

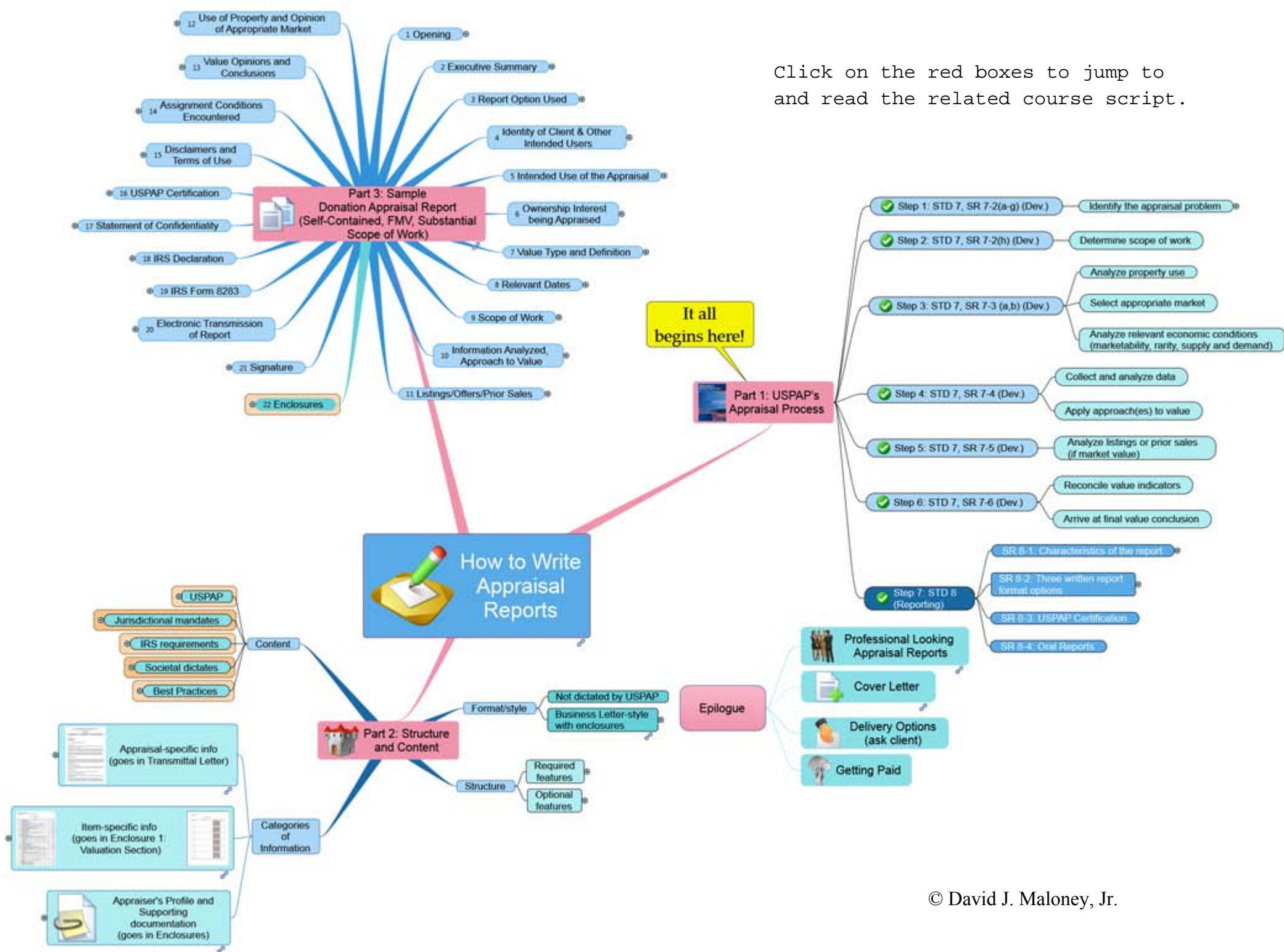
How to Write Appraisal Reports

Course Map Linked to Course Script plus All Course Referenced Resources

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Course Introduction

Hi, and welcome to How to Write Appraisal Reports - a unique course for the personal property appraiser. I'm the author of this course and your instructor, Dave Maloney.

☑ Using a series of video presentations and the latest in presentation techniques, the four parts of this course will cover a time-proven method for preparing USPAP-compliant appraisal reports. USPAP is an acronym for the Uniform Standards of Professional Appraisal Practice. USPAP is the only generally accepted standard of practice in the US for appraisers, and it covers all appraisal disciplines including real property, personal property and the appraisal of businesses and intangible assets. By the way, this course makes use of the most current edition of USPAP including changes incorporated into the 2012-2013 edition of USPAP.

☑ In Part 1 of the course you will learn about the underlying USPAP requirements that form the basis for developing and reporting opinions of value.

☑ Part 2 covers a typical report structure as well as the types of report content and the driving forces behind that content.

☑ In Part 3 we even include a complete sample appraisal report that reflects the requirements of USPAP and the best practices of the profession.

- - - And here's a sneak preview of what we will be describing in Part 3 - a donation appraisal complete with a title page, a transmittal letter several pages in length, a valuation section and a two-page appraiser's professional profile.---

☑ And in the Epilogue, I cover a few after thoughts that will be of interest to the appraiser who is wondering, "Now that I have my appraisal done, what do I next?"

☑ This presentation will keep you focused in a way that will help you better understand and remember the intricacies of writing professional personal property appraisal reports.

Now Let's review the course it in a little more detail.

☑ How we prepare our appraisal is dictated to a large degree by the requirements of USPAP's Appraisal Process. Part 1 of this course covers the Appraisal Process and its all-important requirements for the development of an opinion of value as well as the reporting of assignment results.

☑ Included in Part 1 is an overview of the Appraisal Process as well as the requirements of STANDARD 7 which cover the development of the opinion of value and requirements of STANDARD 8 which cover the reporting of the assignment results.

Part 2 addresses the structure, style and content of the report.

☑ While USPAP does not dictate any particular style, format or layout, most appraisers make use of the business letter style with enclosures.

☑ Required as well as optional content will also be discussed.

☑ And we'll discuss the categories of the required information and whether such information should be put into the transmittal letter or into enclosures such as is done with the Valuation Section.

☑ Finally, in Part 2, we discuss those factors which drive report content. Included are USPAP, local jurisdictional mandates, the IRS, appraisal societies, and what is considered to be the best practices of the profession.

☑ Part 3 focuses on an actual sample donation appraisal which makes use of USPAP's Self-contained option, fair market value, and an extensive scope of work.

- ☑ We'll discuss the many elements of information which will be found in the report.
- ☑ We'll even suggest sample wording for the all,
- ☑ including the for the types of information typically found in the enclosures.
- ☑ By now, you have learned how write an appraisal, but now what?
- ☑ In the Epilogue I cover tips to keeping your reports professional, the use of a cover letter to convey the report to the client, options for delivering the report to the client, and, finally, issues relating to getting paid and the use of retainers.
- ☑ This concludes the course introduction. In the following Lesson #1, we will focus on
- ☑ Part 1 of this course which covers the underlying requirements of USPAP.
- ☑ By the way, note the icons that look like tiny chain links below some of the topics. Those are web links to supplementary information that complement the topic. These links contain great resource information. Some might be displayed during the presentation. All will be listed and hyperlinked within the course outline on the homepage.

I welcome your comments, suggestions or requests for clarification. You can contact me at dave@maloney.com.

USPAP and the Appraisal Process

Welcome to this lesson in which we will cover Part 1 of How to Write Appraisal Reports.

- ☑ In this lesson, we explore the underlying, #1 reason as to why we prepare our appraisal reports the way we do.
- ☑ And that reason is: USPAP. Specifically, it's the requirements of USPAP's Appraisal Process as set forth in STANDARDS 7 and 8. By the way, as mentioned in the course introduction, this course makes use of the most current version of USPAP including changes incorporated into the 2012-2013 edition of USPAP.
- ☑ The Appraisal Process has seven steps. The first six are governed by USPAP's STANDARD 7 and its associated Standards Rules which are referenced here in the seven topic titles. STANDARD 7 encompasses the development of an opinion of value. The seventh and final step is governed by STANDARD 8 of USPAP and its Standards Rules which set forth the requirements for reporting that opinion to the client and other intended users.
- ☑ Step 1 of the Appraisal Process is of critical importance. In Step 1 the appraiser must identify the appraisal problem:
- ☑ which consists of six elements of information. The appraiser must identify all six before proceeding - indeed, even before accepting the assignment these must be identified. This is because the appraiser must identify the problem before knowing if he or she has the competency necessary to produce credible assignment results. So, we begin:
- ☑ The appraiser must identify all intended users of the report.
- ☑ Intended users include the client (with whom there is a confidential appraiser-client relationship), but also included are other appraiser-identified intended users, if any.
- ☑ The appraiser must identify the intended use of the report.
- ☑ Must identify issues relating to the value being used by the appraiser.
- ☑ Included are: the type of value, the definition of value, and a citation of the source for that definition. The appraiser must also give an opinion of reasonable exposure time, but only if exposure time is relevant to the definition of value being used by the appraiser.

The appraiser must identify the effective date of the appraisal: is it the date of donation for a donation appraisal? date of loss for a casualty loss appraisal? date of inspection for an appraisal being done for a client wishing to obtain insurance coverage for high-value antiques?

Must identify factors relating to the subject property that is being appraised.

Included are: the property type, its quality characteristics, its value-relevant physical and economic attributes, the ownership interest being appraised, and any encumbrances on the property such as liens or other restrictions.

And, finally, to complete the problem identification phase, the appraiser must identify any applicable assignment conditions encountered.

Included might be any: limiting conditions, extraordinary assumptions, hypothetical conditions, jurisdictional exceptions, and any other conditions that are relevant to the assignment and to the intended use of the report.

In Step 2 of the Appraisal Process:

the appraiser determines the scope of work that will be required to produce credible assignment results.

Having properly identified the appraisal problem and determined the scope of work, the appraiser can now ascertain whether or not he or she is sufficiently competent to complete the assignment. If so, the appraiser can accept the assignment and continue with the Appraisal Process by undertaking the scope of work deemed necessary, beginning with the next Step 3.

In Step 3:

the appraiser analyzes current and alternative uses of the property, determines the most appropriate market, and analyzes economic factors regarding the property such as marketability, scarcity, and supply and demand.

In Step 4:

the appraiser collects and analyzes data and applies the appropriate approach (or approaches!), to value.

In Step 5:

if the appraiser is developing a type of "market value," (such as fair market value or orderly liquidation value) he or she must analyze any agreements of sale, bona fide offers to sell, or listings of the subject property, if any are known to exist. And if there were any past sales of the subject property within a reasonable time prior to the effective date of the appraisal, they, too, should be analyzed. If not developing a type of market value, the appraiser need not consider these issues at all.

In Step 6:

the appraiser reconciles value indicators and arrives at a final value conclusion.

This concludes the requirements of USPAP's STANDARD 7 which covers only the development phase of the Appraisal Process.

In Step 7 of the Appraisal Process

the appraiser follows the requirements set forth by STANDARD 8 of USPAP to communicate the assignment results to the client (either in writing or verbally) in what is referred to as the "report".

Standards Rule 8-1 requires that the report

not be misleading, contain enough information so that it can be properly understood, and prominently disclose all assumptions, extraordinary assumptions, hypothetical conditions and limiting conditions.

- ☑ Standards Rule 8-2 sets forth the report's content and content detail, which will depend on the report option being used.
- ☑ 8-2(a) addresses the Self-contained report, 8-2(b) the Summary report, and 8-2(c) the Restricted Use report.
- ☑ Standards Rule 8-3 addresses the requirement for and the content of a signed USPAP certification, and
- ☑ Standards Rule 8-4 covers the requirements when communicating the appraisal report orally.
- ☑ In review,
- ☑ in this Lesson, we noted that the major driving force behind the appraisal report is USPAP and its Appraisal Process as dictated by STANDARDS 7 and 8.
- ☑ Following the seven steps of the Appraisal Process as set forth in STANDARDS 7 and 8 is critical to ensuring that the appraisal report conforms to USPAP.
- ☑ This concludes Part 1 of the course. In the NEXT Part, we begin addressing the specific report structure, format, style, layout, report content categories, and the specific types of information that typically go into a personal property appraisal report.

Part 2 Introduction: Report Structure and Content

Welcome. This video is an introduction to Part 2 of How to Write Appraisal Reports.

- ☑ In Part 1 of this course,
 - ☑ we discussed the impact of USPAP and its Appraisal Process on the appraisal report.
 - ☑ Now, in Part 2,
 - ☑ we will cover several topics relating to an appraisal report's format, structure, and content making use of an appraisal report style favored by many personal property appraisers—the business letter style with enclosures.
- Note that, unlike Part 1, Part 2 of this course will be broken down into several sections or Tasks. Also, hyperlinks are provided in this Lesson for referenced resources. Hyperlinks are indicated by the small chain links icon below the topic to which they apply. Referenced resources are available to you via hyperlinks on the course homepage.
- ☑ In the first section of Part 2, we discuss the appraisal report's format and style.
 - ☑ According to STANDARD 8, USPAP does not dictate form, format or style of personal property appraisal reports. What is important is that the report format reflects the needs of the intended users and of the appraiser. USPAP reminds us that it is not the style of the report, but rather its content which determines whether or not the report is USPAP-compliant. I liken the report to a Dagwood sandwich. It matters not if the lettuce is on top of the tomato or the tomato is on top of the lettuce. It only matters that they are both there!

Having said that, in order to teach report writing, it is necessary to give an example, and for the sample appraisal we will be discussing in Part 3 of this course, I have chosen to make use of the report style used by the many personal property appraisers - the business letter style with enclosures.

