

Table of Contents

About the Author	iii
Preface	v
Acknowledgements.....	vi
Table of Contents.....	vii
Introduction	1
<i>Course Outline.....</i>	<i>2</i>
Lesson 1: Appraisal Terminology	5
<i>USPAP</i>	<i>5</i>
<i>Appraisal.....</i>	<i>6</i>
<i>Appraiser</i>	<i>7</i>
<i>Valuation Services.....</i>	<i>9</i>
<i>Appraisal Practice.....</i>	<i>10</i>
<i>Online Appraisals</i>	<i>10</i>
<i>Personal Property.....</i>	<i>11</i>
<i>Fractional Appraisals.....</i>	<i>11</i>
<i>Intangible Property</i>	<i>11</i>
<i>Appreciable vs. Depreciable Personal Property</i>	<i>12</i>
<i>Comparable Properties.....</i>	<i>13</i>
<i>Bundle of Rights/Ownership Rights.....</i>	<i>13</i>
<i>Client</i>	<i>14</i>
<i>Intended User.....</i>	<i>15</i>
<i>Scope of Work</i>	<i>16</i>
<i>Intended Use.....</i>	<i>17</i>
<i>Value vs. Cost vs. Price.....</i>	<i>18</i>
<i>Assignment Conditions.....</i>	<i>20</i>
<i>Limiting Conditions.....</i>	<i>20</i>
<i>Extraordinary Assumptions.....</i>	<i>21</i>
<i>Hypothetical Condition.....</i>	<i>22</i>
<i>Objective of an Appraisal</i>	<i>22</i>
<i>Market.....</i>	<i>22</i>
<i>Primary vs. Secondary Markets.....</i>	<i>23</i>
<i>Verbal Approximation of Value.....</i>	<i>24</i>
<i>Appraisal Process.....</i>	<i>25</i>
Lesson 2: Appraisal Principles Part I – Value and Cost.....	29
<i>Value.....</i>	<i>29</i>
<i>Value-in-Use</i>	<i>29</i>
<i>Value-in-Exchange.....</i>	<i>30</i>
<i>Value-in-Place.....</i>	<i>31</i>
<i>Types of Value</i>	<i>31</i>
<i>Market Value.....</i>	<i>40</i>
<i>Fair Market Value</i>	<i>44</i>
<i>Liquidation Value.....</i>	<i>50</i>
<i>Orderly Liquidation Value.....</i>	<i>50</i>
<i>Forced Liquidation Value.....</i>	<i>51</i>
<i>Salvage Value</i>	<i>52</i>
<i>Scrap Value</i>	<i>53</i>
<i>Replacement Value</i>	<i>53</i>
<i>Other Types of Value</i>	<i>55</i>
<i>Loss-of-Value</i>	<i>58</i>
<i>Marketable Cash Value</i>	<i>61</i>
<i>Net Value.....</i>	<i>62</i>
<i>Book Value</i>	<i>62</i>
<i>Insurable Value</i>	<i>62</i>
<i>Types of Cost</i>	<i>63</i>

