

STATE OF



OKLAHOMA

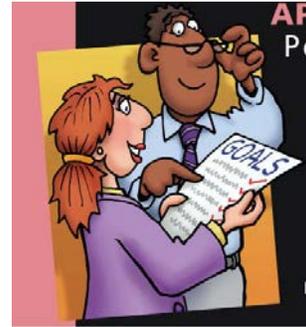
GUIDELINES FOR WORK PRODUCT REVIEW

A Technical Review for USPAP Compliance

REAL ESTATE APPRAISER BOARD

Introduction

The purpose of these guidelines is to outline the work product review process for Peer Reviewers for the Oklahoma Real Estate Appraiser Board (Board). The Work Product Review (WPR) process is based on statutory guidance contained at 59 O.S. § 858-713 B and the Board's administrative rules at OAC 600:10-1-6.



What is the Work Product Review (WPR) Committee?

The purpose of the WPR Committee is to determine if the trainee, licensed or certified applicants' work meets the State requirements in the demonstration and application of knowledge and experience for certification or the upgrade of certification.

What is the role and responsibility of a Peer Reviewer?

Our goal is for consistency in the WPR process on all levels. Reviews are intended to be a tool for the Board in the determination of licensing decisions, as well as, an educational process for the applicants. Any criticism, if necessary or appropriate, is intended to be constructive.

Reviewers are to act in a professional, ethical and competent manner. The reviewer must arrive at a professional opinion as to whether the report being reviewed is in minimal compliance with USPAP and report their findings to the Board in writing. The reviewer must act in an impartial, unbiased manner. A conflict of interest will disqualify a licensee from acting as a peer reviewer.

What is the scope of work assigned to a peer reviewer for WPR?

The Scope of Work is provided and included within the review form itself. The Board will likely assign only one peer reviewer to perform a Standard 3 review of the work product of persons seeking initial certification or an upgrade.

Questions regarding Scope of Work should be directed to the Board Staff, not individual Board members. Board Staff may be reached at 405-521-6636.

Significant concerns raised by the Peer Reviewer, or resulting in a low rating of the appraisal, may be turned over to the Disciplinary Committee of the Board for further action.

What records should the Peer Reviewer keep?



The Peer Reviewer should keep a work-file in accordance with the Record Keeping Section of the Ethics Rule of USPAP and with the requirements of 599 O.S. § 858-729.

What will the report be used for, & what will the peer reviewer's role be after completion?

The report will be utilized for the decision making of the WPR Committee, however, it could be forwarded to the Disciplinary Committee of the Board if such action is reasonably believed warranted. If the report is forwarded to the Disciplinary Committee, it could be relied upon when making probable cause determination for whether grounds exist to file charges.

Initially only the Board will see the report, however, if charges are filed the licensee receives a copy. If charges end up in a hearing and the hearing is open to the public or the Board's decision is challenged in district court, the report may become a public record. The Peer Reviewer could be considered an expert at the hearing and depositions may be possible.

Confidential Nature of Work Product Review (WPR)

No documents or information furnished to any Peer Reviewer will be made public or discussed with anyone except the members of the appropriate Board or Committee. Failure to observe the rules relating to the confidential nature of the WPR procedure can lead to disciplinary proceedings.



Here are some practical tips for confidentiality:

- Discuss work submitted for WPR only with the Board appointed representative (typically the Board's Director or Licensing Administrator).
- Do not use any data from the applicant's report in your work.
- Mark letters and envelopes CONFIDENTIAL.
- Do not copy anyone on correspondence (or e-mail) other than those you are assigned to correspond with.
- Before sending any communication by fax or e-mail, make sure that only the addressee will see the document.
- If you have questions, you may contact Shannon N. Gabbert, Administrative Officer, at 405-521-6636, reabadmin@oid.ok.gov.

Peer Reviewer Criteria

Ideally, the Peer Reviewer has been through a peer review training seminar presented by the Board. Additionally, it is *beneficial* (but not required) for the peer reviewer to have reasonable knowledge of and access to typical business software, specifically the Microsoft Office Suite of products. The review and cover letter are formatted to Microsoft Word 2003, and are in a locked "checklist/summary" format. The desire of the board is to have reports electronically developed, versus hand written. This is for the ease of reading of the Board members relying on the reviews, as well as for a modicum of professionalism if these reviews are needed for possible further Board action or hearings.



