A Residential Demonstration Appraisal Report

Of a (single family, duplex etc.)

Located at

Photo Subject

Effective Date of Appraisal

Date of Report

Opinion of Value

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 residential demonstration appraisal report of a       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 appraisal procedures to an actual property 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 to the subject property, as of

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:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and both acting in what they consider their own best interest;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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 an 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 subject property as of the effective date of appraisal       as:

     written and numerical

Sincerely,

     name and signature

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS 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

SALE'S HISTORY OF THE SUBJECT PROPERTY X

AREA (OR CITY) ANALYSIS X

NEIGHBORHOOD ANALYSIS X

SITE DESCRIPTION X

IMPROVEMENT DESCRIPTION X

ASSESSMENT AND TAX ANALYSIS X

HIGHEST AND BEST USE ANALYSIS X

APPRAISAL PROCESS X

COST APPROACH X

INCOME APPROACH X

SALES COMPARISON APPROACH X

RECONCILIATION AND FINAL VALUE ESTIMATE X

CERTIFICATION OF VALUE X

ADDENDUM X

Exhibit A Map of City X

Exhibit B Map of Subject Neighborhood X

Exhibit C Zoning Map X

Exhibit D Zoning Ordinance for X

Exhibit E Plot Plan(showing building placement on lot) X

Exhibit F Building Floor Plan X

Exhibit G Map of Site Sales X

Exhibit H Map of Comparable Rentals X

Exhibit I Map of Comparable Rental Sales X

Exhibit J Map of Comparable Sales X

Exhibit K Qualifications of the Appraiser X

# SUMMARY OF SALIENT FACTS AND CONCLUSIONS

|  |  |
| --- | --- |
| Purpose of the Appraisal and For Whom: |  |
| Property Rights Appraised: |  |
| Address of Subject Property Legal Description: |  |
| Improvement Description including year built/size:  |  |
| Site Dimensions and Area:  |  |
| Zoning:  |  |
| Assessed Valuation for the Year      : |  |
|  |  |
| 20xx Real Estate Taxes: | $ |
| Most Recent Sale Price/Date: Highest and Best Use: |   |
|  | Property as if Vacant |  |
|  | Property as Improved |  |
| Actual Age: |  |
| Effective Age: |  |
| Total Economic Life: |  |
| Remaining Economic Life: |  |
| Value Indications  |  |
| Cost Approach Value Estimate: |  |
| Site Value: |  |
| Improvement Value: |  |
| Income Approach Value Estimate: |  |
| Sales Comparison Approach Value Estimate: |  |
| Final Estimate of Value (Fee Simple): |  |
| Effective Date of Appraisal: |  |
| Date of Appraisal Report: |  |

Appraiser’s Name

TYPE OF APPRAISAL AND REPORT

This report is an appraisal report with a market value defined elsewhere in this report as of the stated effective date of appraisal. (A written report prepared under USPAP standards rule 2-2(a) pursuant to the Scope of Work as defined elsewhere in this report)

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 SUBJECT PROPERTY (Guide Page 9)

The subject property is      .

PHOTOGRAPHS OF THE SUBJECT PROPERTY

(Photos taken on      )

Front View

Rear View

Left Side View

Right Side View

Street View Looking

Street View Looking

Aerial View if Available

# PROPERTY RIGHTS APPRAISED

The subject property was 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 fee simple property rights of the subject 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 Opinion

