

# APPRAISER CHECKLIST FOR REPORTING AN APPRAISAL

The following checklist has been prepared by an MAI appraiser with over a decade of experience and billions in concluded appraisal values for financial institutions, government entities, law firms, and individuals. The checklist includes a list of all items in an Appraisal Report based on an improved, single-tenant property. The reporting of all items below would satisfy Standard 2 of Uniform Standards of Professional Appraisal Practice (USPAP).



## **1. Cover Page**

## **2. Letter of Transmittal**

- Description of the Subject being appraised (Legal, Address, etc.)
- Extraordinary and Hypothetical Conditions as well as a reference to Limiting Conditions
- Conclusion of Values with Premises, Effective Dates, and breakdown of interests appraised if applicable (ie. Real, Personal, and Intangible Assets)
- Exposure Time

## **3. Table of Contents**

## **4. Executive Summary**

## **5. Scope of Work**

- Client – Who ordered and/or paid for the appraisal?
- Intended User(s) – Who is the reported intended to be used by?
- Intended Use(s) – What is the purpose of the appraisal?
- Report Type – Appraisal Report or Restricted Appraisal Report?
- Value Types and Definitions – Market Value using FIRREA definition or another value or definition if government entity
- Property Identification and Assessment – How did you describe the property and what was the scope of your assessment (ie. inspection).
- Market Area and Analysis of Market Conditions – What kind of market analysis was conducted?
- Highest and Best Use Analysis – Did you do an “as vacant” and an “as improved”?
- Property Interests Appraised, Premise, and Effective Date – Example is “Fee Simple”, “As Is”, and the date it was inspection
- Hypothetical and Extraordinary Conditions
- Jurisdictional Exception, if applicable
- Information Provided and Not Provided by the Client
- Significant Real Estate Appraisal Assistance
- Valuation Analysis



- Cost Approach
- Sales Comparison Approach
- Income Approach
- Summary of Presentation of the Valuation Approaches used for each Premise and Value Type analyzed

## 6. General Data

- **Area Analysis**

- Population
- Income
- Employment

- **Neighborhood Analysis**

- Boundaries
- Government Forces
  - Government – Mayor, Districts, Council Members, Alderman, etc.
  - Capital Improvement Projects
  - Incentive Programs
- Economic Forces
  - Housing Activity/Stock
  - Major employers
  - Land Use Trends
  - Neighborhood Life State and Future Outlook
- Social Forces
  - Population, Income, and Household Demographic
    - Current
    - Projections

- Environmental Forces
  - Bodies of water / Watershed
  - Floodplains
  - Soils
  - Natural disaster risk and/or detrimental influences
- Neighborhood Map

## 7. Specific Data

- Site Description

- Parcel Size, Dimensions, and Shape
- Frontage/Access
- Visibility, Exposure (traffic count), and View
- Topography, Soil Types, and Landscaping
- Utilities
- Water, Flood, and Drainage
- Watershed and Wetlands
- Easements and Encumbrances
- Environmental and Detrimental Influences & Nuisances
- Surrounding Uses
- Site Exhibits
  - Location Map
  - Aerial Map
  - Survey
  - GIS Map
  - FEMA Map
  - Wetlands Map



- **Improvement Description**

- Construction Quality/Class
- Year Built/Renovated
- Effective Age, Remaining Economic Life, and Total Economic Life
- Condition, Appeal/Appearance
- Number of Stories
- Size
  - Gross Building Area
  - Rentable Area/Gross Leaseable Area
  - Usable Area
  - No. of Units
  - No. of Stories
  - Description of Units (ie. Beds/Baths, Room Type, etc.)
- Foundation, Frame, and Exterior
- Interior Finish
- Mechanical, Electrical, and Plumbing
- Site Improvements
- Parking
- Land to Building Area / Floor-to-Area Ratio
- Design and Functional Utility Analysis
- Deferred Maintenance Analysis
- Planned Capital Improvement
- Building Comments
- Improvement Exhibits



- Building Sketch
- Floor Plans
- Site Plans
- Renderings
- Photographs

- **Zoning**

- Land Use Authority/Jurisdiction, Zoning Code, and Zoning Description
- Restrictions
- Overlays, Neighborhood Plans, Districts, and Ordinances
- Zoning Map

- **Property Taxes**

- Taxing Authority
- Year of Assessment and Year of Tax Rate
- Tax ID
- Land Assessment, Improvement Assessment, and Total Assessment
- Tax Rate and Taxes Owed
- Exemptions and/or Rollback Taxes
- Tax Plat

- **Sale, Contract, Lease History**

- Listing History – Past Year
- Sale History – Past 3 Years or more depending on the Client
- Pending Contract
- Lease(s) Analysis – Rent Roll and Lease Terms

## 8. Highest and Best Use Analysis

- **As Vacant**

- Legally Permissible
- Physically Possible
- Financially Feasible
- Maximally Productive
- As Vacant Conclusion

- **As Improved**

- Demolition
- Renovate/Update/Modify or Change of Use
- Continue Existing Use
- As Improved Conclusion

## 9. Valuation Section

- **Cost Approach**

- Sales Comparison Approach, As Vacant
  - Introduction
  - Listings
  - Comparable Sales Data Sheets
  - Comparable Sales Map
  - Adjustment Grid and Adjustments Analysis
  - Conclusion of Land Value
- Replacement/Reproduction Cost Estimate
  - Hard Costs



- Building Improvements
    - Site Improvements
  - Soft Costs
    - Architectural and Engineering
    - Permit and Legal
    - Marketing and Leasing Commissions
    - Property Taxes
  - Contingency
  - Entrepreneurial Incentive (Profit)
- Depreciation Analysis
  - Physical Deterioration
    - Curable
    - Incurable
  - Functional Obsolescence
  - External Obsolescence
- Cost Approach Chart and Conclusion
- **Sales Comparison Approach, as Improved**
  - Introduction
  - Listings and Pending Contract Analysis
  - Comparable Sales Data Sheets
  - Comparable Sales Map
  - Adjustment Grid and Adjustments Analysis
  - Conclusion of Improved Value



- **Income Approach**

- Introduction

- Subject History

- Operating Statements

- Rent Roll and Lease History

- Market Rent Analysis

- Comparable Rent Data Sheets

- Comparable Rent Map

- Adjustment Grid and Adjustments Analysis

- Conclusion of Market Rent

- Direct Capitalization Analysis

- Income Proforma

- Potential Gross Income

- Vacancy and Collection Loss

- Other Income

- Expense Proforma

- Property Taxes

- Insurance

- Maintenance/Repairs

- Utilities

- Management

- Admin/Professional Fees

- Others depending on Property Type

- Expense Reimbursements

- Capitalization Rate Analysis
  - Market Extracted Rates from Market Participants, Sales, and Listings
  - Survey Rates
  - Band-of-Investment
  - Debt Coverage Ratio
- Adjustments to the Capitalized Value
  - Rent Loss
  - Tenant Improvements
  - Leasing Commissions
- Direct Capitalization Chart and Conclusion

**10. Final Value Reconciliation(s)**

**11. Final Value Conclusion(s)**

**12. Certification Statement**

**13. Limiting Conditions and Assumptions**

**14. Definitions**

**15. Addenda**

**16. Engagement Letter**

**17. Qualifications and Certification**