Peer Reviewers must be impartial. No reviewer may serve if he or she has a conflict of interest or has a personal bias favorable or prejudicial to the applicant under review. A conflict of interest exists if your judgment in reviewing the applicants work would be materially affected by your own financial, business, property or personal interests.

Personal bias exists if you have a predisposition, either favorable or prejudicial, to the interests or rights of the applicants.

Do not participate in the review process of an applicant if you are a:

- Relative
- Employer
- Business partner
- Involved in litigation with the applicant
- You dislike the applicant
- The applicant is a close personal friend

Technical reviews are performed in accordance with USPAP, and as such, it is highly recommended that the peer reviewer have a good working knowledge of USPAP as he/she walks through Standard Rule 3.

The reviewer should act in a professional, unbiased manner from acceptance of the assignment to delivery. Delivery should be in a timely manner. Expectations for decision making regarding licensure of the applicants, based on the stated policy of the Board, is that in "*most instances, the board expects the work product evaluation process to take no longer than 30 calendar days.*" In order for the Board to maintain timeliness, it is imperative that the reviewer treat this assignment in a professional manner with attention to the deadlines. It is requested, that when at all possible, reviews are completed and returned, within 10 calendar days of receipt.

Guidelines to the Appraisal Review Report

Often times, reviewers make vital errors in their approaches to the critical review process.

One approach is the “hero worship approach”, which assumes that the individual under review could do no wrong and the report under review is beyond reproach.

The opposite method is the “bulldog approach” which assumes that every report is written by a pathological liar and must be torn apart or at the very least, nit-picked to death, even when the analysis may be reasonable.



The correct method for an unbiased, professional review is between these two extremes. Critical reviews should involve a structured method in which all key aspects of the report is assessed; followed by a balanced and objective review of the strengths and weaknesses of the report.



The first step to preparing a professional and unbiased review is to read, review and make notes. It is most beneficial to thoroughly read all reports submitted for review, prior to making any comments or jumping to conclusions. Once the reports have been read, make notes (preferably on note pads or sticky notes, versus the report itself), and proceed to fill out the review report. This should enable you as the reviewer to come to a balanced view about whether the report is presented with proper and pertinent data; recognized methods and techniques of valuation; and a convincing conclusion to adequately and reasonably support the findings reported.

Ideally, an appraisal review will ensure that the appraisal report is complete, correct, current, cogent, consistent, convenient and concise. A good appraisal will accomplish three goals:

- 1) Adequately describe the property;
- 2) Clearly reveal the appraisal valuation process;
- 3) Support the conclusions in a reasonable and logical manner.

While criticism is necessary when completing a review, it should not be done without explanation as to why criticized methods were improper. The data in the report under review is assumed to be accurate, however, it should be supported by the documentation and citations of the appraiser. If there is any question to the pertinence or authenticity of the data reported, the reviewer should take any necessary steps to ascertain whether the verification and reporting processes completed were sufficient and reliable.

Procedures for the Review

The review report is broken into nine subject matter sections:

- General
- Neighborhood
- Site/Highest & Best Use (When value opinion developed is market value)
- Description of Improvements
- Cost Approach
- Sales Comparison Approach
- Income Approach
- Final Reconciliation and
- General Revisited

There is a comment area at the end of each section, to explain any “no” answers or deficiencies which may have been noted within that section. Intrinsic in the review process is the premise that the appraiser must demonstrate a basic understanding of theory and practice. This basic premise along with the nine sections of the review will be outlined and discussed in the following pages, for an understanding of the goals of the critique and technical process.

• *Understanding of Theory and Practice*

In the development of an appraisal, the appraiser must be aware of, understand and correctly employ those recognized methods and techniques that are necessary to produce a credible result.