- ☑ Based on using the business letter style report, in the second section of Part 2 we will then describe the report structure including
- ☑ required features including the transmittal letter and its accompanying enclosures. We will also discuss optional report features that you may wish to incorporate into your report as the need arises.
- ☑ In the third section of Part 2, we will cover the general categories of information

- ☑ including appraisal-specific information, item-specific information and supporting documentation. We will also cover suggested techniques for including all this information into the structure of a business letter style appraisal report.
- ☑ In the fourth and final section of Part 2, we list the specific elements of information that are required to be in an appraisal report.
- ☑ Recall that In Lesson 1 of this course we covered the importance of USPAP's Appraisal Process and how it plays a major role in dictating what information must be in an appraisal report, well:
- ☑ in the fourth section of this lesson,
- ☑ we expand on USPAP's role by listing the specific elements of information that STANDARD 8 of USPAP requires be in the report. We will also describe additional elements of information that might also be required by such sources as local jurisdictional mandates, IRS requirements (such as for tax liability appraisals), societal dictates, and by best practices of the profession, which reflect elements of information often included by your peers based on experience, but which are not otherwise mandated.
- ☑ Part 2 of this course will provide you with a thorough understanding of how to design a personal property appraisal report making use of the popular business letter style with enclosures format.
- ☑ In the Part of the course, we will provide an actual sample appraisal report template complete with suggested wording for each element of information.
- ☑ This concludes the introduction to Lesson 2. By the way, it's well to mention now, as well as later, that while suggested wording is useful for training purposes, any template must be carefully edited for each and every assignment to ensure that the report contains information that is relevant to the assignment at hand, that it meets the needs of the intended users, and that it contains whatever information is necessary to ensure that the report is understandable and not misleading.

Part 2, Sec 1: Report Format and Style

Welcome to the first section of Part 2 of

- ☑ How to Write Appraisal Reports
- ☑ In Part 2 we discuss the structure and content of an appraisal report.
- ☑ Part 2 has four sections.
- ☑ In this, Part 2's first section, we focus on the format of our report making use of the popular business letter style with enclosures.
- ☑ Before we begin, though, it is worth repeating
- ☑ that USPAP does not dictate the form, format or style of the appraisal report. Of overriding consideration is that the report be designed in such a way so as to satisfy the needs of the client and appraiser. It is not the style of the report, but rather its content which determines whether or not the report is USPAP-compliant.
- ☑ While there may be other styles, for teaching purposes I will make use of the report style used by many personal property appraisers - the business letter style with enclosures.

The business style letter with enclosures is a traditional letter format making use of such parts as the salutation, body, signature and enclosures. While you may be familiar with this format, just to be sure we are all on the same page, let's review this style in more detail.

Here is an template for a flush left business style letter. We will be using this layout for our report's transmittal letter.

Starting at the top, include your return address. This might already be included in your letterhead. If so, there is no need to repeat it here.

Enter the date, followed by the addressee's name and address. If appropriate, include the addressee's company name and addressee's title or position.

Enter a salutation followed by a subject or reference line if needed.

Next comes the body of the letter, followed by a closing, your signature above your typed name and, if appropriate, your title.

List and number enclosures to the transmittal letter. Enclosures will include the Valuation Section as well as the appraiser's professional profile. Enclosures might also include pages containing photographs, a partially-completed IRS Form 8283 if doing a donation appraisal, or even a CD containing high resolution images.

If being prepared for you by a typist, his or her initials would appear at the end of the letter.

BTW, I find it most convenient to compose all my appraisal reports, including the transmittal letter and enclosures, in Microsoft Word. On occasion, such as when my Valuation Section enclosure needs to be highly detailed, I might design it using Microsoft's Excel spreadsheet program.

This concludes the first section of Part 2 in which we noted that USPAP does not dictate report format or style and in which we established the foundation of our appraisal report - the business letter style with enclosures.

In the next section, we will discuss the three categories of information: the appraisal-specific information, item-specific information and supporting documentation that are addenda attached as enclosures.

Part 2, Sec 2: Report Format and Style

Welcome to the second section of Part 2 of How to Write Appraisal Reports

In Part 2 of the course

we are discussing the structure and content of an appraisal report.

Part 2 has four sections.

In the previous section, we established the foundation of our report as being the business style letter with enclosures.

In this second section of Part 2, we will build our report upon that foundation.

The report consists of required as well as optional features.

All appraisal reports must have these two required features. The first is the transmittal letter which will contain all the assignment-specific information. We will go into greater detail in the next two sections regarding assignment-specific information, but for now suffice it to say that it is that information that relates to the entire assignment (such as the identity of the client ... or the intended use of the report) as opposed to relating to the property itself, such as the condition or value of the item being appraised. We refer to that as item-specific information.

Here is an example of a transmittal letter prepared on company letterhead and containing the appraisal-specific information. Note that the transmittal letter is paginated in Page of Y format.

- Note, too, that the transmittal letter contains the required USPAP certification statement. In this report, the certification is on page 5, while the appraiser's signature does not appear until page 6. By proximity to the certification, this signature satisfies USPAP's requirement that every appraisal report contain a signed certification.
- All appraisal reports must also include certain required enclosures and possibly other enclosures as well.
- The first of these enclosures is the Valuation Section which is a required enclosure containing item-specific information.
- We will discuss item-specific information in more detail later, but, in general, it consists of information relating specifically to the subject property itself such as an item description, the comparable market data that was used as a basis of value for the particular property, and, of course, the appraiser's opinion of value for that item. The Valuation Section might also include a thumbnail image of the property so that the reader can readily identify which item it is that is being discussed.
- Here is an example of a Valuation Section enclosure that might be used for antiques and fine art.
- Here is an example of the Valuation Section for a diamond ring.
- And here is an example for machinery and equipment.
- Design your Valuation Section to suite your own preferences for presenting the item-specific information in a clear and concise fashion.
- The appraiser may also wish to include pages containing small or large images of the properties appraised, if needed to improve clarity of understandability of the report.
- This is an example of a photo page I did for the intended use of State estate taxes. For this intended use, it was not necessary to include photographs at all, but I chose to do so regardless in order to make the report more understandable for the client as well as for other intended users who included siblings living across country. For an appraisal done for the intended use of the client obtaining insurance coverage, you may wish to include larger photographs than those shown here.
- Here is another enclosure - the appraiser's professional profile. Enclosing the appraiser's professional profile or qualifications is not required by USPAP but is by the IRS, so it is considered a best practice to enclose your qualifications with all your appraisal reports.
- Here is an example. It includes the appraiser's academic background, professional background, honors and awards, published works, professional associations, and selected clients.
- You may also wish to enclose a CD containing high resolution images. This might substitute for or compliment the photo pages discussed earlier.
- In addition to those required features,
- there are also some optional features you may wish to use.
- The optional binder gives the report a professional look and helps, but does not guarantee, that the report will remain intact. Some binders have a window opening to display text that is on the title page of the report. A binding makes copying difficult, so I use binders sparingly.
- The optional Title Page contains the title of the assignment, the client, relevant dates and the appraiser's contact information. This template makes use of company letterhead.
- This example of a Title Page does not use letterhead. If you choose to make use of a title page, design it to suit your own needs and preferences.

- ☑ Here is an example of an optional table of contents. If the report is complex, lengthy or contains many sections, I will use a Table of Contents to facilitate the client locating the information of interest. However, if the report is short and simple, I will not use a table of contents.
- ☑ Here is an example of an optional value summary page. If the client has a need for the property to be categorized, make use of the value summary page. The client might want the property categorized by property type, as shown here, for insurance underwriting purposes. In a divorce, the client might wish the property to be categorized into marital, non-marital (spouse 1) and non-marital (spouse 2) categories. Unless required by the client, I see no need to include a value summary page.
- ☑ This concludes the second section of Part 2. In this section, we covered the required features of the report including the transmittal letter and enclosures. We also covered optional items, some of which you may wish to use if appropriate to the assignment at hand.
- ☑ In the next section, we will discuss the three categories of information found in the report: the appraisal-specific information which goes into the transmittal letter, and item-specific information and supporting documentation that attaches to the report as enclosures.

Part 2, Sec 3: Categories Report Information

Welcome to the third section of Part 2 of How to Write Appraisal Reports

- ☑ In Part 2 we are discussing
- ☑ the structure and content of an appraisal report.
- ☑ So far we have covered two of this Part's four sections.
- ☑ In previous sections we discussed basing the style of our report on the business style letter format.
- ☑ We also discussed the required as well as optional features that make up the structure of an appraisal report.
- ☑ In this, the third section of Part 2, we will discuss the three different categories of information that go into the appraisal report.
- ☑ Included are appraisal specific information, item specific information and supporting documentation
- ☑ Appraisal-specific information is that information which applies to the entire assignment (as opposed to information that applies only to an individual item being appraised). For federal tax-related appraisals, appraisal-specific information also includes certain IRS-mandated information required in order for the report to be considered by the IRS to be a "qualified appraisal." In a letter-style report, appraisal-specific information is typically contained in what is referred to as the transmittal letter. Here are some examples of appraisal-specific information.
- ☑ I won't go over all of these, but some of the types of appraisal-specific information typically found in a transmittal letter include the identity of the client and other intended users, the intended use of the report, value type and definition used by the appraiser as well as a citation for the source of the definition, the effective date of the report, the scope of work conducted, the approaches to value employed, any assignment conditions encountered, the signed USPAP certification, etc. Note that much of this appraisal-specific information is information required by USPAP's Standards Rule 8-2.

By the way, recall that referenced resources such as this and the following few pages are identified by the tiny chain links icons and are available as hyperlinks in the course outline.

- ☑ Item-specific information is that information which pertains specifically and solely to the individual item being appraised (as opposed to applying to the overall appraisal assignment). For letter-style reports, item-specific information is commonly contained in a three or four-column table within a separate Valuation Section of the report which, in accordance with the business letter style format, would be attached to the transmittal letter as an enclosure.

Whether you use a three column or a four column table will depend on whether or not you are including thumbnail images. Other examples of Valuation Sections were shown in the previous Lesson in which we showed examples of a valuation section used for a diamond ring as well as one used for machinery and equipment.

☑ Types of item-specific information normally found in the Valuation Section enclosure include a description of the property and its value relevant characteristics, the condition of the property, comparable market data on which your opinion of value is based, commentary on the state of the market for the item (if needed), a description of significant assistance provided by other appraisers or experts (if any), thumbnail images, and a final value conclusion.

☑ Supporting documentation consists of addenda which, like the Valuation Section, are attached as enclosures to the report. Addenda consists of any supplementary information that is either required to be included in an appraisal or that otherwise facilitates the understanding of the report.

☑ Attached as enclosures will be such addenda as the appraisers qualifications, the qualifications of other appraisers who also signed the report (if applicable), copies of authentication or grading reports if any were used, a bibliography of reference resources if beneficial to understanding the scope of work, grading scales or condition codes if any were used, diagrams or sketches, a CD containing high resolution photographs, etc.

☑ This concludes the third section of Part 2. In this section we covered the three categories of information and suggested ways to incorporate that information into the appraisal report: appraisal-specific information goes into the transmittal letter, item-specific information goes into the Valuation Section enclosure, and supporting documentation including the appraiser's professional profile goes into the enclosures as well.

☑ In the next section, we will discuss the specific required content of appraisal reports. Content is mandated by USPAP and (for tax liability appraisals) by the IRS. But content might also be required by jurisdictional or appraisal society mandates. In addition, over the years, suggested content has arisen not from any particular mandate but rather from best practices of the profession.

Part 2, Sec 4: Report Content (first half)

Welcome to the fourth section of Part 2 of How to Write Appraisal Reports. Since this is a lengthy discussion, we'll divide it into two videos.

☑ In Part 2 we are discussing the

☑ structure and content of an appraisal report.

☑ Part 2 has four sections.

☑ In the first section we discussed basing the style of our report on the business style letter format.

☑ In the second section we covered the required as well as optional features of our appraisal report structure.

☑ And in the third section we discussed the

☑ three categories of information and how that information is included in either the transmittal letter, the Valuation Section enclosure, or in other addenda that also attach to the report as enclosures.

☑ Thus far we have been speaking in generalities regarding appraisal report content, but beginning in this fourth and final section of Part 2, we will begin addressing the specifics of what drives us to include certain elements of information and what, specifically, those elements are.

☑ Content is driven by several factors including USPAP requirements, jurisdictional mandates, IRS requirements, societal dictates, and best practices, of which the latter category has evolved over time to include information found to be beneficial, though not specifically mandated by any of the other four groups. We'll begin with USPAP driven content.

But before we do, recall USPAP's Standards Rule 8-1 admonitions: the report must be clearly set forth in a manner that is not misleading; it must contain sufficient information to enable intended users to understand the report properly, and the report must disclose any assignment conditions encountered such as limiting conditions, extraordinary assumptions, and hypothetical conditions. Remember, USPAP is a minimum standard. You can include whatever additional information you feel necessary to make the report clear, understandable and not misleading.

With that, let's proceed with USPAP's requirements for report content.

These 15 elements of information are required by USPAP's Standards Rule 8-2.

As a reminder, referenced resources such as this are identified by the tiny chain links icons displayed beneath the topic heading. This indicates that, for your convenience, the resource is available as a hyperlink in the course outline. Let's start at the top. By the way, the order in which these elements of information are presented is consistent USPAP's Appraisal Process.

The appraiser must prominently state which USPAP report option is being used: Self-Contained, Summary or Restricted Use.

State the identity of the client and other appraiser-identified intended users.

applies only if preparing a Restricted Use report. If so, prominently state a warning that the report is for the use of the client only and that the appraiser's opinions or conclusions may not be understood by any others without additional information in the appraiser's workfile.

State the intended use of the appraisal.

Depending on the report option used, either Describe, Summarize or State the identity of the property and its value relevant characteristics. The yellow callout notes that if a Restricted Use report (which is for the use of the client only and no one else), only state the identity of the property - there is no need to even mention its value-relevant characteristics.