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

1. The final estimate of value developed in this report is as of      . The use of this property at the time determined the distribution of the valuation between site and improvements. Any change in the present use of the property or the date of valuation may or may not affect the final conclusion of value that is stated in this report.
2. It is assumed that the legal description, status of title, and other matters legal in nature are correct. No responsibility is assumed by the appraiser for such legal matters, and this appraisal should not be construed as an opinion on such legal matters.
3. In the course of completing this appraisal, information was obtained from public records and from other individuals. Such information is presumed to be correct and reliable. No responsibility is assumed for any errors or omissions in such data.
4. The descriptions and analysis of the improvements in this report are based upon visual inspection of the property. No liability is assumed for any hidden defects that may exist in any structure or improvement.
5. Building sketches, plot plans, photographs, and other such exhibits are included in this report only to aid in visualizing the property. No survey of the property was completed, and drawings may not be to the correct scale. No liability is assumed for any errors or omissions in such exhibits.
6. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property and is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. Unless otherwise stated in the report, the property is appraised free and clear of any or all liens or encumbrances.
8. The appraiser does not agree to any appearance or the giving of testimony in any court, hearings, or conference unless proper prior arrangements have been made.
9. Unless nonconformity has been described in the appraisal report, it is assumed that the property conforms to all applicable zoning and use regulations and restrictions.
10. The appraiser assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise noted in the report.
11. The forecasts and projections contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are subject to changes with future conditions.

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

1.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.

2. The intended use of this appraisal report is to demonstrate knowledge to the IAAO subcommittee by the appraiser in the purpose of a designation. The IAAO is the sole intended user. This appraisal may not be appropriate for other uses or users.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

(Guide page 10)

#

SCOPE OF WORK(Guide page 10)

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 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.

SALES HISTORY OF THE SUBJECT PROPERTY AND COMPARABLE SALES

(Guide page 10)

Analyze all agreements of sale, options and listings of the subject property current as of the effective date of the appraisal; and

As of the date of appraisal the owner of record is      . The property       been involved in a sale within the past 3 years prior to the effective date of the appraisal.

 Sale Price

Sale Date

Analyze all sales, options or listings of the subject property that occurred within this time frame in this section.

# AREA (OR CITY) ANALYSIS (Guide Page 11)

This market area analysis will review how physical, economic, governmental, and social forces influence the subject property and influence an areas growth or decline.

# NEIGHBORHOOD ANALYSIS (Guide Page 12)

# SITE DESCRIPTION (Guide Page 13)

|  |  |
| --- | --- |
| Location: |       |
| Frontage, depth, width, area, shape: |       |
| Topography:  |       |
| Soil Conditions:

|  |
| --- |
| Utilities: |
| Electric: |
| Gas: |
| Water: |
| Sewer / Septic: |
| Telephone: |

Site Access |

|  |
| --- |
|       |
|       |
|       |
|       |
|            |

 |
|  |  |
|  |       |
|  |  |  |
| On-Site Improvements:Off-Site Improvements:  |       |
| Covenants, Easements and Restrictions of Record: |       |
| Flood Map: | The Flood Hazard Map shows the subject property       in a FEMA flood zone; Flood Insurance Rate Map Number       dated      .       |
| Locational Factors: |       |

Zoning designation and explanation:

Discussion of conformity or nonconformity:

IMPROVEMENT DESCRIPTION (see page 14-15 of the guide, not necessarily a complete list)

1. Physical Description of all major components and building size.

#

|  |  |
| --- | --- |
| Current Use:ITEM | DESCRIPTION |
|  |  |
| Architectural Style and Design: |  |
| Compatibility to Neighborhood: |  |
| Year Built: |  |
| Actual Age: |  |
| Effective Age: |  |
| Economic Life: |  |
| Total Economic Life: |  |
| Number of Stories: |  |
| Total Square Footage: |  |
| Foundation: |  |
| Basement Square Footage  |  |
| Basement Finish Area:Framing:Insulation: |  |
| Electric Amperage / Type |  |
| Plumbing Type / Material |  |
| HVACExterior Walls: |  |
| Roof Type and Material:Gutters and Downspouts:Windows/ Exterior Doors:Storm Windows/Doors:  |  |
| Interior Walls/Ceiling Finish:Interior Molding and Trim:Subflooring: |  |
| Floor Covering(s)Stairs:Interior Doors:Kitchen:  |  |
| Number of Rooms:  |  |
| Number of Bedrooms:  |  |
| Number of Bathrooms:Building Quality:  |  |
| Building Condition:  |  |

Fireplaces:

Special Features:

Attached Improvements/Garages/Carports:

Decks, Patios, Porches:

Site Improvements:

2. Architectural style and design: How these elements fit the character of the neighborhood, including a reference to the principle of conformity.

