



Board of Real Estate Appraisers ♦ Investigative Report

Respondent:		Complaint Number:	
License Number/History:			
Previous Board Action:			
Complainant:		Date of Complaint:	
Legal Counsel:	No (If yes, insert name)	USPAP Edition:	
Property Address:		Property Type:	
Date of Appraisal Report:		Effective Value Date:	
Date of Investigative Report:		Investigator:	

Background Information

Complaint and Issues

Allegations made by the Complainant (Exhibit 1) and additional issues identified during the investigation are summarized below:

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Investigation

Staff conducted an investigation of the above-referenced complaint and issues. Staff’s review of the appraisal report is itemized in the following checklist.

Specific Complaint Allegations: (List all allegations in the complaint and note any findings related to the allegations)		
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MISCELLANEOUS COMMENTS AND QUESTIONS	•	•
DEVELOPMENT AND REPORTING	COMMENTS	QUESTIONS / RESPONSE
Neighborhood and Market Analyses <ul style="list-style-type: none"> • Examine a satellite image of the neighborhood <ul style="list-style-type: none"> ○ Do the neighborhood boundaries appear reasonable? ○ Does the land use appears consistent with the image? • Run the Excel macro on “unfiltered” neighborhood sales of the same property type for 12 months prior to the effective date. 	•	•



<ul style="list-style-type: none"> ○ Are the one-unit housing prices, DOM, and other neighborhood data consistent with that reported by the appraiser? ● Is the 1004MC analyses based on data for sales/listings that are comparable to the subject property? <ul style="list-style-type: none"> ○ Are the reported trends supported by the data presented? ○ Is the commentary meaningful and specific, or generalizations and boilerplate? ● Is the commentary for the neighborhood description and market conditions meaningful and specific, or generalizations and boilerplate? ● Does the Supply/Demand Analysis (above the sales comparison grid) give a reasonable depiction of sale/list prices for comparable homes? <ul style="list-style-type: none"> ○ Is the range overly wide? ○ Do the sale/list prices of the comparables fall within the ranges reported in the Supply/Demand Analysis? 		
<p>Site and Improvement Description</p> <ul style="list-style-type: none"> ● Examine assessor records for subject. <ul style="list-style-type: none"> ○ Is site size, GLA, outbuildings, etc., similar to what was reported? ○ Is the prior sale/transfer history correctly reported? ○ Is the owner of record correctly reported? ○ Is there any evidence of flipping? ● Is the shape or placement of the site a potential issue (flag lot)? ● Examine on-line zoning map and/or speak with planning official in the appropriate jurisdiction. <ul style="list-style-type: none"> ○ Are the zoning classification and description accurate? ○ Are any non-conforming or illegal use issues disclosed and discussed in the appraisal report? ● Is the effective age reasonable? (Possibly reference the Marshall & Swift Life Cycle Chart, page E-20, especially if the Respondent used M&S in the cost approach.) ● Examine satellite and Google Earth images of the subject. <ul style="list-style-type: none"> ○ Are positive or negative locational/external factors and views 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ●

<p>disclosed and discussed in the appraisal report?</p> <ul style="list-style-type: none"> • Compare subject description with the MLS listing, public records, satellite image and/or Google Earth. <ul style="list-style-type: none"> ○ Is the description factually accurate? ○ Are relevant features, deficiencies and adverse conditions disclosed, and does commentary provide enough information to be meaningful (pools, barns, oil/gas wells, water shares, etc.)? ○ Are deficiencies and adverse conditions disclosed, and does commentary provide enough information to be meaningful? 		
<p>Highest and Best Use Analysis:</p> <ul style="list-style-type: none"> • Is there a summary of the highest and best use analysis? • Were legally non-conforming uses, interim uses, other special situations in H&BU analyzed? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Verification of Data</p> <ul style="list-style-type: none"> • Does review of MLS listing sheets and sales grid indicate appropriate data verification including location, conditions of sale, owner motivation, condition, upgrades, and outbuildings? • Is there documentation of verification in the workfile or appraisal report? • Did a lack of verification potentially affect assignment results or the value conclusion? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Sales Comparison Approach, Comparable Selection and Adjustments</p> <ul style="list-style-type: none"> • Examine satellite images of the comparables. <ul style="list-style-type: none"> ○ Are positive or negative locational/external factors and views disclosed and discussed in the appraisal report? • Compare MLS listings for comparables with the data reported on the grid and verify relevant data. <ul style="list-style-type: none"> ○ Note any discrepancies and omissions. ○ Record conversations with real estate brokers when verifying data. • Examine assessor records for the comparables. 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