As noted, the detail of this information will depend on the report option used. If using the Self-contained option, describe this information in detail. If preparing a Summary report, you need only summarize this information. And if preparing a Restricted Use report, you need only state the information.

Next, state the property interest being appraised. Normally this is 100%, but not always.

In number 7, state the value type being used and its definition. Also cite the source of the value definition. The yellow callout notes that for a Restricted Use report, there is no need to give the definition. You need only state the value type and the source of the definition, but not the definition itself.

State if value is in terms of cash, financing terms equivalent to cash, or in terms of financing that makes use of unusual terms or incentives. For personal property, we normally give value in terms of cash.

At times, exposure time will be a component of the value definition. An example would be if the client states she has only seven days to sell a property and needs to know its value taking that limitation into consideration. In such a case, exposure time would be a component of the value definition so would have to be disclosed in the report.

State the effective date of the appraisal and the date of the report.

Depending on the report option used, either describe, summarize or state the scope of work actually completed.

Depending on the report option used, either describe, summarize or state

the information analyzed such as the market data used as a basis for your opinion, the appraisal methodology and techniques used. Did you apply depreciation? Get authentications? consult with experts? Adjust comparable market

data values to reflect the value characteristics of the subject property? Consider obsolescence?, the reasoning to support your opinions such as a reconciliation of values and the averaging of the resultant value indicators.

Describe, summarize or state the approach to value used as well as the approach(es) to value that were excluded and your reasoning for excluding them.

Summarize your analysis of any known agreements of sale, offers to buy, sale listings or (if within a reasonable time) prior sales of the subject property. This requirement applies only if reporting an opinion of market value type such as fair market value, orderly liquidation value, fair value, or marketable cash value. If none of these factors exist or if not reporting on a type of market value, this requirement can be ignored.

If necessary for credible results, state the use of the property as of the effective date of the appraisal and as reflected in the appraisal report. (Normally they are the same). If you develop an opinion of the most appropriate market, depending on the report option being used either describe, summarize or state your opinion of the appropriate market and give your rationale for that opinion. Note the yellow callout. If preparing a Restricted Use report, the rationale in support of the appropriate market opinion is not required. Simply state your opinion as to the most appropriate market.

Clearly state any assignment conditions encountered such as limiting conditions, extraordinary assumptions, hypothetical conditions and jurisdictional exceptions.

Disclose these four factors in the USPAP certification

Whether or not you have any current or prospective interest in the subject property or the parties involved.

Whether or not you provided any services (not just appraisals) regarding the subject property during the prior three years.

Whether or not you personally inspected the subject property.

The names of an individual who provided significant personal property appraisal assistance with the assignment, if any.

And finally, include a signed USPAP certification statement.

Here is the preferred USPAP wording for a personal property appraisal certification. This can be found in USPAP's Standards Rule 8-3 as well as at the hyperlink in the course outline.

In the certification, the appraiser: attests that the facts in the report are true and correct; that analyses, opinions and conclusions are the appraiser's own and are unbiased and impartial; that the appraiser has no (or the specified) interest in the subject property or parties involved; that the appraiser has (or has not) performed any service related to the subject property during the preceding three years; that the appraiser has no bias towards the subject property or parties involved; that the assignment is not contingent on reporting predetermined results; that the appraiser's compensation is not contingent on the assignment results; that the assignment results were developed and reported in accordance with USPAP; that the appraiser has or has not personally inspected the property; and, finally, that, unless identified here in the certification, no one provided significant personal property appraisal assistance to the signing appraiser.

This concludes the USPAP required elements of information and the first half of this section of Part 2.

In the next half of this section, we will finish our discussion of report content by covering the requirements set forth by local jurisdictions, the IRS, appraisal societies and the best practices of the profession.

Part 2, Sec 4: Report Content (second half)

Welcome back to the fourth section of Part 2 of How to Write Appraisal Reports. This presentation covers the second half of this section which focuses on the content of the report and what drives that content.

In the first half we covered

USPAP's admonitions as well as USPAP's required elements of information.

In this second half, we will finish our discussion of report content by covering the requirements set forth by local jurisdictions, the IRS, appraisal societies and the best practices of the profession.

Your local jurisdiction in which you practice may have some requirements of its own.

For instance, here in Maryland where I reside, for Maryland estate appraisals, I am required by the Maryland Annotated Code of Estates and Trusts to add to my report a specific statement to the effect that I affirm under the penalties of perjury that I appraised the property listed in this appraisal on the specified date that I did so with impartially and to the best of my skill and judgment.

If your state collects death taxes including state inheritance and/or state estate taxes which require personal property appraisals, be sure to become familiar with your state's estates and trusts codes to ensure that you are preparing reports that are compliant with your state's requirements.

Next is the IRS which has several requirements for information that must be included within appraisal reports being done for federal tax purposes.

These are the IRS report requirements which are associated with donation appraisals.

First, become familiar with IRS Pub 561 entitled "Determining the Value of Donated Property." A hyperlink to this publication is provided in the course outline. Pub 561 contains a wealth of information for the taxpayer as well as for the appraiser including what makes a "qualified appraiser" as well as what constitutes a "qualified appraisal."

Here is a excerpt from Pub 561 listing the information the IRS requires be in an appraisal report being done for donation purposes. You must describe the property, its condition, the date of donation, information regarding the appraiser including taxpayer identification number, the date of the report, the item's FMV, the valuation approach used, and the basis for the opinion of value. You can review these at your leisure by clicking on the course outline hyperlink to IRS Pub 561.

One of those IRS Pub 561 requirements is that the appraisal report include the qualifications of the appraiser.

Here is an excerpt from Pub 561. The appraisal must contain the qualifications of the appraiser including background, experience, education and societal memberships.

Yet another requirement,

is that the donation appraisal reports contains the statement that the appraisal was prepared for income tax purposes. This is a pretty basic requirement and is, of course, what we refer to as the intended use of the report - something that USPAP requires the appraiser to identify early on in the appraisal process and to disclose in the report.

For donations of art valued in excess of \$50,000 in fair market value, the IRS provides guidance:

as to the preferred method to describe the property, including the method of describing the comparable market data being used as a basis for the appraiser's opinion of value. Note, too, that for these larger appraisals of over \$50,000 in value the appraiser must include in the appraisal report the taxpayer's acquisition date, cost and source! Obviously the appraiser must get this information from the client/taxpayer.

Here is a suggested statement to use should you have the need. READ IT NOW

This guidance from the IRS is hyperlinked in the course outline for your review, so we will not spend any more time on it here.

As you can see, appraisals done for federal tax purposes require that you be familiar with the requirements of various IRS publications and guidance.

Another source for appraisal report requirements are the dictates of the appraiser's parent appraisal society.

While some appraisers are independent and have no societal affiliation, most are members of one or more personal property appraisal societies. A society member is required to abide by both the requirements of his or her parent society (or societies) as well as with the overarching generally accepted standard of USPAP.

While some societal dictates will mirror USPAP, other requirements will be in addition to USPAP. Be familiar with your society's appraisal report requirements to ensure that you comply with those societal report requirements not already mandated by USPAP.

And finally, report content is driven by

best practices of the profession. Through years of experience with various types of assignments including litigation, IRS and damage claims, it has been found beneficial to also incorporate these types of information in your appraisal reports.

This resource is also hyperlinked in the course outline for your later reference, so we will review it only briefly here:

Best practices suggest that you include the address of the property being appraised; include the names of responsible parties present at the inspection; include the name of the person or entity understood to be the owner of the property (the owner is not always the client); include a statement of confidentiality; define any grading scale or condition codes used; include definitions or translations of unusual words or foreign terms; include disclaimers to limit liability and terms of use to control how and by whom the report is used; if doing a donation appraisal, include a statement as to how IRS Form 8283 is being handled; and attach your professional profile as well as the professional profile of any appraiser providing significant assistance.

This concludes the fourth and final section of Part 2. In this section we covered the factors that drive report content as well as the content itself. USPAP is the largest contributor to the list of required report content. But, requirements can also be established by your local jurisdiction, the IRS and any appraisal societies to which you might belong. In addition to these mandated requirements, the professional appraiser should also include information that has, over the years, been found to represent the best practices of his or her peers.

We have now completed all four sections of Part 2 covering the Structure and Content of the appraisal report.

In the next part of the course,

Part 3, we will put what we have learned thus far to use in the writing of a sample donation appraisal report making use of USPAP's Self Contained appraisal report option.

Part 3, Introduction: Sample Appraisal

Welcome. This video is an introduction to Part 3 of

How to Write Appraisal Reports.

In Part 1 of this course, we discussed the impact of USPAP and its Appraisal Process on the appraisal report.

In Part 2, we discussed the structure, content categories, and the types of specific information typically found in a personal property appraisal report.

Now, in Part 3, we cover the final Part of this course.

We'll put to practice all that we have learned, by designing a sample donation appraisal report template complete with sample wording for each section

- as demonstrated here, for instance. By the way, while displaying these phrases,
- we will periodically also show alternative phrases that might be used if, for instance, a different market was used (as shown here) or a different value type and definition was being used, or if you were using a different approach to value, or a different intended use.
- But first,
- recall what we learned in Part 2 of this course
- regarding format and style.
- According to STANDARD 8, USPAP does not dictate form, format or style of personal property appraisal reports. The report format must reflect the needs of the intended users and of the appraiser. USPAP reminds us that it is not the style of the report, but rather the report's content which determines whether or not the report is USPAP-compliant.

Having said that, and as I also noted in Part 2, in order to teach report writing, it's necessary to give an example, and for purposes of this Part 3 demonstration,

I have chosen to make use of the report style used by the majority of personal property appraisers - the business letter style with enclosures. Of course, the formats and styles that could be used are limitless. I use the style with which I am most comfortable. And, of course, we each have our own writing style. If you like some of my word-smithing, you are welcome to make it your own. Whatever wording and style you use, just make sure your finished work product is clear, understandable and professional in appearance.

I caution against using fixed boilerplate or using report templates without proper editing. While fixed boilerplate should never be used when preparing a report,

report templates are useful. Templates help ensure completeness, help minimize liability and save time. Most appraisers design several templates—one each for insurance, donation, estate, divorce, litigation, damage claims, etc.

The challenge is to edit and modify the template for each and every assignment by inserting relevant information while at the same time removing irrelevant information. I cannot emphasize strongly enough the need to closely review each word of each sentence of each paragraph of each report you prepare when using templates.

And, I discourage you from puffing your report by including needless content. Here are some examples:

If you did not use the sampling technique, then do not include a statement such as "When an appraisal is made on a sample of the whole etc., etc." And if your opinions are not contingent on information provided by others, then do not include a statement such as "Where the appraisal is contingent upon the validity of statements, data or documentation supplied by the client or others, etc etc." And if you are appraising only a single item, be sure to edit such innocuous clauses as "My opinions of value are ..." to "My opinion of value is ..."

Our goal at the end of Part 3

is to have produced a complete USPAP-compliant appraisal report example similar to this:

--

Let's take a close-up look at the first page of this report so that I can point out some of the benefits of this design:

The transmittal letter makes use of section headers that highlight the important elements of information, thus making the report more understandable.

The template sections help ensure that the report is USPAP-compliant and that the narrative follows USPAP's Appraisal Process, and

The template sections also help to ensure that I do not inadvertently omit required information. This helps ensure that the report is complete and comprehensive.

To set the stage, for this final Part of the course

note that in this sample appraisal, the intended use is for donation purposes and the appraisal makes use of the self-contained report option. The type of value being used is Fair Market Value as defined by the IRS. And since this is self-contained report, the scope of work will be substantial. These are the primary driving factors behind the report content.

Let's take a closer look at these primary driving factors.

Intended use is the key! By that I mean that it is the intended use that dictates our next steps and much of the content of the report.

Also, the relative significance of an item to the overall assignment results will also impact content - the more significant the item is to the overall assignment results, the more information and detail the report will contain regarding that item.

Returning to intended use,

it is the intended use that drives the report option used (self contained, summary or restricted use), the type and definition of value employed by the appraiser, and the scope of work required to achieve credible assignment results.

These, then, are the primary assignment factors that drive the required report content as well as the detail of that content. For instance, intended uses such as for donation or litigation might require the development of an opinion of fair market value, and a substantial scope of work. Such intended uses will result in a fully-narrated self-contained report, the content of which will be substantial and very detailed.

On the other hand, a simple appraisal for the intended use of sales advisory to determine an item's orderly liquidation value for a client who wants to sell the item will require a minimum scope of work and will probably make use of the restricted use report option which, by definition, will contain much less information and detail.

Put another way, the amount of detail required to be in the report will vary depending on the significance of the information to the appraisal assignment and with the significance of a particular object to the overall assignment results. As an example, significant descriptive detail and maybe even comparable market data would be included in a report for an 18th century highboy being appraised for donation purposes. On the other hand, for a Sears dresser being appraised for state estate purposes, the estate appraisal will contain little in the way of a description and certainly no comparable market data.

In this Part 3 of the course, we will dissect an actual sample appraisal report template in order to show the suggested wording for each element of information of this donation appraisal including the enclosures.

By the way, it's well to mention once again that while suggested wording is useful for training purposes, any template must be carefully edited for each and every assignment to ensure that the report contains information that is relevant to the assignment at hand, that it meets the needs of the intended users, and that it contains whatever information is necessary to ensure that the report can be properly understood.

Like Part 2, this Part will also be broken down into several sections. And, as in the other Parts, hyperlinks to referenced resources (which are indicated by the tiny chain links icons) can be found on the course homepage.

This concludes the introduction to Part 3. In the first section of Part 3, I will show you how to word the first elements of the appraisal report beginning with

the opening.

Part 3: Sample Appraisal (1 of 5)

Welcome to Part 3, Section 1 of How to Write Appraisal Reports.

We'll begin this section of the course

with a discussion of the opening of our transmittal letter.