At the time of appraisal, the subject site is zoned      .

After a thorough analysis of the applicable zoning and discussions with      , it is my opinion that the present improvements are a       use.

3. Analysis of Effective Age, Economic Life and Remaining Economic Life

Effective Age is defined in the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) as:

“The typical age of a structure equivalent to the one in question with respect to its utility and condition, known as of the appraisal date. Knowing the effective age of an old building is generally more important in establishing value than knowing the chronological age.”

Economic Life is defined in the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) as:

“The period during which a given tangible asset, building, or other improvement to property is expected to contribute (positively) to the value of the total property. This period is typically shorter than the period during which the improvement could be left on the property, that is, its physical life.”

Remaining Economic Life (REL) is defined in the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) as:

“As of the appraisal date, the number of years in the future over which the operation of an asset is anticipated to be economically feasible; often expressed as a percentage of the total economic life (REL%).”

 

Actual Age

Effective Age

Remaining economic life

Total economic life

4. Age and condition analysis of the dwelling components and functional utility or lack of the building. (see page 15 of the guide)

# ASSESSMENT AND TAX ANALYSIS (see page 15 of the guide)

Three-Year Assessment / Appraisal Tax History Analysis



Assessment / Appraisal Level Analysis



My analysis of the subject’s assessment level compared to the comparable properties is the following: (Page 15 of the Guide)

# HIGHEST AND BEST USE ANALYSIS (Page 16 of the Guide)

According to the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) the highest and best use is defined as:

“A principal of appraisal and assessment requiring that each property be appraised as though it were being put to its most profitable use (highest possible present net worth), legal, physical, and financial constraints. The principle entails first identifying the most appropriate market, and second the most profitable use within that market. The concept is most commonly discussed in connection with underutilized land.”

Highest and Best Use Criteria

The site was evaluated for highest and best use as currently improved and as if vacant.

In both situations a highest and best use analysis must include consideration of the following criteria:

1. Legally permissible,
2. Physically possible,
3. Financially feasible, and
4. Most profitable use.

Highest and Best Use Of Property As If Vacant:

Legally Permissible

Physically Possible

Financially Feasible

Maximally Productive Use

The ideal improvement for this property would be described as      .

Highest and Best Use of Property As Improved:

Legally Permissible

Physically Possible

Financially Feasible

Maximally productive Use

# APPRAISAL PROCESS (Page 17 of the guide)

The cost, sales comparison and income approaches to value were completed and reconciled to arrive at a final estimate of value. Each approach is discussed below.

Cost Approach

Income Approach

Sales Comparison Approach

# COST APPROACH

The cost approach is based on the principle of substitution, defined in the Glossary for Property Appraisal & Assessment, that: “a potential owner will pay no more for a property than the amount for which a property of like utility may be purchased.”

The approach assumes that the cost to reproduce or replace an improvement, less depreciation (physical, functional, and external) plus the value of the site will be equal to its market value, Property Assessment Valuation, second edition. There are six steps in the cost approach:

1. “Estimate the land (site) value as if vacant and available for development to its highest and best use.
2. Estimate the total cost new of the improvements as of the appraisal date, including direct costs, indirect costs and entrepreneurial profit from market analysis.
3. Estimate the total amount of accrued depreciation attributable to physical deterioration, functional obsolescence, and external (economic) obsolescence.
4. Subtract the total amount of accrued depreciation from the total cost new of the primary improvements to arrive at the depreciated cost of improvements.
5. Estimate the total cost new of any accessory improvements and site improvements. Then estimate and deduct all accrued depreciation from the total cost new of these improvements.
6. Add site value to the depreciated cost of the primary improvements, accessory improvements, and site improvements, to arrive at a value indication by the cost approach.”