<ul style="list-style-type: none"> ○ Is site size, GLA, outbuildings, etc., similar to what was reported? ○ Is the prior sale/transfer history correctly reported? ○ Is there any evidence of flipping? ● Are sales nearby, of similar utility, have high degree of comparability and competitive, have same highest and best use as the subject property, bracketing the subject and of similar quality? ● Are one or more comparables from outside the subject's development/subdivision? If so: <ul style="list-style-type: none"> ○ Is it disclosed, and is there commentary on the potential for differences in market appeal between the developments? ● Perform a search for sales in the subject area to determine if sales with a higher degree of comparability existed as of the effective date of the appraisal which, if used, would affect the assignment results. <ul style="list-style-type: none"> ○ Alternate sales should be put forward only if it is abundantly apparent that those used by the Respondent were inappropriate and affected the assignment results (from superior market area, of different styles/quality, etc.). ○ Support (analysis of market data) must be provided as evidence that the Respondent's comparables are inappropriate and/or Staff's alternate sales are more comparable. ● Are time adjustments consistent with neighborhood/market area housing trends? ● By what method(s) were adjustments derived? ● Are the adjustments (or lack of) supported by market evidence? ● Were adjustments consistently applied? If not, was an explanation provided? ● Were concessions adjusted for? If not, is the explanation provided consistent with FNMA requirements? ● Does the appraisal report contain sufficient summary analysis for the adjustments (or lack of)? ● Is the indicated value by the sales comparison approach bracketed by the 		
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<p>unadjusted and adjusted sale prices of the comparables?</p>		
<p>Reconciliation of Sales Comparison</p> <ul style="list-style-type: none"> • Did the summary of the reconciliation address the quality or comparability of the comparables? • Were any comparables weighted or otherwise indicated as being the best indicator(s) of value for the subject? • Was judgment applied, or was the value opinion arrived at using a mathematical formula, "equal weight," etc.? • Is the value opinion in line with best comparable? • Is the value opinion bracketed by the sales prices and the adjusted sales prices? • Is the value opinion consistent with the subject property's listing history, the contract price, and market conditions? If not, was an explanation provided? • Is there a wide range of adjusted sale/list prices? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Sale/Transfer Histories</p> <ul style="list-style-type: none"> • Minimum 3 years for subject, 1 year for comparables. • Did the appraiser appropriately analyze prior sales/transfers? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Cost Approach</p> <ul style="list-style-type: none"> • Is the cost approach applicable and/or relevant in this assignment, and is it necessary for credible assignment results? • Look for red flags: <ul style="list-style-type: none"> ○ quality rating left blank, ○ "reproduction" checked, ○ multiple cost sources referenced with "and/or" or none indicated, ○ costs for "upgrades/extras" not itemized, ○ no support for site value. • Are the cost approach figures supported by the stated data source? • Was external obsolescence considered in the cost approach, if appropriate? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

<p>Income Approach</p> <ul style="list-style-type: none"> • Is the income approach applicable and/or relevant in this assignment, and is it necessary for credible assignment results? • Does subject property produce income or have the potential to produce income in the form of rent? • Would probable buyers in the same market consider income as a criterion for property purchase? • Is subject in an active rental market in resort or college locale, or is a townhome, condo or multi-family? • Are the GRM, market rent, and expenses supported by market evidence and/or workfile documentation? • Did the Respondent make an appropriate selection of, and accurately represent in the appraisal report, the income property comparables and the rental properties used to derive the market rent and GRM? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Reconciliation of Approaches to Value</p> <ul style="list-style-type: none"> • Does the summary indicate which value approach is of primary relevance in the assignment? • Is there a meaningful explanation for the exclusion of any approach(es) to value? • Are the conclusions of the approaches to value similar? If not, is this addressed in the reconciliation? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Scope of Work</p> <ul style="list-style-type: none"> • Was the scope of work properly identified and appropriate for the assignment? <ul style="list-style-type: none"> ◦ Were there issues or complexities that required expansion of the scope of work? • Did the scope of work incorporate FNMA, VA, HUD and/or specific client guidelines? • Were any extraordinary assumptions and/or hypothetical conditions used in the assignment? <ul style="list-style-type: none"> ◦ Were they appropriate and did they have a reasonable basis? ◦ Were they properly disclosed? • Did the scope of work conform with standard practice in the area? • Was the scope of work actually performed summarized in the appraisal report? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

<p>Reporting</p> <ul style="list-style-type: none"> • Is any portion of the appraisal report potentially misleading? • Does the report contain a large number of minor errors due to carelessness and/or negligence? • Does the report contain substantial errors? • Does the report comply with the reporting requirements of Standards Rule 2-2(a) or (b), (i) through (xii)? • Is there sufficient summary of information analyzed in the appraisal report so that it is clear, accurate, and can be understood properly, including: <ul style="list-style-type: none"> ◦ neighborhood and market data, ◦ relevant characteristics of the subject and comparables, ◦ reasoning for adjustments or lack of, and ◦ other significant opinions and conclusions. • Are there statements regarding: <ul style="list-style-type: none"> ◦ prior services to the subject property, and ◦ exposure time? • Is there a signed certification? • If it becomes apparent that significant assistance was provided, are the names of such persons stated in the certification, and a meaningful description of their assistance contained in the appraisal report? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •
<p>Issues Not Noted Above</p> <ul style="list-style-type: none"> • Do all or the majority of issues tend to support a higher value or advocate the cause of the client? 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> •

Witnesses

1. - Complainant
Interview Date:
2. - Respondent
Interview Date:
3.
Interview Date:

Exhibits

1. Complaint
2. Respondent's Response
3. Appraisal Report
4. Interview with Respondent

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Compliance Investigator

R. John Fausett
Lead Investigator

Pursuant to Chapter 13, Section 13.8 of the Rules of the Colorado Board of Real Estate Appraisers, an appraiser performing an investigation shall not be required to perform a USPAP Standard 3 appraisal review, and this report is not considered an "appraisal review" as defined by USPAP.