Inherent in that process is adequate and reliable data collection and verification. While the reviewer is not expected to verify every salient fact of the report, a reasonable effort should be made to ensure that pertinent factual data such as dates of sale, sale prices, and information about the subject and sales included for analysis and impacting value are reasonably accurate given the sources cited by the appraiser for verification *and the sources reasonably available in that given market area*. There is an expectation that appraisers have access to appropriate data sources and understand what their peers actions or market participants expectations are in the given service area.

The appraisals should be reviewed from the perspective of USPAP compliance, and accordingly, the intended user(s) who were relying on the report. The report should provide the intended user(s) with thorough, accurate, and objective appraisal analysis. There should be a reasonable assumption that the appraiser has knowledge and experience for the subject property’s specific geographic location and particular property type. If, the reviewer reasonably believes that the appraiser is not competent in a geographic area or particular property type, then this should be considered within the “*General Revisited*” section of the review form.



Inclusion of inaccurate data or exclusion of pertinent data about the subject neighborhood, site, improvements or comparables sales should be considered by the reviewer, and how they impact the reliability and credibility of the report.

Significant errors or a series of errors, which individually may not affect the integrity of the report; but in aggregate indicate a lack of due diligence and reasonable preparation of the factual information, analyses, and opinions, should be commented upon by the reviewer.

Common deficiencies include misleading or ambiguous language, outdated information, and omission of factors which influence value. If the appraiser simply presents an organized (or unorganized) mass of raw data, with no analysis or recognizable and logical conclusions as to how this information relates to the opinions concluded, then the report may not be considered acceptable. The analysis of the data presented, should be logical so the reader can understand the reasoning leading to the conclusions. In the end, it is the reviewer's responsibility to form an opinion as to the soundness and appropriateness of the analysis, opinions, and conclusions in the report and there should be adequate support and explanation for any disagreement with these conclusions.

The report should provide detail and depth of analysis appropriate to the complexity of the property being valued and should contain adequate documentation.

• *General*

When completing this section of the review report, the reviewer should not only ascertain that all requirements were met, but that there are no inconsistencies within the appraisal report itself. It is not uncommon for appraisers to utilize "boiler plates" or "template" addenda, which sometimes result in conflicting information. The goal of this review is not to "find" problems, but at the same time, it is to be reflective of common errors and oversights, so that the applicant can be made aware of any deficiencies, inconsistencies or errors for future avoidance.



The identified clients, intended users, and intended use, should reasonably "match up". For instance, if the client referenced is a lending institution or company, and the intended user is the client and the property owner, yet the intended use is specifically for tax assessment protestation, this should raise some red flags, as typically, lending institutions are neither the client's nor intended users for such an intended use.



If the effective date is a retrospective or prospective date, are the comparables included for analysis reflective of the effective date reported? If there is a significant "gap" between an inspection date, effective date and the report date (date signed), is there an explanation or any extraordinary assumptions stated which would enable the reader understand the reasoning for the significant differences?

Have extraordinary assumptions and/or hypothetical conditions been clearly and conspicuously disclosed? (Consideration of any extraordinary assumptions and/or hypothetical conditions and how they may or may not have impacted value will be considered in the Final Reconciliation portion of the review form).

Has there been a reasonable and adequate analysis of any current agreements of sale, options or listings of the subject property, as of the effective date of the appraisal? And has there been a reasonable analysis and adequate summary of sales that occurred within three years prior to the effective date of the appraisal? *Analysis*, should be emphasized in this section of the review.

Analysis: *a-nal-y-sis* (noun)

-- *Close examination* - The examination of something in detail in order to understand it better or draw conclusions from it.

There is no USPAP requirement that the appraiser state whether this report is a limited or complete appraisal assignment, but rather which reporting option did they use (Self-Contained, Summary, or Restricted). However, if the applicant *has* labeled a report as either Complete or Limited, then they have an *obligation to ensure that it is properly labeled*. If labeled a Limited appraisal, then there must be a prominent section that clearly identifies the extent of the appraisal process performed and the departure taken. And, if the appraiser does not label the report as either Complete or Limited, but has taken departure, there still needs to be a prominent section identifying the departure taken and reasoning/logic for the departure.