SITE VALUATION

 Six methods for valuing the site as if vacant are:

 Method selected and analysis why:

The comparable site sales on the following pages were analyzed to develop an estimate of value of the site for the subject.

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

 COMPARABLE SITE SALE ONE

Photo

|  |  |
| --- | --- |
| Address:  |  |
| Parcel ID Number: |  |
| Legal Description:  |  |
| Grantor: |  |
| Grantee:  |  |
| Recordation Data:  |  |
| Type of Deed:  |  |
| Date of Sale: |  |
| Sale Price:  |  |
| Financing:  |  |
| Source of Verification: |  |
| Lot Dimensions: |  |
| Lot Size: |  |
| Lot Shape: |  |
| Short description of Location:Topography:  |  |
| Access:Utilities:Highest and Best Use:Zoning:Notation of any unusual situations:Deed Restrictions: Easements and Encroachments: Comments:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SITE SALE TWO

Photo

|  |  |
| --- | --- |
| Address:  |  |
| Parcel ID Number: |  |
| Legal Description:  |  |
| Grantor: |  |
| Grantee:  |  |
| Recordation Data:  |  |
| Type of Deed:  |  |
| Date of Sale: |  |
| Sale Price:  |  |
| Financing:  |  |
| Source of Verification: |  |
| Lot Dimensions: |  |
| Lot Size: |  |
| Lot Shape: |  |
| Short description of Location:Topography:  |  |
| Access:Utilities:Highest and Best Use:Zoning:Notation of any unusual situations:Deed Restrictions: Easements and Encroachments: Comments:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

COMPARABLE SITE SALE THREE

Photo

|  |  |
| --- | --- |
| Address:  |  |
| Parcel ID Number: |  |
| Legal Description:  |  |
| Grantor: |  |
| Grantee:  |  |
| Recordation Data:  |  |
| Type of Deed:  |  |
| Date of Sale: |  |
| Sale Price:  |  |
| Financing:  |  |
| Source of Verification: |  |
| Lot Dimensions: |  |
| Lot Size: |  |
| Lot Shape: |  |
| Short description of Location:Topography:  |  |
| Access:Utilities:Highest and Best Use:Zoning:Notation of any unusual situations:Deed Restrictions: Easements and Encroachments: Comments:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SITE SALE FOUR

Photo

|  |  |
| --- | --- |
| Address:  |  |
| Parcel ID Number: |  |
| Legal Description:  |  |
| Grantor: |  |
| Grantee:  |  |
| Recordation Data:  |  |
| Type of Deed:  |  |
| Date of Sale: |  |
| Sale Price:  |  |
| Financing:  |  |
| Source of Verification: |  |
| Lot Dimensions: |  |
| Lot Size: |  |
| Lot Shape: |  |
| Short description of Location:Topography:  |  |
| Access:Utilities:Highest and Best Use:Zoning:Notation of any unusual situations:Deed Restrictions: Easements and Encroachments: Comments:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SITE SALE FIVE

Photo

|  |  |
| --- | --- |
| Address:  |  |
| Parcel ID Number: |  |
| Legal Description:  |  |
| Grantor: |  |
| Grantee:  |  |
| Recordation Data:  |  |
| Type of Deed:  |  |
| Date of Sale: |  |
| Sale Price:  |  |
| Financing:  |  |
| Source of Verification: |  |
| Lot Dimensions: |  |
| Lot Size: |  |
| Lot Shape: |  |
| Short description of Location:Topography:  |  |
| Access:Utilities:Highest and Best Use:Zoning:Notation of any unusual situations:Deed Restrictions: Easements and Encroachments: Comments:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

Units of Comparison Analysis of Vacant Site Sales



Elements of Comparison

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Comp | Subject | Comp # 1 | Comp # 2 | Comp # 3 | Comp # 4 | Comp # 5 |
| Sale Price |  | $      | $      | $      | $      | $      |
| Financing Terms |  |       |       |       |       |       |
| Sale Date |       |       |       |       |       |       |
| Location |  |       |       |       |       |       |
| Frontage  |       |       |       |       |       |       |
| Size  |       |       |       |       |       |       |
| Shape  |       |       |       |       |       |       |
| Topography  |       |       |       |       |       |       |
| Utilities  |       |       |       |       |       |       |
| Zoning |       |       |       |       |       |       |
|       |       |       |       |       |       |       |

