

Course Outline

Appraisal Terminology

- **Lesson 1:** The use of specific nomenclature within the field of personal property appraising is critical to presenting as well as understanding the information contained within reports provided by the appraiser. Lesson 1 provides terms commonly used by appraisers in the course of their work including many of those important terms emphasized within the Uniform Standards of Professional Appraisal Practice (USPAP). A brief introduction to each term is also provided. In this way the student immediately receives an introduction to basic concepts which form the foundation of what follows. Finally, the six steps of the appraisal process are briefly analyzed from initially defining the appraisal problem to preparing the final appraisal report.

Appraisal Principles

- **Lesson 2:** Lesson 2 introduces the student to the various types of appraisal tasks he or she is likely to encounter. The appraiser is most often asked to determine value (monetary worth) such as fair market value but may also need to determine other types of value or to formulate an opinion of present worth, i.e., the present worth of monies that are anticipated to be received in the future from investment property. The concept of value, the different types of value, and the importance of identifying the type and definition of value used are discussed. Lesson 2 also focuses on another important appraisal task, estimating costs. Specifically, terms such as replacement cost (new), replacement cost (comparable), replacement cost (new reproduction), replacement cost (new production), and replacement cost (new) less depreciation will be discussed.
- **Lesson 3:** Lesson 3 focuses primarily on the all-important issue of scope of work. In basic terms, scope of work is the degree or amount of work an appraiser performs to arrive at his opinions or conclusions. The options for the appraiser to personally inspect the property or not to inspect the property are discussed. Objectives and intended uses of appraisals are briefly explained. The lesson familiarizes the student with the concept of ownership rights and with different kinds of property including investment property, marketable non-investment property, and service property. Contraband property is also discussed. This lesson describes the three kinds of values including investment value, market value, and owner value. The student will learn the three approaches to value (sales comparison, cost, and income approaches) as they are used to determine the monetary worth of various types of personal property.
- **Lesson 4:** Lesson 4 focuses on the various “intended uses” of appraisals, i.e., the various manners in which appraisals are used by a client and other intended users. Examples are for acquiring insurance or for making a noncash charitable contribution to a local museum or for litigation purposes. In the discussion of Federally-related uses, the student is introduced to IRS regulations including requirements of a “qualified appraiser” as well as what constitutes a “qualified appraisal.”
- **Lesson 5:** All items of personal property exhibit characteristics which render them relatively more desirable or less desirable within the marketplace. Lesson 5 explains value

characteristics, value creators, and value detractors such as depreciation and deterioration of condition. Lesson 5 also discusses the critical dates which are important to understand and document such as effective date of the appraisal and date of the report. The relationship of those dates determines whether an appraisal is “current,” “retrospective,” or “prospective.” Fractional, contingent, and hypothetical appraisals are also discussed as are limiting conditions and extraordinary assumptions. Blockage discounts and making use of photographs and other client-provided information when a personal, on-site inspection is not possible are also covered as is the related topic of online Internet appraisals.

- **Lesson 6:** Appraisers rely on several marketplace principles as well as principles relating to property itself as a basis for the appraisal process in which determinations as to values are made. Lesson 6 introduces the student to such principles as most appropriate marketplace, highest and best use, supply and demand, and the principle of substitution. The student will also learn the difference between identification and authentication, about due diligence in authenticating property, and when the appraiser is permitted to make use of the concept of readily apparent identity. Appraisal report disclaimers and terms of use that limit the appraiser’s liability and stipulates limitations as to how the appraisal report can be used and by whom are discussed.

Uniform Standards of Professional Appraisal Practice (USPAP) (This lesson is not testable when this course is taught in conjunction with the 15-hour National USPAP Course.)

- **Lesson 7:** This lesson will introduce the student to the history of The Appraisal Foundation (TAF) and to the TAF’s Uniform Standards of Professional Appraisal Practice (USPAP) including the Preamble of USPAP, USPAP Definitions, the four USPAP Rules (Ethics Rule, Competency Rule, Scope of Work Rule, and the Jurisdictional Exception Rule), the ten (10) Standards of USPAP, the USPAP Comments, ASB-issued Statements on Appraisal Standards, and Advisory Opinions. Also discussed is the individual’s responsibility to comply with USPAP when performing as an appraiser as opposed to when providing a service while performing outside the role of an appraiser.

Ethics and Standards of Professional Conduct

- **Lesson 8:** This lesson will familiarize the student with ethical standards and the ways in which ethics play a fundamental role in our profession. The lesson will review the ethical responsibilities we have to ourselves, to our appraisal profession, to our clients and other intended users of the appraisal report, and to the public in general. In addition, this lesson covers professional conduct of an appraiser and the need for objectivity, independence and complete honesty throughout the appraisal process. This lesson will provide the appraiser with an understanding of ethics-related issues such as conflicts of interest, unconsidered opinions, ethical and unethical fee structures, and the prohibition against misrepresentation of appraisal qualifications or professional designations.

Describing Property

- **Lesson 9:** Lesson 9 emphasizes the important issues of property description including identifying and describing the property’s relevant value-related characteristics including quality characteristics and value-related attributes. Description examples of various categories of property are provided as are tips for describing groupings, collections and accumulations of property. This lesson explains how the intended use of an appraisal and the USPAP report

type option employed (Self-contained, Summary or Restricted use) impacts the extent and detail of the subject property descriptions.

Research

- **Lesson 10:** Lesson 10 focuses on market and value research and analysis. It will discuss the research process as well as research resources that are typically used by the personal property appraiser. It demonstrates how appraisers objectively develops the basis for their opinion, analysis and conclusions. Usually it is based on an analysis of comparable properties that have been sold or are being offered for sale within the relevant marketplace. Specific value resources such as retail outlets, Internet Websites, and auctions will be discussed. Product knowledge resources such as authenticators, museum curators, appraiser colleagues, experts, dealers, collectors and collector clubs, authors, restorers, trade periodical editors, etc. will also be discussed. Documenting those who have provided significant personal property appraisal assistance in accordance with the requirements of USPAP is also covered in this lesson.

Writing an Appraisal Report

- **Lesson 11:** For the novice, putting together an actual appraisal report based strictly on theory and principles and without examples is difficult, to say the least. Lesson 11 overcomes that difficulty by listing the USPAP-required elements of appraisal reports and by giving examples of how those elements of information might actually be worded. In addition to the USPAP-required elements of information, the student will also learn of several optional elements which experience has taught us would be beneficial to add to the appraisal report as well.

The Professional Appraiser (this section is not testable)

- **Lesson 12:** This lesson focuses on the more basic of those issues and strategies which are unique or particularly applicable to the appraisal profession including business development, preparing a curriculum vitae, professional development, office equipment, tools of the appraiser and basic appraiser techniques such as communication with the client, what to do while on-site, using caution when inspecting property, making use of photographs in lieu of a personal inspection, delivering the report, appraisal updates, the requirements for maintaining assignment workfiles and keeping other records. In addition, the student will learn about issues relating to expert witness testimony including working with attorneys, preparing for trial, and tips on giving testimony either at a deposition or at trial.