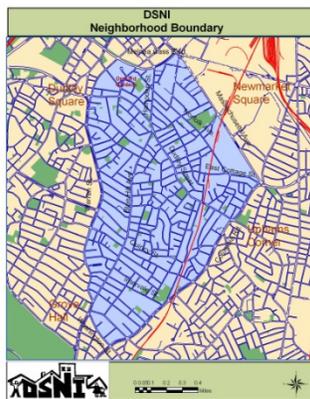
Certification should include names of any significant real property appraisal assistance, and if this is noted in the certification, then there should be a detailed description of that assistance included in the report (typically in the scope of work section).

Comments regarding general requirements should reference any deficiencies noted concerning this section.

• *Neighborhood Description*

While there is no “right” or “wrong” way to write a report, the report should be written in a clear and concise manner which provides the intended user(s) of the report with a clear picture of the appraisal problem, as well as, the analysis and logic leading to the opinions reported.

The review specifically refers to terms such as “adequately and reasonably” described. Specifically regarding the marketability of a neighborhood and/or the boundaries of a neighborhood, it is critical that the conditions are factual, specific in terms and are impartial regarding both favorable and unfavorable factors.



Neighborhood boundaries and characteristics should typically be described objectively and include some or all of the following:

- Boundaries - identification of physical characteristics such as streets, bodies of water, land uses, or types of dwellings is preferred.
- Characteristics - types of structures and architectural styles, current land use, typical site size, and/or street patterns or designs.
- Factors that affect marketability and value - proximity of the property to employment and amenities, employment stability, changes in land use, access to public transportation, adverse environmental influences and appeal to the market.

Additional factors which would be considered important in reporting include the property's general location; the built-up and growth rates of the area; predominant occupancy of properties in the neighborhood; and the age and price range of single-family housing.

If you disagree with the any factors reported by the appraiser, or believe that pertinent information (either favorable or unfavorable) was omitted from the report, *and this disagreement or omission impacts the reliability of the report and conclusions*, then support for that difference of opinion should be supplied. For instance, if the appraiser reports the single-family housing price range to be \$80,000 - \$125,000, but you have evidence from either MLS searches and/or county records broken out by neighborhood indicating that the highest property sale in that area in the last 3 years was \$90,000, and nothing is assessed over \$100,000 then include that documentation either in the comments area of this report, or as an addendum to the report.

There should be consistency throughout the report such as in the neighborhood section between the form being "filled out" and the narrative comments supplied by the appraiser. If the appraiser marks the box that the marketing time for the neighborhood is less than three months, but states later in the report that the days on market (DOM) for sales exceeds 4 - 5 months, then this should be noted and commented upon by the reviewer.

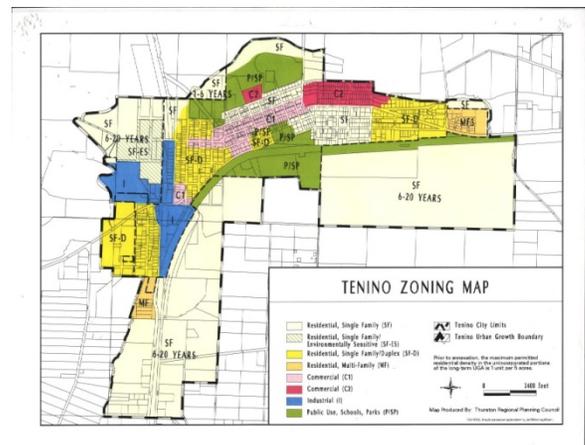
• **Site/Highest & Best Use (when value opinion developed is Market Value)**

Analysis of the site is important to determine the value and marketability of the property. Generally, properties have a higher value and greater marketability when their size, topography, and other site conditions are similar to others in the market area. If the subject site is significantly different than others in the immediate area, then analysis of this difference and how it impacts the assignment should be included within the report.

The topography, shape, size and drainage of the subject site are important to consider. Amenities, easements and encroachments may enhance or detract from a property. If these factors are known or readily observed through the desk review process, but not commented upon within the report, analysis of how this impacts the reliability of the report should be addressed.

Zoning should be reported in a specific classification when available. It is not sufficient to simply report that the zoning is "residential"; the appraiser must also provide its specific residential classification when available.