Market Adjustment Analysis of Vacant Site Sales

Property Rights Conveyed

Financing

Conditions of Sale (if any)

Market Conditions (Time)

###### Time Sales Grid



Adjustment Grid



Location



Size



Shape



Topography



Utilities



Zoning







Site/Land Adjustment Grid



ANALYSIS OF VACANT SITE SALES AND RECONCILIATION OF VALUE

      X       =

It is the opinion of the appraiser that the estimated market value of the subject site as of the effective date of appraisal,      is:

BUILDING COST AND JUSTIFICATION

The Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) defines replacement cost as “The cost, including material, labor, and overhead, that would be incurred in construction of an improvement having the same utility to its owner as a subject improvement, without necessarily reproducing exactly any particular characteristics of the subject”. It defines reproduction cost as “The cost of constructing a new property, reasonably identical (having the same characteristics) with the given property except for the absence of physical depreciation, using the same materials construction standards, design, and quantity of workmanship, computed on the basis of prevailing prices and on the assumption of normal competency and normal conditions.”

For the purposes of this appraisal, the       cost new concept has been selected to be used in this appraisal.

Property Assessment Valuation, International Association of Assessing Officers, Third Edition, IAAO, Kansas City, Missouri. Copyright 2010) defines the methods of cost estimating as, “The methods of estimating current cost can be placed in four categories: the quantity survey method; the unit in place method; the square foot method, cubic foot or comparative unit method; and the trended historical cost method.”

The first, quantity survey method, is a complete itemization of all direct and indirect costs involved in the construction of a building. Building contractors and cost estimators normally utilize this method due to its accuracy and reliability. The second is the unit in place method, which is useful when individual components can be easily identified and quantified. It combines direct and indirect costs into a single figure that can be used to calculate individual parts of an improvement. When all of the parts have been accounted for they can be added together to arrive at a total improvement cost. This is also an accurate but time consuming method. Third is the comparative unit method, which arrives at a cost per unit by combining the direct and indirect costs of construction and expresses it as a cost per unit (square foot, cubic foot, etc.). The comparative unit method is easy to understand and compute. Fourth is the trended historical cost method. This method develops an estimated reproduction cost by trending the historical cost with an index or change factor. This is the simplest but also the least accurate.

ESTIMATION OF COST NEW:

DEPRECIATION ANALYSIS

Depreciation is the loss in value from the reproduction / replacement cost from any cause, as of the date of appraisal. The three types of value loss (accrued depreciation) that affect improvements are:

Physical deterioration:

Curable:

Incurable:

Functional obsolescence:

Curable:

Incurable:

External obsolescence:

Curable Physical Deterioration

Incurable Physical Deterioration (Short-Lived):



Incurable Physical Deterioration (Long-Lived):

Curable Functional Obsolescence

Incurable Functional Obsolescence

External Obsolescence

Summary Of The Cost Approach

The following summarizes each step in the taken in the analysis of the cost approach.

|  |  |
| --- | --- |
| Reproduction Cost New (Excluding site improvements) | $      |
|  |  |  |
| Less:  | Depreciation  |  |
|  |  |  |
|  | Physical Deterioration Curable | $      |  |
|  |  |  |
|  | Physical Deterioration Incurable |  |
|  | Physical Incurable (short lived) |       |  |
|  | Physical Incurable (long lived) |       |  |
|  |  |  |
|  | Functional Obsolescence Curable Incurable |            |  |
|  |  |  |
|  | External Obsolescence |       |  |
|  |  |  |
|  | Total Depreciation |  |       |
|  |  |  |
| Equals:  | Depreciated Value of Principal Improvements | $      |
|  |  |  |
| Plus:  | Site Value |       |
|  |  |  |
|  | Depreciated value of other improvements |       |
|  |  |  |
| Equals: | Value Indication by the Cost Approach | $      |
|  |  |  |
| Rounded: |  | $      |

All pertinent data available was reviewed in the analysis of the cost approach. It is my opinion that the estimated fair market value of the subject property as of       via the cost approach is:

# INCOME APPROACH

The income approach is based on the principle of substitution, defined in the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997), that: “a potential owner will pay no more for a property than the amount for which a property of like utility may be purchased.”

