

Experience Review Guidance – Tips for Associate Members

Experience requirements are detailed in Regulation No. 1 or No. 2 and the appropriate forms and detailed instructions are downloadable from the Designation Requirement Tools page of the Appraisal Institute Web site. The following is intended to provide you with some information about the actual review.

How to choose the reports for your review

Final Level: Both you and the screener will choose reports. You should choose reports that are straightforward and represent the type of work you do all the time – not the unique or complex reports. You want to exhibit your best work, not the most complicated work. This is not the time to show that you can do the most complex work available – it is the time to show that you are well aware of and can appropriately apply theory and techniques to your day-to-day work.

Advisory Review: The purpose of advisory review is for counseling and feedback about your work. This review should help you meet the required criteria of the final level review, so you want to find out those things that may be brought up in your final level review in addition to receiving general feedback. You may choose reports that are more unusual or unique. This is not a pass-fail situation – it is only for your benefit – so your report choices may be more varied than you might choose for final level.

Tips on preparing for an experience review

- Read the reports – this is not a courtroom situation but you should have a reasonable understanding of the issues/appraisal problem.
- Have hardcopies to page through – do not plan to refer to electronic copies; there won't be time.
- Set aside the time for the interview.
- Plan to be in a quiet room where you won't be interrupted (no phone calls, secretary, etc.)
- Be ready at the appointed time.

Tips for a successful review

Be open to listening to and exchanging information with the screener. This is a learning process whether your credit is approved or your work is referred to a review committee. You likely will come away with new ideas for reporting and possibly a better understanding of theory and techniques.

Tips on the best way to recover if problems arise

Be honest. If you did something wrong, admit it. You may have changed the process by the time of your experience review. Explain what you do now if it is different. It is reasonable to explain why you changed your methodology (for example, you took a class or realized the methodology was wrong). If you have not changed the methodology, you can learn from the discussion for future work.

Ways to score “brownie points”

Honesty – admit your errors and don’t be defensive. It may be helpful to let the screener know what your market is like. While the work might be similar, your market may be very different. There may be many comparables or few comparables, or units of comparison may differ. Geographical differences are interesting to the screener and may explain how or why an issue was handled in a specific way. Consider that both you and the screener are working appraisers – we all like to talk about our field of expertise!

Sample questions asked in review sessions

The purpose of experience review (for final level) is for the screener to determine if your work meets the criteria that is outlined in Regulation No. 1 or No. 2. Both you and the work need to exhibit understanding of appropriate theory and techniques. The questions the screener asks are intended to allow him or her to understand and make this determination. Each screener will ask different questions depending on the reports they read, the property types, and so on. Most often questions will be open-ended so you can discuss the issue, such as the following:

- Please give me an overview of the property, the appraisal problem and any special or unusual issues.
- Why do you conclude.....?
- Is it typical in your area to... [value commercial land on a price per acre basis]?
- What is the basis of your adjustments, expense estimates, cap rate, etc.? (How do you figure this out – market data, dartboard, crystal ball?)
- You have three adjusted sales that range from X to Y. Why did you conclude Z?

If your reports are co-signed, be prepared to explain what you did and what the co-signer(s) did to generate the report. Most associate member reports are co-signed so this is not unusual. However, you must contribute to the analysis and conclusions. Refer to the article “When Appraisal Review and Supervisory Work Qualify as Experience” (downloadable from the AI Web site).

Common report problems

There are a number of issues that screeners see during their review of experience, and you may refer to the article “Common Errors and Issues” (downloadable from the AI Web site.). As an associate member of the Appraisal Institute, you must meet the Standards of Professional Appraisal Practice. (This includes but is not limited to USPAP.) There are certain reporting requirements that must be met (refer to Standard 2).

Designated and associate members of the Appraisal Institute are subject to requirements of the Appraisal Institute, which include the Certification Standard and Guide Notes to the Standards of Professional Appraisal Practice. There are two Certification statements that are required for associates and three for designated members. It is mandatory that these statements appear verbatim. (You can “cut and paste” these statements from the AI Web site.)

Highest and best use is a big issue. A lot of errors and problematic valuation sections occur when the highest and best use is not adequately considered. USPAP requires that reasoning and rationale for

your highest and best conclusion be given in the report. Not doing this (a prevalent error) tends to lead appraisers down the wrong path. Not addressing excess land in the highest and best use section is a good example of something that may lead to problems in the valuation section.

Write a report that may travel. You never know where it will end up so a little more explanation of your assumptions, valuation basis, etc., is always good. Know your client and potential intended users. You may have an understanding of your client's expertise and you may agree to a service, but if you are preparing a report for a mortgage broker or lender, the loan may sell and your report may go to other parties who are not as knowledgeable. Your sparse coverage of significant items may come back to haunt you. (If you are preparing a self-contained report, it needs to be a self-contained report.)

Where to go for help

- Designation Requirement Tools page on the Appraisal Institute Web-site.
- Take the Associate Guidance seminar.
- Your Chapter Associate Guidance or Admissions committees.

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