

CRE APPRAISALS:

Reviewing & Interpreting

August 2, 2022

An important part of the commercial real estate (CRE) lending process is the review and interpretation of the property appraisal. This program covers the major issues of the entire appraisal process, including a brief review of selecting and engaging a qualified appraiser, but focuses more on reviewing the report for integration into the overall credit analysis. Fundamental principles and features of commercial appraisals are covered, as well as the primary analytical techniques such as net operating income (NOI) for basic, income-producing properties. This class will also provide an overview of the 2010 *Interagency Appraisal and Evaluation Guidelines* and the 2018 *Frequently Asked Questions on the Appraisal Regulations and the Interagency Appraisal and Evaluation Guidelines*, with tips for integrating the Guidelines and FAQs into your existing policies, plus other practical issues that community banks face, including screening the report for USPAP Compliance.



Specific subjects that will be covered during the seminar:

- Why review appraisals? (Beyond regulatory requirements)
- Types of reviews
 - ◇ **Administrative/compliance**
 - 14 review points from FIRREA
 - What is FIRREA? (and other current regulatory guidelines, including latest appraisal guidelines issued in 2010 and FAQs issued in 2018)
 - The five minimum standards (derived from FIRREA), and what they really mean
 - Partial exemptions, full exemptions and minimum standards for the report
 - A sample compliance review checklist
 - ◇ **Technical/internal (and typical commercial appraisal sections)**
 - Letter of transmittal
 - * Appraiser qualifications
 - * Types of appraisals by scope (2006 scope of work rule that revised old definitions of complete and limited)
 - * Types of appraisals by format (2014 revisions to old definitions of self-contained, summary & restricted use)
 - Assumptions and limiting conditions
 - Property identification and ownership interest
 - * Unique characteristics of the major types of real estate, and how these affect the appraisal
 - Approaches to value
 - * How the cost approach works
 - * The direct capitalization method for the income approach: net operating income (NOI) concepts and understanding key variables of vacancy, management fees, replacement reserves and capitalization (cap) rates
 - * Direct sales comparison
 - Reconciliation of values and value conclusion
 - A sample technical review checklist
 - ◇ **Outside/third party**
 - How appraisers self-regulate via the Uniform Standards of Professional Appraisal Practice (USPAP) and state licensing
 - Getting another appraiser to do the review under USPAP 3 guidelines and sample review comments
- Appraisal review outcomes: When to request revisions
- Using your analysis to validate existing or older appraisals, with a suggested format for documenting your conclusions
- Brief overview of guidelines for evaluations when an appraisal is not required

Attendee Profile & Location

CRE lenders, commercial lenders, credit analysts, mortgage lenders, private bankers, small business lenders, loan review specialists, special assets officers, lending managers and credit officers involved in the CRE lending process. Also intended for support personnel involved in the ordering and reviewing of commercial appraisals.

This training is being offered both in person and via zoom technology. It will be up to the attendee which way they would like to attend. Same instructor with the same content, but you'll have the ability to join from wherever you're located from the convenience (and safety) of your computer should you choose. This course will also be held on Tuesday, August 3, 2021 at the IBA Center for Professional Development, 8425 Woodfield Crossing, Suite 155E, Indianapolis, IN 46240 in person.

About the Instructor

Richard Hamm has been training bankers for 30+ years, designing and delivering courses specializing in commercial lending and credit, including portfolio and risk management, commercial real estate (CRE) and appraisals, plus selling and negotiating skills, and director training. His clients include:

- National associations such as the American Bankers Association (ABA) and the Risk Management Association (RMA)
- Regional banking schools such as the Graduate School of Banking at Wisconsin and other major schools
- State banking and community banking associations in ten states
- Plus individual banks

He is based in Huntsville, AL and has owned/operated Advantage Consulting & Training for 15+ years, after a 22-year banking career including senior positions in lending and credit, plus president during the formation of a community bank. He has BS and MBA degrees from the University of Alabama.

Registration

Fees

- ☐ \$295 IBA Member
- ☐ \$245 Additional IBA Member

Participation in IBA programs is limited to members, associate members, and nonmembers from an eligible membership category at applicable member or non-member rates. Surcharge of 100% for Non-Members.

Cancellation Policy:

The IBA will send confirmations as requested for its programs. If you have questions, contact Elizabeth DeHaven at 317-387-9380 or via email at edehaven@indiana.bank.

Within three or more business days prior to the day of an educational program, no cancellation charge will be assessed. Within two days prior, 50% of the fee is assessed. Refunds are not provided for cancellations or absences on the day of the program. Substitutions are welcome at anytime.

CRE Appraisals: Reviewing and Interpreting - August 2, 2022 (Dept. 44)

Financial Institution: _____

Bank / Branch Address: _____

City/Town: _____ Zip: _____

Phone #: _____



Please register the following individual(s):

First Name	Last Name	Email Address