The capitalization of net income is not an appropriate technique to value single-family homes because they are not generally purchased based on their ability to produce net income. However there is a relationship between a single family home and its ability to produce gross income. In this demonstration appraisal a gross income multiplier will be used in the valuation of this property. According to Property Assessment Valuation, International Association of Assessing Officers, Third Edition, IAAO, Kansas City, Missouri. Copyright 2010 there are several assumptions that are made when using a GIM.

“The first is that the highest and best use of the property does not change over the remaining economic life of the property. It is also assumed the property remains rented at a constant rate with no unusual vacancy factor. A further assumption is that the subject property and the comparables are subject to the same market influences, are competitive with one another, have similar operating expenses, and have similar utility and amenities. A final assumption is that any differences between the subject and the comparables are reflected in the rents of each property.”

The steps involved in the Income Approach are:

1. Estimate the market rent for the subject property;
2. Develop a Gross Rent Multiplier (GRM);
3. Develop an indicated value of the subject property via the income approach.

The following rental comparables were analyzed to develop an estimate of gross rent for the subject property.

######  COMPARABLE RENTAL ONE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Lot Size: |  |
| Improvement Type: |  |
| Improvement Size: |  |
| Year Built: |  |
| Construction Quality: |  |
| Condition: |  |
| Number of Rooms: |  |
| Number of Bedrooms: |  |
| Number of Bathrooms: |  |
| Heating/Cooling: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Monthly Rent:Rental Date:Lease Conditions: |  |
| Comment: |  |

COMPARABLE RENTAL TWO

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Lot Size: |  |
| Improvement Type: |  |
| Improvement Size: |  |
| Year Built: |  |
| Construction Quality: |  |
| Condition: |  |
| Number of Rooms: |  |
| Number of Bedrooms: |  |
| Number of Bathrooms: |  |
| Heating/Cooling: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Monthly Rent:Rental Date:Lease Conditions: |  |
| Comment: |  |

COMPARABLE RENTAL THREE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Lot Size: |  |
| Improvement Type: |  |
| Improvement Size: |  |
| Year Built: |  |
| Construction Quality: |  |
| Condition: |  |
| Number of Rooms: |  |
| Number of Bedrooms: |  |
| Number of Bathrooms: |  |
| Heating/Cooling: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Monthly Rent:Rental Date:Lease Conditions: |  |
| Comment: |  |
|  |  |

###### COMPARABLE RENTAL FOUR

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Lot Size: |  |
| Improvement Type: |  |
| Improvement Size: |  |
| Year Built: |  |
| Construction Quality: |  |
| Condition: |  |
| Number of Rooms: |  |
| Number of Bedrooms: |  |
| Number of Bathrooms: |  |
| Heating/Cooling: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Monthly Rent:Rental Date:Lease Conditions: |  |
| Comment: |  |

COMPARABLE RENTAL FIVE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Lot Size: |  |
| Improvement Type: |  |
| Improvement Size: |  |
| Year Built: |  |
| Construction Quality: |  |
| Condition: |  |
| Number of Rooms: |  |
| Number of Bedrooms: |  |
| Number of Bathrooms: |  |
| Heating/Cooling: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Monthly Rent:Rental Date:Lease Conditions: |  |
| Comment: |  |