Highest and Best Use (H&BU) should be reported and analyzed in the context of the report option utilized. However, this review specifically asks if the H&BU has been stated. Referencing Advisory Opinion 11 (2005 edition) from the "other communications" of the ASB, a statement implies the least amount of information presented given the choices "describe", "summarize" and "state".





Assuming the appraisal is completed on a Uniform Residential Appraisal Report (URAR) or other residential report forms then it is not unreasonable that the simple checking of a box referencing H&BU is adequate, because the underlying assumption is that this is a residential property. If however the subject is surrounded by commercial (or other) activity, and/or the zoning is something other than residential, then it could be argued and considered by the reviewer if the intent of USPAP was met with a *statement* or if a summary or more detailed description of the H&BU should have been considered and included by the appraiser. If the appraisal is written in a self-contained or narrative format, then the reviewer needs to apply reasonable judgment as to the expectations of the clients, intended user(s) and/or what the normal course of action would have been for the appraiser's peers in completing and reporting the H&BU.

Other general comments which may apply would include whether the utilities were accurately reported and, if not generally accepted by community residents or atypical for the market area, commented upon.

• *Description of Improvements*

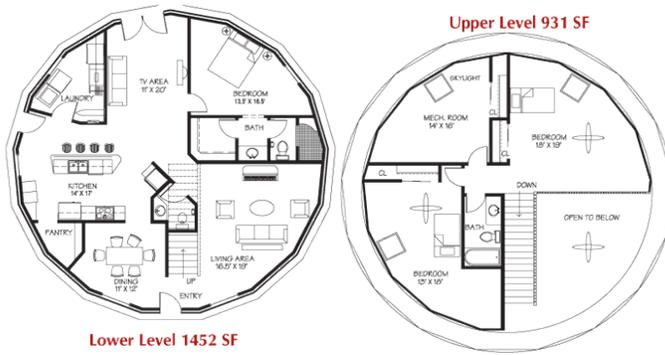
When describing the property improvements, it should be noted that the format of the appraisal report (form) *does not* restrict the level of reporting required by the appraiser to adequately describe any relevant characteristics of the improvements and how, if at all, they impact value.

Reports should reasonably contain a summary description of the improvements, and the elements which impact value either positively or negatively. If there are deficiencies or conditions noted that would affect the soundness or structural integrity of the improvements, then there should be adequate explanation of that factor/element and its impact on the value conclusions. Depending upon the level of fieldwork or scope of an appraisal, the interior finish details of the subject property should be described to the normal course of business expected by ones peers or the clients/intended user(s). Description of materials of the floors, walls, trim and other parts of the dwellings interior, as well as comments on their condition should be commensurate with the property and area.

When descriptions are reported, addenda may need to be utilized to adequately convey to the reader of the report the analysis of the property improvements. The complexity of the assignment will dictate the level of reporting that is necessary and expected by market participants and one's peers.

For instance, if the subject is a complex property or "high-end" property, where quality and condition adjustments may be considered typical by the market for differences in features, then a more detailed description would be in order. If the property is a typically non-descript improvement, however has had either significant improvements or significant deferred maintenance, again most likely requiring noteworthy or remarkable adjustments for condition or quality, then the level of description by the appraiser should be sufficient for the reader to understand the logic and reasoning for the adjustments.





Properties with functional issues (unusual layouts/floor plans, inadequate equipment or amenities) which would generally be considered as having limited market appeal should be adequately described with the impact of the issue analyzed to the value conclusion. Again, there should be consistency throughout the report. If the appraiser indicates that there is no functional obsolescence with

the property, yet it's a seven story office building with no elevator, then this should be commented upon by the reviewer.

• **Cost Approach**



The cost approach assumes that a buyer would consider building a substitute property that has the same use and utility as the property being appraised. While this approach is a better indicator of value for newer or renovated properties, if the approach was developed on an older property, the methods and applications of theory should be reasonable and supportable. Again, there should be consistency between depreciation(s) considered and what is reported and reflected throughout the report.