Replacement Cost.....	63
<i>Replacement Cost (New)</i>	64
<i>Replacement Cost (Comparable)</i>	66
Repair Cost.....	67
Present Worth.....	68
Non-Monetary Opinions.....	69
Walkarounds	69
Lesson 3: Appraisal Principles Part II	71
<i>Scope of Work</i>	71
Inspection vs. Non-Inspection	73
<i>Objectives of an Appraisal</i>	77
<i>Intended Uses of an Appraisal</i>	79
<i>Valuing Ownership Rights</i>	80
<i>Three Types of Property > Three Types of Values > Three Approaches to Value</i>	82
<i>Three Approaches to Determining Value</i>	87
Sales Comparison Approach	88
Cost Approach.....	92
Income Approach	93
Lesson 4: Appraisal Principles Part III - Intended Uses of Appraisals	96
<i>Appraisals for Buying or Selling</i>	96
<i>Appraisals for Transit-Related or Insurance Casualty Loss and Damage</i>	97
<i>Appraisals for Equitable Distribution</i>	104
Appraisals for Divorce	105
Appraisals for Estate Division	106
Appraisals for Business Dissolution	106
<i>Appraisals for Insurance</i>	107
Actual Cash Value (ACV) Insurance Policy	107
Replacement Cost Insurance Policy	113
Agreed Value Insurance Policy.....	114
<i>Federal Tax Liability Applications</i>	116
Noncash Charitable Contribution Appraisals	119
<i>When an Appraisal is and is not Required</i>	120
<i>Determining Fair Market Value</i>	123
<i>Qualified Appraiser</i>	124
<i>Excluded Individuals</i>	125
<i>Qualified Appraisal</i>	126
<i>IRS Form 8283</i>	131
<i>IRS Form 8282</i>	134
<i>Resources for Donation Appraisals</i>	134
Federal Estate Tax Appraisals.....	134
<i>Resources for Estate Tax Appraisals</i>	137
Casualty, Disaster & Theft Loss Deduction Appraisals	137
<i>Resources for Casualty Loss Appraisals</i>	141
Federal Gift Tax Appraisals	141
<i>Resources for Gift Tax Appraisals</i>	142
Bankruptcy Appraisals.....	142
<i>Present Worth of Investment Property</i>	143
<i>Liquidation Appraisals</i>	144
<i>State Inheritance and State Estate Taxes</i>	147
<i>Litigation Appraisals</i>	147
<i>Ad Valorem Property Tax Appraisals</i>	148
Lesson 5: Appraisal Principles Part IV	150
<i>Value Creators and Relevant Property Characteristics</i>	150
<i>Depreciation</i>	153
<i>Types of Appraisals and their Related Dates</i>	159
<i>Fractional Appraisals</i>	163
<i>Preliminary Appraisals</i>	165
<i>Contingent Appraisals</i>	166

<i>Hypothetical Appraisals</i>	167
<i>Limiting Conditions</i>	168
<i>Extraordinary Assumptions</i>	169
<i>Using Photographs to Appraise When a Hands-On Inspection is Not Possible</i>	171
<i>Online Appraisals</i>	174
<i>Blockage Discounts</i>	179
Lesson 6: Appraisal Principles Part V	183
<i>Valuation Principles</i>	183
<i>Identification & Authentication</i>	190
Copies, Fakes, Forgeries, Reproductions, Fantasy Items	190
Appraiser Assumed All-Knowledgeable	192
Identification.....	193
Authentication.....	195
<i>Disclaimers and Terms of Use</i>	202
Lesson 7: Uniform Standards of Professional Appraisal Practice (USPAP)	206
<i>USPAP in Brief</i>	212
<i>USPAP in Detail</i>	214
Preamble.....	214
Ethics Rule.....	215
Competency Rule	217
Scope of Work Rule	218
Jurisdictional Exception Rule	220
USPAP Standards 1 to 10.....	220
<i>USPAP Certification Statement</i>	223
Definitions	225
Statements on Appraisal Standards	225
Guidance from the Appraisal Standards Board	225
<i>Advisory Opinions</i>	225
<i>USPAP Frequently Asked Questions</i>	225
<i>When Must an Appraiser Comply with USPAP?</i>	226
USPAP's Illustration Helps Explain Obligations to Comply	231
<i>Appraisal Report Options</i>	232
Restricted Use Appraisal Report Option	234
Summary Appraisal Report Option	234
Self-Contained Appraisal Report Option	235
<i>Personal Property Appraiser Minimum Qualification Criteria (PPAMQC)</i>	236
Lesson 8: Ethics and Standards of Professional Conduct	238
<i>Code of Ethics</i>	239
<i>USPAP and Ethics</i>	242
Obligation to Clients.....	242
Obligation to Other Intended Users.....	244
Obligation to Colleagues and the Appraisal Profession	246
Obligation When Giving Testimony.....	247
Conflict of Interest.....	247
Fee Structures	248
Misrepresentation in Advertisement or Self-Promotion.....	250
Unconsidered Opinions	251
Lesson 9: Describing Property	252
<i>Examples of Descriptions</i>	256
<i>Lumping: Describing Groupings, Collections, and Accumulations</i>	259
Describing Groupings	260
Describing Collections	261
Describing Accumulations	261
<i>Tips for Describing Property</i>	262
Lesson 10: Research	264
<i>Most Appropriate Market</i>	264
<i>The Research Process</i>	267