Units of Comparison Analysis



Elements of Comparison Analysis

###### Rental Recapitulation Grid

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Comp | Subject | Comp # 1 | Comp # 2 | Comp # 3 | Comp # 4 | Comp # 5 |
| Lease Date: |       |       |       |       |       |       |
| Lease Conditions: |  |       |       |       |       |       |
| Gross Monthly Rent: |  |       |       |       |       |       |
| Location: |  |       |       |       |       |       |
| Lot Size: |       |       |       |       |       |       |
| Dwelling Type: |       |       |       |       |       |       |
| Living Area: |       |       |       |       |       |       |
| Age (year built): |       |       |       |       |       |       |
| Quality: |       |       |       |       |       |       |
| Condition: |       |       |       |       |       |       |
| Rooms:  |       |       |       |       |       |       |
| Bedrooms:  |       |       |       |       |       |       |
| Bathrooms: |       |       |       |       |       |       |
| Air Conditioning: |       |       |       |       |       |       |
| Fireplace: |       |       |       |       |       |       |
| Garage: |       |       |       |       |       |       |
|      : |       |       |       |       |       |       |
|      : |       |       |       |       |       |       |
|      : |       |       |       |       |       |       |

Market Rent Adjustment Analysis

Market Conditions –Time

###### Time Rental Grid



Adjustment Grid



Lease Conditions





Lot Size



Dwelling Type



Living Area



Age



Quality



Condition



Rooms



Bedrooms



Bathrooms



Air Conditioning



Fireplace



Garage









Comparable Rentals Adjustment Grid



Gross Rent Multiplier

The second step is to develop a GRM. The process is merely the establishment of a relationship between gross monthly rent generated by the property and a reasonable value for the property.

###### COMPARABLE RENTAL SALE ONE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: |  |
| Gross Monthly Rent: |  |
| Gross Rent Multiplier: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
| Comment:Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years. |  |
|  |  |

######  COMPARABLE RENTAL SALE TWO

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: |  |
| Gross Monthly Rent: |  |
| Gross Rent Multiplier: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
| Comment: |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE RENTAL SALE THREE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: |  |
| Gross Monthly Rent: |  |
| Gross Rent Multiplier: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
| Comment: |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE RENTAL SALE FOUR

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: |  |
| Gross Monthly Rent: |  |
| Gross Rent Multiplier: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
| Comment:Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years. |  |

COMPARABLE RENTAL SALE FIVE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: |  |
| Gross Monthly Rent: |  |
| Gross Rent Multiplier: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
| Comment: |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.



Summary of Income Approach

The third and final step in the Income Approach is to apply the gross monthly rent to the GRM to produce an indication of value. The calculation follows:

|  |  |
| --- | --- |
| Gross Monthly Rent |       |
| X GRM |  X       |
| Value Indication |       |
| Rounded to |       |

It is the opinion of this appraiser that the indicated market value of the subject property via the income approach, as of      , is:

# SALES COMPARISON APPROACH

The sales comparison approach relies upon several economic principles; supply and demand, contribution and substitution. The principle of substitution is a primary factor and is defined in the Glossary for Property Appraisal and Assessment (Chicago: International Association of Assessing Officers, 1997) as: “a potential owner will pay no more for a property than the amount for which a property of like utility may be purchased.”

The steps involved in the sales comparison approach are:

1. “Defining the appraisal problem,
2. Collecting and analyzing the data,
3. Selecting appropriate units of comparison,
4. Making reasonable adjustments based on the market, and
5. Applying the data to the subject of the appraisal.” Property Assessment Valuation, International Association of Assessing Officers, Third Edition, IAAO, Kansas City, Missouri. Copyright 2010

COMPARABLE SALE ONE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: Zoning:Lot Size: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Heating/Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Comment:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SALE TWO

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: Zoning:Lot Size: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Heating/Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Comment:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SALE THREE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: Zoning:Lot Size: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Heating/Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Comment:  |  |

Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years.

