

# MENU OF VALUATION SERVICES PERFORMED BY REAL ESTATE APPRAISERS

CONDENSED EDITION



## CRE Loan Renewal, Refinancing, and Other Subsequent Transactions

This Menu of Valuation Services is intended to assist commercial real estate lenders, including real estate credit risk officers and managers and similar persons (Chief Appraisers) in understanding the range of services that can be delivered by professional real estate appraisers. With \$3.5 trillion in commercial real estate debt outstanding, it is imperative for financial institutions to monitor collateral values as loan workouts, renewals and restructurings occur in accordance with agency regulations and guidelines. This menu describes the different options that can be delivered by real estate appraisers for regulatory compliance, portfolio and loan monitoring, and risk management purposes. The services will vary depending on the collateral position and agency requirements. Users of appraisal services are strongly encouraged to ensure regulatory compliance for any of the services outlined below.

### VALUATIONS

**Scope of work** options could be, but are not limited to:

#### *Narrow*

Ways to narrow scope may include an “update” of a previous appraisal, no inspection (desktop), applying only the primary approach to value, a value range, or value conclusion “at least \$x” or “not more than \$x”

#### *Intense*

Ways to intensify scope may include a thorough inspection, information about subject property independently researched and verified by the appraiser, and use of all applicable approaches to value conclusion

#### **Level of reporting**

##### *Very brief (Restricted Use Appraisal Report)*

RUAR does not need to include data and analysis (i.e., does not need to “show work” of appraiser), though a lender most likely will need the RUAR report to also include comparables and discussion of the property condition to meet FIRREA minimum requirements. RUAR at minimum can be as brief as 2 pages

##### *More detailed*

Summary Appraisal Report – brief presentation of the data and analysis

Self Contained Appraisal Report – most comprehensive presentation of the data and analysis

#### **Value type**

- Market value
  - As Is - to meet FIRREA requirements must always be included
  - As Stabilized
  - As Complete
- Liquidation value
- Disposition value
- Fair value

#### **Other Valuation Services:**

- Rental value only
  - Conclusion of market rent for subject
  - Conclusion of net income for subject
- Cap/discount rate analysis
- Cost analysis
- Subject property inspection (no valuation)
- Market Analysis (no specific subject property)
- Rent survey (for property type, no specific subject property)
- Data pull
- Inspection and Public Records Search
- Price Analysis

#### **APPRAISAL REVIEW**

- Reviewer develops own value opinion and reports it within the review report
- Reviewer does not develop own value opinion

## FIND A QUALIFIED APPRAISER

To find a qualified appraiser, visit the Appraisal Institute Web site Find an Appraiser function – [www.appraisalinstitute.org/findappraiser](http://www.appraisalinstitute.org/findappraiser). Members who hold the MAI, SRPA and SRA designations have met rigorous requirements relating to education, experience and demonstration of knowledge, understanding and ability. Associate members of the Appraisal Institute are individuals who engage in activity governed by the Uniform Standards of Professional Appraisal Practice and who may be pursuing an Appraisal Institute professional membership designation. All members agree to abide by the organization’s Code of Professional Ethics and Standards of Professional Appraisal Practice (which include the Uniform Standards of Professional Appraisal Practice).