<i>Research Resources</i>	272
More than One Appraiser: Significant Personal Property Appraisal Assistance and its Disclosure.....	277
<i>Market Data Analysis</i>	279
<i>Documenting Resource Evidence</i>	280
Lesson 11: Writing an Appraisal Report	281
<i>Required Content Depends on Type of Appraisal</i>	282
Required Content for Restricted Use Appraisals.....	283
Required Content for Summary Appraisals.....	286
Required Content for Self-Contained Appraisals.....	288
Optional Content for all Appraisals.....	291
Optional Report Design Features.....	292
Appraisal Report Structure.....	293
<i>Sample Appraisal Report Wording</i>	294
<i>Software Programs for the Appraiser</i>	299
Personal Property Appraisal Software.....	299
Gems & Jewelry Appraisal Software.....	300
Lesson 12: The Professional Appraisal Practice	301
<i>Business Development</i>	301
Your Business Website.....	302
<i>Professional Development</i>	303
Your Curriculum Vitae.....	304
<i>Office Furnishings and Equipment</i>	305
<i>Basic Appraiser Techniques</i>	306
Initial Client Contact.....	306
While On-Site.....	310
Commonly Used Tools of the Appraiser.....	311
<i>Recording Data While on-Site</i>	312
<i>Use Caution when Inspecting Property</i>	313
Making Use of Photographs.....	313
Delivering the Appraisal Report.....	314
Appraisal Updates.....	315
Record Keeping.....	316
<i>Workfiles</i>	316
<i>Business Records</i>	317
<i>Tax Records</i>	317
Expert Witness Testimony.....	318
<i>Being Hired and Trial Preparation</i>	319
<i>Presentation of Testimony or Deposition</i>	321
APPENDICES	323
<i>Appendix A: Client Data Form & Assignment Activity Log</i>	323
<i>Appendix B: Appraiser's Log Sheet Continuation Page</i>	324
<i>Appendix C: Contract for Appraisal Services</i>	325
<i>Appendix D: Contract with an Attorney</i>	326
<i>Appendix E: Expert Witness Engagement Letter</i>	329
<i>Appendix F: Pre-Appraisal Preparation Checklist</i>	331
<i>Appendix G: Professional Profile</i>	332
<i>Appendix H: Sterling Silver Inventory</i>	334
<i>Appendix I: Dinnerware Inventory</i>	335
<i>Appendix J: Letter of Introduction: General (to Moving Industry)</i>	336
<i>Appendix K: Letter of Introduction: Specific (to Estate Executor)</i>	338
<i>Appendix L: Sample Appraisal Report: For a Noncash Charitable Contribution</i>	339
<i>Appendix M: Sample Appraisal Report: For Acquiring Insurance for Scheduled Property</i> ..	342
<i>Appendix N: Sample Appraisal Report: For Estate Purposes</i>	346
<i>Appendix O: IRS Form 8283 Noncash Charitable Contributions</i>	350
<i>Appendix P: IRS Form 706 United States Estate Tax Return</i>	352
<i>Appendix Q: Tax Regulation §20.2031 and other Federal Estate Tax Issues</i>	354

Appendix R: Internal Revenue Regulation §1.170A-13(c)(3) Definition of a Qualified Appraisal..... 356

Appendix S: Internal Revenue Regulation §1.170A-13(c)(5) Definition of a Qualified Appraiser 358

Appendix T: Internal Revenue Regulation §1.170A-13(c)(4) Appraisal Summary..... 360

Appendix U: Revenue Procedure 65-19 Retail Sales Prices of Items in Decedent’s Estate 363

Appendix V: Revenue Procedure 66-49 Appraisal Guidelines and Formats 364

Appendix W: Revenue Procedure 96-15 Post Contribution Pre Filing Procedure 367

Appendix X: IRS Guidance Regarding Appraisal Requirements for Noncash Charitable Contributions (Pension Protection Act of 2006) 368

Appendix Y: Pension Protection Act of 2006 Section 1216 373

Appendix Z: Sectionalized Appraisal Report Layout Example..... 374

Appendix AA: Agreement for a Verbal Approximation of Value 375

Bibliography **376**

Glossary **378**

Index **394**