COMPARABLE SALE FOUR

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: Zoning:Lot Size: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Heating/Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Comment: Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years. |  |

COMPARABLE SALE FIVE

Photo

|  |  |
| --- | --- |
| Address: |  |
| Parcel Number: |  |
| Location: |  |
| Sale Date: |  |
| Sale Price: |  |
| Terms of Sale: |  |
| Recordation Data: |  |
| Type of Deed: |  |
| Grantor: |  |
| Grantee: |  |
| Verification Source: |  |
| Financing: Zoning:Lot Size: |  |
| Dwelling Type: |  |
| Living Area: |  |
| Age: |  |
| Quality:Condition:Rooms: |  |
| Bedrooms: |  |
| Bathrooms: |  |
| Heating/Air Conditioning: |  |
| Fireplace: |  |
| Garage: |  |
|       |  |
|       |  |
|       |  |
| Comment: Analyze all agreements of sale, options and listings of the comparable sales as of the effective date of the appraisal; and prior three years. |  |

Units of Comparison Analysis



Elements of Comparison Analysis

Comparable Sales Recapitulation Grid

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Comp | Subject | Comp # 1 | Comp # 2 | Comp # 3 | Comp # 4 | Comp # 5 |
| Sale Price |       |       |       |       |       |       |
| Financing Terms |       |       |       |       |       |       |
| Date of Sale |       |       |       |       |       |       |
| Location |  |       |       |       |       |       |
| Zoning |       |       |       |       |       |       |
| Lot Size |       |       |       |       |       |       |
| Dwelling Type |       |       |       |       |       |       |
| Living Area |       |       |       |       |       |       |
| Year Built/Age |       |       |       |       |       |       |
| Quality |       |       |       |       |       |       |
| Condition |       |       |       |       |       |       |
| Rooms |       |       |       |       |       |       |
| Bedrooms |       |       |       |       |       |       |
| Bathrooms |       |       |       |       |       |       |
| Heating/Cooling |       |       |       |       |       |       |
| Fireplace |       |       |       |       |       |       |
| Garage |       |       |       |       |       |       |
|       |       |       |       |       |       |       |
|       |       |       |       |       |       |       |
|       |       |       |       |       |       |       |

Market Adjustment Analysis

Financial Terms

Market Conditions -Time

###### Time Sales Grid



Adjustment Grid



Location



Zoning



Lot Size



Dwelling Type



Living Area



Year Built/Age



Quality



Condition



Rooms



Bedrooms



Bathrooms



Heating/Cooling



Fireplace



Garage









Comparable Sales Adjustment Grid

Summary Of The Sales Comparison Approach

All pertinent data available was reviewed in the analysis of the sales comparison approach. It is my opinion that the estimated fair market value of the subject property as of       via the sales comparison approach is:

# RECONCILIATION AND FINAL VALUE ESTIMATE

Review of Developed Data

Analysis of Strengths and Weaknesses of Each Approach

Logical Selection of Final Value

The subject property has been inspected and all available relevant market data was analyzed. The indicated fair market value of the fee simple interest in the subject property, as of       is:

# Exposure Time

# 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 assumptions and limiting conditions and are my personal, impartial, and unbiased professional 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 no (or the specified) personal interest with respect to the parties involved.
* I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
* I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
* My engagement in this assignment was not contingent upon developing or reporting predetermined results.
* My compensation for completing this assignment is not contingent upon development or reporting 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      (Edition) Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, and with the Code of Ethics and Standards of Professional Conduct of the International Association of Assessing Officers.
* I have (have not) made a personal inspection of the property that is the subject of this report. (if more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
* No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

 Appraiser signature \_\_\_\_

 Date

# ADDENDUM

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

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## Exhibit B Map of Subject Neighborhood with neighborhood boundaries showing the subject property’s actual location and zoning

## Exhibit C Zoning Map

## Exhibit D Zoning Ordinance for

## Exhibit E Plot Plan

## Exhibit F Building Floor Plan

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## Exhibit G Map of Vacant/Site Sales

## Exhibit H Map of Comparable Rentals

## Exhibit I Map of Comparable Rental Sales

## Exhibit J Map of Comparable Sales

## Exhibit K Qualifications of the Appraiser

Employment

Education

Experience