The WPR is based upon USPAP compliance, and not value oriented, however, if the appraiser does not apply proper or recognized methods and techniques, then value can be affected as a result. The reviewer is not required to come to a conclusion of value by either agreement or disagreement, however the components of the cost approach should be market oriented and supported.

Are the costs reported consistent with market information available and cited by the appraiser? Does the site value appear to be reasonably market oriented? If not, why? If the subject site is reported as having a value of \$20,000, yet is located in a new subdivision where there are recent documented site sales of \$30,000-\$35,000 for comparable sites, then this should be reported. You, as a reviewer are not analyzing, or making a value conclusion, but simply reporting documented information conflicting with that reported by the appraiser.



Additionally, is the appraiser's reporting of estimated costs reasonable given the sources cited and/or known market information? If the appraiser cites a cost manual such as Marshall & Swift, are the costs reported comparable to the style, quality and condition of the property being analyzed? Reliability of the cost approach depends upon valid estimates for reproduction or replacement costs new, depreciation and the site value itself.

If any obsolescence has been identified, has it been correctly considered within the cost approach? Are the calculations correct? Is there a consistency between the reported building area and the sketches or narrative provided with the report?

• Sales Comparison Approach



The sales comparison approach to value is an analysis of comparable sales, contract offerings and current and expired listings of properties that are the most similar to the subject property. The analysis of the sales comparison approach must take into consideration and account, all factors that have an effect on value, recognizing that a well-informed or a well-advised purchaser will not pay more for a property than the price he or she would pay for a similar property of equal desirability. Common problems noted within the Direct Sales Comparison Analysis include a failure to use the appropriate unit of comparison, or if an appraiser improperly compared properties that have distinct differences in tenancy profiles (comparing a multi-tenant 100,000 SF warehouse to a single-tenant 100,000 SF warehouse).

The data for the sales comparison approach should be easily verified and reasonably consistent with the sources cited by the appraiser. The reviewer should be able to locate and verify the sales data from the sources reported. If there are any significant inconsistencies between multiple cited sources, then the appraiser should reasonably discuss which source is deemed the more reliable and why. The appraiser should demonstrate reasonable exercise in due diligence to ensure the reliability of the comparable sales data that is used. The reviewer should recognize that the availability of data varies from source to source and from one locale to another.

The selection of comparable sales should be based upon the effect of the value-influencing characteristics taken into consideration. Explanation of the inclusion (or possibly exclusion) of properties should include details of sales activity in the neighborhood and relate back to conclusions of supply and demand. It should be clear why the appraiser found it necessary to use the comparables selected. The less comparable the sales, the less reliable the conclusions will be and the greater chance of a misleading report.

Adjustments to the comparable sales must be based upon market data, and should not be based upon pre-determined or assumed dollar amounts. If the adjustments are based upon unsupported or personal opinions that cannot be supported by market data, an unreliable or poor quality appraisal could result which would be an unacceptable appraisal practice.

Mistakes in the direction of adjustments are a common error in appraisal reports. While an individual mistake may not affect the integrity of the report or the value conclusions, a series of omissions/commissions or adjustment errors should be considered in the overall care and due diligence required in the preparation of a report.

Explanations for adjustments should, ideally, be specific to the assignment at hand, and not a statement of general appraisal technique or theory. "Canned" or "boilerplate" statements, while common to the appraisal industry, have to be weighted and considered with respect to the assignment at hand, and should not be considered as "typical appraisal practice".

Price range is a good example of where "canned" or "boilerplate" comments (such as "the appraiser notes that the subject value exceeds the predominant price for the area, but it is not considered an over-improvement") are not appropriate. They do not provide the reader of the report with "why" it's not considered an over-improvement. The reader should be able to understand the specific reason for this conclusion.



Additionally, it should be noted that *at times*, a zero adjustment *is an analysis*. If there is no adjustment, where logically a layperson would expect one, then an explanation should be supplied. For instance, if the subject site is 10,000 s.f., and a comparable site is 18,000 s.f. with no adjustment, it could be due to location, topography or overall utility of the site, but the absence of an adjustment should be explained.

• *Income Approach*



The income approach to value is based upon the assumption that the market value of a property is related to the rent or income that the property can be expected to earn. The rental comparables selected should be similar to and from the same or similar market areas.

