to be Inspected

Type and Extent of Data Researched

Type and Extent of Analysis Applied to Arrive at Opinions or Conclusions

Preliminary Analysis and Plan (Page 9 of the Guide)

General Data (Page 9 of the Guide)

Physical Factors

Economic Factors

Government Factors

Social Factors

Summary of the forces influencing the properties being appraised

Neighborhhoods( Page 10 of the Guide)

Definition of a neighborhood

Describe and support the boundaries of the neighborhoods selected

Discuss neighborhoods including 3 stages, zoning,and highest and best use. ( Guide Page 10)

Specific Data ( Page 11 of the Guide)

Describe the procedure for collecting the data for the features below:

Land Data

Size, shape, and area of lots

Frontage and depth

Slope

Topography

Available utilities

Site amenities (e.g., golf course, lake view)

Nuisances (e.g., traffic, airport noise)

Improvement Data

Style/stories

Quality rating

Size of improvement

Heating/cooling

Bedrooms/bathrooms

Basement area/finish

Fireplaces

Porch, deck, patio areas

Effective age and condition

Detached Structures

Location Data

Water or golf course

Parks/greenbelts

View

Traffic

Proximity to amenities

Proximity to nuisances

##### Comparative Data (Guide Page 12)

Describe the procedure for collecting, validating, and reporting cost, sales, and income/expense data. Information to to consider include:

##### Cost

##### General cost data

##### Specific cost data

##### Sales

##### Price, date, etc.

##### Description of property sold

##### Usability of sale

##### Income and expense data

##### Description of property rented

##### Market rents

##### Vacancy rates

##### Stabilized allowable expenses

##### Overall capitalization rates

##### Exploratory Data Analysis (Guide Page 12)

##### Prior to model building, mass appraisers should develop a comprehensive understanding of the local market. This section should begin with a discussion, including definitions, of the various tools available for exploratory data analysis. Provide appropriate statistical analyses of land/site data, building data, and location data by market area, by neighborhood, and any other relevant stratification. Include in the analysis:

##### Data quality review

##### Data distribution

##### Market patterns and relationships

##### Time trends

##### Ratio study including IAAO Ratio Study standards

Highest and Best Use Analysis (Guide Page 12)

The Valuation Process in Mass Appraisal(Guide Page 12)

Basics of Modeling in mass appraisal, model specification and calibration, economic basis of model building, generalized model structures, and types of models.

Approaches to value in the report (include definitions and their sources)

Underlying economic principles and how they apply to each approach

Theory of each approach and outline the step-by-step procedures in mass appraisal

General overview of mass appraisal model structures for the three approaches to value

Primary steps used in building a mass appraisal model

Three statistical calibration techniques

Additive multiple regression analysis, including the output statistics

Analysis of residuals and predicted values, and how to handle outliers including importance and definition

assumptions in using multiple regression analysis

Discussion on the reconciliation process

Types of Variables and Data Transformation (Guide Page 13)

Cost Approach (Guide Page 13)

Sales Approach (Guide Page 13)

Income Approach – Residential Properties (Guide Page 13)

# RECONCILIATION

xxxx

# Exposure Time

# xxx

# CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

\_\_ the statements of fact contained in this report are true and correct.

\_\_ the reported analyses, opinions, and conclusions are limited only by the reported assump tions and limiting conditions, and are my personal, impartial, and unbiased professionally analyses, opinions, and conclusions.

\_\_ I have no (or the specified) present or prospective interest in the property that is the subject of this report, and I have no (or the specified) personal interest with respect to the parties involved.

\_\_ I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.

\_\_ Any services regarding the subject performed by the appraiser within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity is identified in the body of the report.

\_\_ my engagement in this assignment was not contingent upon developing or reporting predetermined results.

\_\_ my compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

\_\_ my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the IAAO Code of Ethics and Standards of Professional Conduct and the Uniform Standards of Professional Appraisal Practice.

\_\_ I have (or have not) made a personal inspection of the properties that are the subject of this report. (If more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

\_\_ no one provided significant mass appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant mass appraisal assistance must be stated.)

Appraiser Signature Date

# ADDENDUM

## Exhibit A Map of (city, area) showing location of the subject properties

## 

## Exhibit B Maps of Subject Neighborhoods with neighborhood boundaries showing the subject properties actual location and zoning

## Exhibit C Maps Showing Location and Zoning of All Comparable Sales, Gross Rent Multiplier Rentals and Sales

Syntax of all Transformations and Related Syntax

## Exhibit K Qualifications of the Appraiser

Employment

Education

Experience