There is no need to write any of this material down. It's all included in the referenced resource links to Part 3 that are found on the homepage of this course. You can print them out, if you like. You can also pause this recording if you need to linger on a particular page.

By the way, we'll be referring to the "transmittal letter" frequently. Why use this terminology?

Because the Appraisal Foundation makes use of the term "transmittal letter" in its USPAP document, and because other major appraisal societies also make use of the term.

In addition, USPAP defines a report as any communication, either written or oral, that "transmits" the assignment results to the client.

As you recall from Part 2, USPAP does not dictate the format or style of the report. I have chosen to use the popular business letter style with enclosures. So, to parallel USPAP's definition of a report as being one that transmits the assignment results to the client, it makes sense for the letter portion of my report to be referred to as the "transmittal letter."

Now, back to the opening of my transmittal letter.

The opening includes the date of the report and the client as the addressee. Remember, by definition it is the client who contracted with you for the assignment and who is the one with whom you have an appraiser-client relationship. Therefore, you must address the transmittal letter only to your client. Copies can be sent to the client's agent or other parties as directed by the client, but the report is addressed to the client.

The rest of this opening is my personal preference for "saying Hello" and introducing the client to this report. Use your own writing style here as well as in all parts of this report.

The first paragraph tells the reader that it was the client who requested the appraisal and that the intended use is for claiming a deduction.

The second paragraph states that the appraisal-specific information required by USPAP is contained in the transmittal letter, and, since this report is being done for income tax purposes, notes that the report satisfies the IRS requirements for a being a "qualified" appraisal.

The third paragraph notes that item-specific information is located in the Valuation Section enclosure of the report, and that high resolution images of the appraised items are contained in the enclosed CD.

Edit this section as necessary depending on the intended use. For instance,

Here is an example of my opening that has been designed for insurance purposes. Note that I change the intended use in the first paragraph and I eliminated reference to the IRS and "Qualified Appraisal" in the second paragraph, since it is no longer applicable.

The next section of the transmittal letter is the Executive Summary

The Executive Summary includes a brief summary of the assignment. Included is information suggested by best practices including the date of inspection, a general description of the property being appraised (such as "household goods" or "a Tiffany lamp" or "sterling silver flatware and hollowware", etc.), the address at which the inspection was

conducted, others who were present during the inspection, and a summary of my final value opinion. Edit this section as necessary depending on the intended use and type of value being used.

Here is an example of the executive summary for the intended use of acquiring insurance (instead of for donation) and for which an opinion of replacement value (instead of fair market value) was developed.

#3 is The Report Option used.

As required by USPAP, we must clearly state the USPAP report option being used. For purposes of this example (which is for IRS tax liability purposes), we would make use of and indicate the Self-Contained option.

In #4 we identify the client and other intended users.

The client is the one who engaged the appraiser for the assignment, and it is the client with whom the appraiser has the special appraiser/client relationship which includes confidentiality.

In this section, I identify the addressee as my client, and I identify the client's agent (who could be the client's tax advisor) as well as the IRS as intended users of this donation appraisal report. Note that Standards Rule 8-2 allows me to list the client and any other intended user by name OR type. In this instance, I chose to list the intended user by type instead of name. Instead of identifying the intended user as "Larry Smith, CPA", I simply identified him as the client's "agent".

Recall that the appraiser is obligated to develop opinions and prepare a report that satisfies the needs of only the client and intended users the appraiser identifies through communication with the client. A third party does not automatically become an intended user merely by receiving a copy of the report. In order to be considered as an intended user, the party must be identified by the appraiser in advance and disclosed as such here in the report.

In the fourth section of this Part 3, we discuss disclaimers and terms of use. At that point we will address some additional issues related to clients and other intended users. Specifically, we will give warnings that the report is not intended to be used by anyone other than the client and the identified intended users, that I am not liable to other third parties who might make use of this report, and that if other third parties do take action in reliance on this report, then they do so at their own risk.

This concludes the first section of Part 3. In the next section, we will continue our discussion of information that is in a donation appraisal report beginning with intended use of the report.

Part 3: Sample Appraisal (2 of 5)

Welcome to Part 3, Section 2 of How to Write Appraisal Reports.

We'll begin this section of the course with a discussion of

#5, the intended use of the appraisal report.

I first state the intended use of the appraisal report. Then, to help prevent misuse, I also state that the report is null and void if used for any other purpose.

Here are some examples of other intended uses: the first is for federal estate tax purposes. The middle example is for a state's estate tax purposes. And the third is for a client acquiring insurance coverage.

In #6 we state the ownership interest being appraised and note any encumbrances on the property.

Normally, but not always, the ownership interest being appraised is 100% and there are no encumbrances such as liens or restrictions. I also note that I assume the client is the owner of the property because my client told me so, but that I do not conduct any investigation regarding the accuracy of that representation.

In #7 we identify the type and definition of value, and we site the source for that definition. Here are several examples...

For this demonstration we are developing an opinion of Fair Market Value. I state the definition of fair market value and I site the source for that definition. The primary citation is the IRS regulation, but the Estate Tax Regulation expands the IRS definition by addressing “most common market”, so I make use of the second part-definition as well.

But what if the intended use is for acquiring insurance coverage or for a damage claim and not for donation? Then there would be three different possible value types and definitions for depending on whether or not the subject property can be suitably replaced with a brand new item (antiques, by the way, cannot!) and whether or not that new replacement item can be purchased ready-made or if it must be constructed.

For an insurance or damage claim appraisal of appreciable items such as antiques or fine art, I would use replacement value (comparable) as my type of value and I would define it as indicated here. Note that replacement value (comparable) is based on replacement cost (comparable) which I also define. Such property types as this cannot be replaced with a new property because of reasons of antiquity, provenance, collectability, etc. They can be replaced only with a comparable property. Thus the use of replacement value (comparable). I finish by citing the source of my definition which is my book, “Appraising Personal Property: Principles and Methodology”.

Here is an example of the wording for this section of a transmittal letter in the case of an insurance or damage claims appraisal of a property type that CAN be suitably replaced with a new item such as could a sofa, computer, refrigerator or flat screen TV. For an insurance or damage claims appraisal for such property types I would make use of replacement value (new). Note that my definition of replacement cost (new) takes into consideration that there might be an upgraded model now available.

And here is yet another option for value type and definition for an insurance or damage claims appraisal. If valuing an item which can only be replaced by reproduction, I would make use of this definition of replacement value (new-reproduction).

These were just a few of the many types and definitions of value you might have to employ depending on the intended use of the appraisal report.

By the way, remember that on occasion you will have to develop and state your opinion of exposure time if exposure time is as a component of your value definition. For instance, here is an example of the value type and definition used if developing an opinion of forced liquidation value for a client who must sell the subject property in a short period of time. Note the opinion of exposure time in the last paragraph. The development and disclosure of exposure time causes this report to be better understood and prevents it from being misleading, thus its inclusion.

Now let's look at #8, Relevant Dates.

Here I list all three relevant dates. I list the two USPAP-required dates (which are the effective date of the appraisal and the date of the report). And best practices suggest that I also include the date (or dates) on which I conducted my inspection.

This sample appraisal is for a donation purposes, so note here that I indicate that the effective date of the appraisal is the date of donation.

But for an estate appraisal, you would list the date of death (or alternate valuation date six months afterwards) as the effective date. For an appraisal for acquiring insurance coverage, the effective date would be the current date of your inspection. For a divorce, the effective date might be the date of separation. For a damage claims appraisal, the effective date of the appraisal would be the date of loss or perhaps the date that the loss was discovered.

This concludes the second section of Part 3. In the next section, we will continue our discussion of information that is in a donation appraisal report beginning with scope of work.

Part 3: Sample Appraisal (3 of 5)

Welcome to Part 3, Section 3 of How to Write Appraisal Reports.

We'll begin this section of the course with a discussion of

#9, the description of scope of work.

The scope of work describes the type and extent of research and analysis I actually performed in the assignment in order to achieve credible assignment results. Included is the degree I inspected and identified the property, the extent of data research, the type and extent of analyses undertaken in order to arrive at my opinions, and any assistance provided by others.

Note that scope of work includes only STANDARD 7 requirements which cover the work done during the opinion development stage of the process, i.e., the steps I took to arrive at my value conclusion. Scope of work does not include STANDARD 8 steps which I took while reporting the assignment results to the client.

In this assignment, I personally inspected the property, documented the property's characteristics in writing and with images, I researched identification, I researched the appropriate market for comparable sales data, and I made adjustments for differences in value-relevant characteristics between the comparable and the subject properties. I then reconciled the data and arrived at my final opinion of value.

Customize your scope of work for each assignment so it reflects the work you actually performed. Here are some examples of additional scope of work items:

Did you develop an opinion of exposure time as a component of the definition of value being used?

If there were viable alternative uses of the property that may have resulted in a different value, did you considered those alternative uses?

Did you analyze relevant economic conditions including market acceptability of the property and supply, demand, scarcity or rarity?

If there were any encumbrances on the property, did you analyze the effect on value, if any, of those encumbrance?

Where there were multiple objects, did you consider the significance of the individual assets on the overall assignment results? Was more research done and more information provided for the more significant items?

Were there anticipated modifications to the subject property that you needed to analyze because of their possible effect on value?

Were there any real property or intangible assets included in the assignment that required analysis by you or by other appraisers who specialize in those disciplines?

Was the subject property being listed for sale as of the effective date? were there bona-fide offers to buy the subject property? had the property been sold within a reasonable period prior to the effective date? If so, these must be analyzed as part of the scope of work.

If you made use of other appraisers, experts or service providers such as an authenticator or grading service, note it here in the scope of work. If you did not personally inspect the property, but rather relied on others to identify the property and its value-relevant characteristics, note that as well.

Did you use a sampling technique to appraise large lots of similar items?

Did you analyze any information or documentation provided to you by the client of a third party?

All these are examples of scope of work issues that, if relevant, should be addressed in your scope of work statement.

In #10, I address the information I analyzed, and I disclose and describe my appraisal methodology including the approaches to value I used as well as the approaches that were excluded and why they were excluded.

We'll first examine a complete statement. Then I will break it down further by giving examples of wording to be used when including or excluding the various approaches to value.

In this donation appraisal assignment, I note in the first paragraph that I used the sales comparison approach to determine fair market value. In doing so I made use of the most appropriate market to locate comparable market data which was then adjusted, as necessary, to reflect differences between the subject property and the comparable property. I also note that I disclosed the market data that formed the basis of my opinion of value in the report's Valuation Section enclosure. Recall, that this is a self-contained report which requires such information to be fully described and not merely summarized (as would be done in a Summary report) or merely stated (as would be done in a Restricted Use report).

As required by USPAP, I also disclose which approaches to value were not used and why. For this donation appraisal the cost approach, while considered, was not used because it bases value on the cost to acquire a brand new property, but the subject property was an antique having value-relevant characteristics of age and provenance that cannot be suitably replaced with a new property, so the cost approach did not apply. And the income approach, while considered, was also not used because the subject property was not investment property - it was non-investment property, so the income approach did not apply either.

Let's dig deeper into this element of information. First, we'll cover describing the approaches that were used. Then the approaches that were excluded.

We'll first describe the wording when using the sales comparison approach. It will be similar to what you have already seen, except instead of a donation appraisal, now envision that we are developing an opinion of value for a client wishing to obtain insurance coverage.

In this example, we are seeking replacement value (comparable) (assume for a period Tiffany lamp) so that the client can purchase an agreed value insurance policy. The sales comparison approach is ideal for this appraisal objective in which the subject property can only be suitably replaced with a comparable (not new!) property. It provides the option to seek comparable market data from either current dealer asking prices, past dealer sales or from past consummated sales at auction.

But life is not perfect. Replacement items are not always available from a retail store. So, in the second paragraph, I note that if comparable market data could not be found in the way of current asking prices or past sale prices from retail stores, I instead researched prices that were realized by auction galleries which would then be the best indication available of the probable price one would have to pay in the future should the subject property need to be replaced.

Lets now explore the wording when using the cost approach in two scenarios, both of which could be for insurance or damage claims purposes. Why use the cost approach? Because in each of the two scenarios I'll be describing the client needs to know the replacement value for items or property which, unlike the antique Tiffany lamp, can be suitably replaced with a brand new item.

In this example, we are seeking replacement value (new) (assume for a 60" flat screen TV) for damage claims purposes. In this instance, I make use of the cost approach to ascertain the cost of acquiring (by purchase) a suitable brand new replacement property. While, by definition, the cost approach factors in depreciation, I note that since the intended use involves indemnification at full replacement value (new), depreciation is zero. Note, though, that this might not always be the case. If the client needs an opinion of actual cash value (which by definition deducts for all forms of depreciation in order to determine the value of a used property), this wording would have to be edited to address the fact that depreciation had been applied in order to arrive at depreciated value new instead of replacement value (new).

The second cost approach example is similar to the first. The difference is that this subject property cannot be purchased new. Assume an oil painting of Aunt Betty executed by the original artist who is still living, or assume a custom-made entertainment center. Instead of purchasing these items ready-made, they must be reproduced. As a result, we are seeking replacement value (new-reproduction) instead of replacement value (new). As before, it is

assumed that since the claimant is to be indemnified at full replacement value (new-reproduction), no depreciation need be applied when applying the cost approach.

Now let's look at the wording for this element of information when using the income approach to develop an opinion of investment value for an investment property.

In this example, I state that I used the income approach. I then define the income approach as a method for valuing investment property by calculating the present worth of a stream of anticipated income. I seldom use the income approach. It is usually an approach to value employed by a business valuator when valuing all the assets of a business, including tangible as well as intangible assets.

USPAP also requires that we disclose any approaches to value that were not used and explain why.

Here I explain that the sales comparison approach was not used because the cost approach was more appropriate for valuing items which can be suitably replaced with a brand new item.