The appraiser should use the most appropriate capitalization technique: direct or yield capitalization. And the reviewer should be competent in the review of the property that has a strong Income

Approach influence to the opinions concluded. The reviewer should be aware of ways to prove or disprove a final rate selection. Appraisers often times erroneously assume that an income cycle trend will persist indefinitely. Some appraisers are reluctant to make forecasts because they believe the future is unpredictable and only historical data should be used to develop opinions and conclusions. As comforting as historical data may be, experience has shown that its exclusive use does not prevent invalid conclusions.



There should be a reasonable expectation of collection and verification of rental information, and sources cited by the appraiser should be reasonable in ascertaining all the necessary information regarding elements which affect the rents. If the income approach is deemed as not necessary in the development of a credible opinion of value, there should be some reasonableness associated with that decision. If the subject property is labeled as tenant occupied or listed for "investment purposes" and the income approach is considered to not be applicable, there should be additional commentary supplied by the appraiser as to why.

• *Final Reconciliation*

The final reconciliation of a report must reconcile the reasonableness and validity of the indicated values, as well as the quality and quantity of the available data. Approaches to value should be weighted and limitations should be considered. A final opinion of value should be stated. The final reconciliation should logically lead the reader to the final value conclusion.

*What do you mean
Reconciliation?*

Again, the reconciliation process is an area where “canned” and “boilerplate” comments are typical. That is not to say that “boilerplate” can or should not be used; however, it should be tempered by and considered in light of the assignment at hand, and should not be considered as “typical appraisal practice”. It is the appraiser’s responsibility to ensure that the comments are reflective of the assignment at hand.



• *General Revisited*

Has the report, overall, been conveyed in an appropriate manner given the intended use and user(s)? Has adequate explanation been provided to enable the reader of the report to understand the development of the appraisal and logic applied by the appraiser in arriving at the value conclusions?

Has the report been presented in a manner that is not misleading due to either the omission or commission of factors or elements which would impact the reliability and credibility of the opinions conveyed? Has the reader been adequately informed of all factors (positive and negative), which could be considered pertinent to the assignment or conclusions derived?

Does the appraiser appear to have a reasonable understanding of basic appraisal processes? If there is functional obsolescence is addressed in the layout of the property, is this reasonably and accurately considered and applied in approaches to value utilized, in a consistent manner?

Has the report been developed in a manner and containing sufficient information to enable the client(s) and intended user(s) who receive the report to rely on and understand it properly? A report completed for a homeowner for the intended use of determining a listing price for the property may require different language and communication for that “reader” (client/user) to understand it properly. That same report completed for a savvy user of appraisal reports, such as a lender, may not necessarily require as in-depth explanation or detail.

Was the salient information and factual data reported and analyzed consistent throughout the report? For example if the subject property backs to an interstate and this was reported by the appraiser in the neighborhood description, is it reflected and/or considered in the approaches to value?

If the report is subject to the Supplemental Standards Rule (e.g.: Fannie Mae; Freddie Mac; DOT, etc), the appraiser has agreed to perform the assignment in a competent manner satisfying those supplemental standards, as well as applicable USPAP requirements.

Using the Software

The Appraisal Review Report - 2005 USPAP Edition© is in a Microsoft Word format, and is "locked" so that the reviewer can only tab or write in permitted fields. The review form itself can not be "copied". As such, the form will need to be saved on your computer as a "template". When you complete a review, you will save the review under a new name. For instance, the review is saved as Appraisal Review Template. You complete a review and go to the File tab in the upper left hand corner of Microsoft Word; from the drop down menu select, "Save as"; when the pop-up box displays, you change the file from "Appraisal Review Template" to something like "123 Cherry Street, Des Moines" or assign it a file number for your records.

Again, since the form is in a "protected" format, you can not spell check. While this is hopefully, a short-term problem, until it is resolved, if you could manually review your reports for general spelling errors and/or grammatical/punctuation, this would be greatly appreciated.

Utilizing the Matrix

The Appraisal Quick Reference Guide (Rating Summary), has been developed to aid the Board in quickly scanning and assessing reviews submitted for application for upgrade or licensure. The intent of the matrix is for the peer reviewer to summarize each review to as an objectively subjective "grade" as possible specifically for USPAP compliance.

The matrix is the last piece of the WPR, and should be completed only after all the appraisal reports have been initially read, and the reviews have been completed. Then the peer reviewer takes each report under review and "rates" the report in the four categories of

- ✓ Appraisal Practices & Procedures
- ✓ Logic & Reasoning
- ✓ Comparables
- ✓ Adjustments

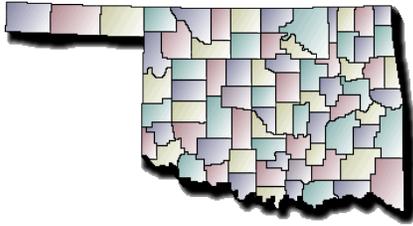
Each category will receive a rating of 1-5, with one being unacceptable and five being outstanding. The four ratings from each category will be added together for a "Total Score", and this will be correlated to an overall rating on the left-hand side of the matrix.

After each of the three reports submitted for review have been rated with this matrix, the three scores will be reported on the cover letter and referenced by the appraiser's assigned file number.

The purpose of this rating system is for the Board to be able to make quicker decisions regarding compliance of the reports to USPAP and enable Board members to spend more time with those reports which are considered deficient.

Delivery of Reviews

As you prepare your reviews, you will need to make sure that you have attached all the necessary exhibits (if necessary) and deliver the completed report package, either as a hardcopy or electronically, with your signature. If delivered electronically, please ensure that the only recipient will be the Board designee. The entire review package for the WPR should consist of three reviews, with one cover letter attachment.



Appraisal Review Quick Reference Guide ® (Rating Summary)

Each review will be completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Oklahoma Real Estate Appraiser Board's *Guidelines for Peer Reviewers: A Technical Review for USPAP Compliance* © and the *Appraisal Review Report* ©. Use the following criteria to determine the rating of the report being reviewed.

**State of Oklahoma
Real Estate Appraiser Board**
PO Box 53408
Oklahoma City, OK 73152
405 521-6636 Fax 522-6909
www.reab.oid.ok.gov
reab@oid.ok.gov

Total Score – Overall Rating

To be considered compliant, the work product being reviewed must have a total score of 12 with no individual rating criteria receiving a score of 1 or 2.

Rating Criteria:	5 Good	4 Acceptable	3 Minimally Acceptable	2 Unacceptable	1 Non Compliant
Appraisal Practices & Procedures	Generally accepted appraisal practices & procedures were followed.	Generally accepted appraisal practices & procedures were followed.	Generally accepted appraisal practices & procedures were followed with minor deviations.	Some generally accepted appraisal practices & procedures were not followed; significant deviations noted.	Overall, the report reflects unacceptable appraisal practices and procedures.
Logic & Reasoning	Sound judgment, logic and reasoning are clearly evident, well documented and thoroughly explained.	Sound judgment, logic and reasoning are evident and are clearly documented.	Judgment, logic and reasoning are generally satisfactory.	Some errors in judgment, logic or reasoning are evident in the report.	Significant errors in judgment, logic or reasoning are evident in the report; or, a series of errors considered in the aggregate affect the report's credibility.
Comparables	Comparables appear to be reasonable substitutes for the subject and the best available.	Comparables appear to be reasonable substitutes for the subject and among the best available.	Comparables appear to be reasonable substitutes for the subject.	Comparables are marginally satisfactory substitutes for the subject; more reasonable comps were available but were not used.	Comparables are not reasonable substitutes for the subject; more reasonable comps were available but were not used.
Adjustments	Adjustments appear appropriate, logical & well supported; narrative & market analysis exceed expectations.	Significant adjustments appear appropriate & generally supported with additional narrative or market analysis.	Significant adjustments appear appropriate but weakly supported or insufficiently explained; conclusions do not appear adversely impacted.	Significant adjustments appear inappropriate or inadequately supported by narrative or market analysis.	Adjustments are inappropriate; they do not reflect market reaction to differences between subject & comps.