In this example, I explain that the cost approach was not used since the subject property was antique and had other value relevant characteristics which prevented the property from being suitably replaced with a brand new item. Since the cost approach only considers replacement with a new property, it was not relevant to this assignment, so it was not used.....

In this example, I explain that I did not use the income approach because the subject property is not investment property, so the income approach did not apply.

This concludes the third section of Part 3. In the next section, we will continue our discussion of information that is in a donation appraisal report beginning with listings, offers and prior sales.

Part 3: Sample Appraisal (4 of 5)

Welcome to Part 3, Section 4 of How to Write Appraisal Reports.

We'll begin this section of the course with a discussion of

#11, disclosing any known listings, offers to buy or prior sales of the subject property.

In certain assignments, USPAP requires that (if known to the appraiser) current listings, agreements of sale, offers to buy, and (if within a reasonable time) prior sales of the subject property be disclosed in the report, but this section only applies if you are developing a type of market value such as fair market value, fair value, marketable cash value or orderly liquidation value. It does not apply to non-market value opinion types such as replacement value or forced liquidation value.

In #12 we identify the use of the property and its appropriate market. For personal property, value is a function of how it is being used which directs us in our choice of appropriate market. For instance, the use of fine art is for decorative purposes. It's appropriate market for replacement is likely to be dealer galleries. For donation purposes, it's appropriate market would probably be regional, national or international auction houses.

In this example I note the use of the property as being decorative. Recall that this sample appraisal is for donation purposes. I develop and disclose my opinion of the most appropriate market as being that in which the property is most commonly sold to the retail customer purchasing decorative items. Specifically, I note that, in my opinion, the "most common" market is the auction house. But the most common market for other property types could also be dealer galleries. An example is Pre-Columbian art where the most common market for authentic examples is often considered to be the dealer who specializes in Pre-Columbian art because collectors most often buy from dealers who offer guarantees of authenticity- an important factor to consider when purchasing items that have often been faked. Regardless, the appraiser must use his or her best judgment based on experience when deciding which market is the "most common" when doing donation appraisals.

Here is an example of use and appropriate market for an appraisal being done, not for donation, but for the client to obtain insurance coverage.

The earlier donation example was viewed from the market perspective, that is, what market participants expect in the development of an opinion of fair market value, for which, as a type of market value, market participants would expect the use of the “most common market” in which transactions occur; that it would be an open market, and that buyers and sellers would be equally knowledgeable, with neither being under duress to buy or sell.

With this insurance appraisal, however, the objective of the appraisal is not to develop a type of market value based on the expectations of market participants. Rather, for insurance coverage purposes, the objective is to develop replacement value (which is NOT a type of market value) based - not on the expectations of market participants - but rather from the perspective and requirements of the client who is the being insured.

For this insurance appraisal scenario, then, the appropriate market is defined as that in which the client customarily and conveniently shops and in which market a replacement property could be obtained within a reasonable amount of time. So for this insurance appraisal example, instead of the “most common” market being auction galleries, we instead make use of local retail stores or Internet websites in which the customer would normally shop.

#13 addresses the appraiser’s final value opinions and conclusions

As you see, this wording is merely a placeholder directing the reader to the Valuation Section enclosure which contains all the item-specific information including final value opinions and conclusions.

#14 contains any assignment conditions that were encountered.

Limiting conditions might include the lack of electricity which prevented testing the electronic and electrical devices. An extraordinary assumption might be that because of the lack of electricity, the appraiser assumed that all electronic and electrical devices worked properly. A hypothetical condition might be that the client wants you to appraise the damaged painting as though it had already been professionally repaired. Jurisdictional exceptions rarely, if ever, apply to the personal property appraiser, so we need not discuss it other than to note that it is a condition which must be disclosed if encountered. Finally, any other assignment conditions encountered or imposed upon the appraiser should also be disclosed in order to ensure that the report is understandable and not misleading.

The yellow callout is a reminder that Standards Rule 8-2 also requires that a statement be included that any extraordinary assumptions or hypothetical conditions encountered might have affected assignment results.

Next is #15, Disclaimers and Terms of Use. Disclaimers serve to help limit the appraiser’s liability and exposure within the specific areas they address. Terms of Use puts the client, intended users and other third parties on notice as to the limitations of the assignment, the limitations of the appraiser’s responsibilities and liabilities, and the restrictions as to how and by whom the appraisal report can be used.

In this example, I first note that I rely on readily apparent identity and in my opinion no further guarantee or authentication of the items is needed. I note that this appraisal is intended for use only by my client, the client’s agent, and the identified intended users; and that my liability is limited only to those classes of users. I also caution against making incomplete copies of the report and against making changes to the report which would render the report null and void.

#16 addresses the USPAP certification.

Shown is the generic certification used for personal property appraisals. The USPAP certification represents evidence that the opinions, analyses and conclusions expressed in the report are those of the signing appraiser. It is also evidence that the appraiser is aware of the ethical obligations of acting as an appraiser. This statement being in close proximity to the appraiser’s transmittal letter signature satisfies USPAP’s requirement that every assignment report contain a signed certification.

Note the yellow clauses in the certification. They require that: you to indicate whether or not you have a present or prospective interest in the property, that you have or have not performed services relating to the subject property during the preceding three years, and that you have or have not conducted a personal inspection of the property being appraised. In addition, you identify appraisers, if any, who assisted with the assignment in a significant way.

This concludes the fourth section of Part 3. In the next section, we will continue our discussion of information that is in a donation appraisal report beginning with the statement of confidentiality.

Part 3: Sample Appraisal (5 of 5)

Welcome to Part 3, Section 5 of How to Write Appraisal Reports.

We'll begin this final section of Part 3 with a discussion of

#17, the statement of confidentiality.

While this element of information is not required by USPAP, it is considered a best practice. For more about your USPAP obligations regarding confidentiality, refer to the Confidentiality section of USPAP ETHICS RULE.

#18 is the IRS Declaration. While not required by USPAP, for donation appraisals it is required by the IRS

IRS Pub 561 requires the report contain a declaration attesting to the appraiser's qualifications. It also requires the appraiser to acknowledge that he or she is aware that the appraisal will be used for income tax purposes.

#19 contains a statement noting that IRS Form 8283

is attached to the report and explaining how the form should be handled to ensure that it is properly completed by all parties involved with the donation including the donor, appraiser and donee. Enclosing a loose form 8283 is optional in this statement, but both are suggested by best practices.

#20 addresses electronically transmitting the report.

If you do not send a copy of your report electronically, do not use this statement. In this demonstration donation appraisal assignment, however, at the request of the client I sent an electronic version of this report in .pdf format via email as soon as the report had been completed. I also sent a hardcopy via regular mail. Note that while the hardcopy included Enclosure 4 (which is a CD containing high resolution images) and Enclosure 5 (which is IRS Form 8283), the electronic version could not, so I noted it here.

#21 contains the final section of the transmittal letter,

the closing, which contains the appraiser's signature and a listing of the attached enclosures. Note the signature is above the appraiser's typed name, and the Enclosures are listed and numbered. In addition to the Valuation Section enclosure and the appraiser's professional profile enclosure

there are the several other types of enclosures you might have the need to use and attach. We'll discuss these in more detail momentarily.

This concludes our discussion of the appraisal-specific elements of information for this sample donation appraisal's transmittal letter. The information we just concluded reviewing is either required by USPAP or the IRS, or is suggested by best practices of the profession.

Let's now explore possible Enclosures to the transmittal letter which we just recently mentioned but only briefly.

The enclosures contain the Valuation Section, the appraiser's professional profile, as well as whatever additional documents you feel necessary to help ensure that the report is clear, understandable and not misleading, and which will help to support your reported opinions, analyses and conclusions.

Enclosure 1 is the Valuation Section which contains item-specific information for the property being appraised, in this example, for donation purposes.

The Valuation Section contains information necessary to properly identify the property type as well as its value relevant characteristics such as condition, age, maker, provenance, etc. It also includes a description of such

ancillary information as the results of authentications or grading reports, assistance provided by others regarding the specific property, assignment conditions pertaining to the specific property, comparable market data used as a basis for the opinion of value, commentary on the state of the market for the specific property type, thumbnail images, and, of course, your final value conclusions.

Here is a Valuation Section template for the donation appraisal. Since this sample appraisal is being done for income tax purposes, note that the description column emphasizes the need to follow the guidance in IRS Pub 561 to ensure the report contains all the information required in order for the report to be considered by the IRS as a "qualified" appraisal. Also, note the IRS guidance for describing property valued in excess of \$50K. The guidance even includes how to describe the comparable market data being used as a basis for your opinion of value. Frankly, I'd use this guidance for any donation appraisal - not just for high-value items!

Enclosure 2 is a photo page.

You may or may not wish to include photo pages. I find it helpful to document what I saw by using them with most of my appraisals. They have also proven helpful to my clients, as well. The one shown here is actually a photo page from an estate I recently appraised for state estate tax purposes. I would not use a photo page for our sample donation appraisal since I include small images in the Valuation Section enclosure and I am attaching high resolution images keyed to the report on an enclosed CD. Whether or not to include photo pages and how big the images should be is a personal business decision. But if not enclosing an image CD, you would probably be best served to make use of photo pages.

Enclosure 3 contains my Professional Profile.

I recommend that your professional profile be a maximum of two pages long and include your contact information including email, academic background, professional background/experience, published works, honors and awards, professional affiliations, and select references.

We already mentioned enclosure 4 which is a cd containing high resolution images. Use as needed. IRS donation appraisals as well as appraisals for acquiring insurance coverage are good intended uses to display your photography skills by delivering your images in high resolution on a CD. Damage claims as well as litigation appraisals are other intended uses for which high resolution images on a CD will prove useful to your client.

Enclosure 5 of this sample appraisal is

IRS Form 8283. In my statement that we reviewed earlier in the IRS Form 8283 section of my transmittal letter, I noted that I had partially completed this form and was enclosing it for the client's further action.

Note, however, that while I might choose to enclose an IRS Form 8283 and to even mention the form in the transmittal letter, I do not permanently attach it to the report because it is not part of the appraisal. I enclose it as a loose document as a convenience to the client/taxpayer, but Form 8283 is the taxpayer's responsibility to submit with the his or her return. It is not part of the appraisal report so be sure that you do not bind it into your report!

And, finally, include any other supporting documentation as enclosures to the transmittal letter that you feel necessary to make the report clear, understandable and not misleading.

Here are some examples of documents that might be attached as enclosures, if needed, in order to support assertions regarding appraisal-specific information made in the transmittal letter or in support of item-specific information in the Valuation Section enclosure.

This concludes the fifth and final section of Part 3.

In Part 3 we used a sample donation appraisal to describe important elements of information (including enclosures) that are required to be included in an appraisal report. Some of these elements of information are required by USPAP while others, (for tax liability appraisals) are required by the IRS. Still others (while not mandated by any particular entity) I suggest be included in the report as dictated by best practices of the profession.

Congratulations! You have now completed the entire course, How to Write Appraisal Reports.

- ☑ You should now be familiar with the USPAP Appraisal Process and the relevant STANDARDS and Standards Rules pertaining to developing an opinion of value and the reporting the assignment results.
- ☑ You also learned how to structure a business letter style appraisal report, how to enter assignment-specific information into the transmittal letter, item-specific information into the Valuation Section enclosure, and attach supporting documentation as enclosures. You learned the driving forces behind required report content and what those specific elements of information were.
- ☑ And finally, by means of a sample donation appraisal, you learned how to compose each element of information into a clear and understandable appraisal report.
- ☑ Be sure to take advantage of the referenced resources by viewing their hyperlinks in the topic outlines on the course homepage and printing out those you feel may be of use to you in the future.

The following topic, EPILOGUE, includes some final thoughts you might find helpful such as the use of a cover letter, delivering your report and getting paid.

I welcome your comments on this course as well as your recommendations for improvements. You can contact me at dave@maloney.com

Part 4: Epilogue

Welcome to the Epilogue.

- ☑ While you have completed the course, there are a few additional issues I would like to cover. I think you'll find them helpful. So, you've finished the report, but what's the next step?

Well, you now need to package up the report, get it into the hands of the client and get paid. Those are the primary topics I want to cover here in the Epilogue.

- ☑ But before I get started - just a quick reminder of the importance of making your report look professional. It must be business-like in appearance making use of proper grammar, sentence structure, punctuation and spelling.
- ☑ I find that Microsoft Word is an excellent program with which to prepare my reports. On occasion I will make use of Microsoft Excel if I have the need to present my Valuation Section enclosure in a very detailed manner that requires many columns of information, but normally I simply use Word.

The point I want to make is that in order for you to get the most out of Word, you need to learn how to use the table and the headers and footers features of the program. The tiny chain links icon here indicates a hyperlink that you'll find on the course homepage. The link will take you to an article I recently wrote regarding this topic. The article explains these features including how to auto-increment the left-hand item-number column and how to auto-sum the right-hand value column. The article also has contains additional links to how-to videos which will help you learn these features. Check it out.

- ☑ Let's talk next about the cover letter. I always use one. A cover letter is a brief, formal letter on company letterhead used simply to accompany another document that is being conveyed to a recipient.
- ☑ Here's an example.A cover letter often introduces and summarizes the document being conveyed and/or addresses other issues. Take caution, though. The cover letter can be **discarded** by the recipient (and often is) and doing so should have no impact on the completeness, understandability or credibility of the remaining report. Therefore, the cover letter must not contain required appraisal- or item-specific information **that is not also** included somewhere in the report itself.
- ☑ So, what goes into the cover letter? Actually, the cover letter should be no more than one page in length.

- ☑ In addition to the introduction and summarization of what is being conveyed, the cover letter commonly addresses administrative issues such as such as regarding the enclosed IRS Form 8283, that copies of the report had been

sent to the client's agent as the client had requested, or that an invoice is enclosed. You may also wish to express your thanks to the client for having used your services.

If used, a cover letter should NOT be paginated nor should it be attached to the report as it is **not** part of the report. It merely accompanies the report.

Note, that if you include a "summary" of your value conclusion within the cover letter (as is done with my example), to avoid confusion or a possible misuse of the cover letter (cover letters have been known to be inappropriately used as a substitute for the appraisal report), you should also include in the cover letter a statement such as:

This cover letter is not the appraisal report. It is merely a means to convey the enclosed appraisal report to you.

Regarding getting the appraisal report into the hands of the client and other intended users, there are a few options. While in the past our options were restricted to using official postal carrier, hand delivery, or client pick-up, today, as often a not, the appraiser makes use of email delivery in one way or another.

With the availability of the electronic option, it is important to discuss the means of delivery with the client. This often goes hand-in-hand with your arrangements for getting paid, which we will discuss momentarily.

In every assignment, I ask the client if they would prefer an emailed copy of the report, a mailed or faxed hard copy, or both. Often the client will prefer having the report quickly and efficiently delivered via email. At other times, they will request a hard copy be mailed or faxed, and, on occasion, they will request that you send both mailed and emailed versions. By the way, when sending the report using a postal carrier, I suggest not folding the report. Mail it flat using a rigid mailer to avoid damage en route.

By the way, does email delivery maintain confidentiality? The Appraisal Standards Board of The Appraisal Foundation is of the opinion that even though, technically, email is not secure, sending reports via email does not violate the confidentiality requirements of USPAP.

The Board's position is that any manner of delivery of appraisal reports has inherent to it some degree of risk that the appraiser-client confidentiality might be breached. Regardless of whether sent by email or official postal carrier, there is always some possibility that the original document might be compromised. As long as the risks are understood and the delivery method is agreed upon by both client and appraiser, confidentiality is maintained and USPAP is not violated.

Remember that USPAP requires that a "true copy" of the transmitted report be maintained in the assignment workfile. This means that if you send a report electronically, you must maintain an electronic copy in the workfile. There is no obligation to print out a paper copy of an electronically transmitted report for the workfile, but many appraisers do.

Most appraisers prepare a hard copy of certain reports such as those being used by the client to obtain insurance coverage or for donation purposes. Such reports are often bound and they commonly include large, color images of the appraised property embedded in the report and/or included on an enclosed CD. Such reports might also make use of enclosures that are a challenge to convert to a .pdf format for sending via email.

For some intended uses, however, such bindings and embedded photographs are superfluous so can be omitted, and any necessary enclosures can be easily converted to .pdf format, such as by scanning or by designing them in MS Word. Often for litigation, state estate purposes, damage claims, or where time is of essence, the client will be satisfied with an electronically transmitted report. But ask first.

The last option is for the appraiser to personally deliver the report to the client or for the client to pick up the report from the appraiser's office. This is usually caused by some urgency. This method, however, is otherwise infrequently used as it is a supreme waste of time.

Let's talk about getting paid for our services.

There are a couple methods of collecting payment commonly used by appraisers.

The first involves notifying the client by postal mail or email that the appraisal has been completed, enclosing an invoice of the account balance still due, and advising the client that the report will be transmitted upon receipt of the outstanding balance. This is the normal process for new clients, but use a more flexible plan for established accounts. For instance, it is not a normal business practice to demand payment up front from moving companies, attorneys, insurance companies, or other professionals who are used be being invoiced.

Some appraisers first provide, via a .pdf attachment to an email, an unsigned copy of the report along with an invoice for the amount due. The unsigned copy of the report has the word "Draft" watermarked across each page to prevent its use. Once payment is made, a signed report without the watermark is sent.

It is good business practice to receive payment in full in advance of undertaking certain types of assignments such as bankruptcy appraisals. It is also common practice to receive advance retainer fees for certain assignments such as when providing services as an expert witness or when undertaking a particularly large and complex assignment. I'll say a bit more about retainers in a moment.

Another option is to first transmit the finished report along with an invoice for the balance due. This is the normal scenario used for established accounts and for use with other professionals such as attorneys, and moving and insurance companies.

Just a brief word about retainers. The links icon indicates that there is a related resource hyperlinked on the homepage of this course. The link will redirect you to an article I wrote about the use of retainers by the appraiser which I think you will find interesting.

I use retainers for large assignments where I want to get payment in advance for at least a portion of the work I know that I'll be undertaking. I also request retainers when performing in the capacity of an expert witness or as a consulting expert in legal cases. See the referenced article for more details about the use of retainers.

This concludes this rather lengthy Epilogue in which we discussed the importance of preparing professional looking reports, how to use a cover letter, and common options used by the appraiser to deliver his or her report to the client and to receive payment for services rendered.

I hope you have found this course useful. I would value your comments. You're welcome to contact me at any time at dave@maloney.com

Sample Appraisal Reports

Sample Appraisal Report Templates

The following pages contain a sample appraisal report templates making use of my preferred layout which I feel accomplishes several objectives:

- The template results in a report which is understandable to the client and other intended users.
- For the reader's benefit, the use of section headers is designed to highlight the important elements of information.
- The template helps ensure that the report is USPAP compliant and follows the appraisal process.
- The template helps ensure that I do not inadvertently omit required information. This helps to ensure that the report is complete and comprehensive.

Remember, USPAP does not dictate the form or style of an appraisal report, but the following business style letter format is my preferred method of appraisal report design.

Do not use appraisal templates without reviewing every word of every sentence and making edits, additions and deletions as necessary given the assignment at hand.

Note, too, that content on the following pages that is **[in bold and enclosed by brackets]** requires customization for each specific assignment.

Sample Appraisal Report Template
for the intended use of
Noncash Charitable Contribution Purposes

FREDERICK APPRAISAL, CLAIMS & ESTATE SERVICES
THE PERSONAL PROPERTY SPECIALISTS
ANTIQUES, COLLECTIBLES, RESIDENTIAL CONTENTS, BUSINESS/OFFICE EQUIPMENT, VEHICLES
P.O. Box 2049
FREDERICK, MD 21702-1049
PHONE 301-228-2279
FAX 240-436-6044
DAVE@MALONEY.COM HTTP://WWW.DAVIDMALONEY.COM

DAVID J. MALONEY, JR., AOA CM

CERTIFIED MEMBER

ASSOCIATION OF ONLINE APPRAISERS

[date of report]

[optional: Sent via email to *email address*]

[name of client]

[street address]

[city, state, zip]

[Include Subject: or Ref: line if need be.]

Dear _____:

As you requested, this appraisal report has been prepared for your use in claiming a deduction for a noncash charitable contribution.

This transmittal letter contains the assignment-specific elements of information that are required to be included in this report by the *Uniform Standards of Professional Practice* (USPAP) as promulgated by The Appraisal Foundation of Washington, DC. This report also satisfies the IRS requirements for a “qualified appraisal.”

The required item-specific information including the identity and value-relevant characteristics of the subject property, my opinions of value, and the market data on which my opinions of value were based are contained in the Valuation Section enclosure of this report along with thumbnail images of the subject property. For your convenience, a CD containing high resolution images of the subject property is enclosed with this report.

Executive Summary

On [date of inspection] I conducted an appraisal inspection of [name of property] located at [address] in the presence of [responsible party present] in order to identify the subject property and its value-relevant characteristics so that I could properly develop an opinion of its fair market value for your income tax purposes.

In summary, the fair market value of the subject property as of its date of donation was [total FMV].

Report Option Used

This appraisal report has been prepared making use of USPAP’s Self-Contained appraisal report option.

Identity of Client and Other Intended Users

This report is intended for use only by you (my client), your agent and by [e.g., the Internal Revenue Service.]

Intended Use of the Appraisal

You stated that you will use this report to establish an income tax deduction for a noncash charitable contribution. Any other use of this appraisal report renders it null and void.

Ownership Interest Being Appraised

The appraised values are based upon 100% of your interest in the property undiminished by any liens, fractional interests or any other form of encumbrance. I understand that you are the sole owner of the property listed in this report; however, mere possession of this appraisal report is not an indication or certificate of title or ownership. Ownership and ownership interest have been represented to me by you, my client, and no inquiry or investigation has been made nor is any opinion to be given as to the accuracy of such representation.

Value Type and Definition

In this appraisal assignment I developed an opinion of Fair Market Value. Opinions of value are in terms of cash.

The definition of Fair Market Value is set forth in Treasury Regulation §1.170A-1(c)(2) which states that the Fair Market Value is “The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.” Estate Tax Regulation §20.2031-1(b) expands the definition by stating “...nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.”

Relevant Dates

Relevant dates associated with this assignment include the following:

- Date of Inspection: The subject property was inspected on **[date of inspection]**.
- Effective Date of Appraisal: Value opinions are effective as of the date of donation which you stated was **[date of donation]**.
- Date of Report: This report was prepared and signed this date, **[date of report]**.

Scope of Work

Scope of work is defined by USPAP as the work actually performed in order to develop credible assignment results. The scope of work employed in this assignment was determined by me in close consultation with the client. Scope of work was dependent upon the needs of the client, the intended use of the report, the definition of value that I used, the effective date of the report, and the subject property's value relevant characteristics.

The scope of work for this assignment included:

- A personal inspection of the subject property was conducted in order to properly determine its identity and value-relevant property characteristics.
- While on site, I documented the relevant information in writing and took digital images of the property.
- Identification research was later conducted as necessary making use of relevant books authored by subject property experts.
- Value research for past sales of comparable properties was conducted at local and national auction galleries including [auction, auction, auction] and by searching Internet website databases including [website, website and website].
- I analyzed the market data, making adjustments as necessary for differences in value characteristics between the comparable and subject property.
- I reconciled the data and arrived at my final opinion of value.
- **[Describe here the assistance provided by other appraisers, experts, specialists, consultants, etc., if any.]**

Information Analyzed, Approach to Value

In this assignment, the sales comparison approach to value was employed to determine fair market value. In the sales comparison approach, the most appropriate market is researched to locate comparable items which have sold in the past on which an opinion of value can be based. Adjustments in value are made to reflect differences (if any) in value relevant characteristics between the comparable properties and the subject properties. Specific market data which formed the basis for my value conclusions is contained in the Valuation Section enclosure of this report.

Neither the cost approach to value nor the income approach to value were employed:

- The cost approach to value was not used in this assignment. The cost approach makes use of the cost to replace the subject property with a brand new property. Since all the appraised items have value-relevant characteristics of age, provenance and rarity, they cannot be suitably replaced with a brand new item; therefore, the cost approach to value, while considered, was not applied to this assignment.
- The income approach to value was not used in this assignment. In the income approach, anticipated future income of investment property (i.e., income-generating property) is capitalized in order to calculate its present worth. Since the subject property is not investment property, the income approach to value, while considered, was not applied to this assignment.

Listings/Offers/Prior Sales

There are no known current agreements of sale, validated offers or third-offers to sell, options, or listings of the subject property as of the effective date of the appraisal. There are no known prior sales of the subject property that have occurred within a reasonable time preceding the effective date of this appraisal.

Use of Property and Opinion of Appropriate Market

The subject property is appreciating in nature and is used for household decorative purposes. The definition of the type of value being used in this assignment mandates the use of the market in which comparable items are most commonly sold at retail to the public, i.e., to the end user. In my opinion, for this assignment the most appropriate market consists of **[for example, use as applicable: local, national and international auction houses.] [or on occasion: retail galleries if considered to be the market in which the subject property type is most commonly sold.]**

Value Opinions and Conclusions

My final value opinions and conclusions are contained in this transmittal letter's Valuation Section enclosure.

[For donation appraisals (especially for those valued in excess of \$50,000 per item), use the IRS guidance in Appendix BB to describe the basis for your opinion of value (i.e., your reasoning, comparable market data). The guidance states, in part, "[For donation appraisals] *The appraisal [report] of each work should provide the basis or reasoning as to how the appraiser arrived at the individual appraised value. Individual comparable sales should be included. These sales should be analyzed in terms of quality, etc. and discussed as to how they relate to the subject property. The item discussion should include commentary regarding any special conditions or circumstances about the property, and a discussion of the quality or importance of the property in relation to other works of art by the same artist, and of the state of the art market at the time of valuation. Whenever possible, statements should be supported with factual evidence.*"]

Assignment Conditions Encountered

[Note that there is no requirement that any assignment conditions statement be made at all if no assignment condition existed. List only those encountered. If none, exclude this section.)

- Limiting Conditions: [clearly and accurately disclose, if any]
- Extraordinary Assumptions: [clearly and accurately disclose, if any, and state that their use “might have affected the assignment results.”]
- Hypothetical Conditions: [clearly and accurately disclose, if any, and state that their use “might have affected the assignment results.”]
- Jurisdictional Exceptions: [clearly and accurately disclose, if any, but normally there are not]
- Other: [disclose any other relevant assignment conditions to help ensure that the report is not misleading]

Disclaimers and Terms of Use

In general, the condition of the property is good. Serious damages and repairs, if any, will be noted in the Valuations Section enclosure of this report. Ordinary wear and tear common to this type of property is not noted.

Unless otherwise noted herein:

- This appraisal is based only on the readily apparent identity of the items appraised. In my opinion, no further opinion or guarantee of authenticity, genuineness, attribution or authorship is necessary.
- With the exception of the you (my client), your agent, or any identified intended user noted herein, this appraisal is not intended to be used by or influence any particular person(s) or class(es) of persons which might take some action in reliance upon it. Unless otherwise noted in this transmittal letter, I am not aware that you intend to transmit any information contained in this report to any persons or parties other than the intended users listed herein.
- Regardless of who receives a copy of this report, my liability is limited to the you, your agent and the identified intended users of this report as indicated herein to the exclusion of all others. Parties other than those specifically listed as authorized intended users of this report who take some action in reliance upon this appraisal do so at their own risk.
- If this report is reproduced, copied or otherwise used by those authorized, the report must be used in its entirety which includes this transmittal letter and all enclosures and attachments.
- No changes can be made to this report by anyone other than myself. I am not responsible for any unauthorized changes to this report, and any such unauthorized changes immediately render this report null and void.

USPAP Certification

With the below signature I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have [no (or the specified)] present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed [no (or the specified)] services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I [**have (or have not)**] made a personal inspection of the property that is the subject of this report.
- No one provided significant personal property appraisal assistance to the person signing this certification. [**If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.**]

Statement of Confidentiality

I regard all information concerning this appraisal assignment as confidential. I retain a copy of this document along with my original notes in the assignment workfile, and I will not allow others to have access to these records without your written permission unless so ordered by a court of law.

IRS Declaration

My background, education, experience and membership in professional associations qualify me to make appraisals of the type of property that is the subject of this appraisal. A complete list of my qualifications can be found in my Professional Profile which is attached in the addenda to this report. I understand that this appraisal will be used for income tax purposes.

IRS Form 8283

For noncash charitable contributions in excess of \$5,000, IRS Form 8283, Side B, must be completed and attached to the taxpayer's federal income tax return. The form has sections that must be completed and signed not only by the taxpayer, but also by the appraiser and the donee. For your convenience, I have enclosed a copy of Form 8283 on which I've filled in Section B, Part I, columns 5 a, b, and c. I have also completed and signed Section B, Part III as required.

Electronic Transmission of Report [use if applicable]

In addition to a hard copy of this report being mailed to you, this appraisal report has also been transmitted to you electronically (less Enclosures 3 and 4) and includes my signatures in electronic form. I affirm that I maintain sole personal control over the use of the electronic signature appended hereto. Electronically affixing my signature to this report carries the same level of authenticity and responsibility for this report's content, analyses and conclusions as would appending an original ink signature on a paper copy of this report.

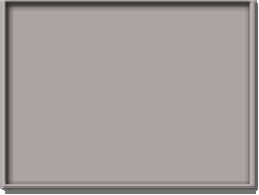
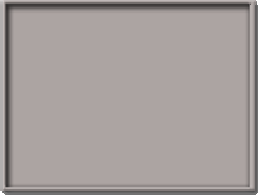
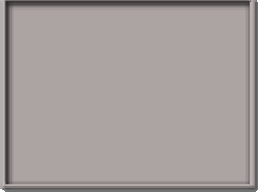
Sincerely,

Appraiser's Signature

[appraiser's typed name]

Enclosures : 1. Valuation Section
 2. Appraiser's Professional Profile
 3. High resolution images CD
 4. IRS Form 8283
 [**others as necessary**]

VALUATION SECTION

Item	Description	Image	Value
1.	<p>[Include photo here. (For items valued in excess of \$20,000, enclose a CD containing high resolution images.)</p> <p>Since intended use is for noncash charitable contribution, to help ensure that this is a “Qualified Appraisal” as defined by the IRS, include descriptive information as required by IRS Pub 561 “Determining the Value of Donated Property” which can be found here:</p> <p>http://www.irs.gov/pub/irs-pdf/p561.pdf</p> <p>For objects valued in excess of \$50K, use the IRS guidance “Preferred Object Identification Format for Art Valued Over \$50,000” which can be found here:</p> <p>http://www.irs.gov/pub/irs-utl/appraisal_item_format.pdf</p>		
2.			
3.			
End		Total value:	

Academic Background

- Bachelor of Science in Engineering, 1970, U.S. Coast Guard Academy.
- Masters in Management, 1975, U.S. Naval Postgraduate School.
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 - Course 102: Identification and Authentication, Research, Terminology, Report Writing
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Sample Appraisal Report Template
for the intended use of
Federal Estate Purposes

FREDERICK APPRAISAL, CLAIMS & ESTATE SERVICES
THE PERSONAL PROPERTY SPECIALISTS
ANTIQUES, COLLECTIBLES, RESIDENTIAL CONTENTS, BUSINESS/OFFICE EQUIPMENT, VEHICLES
P.O. Box 2049
FREDERICK, MD 21702-1049
PHONE 301-228-2279
FAX 240-436-6044
DAVE@MALONEY.COM HTTP://WWW.DAVIDMALONEY.COM

DAVID J. MALONEY, JR., AOA CM

CERTIFIED MEMBER

ASSOCIATION OF ONLINE APPRAISERS

[date of report]

[optional: Sent via email to *email address*]

[name of client]

[street address]

[city, state, zip]

Re: Estate of [name of decedent], Deceased

Dear _____:

As you requested, this appraisal of the personal property belonging to the estate of [name of decedent], deceased, has been prepared for estate settlement purposes.

This transmittal letter contains the assignment-specific elements of information that are required to be included in this report by the *Uniform Standards of Professional Practice* (USPAP) as promulgated by The Appraisal Foundation of Washington, DC. This report also satisfies the IRS requirements for what constitutes a “qualified appraisal.”

The required item-specific information including the identity and value-relevant characteristics of the subject property along with my opinions of value and any required disclosure of the market data on which my opinions of value were based are contained in the Valuation Section of this report along with thumbnail images of the subject property.

Executive Summary

On [date of inspection] I conducted an appraisal inspection in your [or the name of the responsible party present] presence of personal property belonging to the estate of [name of decedent] located at [address]. The inspection was conducted in order to identify the subject property and its value-relevant characteristics so that I could properly develop an opinion of its fair market value for estate settlement purposes. In summary, the fair market value of the subject property as of the date of death was [total FMV].

[if applicable: Note that in this appraisal assignment no item had artistic or intrinsic value in excess of \$3,000 in value nor did any collection of similar items exceed \$10,000 in fair market value. (Ref. IRS Form 706, Schedule F)]

Report Option Used

This appraisal report has been prepared making use of USPAP’s Self-Contained appraisal report option. [For other intended uses you might instead use the Summary or Restricted Use report option.]

Identity of Client and Other Intended Users

This report is intended for use only by you (my client), your agent and by [e.g., the Internal Revenue Service.]

Intended Use of the Appraisal

You stated that the intended use of this appraisal assignment report is to determine the Fair Market Values of the listed items for the express function of determining Federal estate tax liability. Any other use renders this appraisal null and void.

Ownership Interest Being Appraised

The appraised values are based upon 100% of the estate's interest in the property undiminished by any liens, fractional interests or any other form of encumbrance. I understand that the estate is the sole owner of the property listed in this report; however, mere possession of this appraisal report is not an indication or certificate of title or ownership. Ownership and ownership interest have been represented to me by you, my client, and no inquiry or investigation has been made nor is any opinion to be given as to the accuracy of such representation.

Value Type and Definition

In this appraisal assignment I developed an opinion of Fair Market Value. Opinions of value are in terms of cash.

The definition of Fair Market Value is set forth in Treasury Regulation §1.170A-1(c)(2) which states that the Fair Market Value is "The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts." Estate Tax Regulation §20.2031-1(b) expands the definition by stating "...nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate."

Relevant Dates

Relevant dates associated with this assignment include the following:

- Date of Inspection: The subject property was inspected on **[date of inspection]**.
- Effective Date of Appraisal: Value opinions are effective as of the date of death which you stated was **[date of death]**.
- Date of Report: This report was prepared and signed this date, **[date of report]**.

Scope of Work

Scope of work is defined by USPAP as the work actually performed in order to develop credible assignment results. The scope of work employed in this assignment was determined by me in close consultation with the client. Scope of work was dependent upon the needs of the client, the intended use of the report, the definition of value that I used, the effective date of the report, and the subject property's value relevant characteristics.

The scope of work for this assignment included:

- A personal inspection of the subject property was conducted in order to properly determine its identity and value-relevant property characteristics.
- While on site, I documented the relevant information in writing and took detailed high resolution digital images of the property.
- Identification research was later conducted, if necessary, making use of [for instance: relevant books authored by subject property experts, or relevant periodicals and Internet websites.]
- Value research for past sales of comparable properties was conducted making use as necessary of [for instance: relevant resource books, value guides, national auction houses, and specialized Internet websites, as well as personal observations made at secondary market retail establishments, local auction and estate sales.]
- For appraised items found to be common, depreciable property of minimal value for which extensive research is neither necessary, cost-effective, nor required by the client, limited research was conducted. Rather, my personal experience, knowledge and past personal undocumented observations were used as a basis for my value opinions.
- Low-value, depreciable items such as everyday pots and pans or common hand tools may have been grouped together and minimally described or researched.
- In general, the condition of the items examined was good. Any alterations from original condition or damage beyond that usual and common for items of similar age are so noted in the appraisal report. I did not test any mechanical, electrical or electronic item of property. I made the extraordinary assumption that all such devices were in good working order.
- I analyzed the market data, making adjustments as necessary for differences in value characteristics between the comparable and subject property.
- I reconciled the data and arrived at my final opinion of value.
- **[Describe here the assistance provided by other appraisers, experts, specialists, consultants, etc., if any.]**

Information Analyzed, Approach to Value

In this assignment, the sales comparison approach to value was employed to determine fair market value. In the sales comparison approach, the most appropriate market is researched to locate comparable items which have sold in the past on which an opinion of value can be based. Adjustments in value are made to reflect differences (if any) in value relevant characteristics between the comparable properties and the subject properties. **[If comparable market data was included in the Valuation Section, state:** Specific market data which formed the basis for my value conclusions is contained in the Valuation Section enclosure of this report.]

Neither the cost approach to value nor the income approach to value were employed:

- The cost approach to value was not used in this assignment. The cost approach makes use of the cost to replace the subject property with a brand new property. Since all the appraised items have value-relevant characteristics of age, provenance and rarity, they cannot be suitably replaced with a brand new item; therefore, the cost approach to value, while considered, was not applied to this assignment.
- The income approach to value was not used in this assignment. In the income approach, anticipated future income of investment property (i.e., income-generating property) is capitalized in order to calculate its present worth. Since the subject property is not investment property, the income approach to value, while considered, was not applied to this assignment.

Listings/Offers/Prior Sales

There are no known current agreements of sale, validated offers or third-offers to sell, options, or listings of the subject property as of the effective date of the appraisal. There are no known prior sales of the subject property that have occurred within a reasonable time preceding the effective date of this appraisal.

Use of Property and Opinion of Appropriate Market

The subject property consists of household goods as well as some appreciating property used for decorative purposes. The definition of the type of value being used in this assignment mandates the use of the market in which comparable items are most commonly sold at retail to the public, i.e., to the end user. In my opinion, for this assignment the most appropriate market will vary because of the various quality, condition, and desirability of the numerous types of properties included in this report. Markets used include **[for example, use as applicable:** yard sales, flea markets, pawn shops, Internet websites specializing in the sale of used household goods; local, national and international auction houses; and, on occasion, retail galleries if considered to be the market in which the subject property type is most commonly sold.]

Value Opinions and Conclusions

My final value opinions and conclusions are contained in this transmittal letter's Valuation Section enclosure.

[For items valued in excess of \$50,000 per item, I suggest that you use the IRS guidance in Appendix BB to describe the basis for your opinion of value (i.e., your reasoning, comparable market data). The guidance (albeit guidance for donation appraisals) states, in part, "*The appraisal [report] of each work should provide the basis or reasoning as to how the appraiser arrived at the individual appraised value. Individual comparable sales should be included. These sales should be analyzed in terms of quality, etc. and discussed as to how they relate to the subject property. The item discussion should include commentary regarding any special conditions or circumstances about the property, and a discussion of the quality or importance of the property in relation to other works of art by the same artist, and of the state of the art market at the time of valuation. Whenever possible, statements should be supported with factual evidence.*"]

Assignment Conditions Encountered

[Note that there is no requirement that any assignment conditions statement be made at all if no assignment condition existed. List only those encountered. If none, exclude this section.)

- Limiting Conditions: **[clearly and accurately disclose, if any]**
- Extraordinary Assumptions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Hypothetical Conditions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Jurisdictional Exceptions: **[clearly and accurately disclose, if any, but normally there are not]**
- Other: **[disclose any other relevant assignment conditions to help ensure that the report is not misleading]**

Disclaimers and Terms of Use

In general, the condition of the property is good. Serious damages and repairs, if any, will be noted in the Valuations Section enclosure of this report. Ordinary wear and tear common to this type of property is not noted.

Unless otherwise noted herein:

- This appraisal is based only on the readily apparent identity of the items appraised. In my opinion, no further opinion or guarantee of authenticity, genuineness, attribution or authorship is necessary.
- With the exception of the you (my client), your agent, or any identified intended user noted herein, this appraisal is not intended to be used by or influence any particular person(s) or class(es) of persons which might take some action in reliance upon it. Unless otherwise noted in this transmittal letter, I am not aware that you intend to transmit any information contained in this report to any persons or parties other than the intended users listed herein.
- Regardless of who receives a copy of this report, my liability is limited to the you, your agent and the identified intended users of this report as indicated herein to the exclusion of all others. Parties other than those specifically listed as authorized intended users of this report who take some action in reliance upon this appraisal do so at their own risk.
- If this report is reproduced, copied or otherwise used by those authorized, the report must be used in its entirety which includes this transmittal letter and all enclosures and attachments.
- No changes can be made to this report by anyone other than myself. I am not responsible for any unauthorized changes to this report, and any such unauthorized changes immediately render this report null and void.

USPAP Certification

With the below signature I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have **[no (or the specified)]** present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed **[no (or the specified)]** services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **[have (or have not)]** made a personal inspection of the property that is the subject of this report.

- No one provided significant personal property appraisal assistance to the person signing this certification. **[If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.]**

Statement of Confidentiality

I regard all information concerning this appraisal assignment as confidential. I retain a copy of this document along with my original notes in the assignment workfile, and I will not allow others to have access to these records without your written permission unless so ordered by a court of law.

IRS Declaration

My background, education, experience and membership in professional associations qualify me to make appraisals of the type of property that is the subject of this appraisal. A complete list of my qualifications can be found in my Professional Profile which is attached in the addenda to this report.

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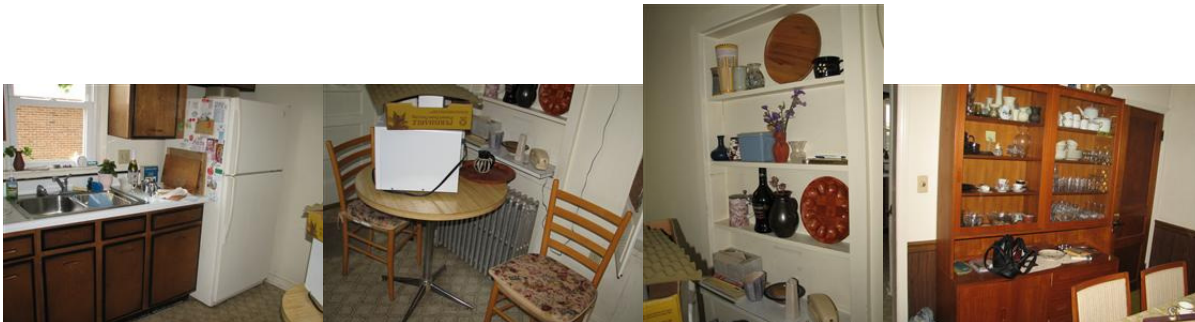
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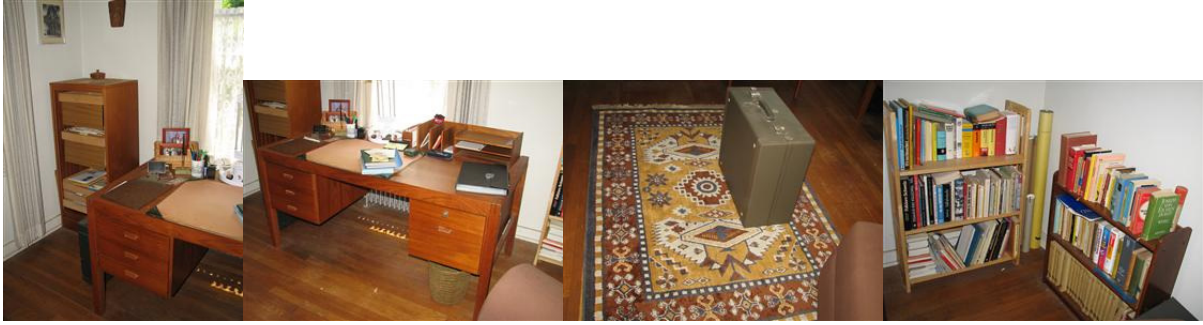
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for the intended use of
State Estate (Probate) Purposes

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THE PERSONAL PROPERTY SPECIALISTS
ANTIQUES, COLLECTIBLES, RESIDENTIAL CONTENTS, BUSINESS/OFFICE EQUIPMENT, VEHICLES
P.O. Box 2049
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DAVID J. MALONEY, JR., AOA CM

CERTIFIED MEMBER

ASSOCIATION OF ONLINE APPRAISERS

[date of report]

[optional: Sent via email to *email address*]

[name of client]

[street address]

[city, state, zip]

Re: Estate of [name of decedent], Deceased

Dear _____:

As you requested, this appraisal of the personal property belonging to the estate of [name of decedent], deceased, has been prepared for estate settlement purposes.

This transmittal letter contains the assignment-specific elements of information that are required to be included in this report by the *Uniform Standards of Professional Practice* (USPAP) as promulgated by The Appraisal Foundation of Washington, DC. This report also satisfies the IRS requirements for what constitutes a “qualified appraisal.”

The required item-specific information including the identity and value-relevant characteristics of the subject property along with my opinions of value and any required disclosure of the market data on which my opinions of value were based are contained in the Valuation Section of this report along with thumbnail images of the subject property.

Executive Summary

On [date of inspection] I conducted an appraisal inspection in your [or the name of the responsible party present] presence of personal property belonging to the estate of [name of decedent] located at [address]. The inspection was conducted in order to identify the subject property and its value-relevant characteristics so that I could properly develop an opinion of its fair market value for estate settlement purposes. In summary, the fair market value of the subject property as of the date of death was [total FMV].

Report Option Used

This appraisal report has been prepared making use of USPAP’s Summary appraisal report option. [For other intended uses you might instead use the Self-contained or Restricted Use report option.]

Identity of Client and Other Intended Users

This report is intended for use only by you (my client), your agent and the local and state entities involved in the estate settlement process.

Intended Use of the Appraisal

The intended use of this appraisal assignment report is to determine the Fair Market Values of the listed

items for the express function of determining [name of state] estate tax liability. Any other use renders this appraisal null and void.

Ownership Interest Being Appraised

The appraised values are based upon 100% of the estate's interest in the property undiminished by any liens, fractional interests or any other form of encumbrance. I understand that the estate is the sole owner of the property listed in this report; however, mere possession of this appraisal report is not an indication or certificate of title or ownership. Ownership and ownership interest have been represented to me by you, my client, and no inquiry or investigation has been made nor is any opinion to be given as to the accuracy of such representation.

Value Type and Definition

In this appraisal assignment I developed an opinion of Fair Market Value. Opinions of value are in terms of cash.

The definition of Fair Market Value is set forth in Treasury Regulation §1.170A-1(c)(2) which states that the Fair Market Value is "The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts." Estate Tax Regulation §20.2031-1(b) expands the definition by stating "...nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate."

Relevant Dates

Relevant dates associated with this assignment include the following:

- Date of Inspection: The subject property was inspected on **[date of inspection]**.
- Effective Date of Appraisal: Value opinions are effective as of the date of death which you stated was **[date of death]**.
- Date of Report: This report was prepared and signed this date, **[date of report]**.

Scope of Work

Scope of work is defined by USPAP as the work actually performed in order to develop credible assignment results. The scope of work employed in this assignment was determined by me in close consultation with the client. Scope of work was dependent upon the needs of the client, the intended use of the report, the definition of value that I used, the effective date of the report, and the subject property's value relevant characteristics.

The scope of work for this assignment included:

- A personal inspection of the subject property was conducted in order to properly determine its identity and value-relevant property characteristics.
- While on site, I documented the relevant information in writing and took detailed high resolution digital images of the property.
- Identification research was later conducted, if necessary, making use of **[for instance: relevant books authored by subject property experts, or relevant periodicals and Internet websites.]**

- Value research for past sales of comparable properties was conducted making use as necessary of **[for instance:** relevant resource books, value guides, national auction houses, and specialized Internet websites, as well as personal observations made at secondary market retail establishments, local auction and estate sales.]
- For appraised items found to be common, depreciable property of minimal value for which extensive research is neither necessary, cost-effective, nor required by the client, limited research was conducted. Rather, my personal experience, knowledge and past personal undocumented observations were used as a basis for my value opinions.
- Low-value, depreciable items such as everyday pots and pans or common hand tools may have been grouped together and minimally described or researched.
- **[For MD:** As permitted by Maryland Estate Codes, in this estate appraisal I did not list food stuffs, home office supplies, consumables, clothing (other than furs and appreciable articles of clothing having collector appeal), or items of a personal nature such as family photographs, health aids, personal hygiene products, etc.]
- In general, the condition of the items examined was good. Any alterations from original condition or damage beyond that usual and common for items of similar age are so noted in the appraisal report. I did not test any mechanical, electrical or electronic item of property. I made the extraordinary assumption that all such devices were in good working order.
- I analyzed the market data, making adjustments as necessary for differences in value characteristics between the comparable and subject property.
- I reconciled the data and arrived at my final opinion of value.
- **[Describe here the assistance provided by other appraisers, experts, specialists, consultants, etc., if any.]**

Information Analyzed, Approach to Value

In this assignment, the sales comparison approach to value was employed to determine fair market value. In the sales comparison approach, the most appropriate market is researched to locate comparable items which have sold in the past on which an opinion of value can be based. Adjustments in value are made to reflect differences (if any) in value relevant characteristics between the comparable properties and the subject properties.

Neither the cost approach to value nor the income approach to value were employed:

- The cost approach to value was not used in this assignment. The cost approach makes use of the cost to replace the subject property with a brand new property. Since all the appraised items have value-relevant characteristics of age, provenance and rarity, they cannot be suitably replaced with a brand new item; therefore, the cost approach to value, while considered, was not applied to this assignment.
- The income approach to value was not used in this assignment. In the income approach, anticipated future income of investment property (i.e., income-generating property) is capitalized in order to calculate its present worth. Since the subject property is not investment property, the income approach to value, while considered, was not applied to this assignment.

Listings/Offers/Prior Sales

There are no known current agreements of sale, validated offers or third-offers to sell, options, or listings of the subject property as of the effective date of the appraisal. There are no known prior sales of the subject property that have occurred within a reasonable time preceding the effective date of this

appraisal.

Use of Property and Opinion of Appropriate Market

The subject property consists of household goods as well as some appreciating property used for decorative purposes. The definition of the type of value being used in this assignment mandates the use of the market in which comparable items are most commonly sold at retail to the public, i.e., to the end user. In my opinion, for this assignment the most appropriate market will vary because of the various quality, condition, and desirability of the numerous types of properties included in this report. Markets used include **[for example, use as applicable:** yard sales, flea markets, pawn shops, Internet websites specializing in the sale of used household goods; local, national and international auction houses; and, on occasion, retail galleries if considered to be the market in which the subject property type is most commonly sold.]

Value Opinions and Conclusions

My final value opinions and conclusions are contained in this transmittal letter's Valuation Section enclosure.

Assignment Conditions Encountered

[Note that there is no requirement that any assignment conditions statement be made at all if no assignment condition existed. List only those encountered. If none, exclude this section.]

- Limiting Conditions: **[clearly and accurately disclose, if any]**
- Extraordinary Assumptions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Hypothetical Conditions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Jurisdictional Exceptions: **[clearly and accurately disclose, if any, but normally there are not]**
- Other: **[disclose any other relevant assignment conditions to help ensure that the report is not misleading]**

Disclaimers and Terms of Use

In general, the condition of the property is good. Serious damages and repairs, if any, will be noted in the Valuations Section enclosure of this report. Ordinary wear and tear common to this type of property is not noted.

Unless otherwise noted herein:

- This appraisal is based only on the readily apparent identity of the items appraised. In my opinion, no further opinion or guarantee of authenticity, genuineness, attribution or authorship is necessary.
- With the exception of the you (my client), your agent, or any identified intended user noted herein, this appraisal is not intended to be used by or influence any particular person(s) or class(es) of persons which might take some action in reliance upon it. Unless otherwise noted in this transmittal letter, I am not aware that you intend to transmit any information contained in this report to any persons or parties other than the intended users listed herein.

- Regardless of who receives a copy of this report, my liability is limited to the you, your agent and the identified intended users of this report as indicated herein to the exclusion of all others. Parties other than those specifically listed as authorized intended users of this report who take some action in reliance upon this appraisal do so at their own risk.
- If this report is reproduced, copied or otherwise used by those authorized, the report must be used in its entirety which includes this transmittal letter and all enclosures and attachments.
- No changes can be made to this report by anyone other than myself. I am not responsible for any unauthorized changes to this report, and any such unauthorized changes immediately render this report null and void.

USPAP Certification

With the below signature I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have **[no (or the specified)]** present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed **[no (or the specified)]** services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **[have (or have not)]** made a personal inspection of the property that is the subject of this report.
- No one provided significant personal property appraisal assistance to the person signing this certification. **[If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.]**

Statement of Confidentiality

I regard all information concerning this appraisal assignment as confidential. I retain a copy of this document along with my original notes in the assignment workfile, and I will not allow others to have access to these records without your written permission unless so ordered by a court of law.

Declaration

My background, education, experience and membership in professional associations qualify me to make appraisals of the type of property that is the subject of this appraisal. A complete list of my qualifications can be found in my Professional Profile which is attached in the addenda to this report.
[Required by MD: I solemnly affirm under the penalties of perjury that I appraised the property listed

in this appraisal on [date of report] and that the appraisal was done impartially and to the best of my skill and judgment.]

Electronic Transmission of Report [use if applicable]


In addition to a hard copy of this report being mailed to you, this appraisal report has also been transmitted to you electronically (less Enclosures 3 and 4) and includes my signatures in electronic form. I affirm that I maintain sole personal control over the use of the electronic signature appended hereto. Electronically affixing my signature to this report carries the same level of authenticity and responsibility for this report's content, analyses and conclusions as would appending an original ink signature on a paper copy of this report.

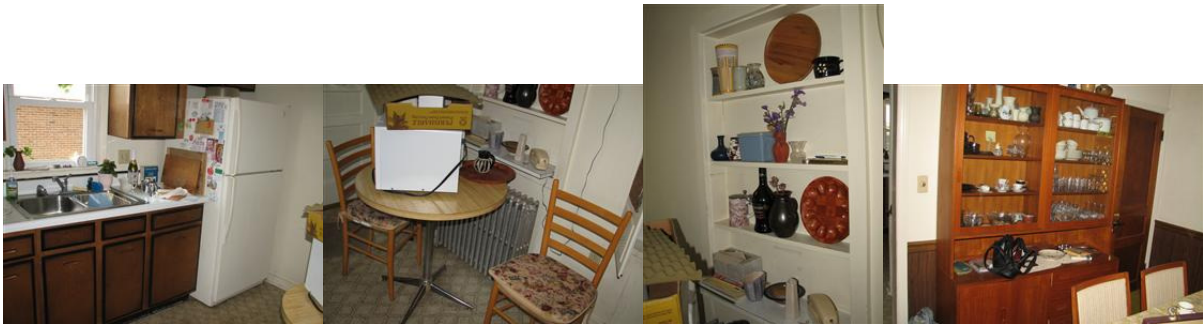
Sincerely,

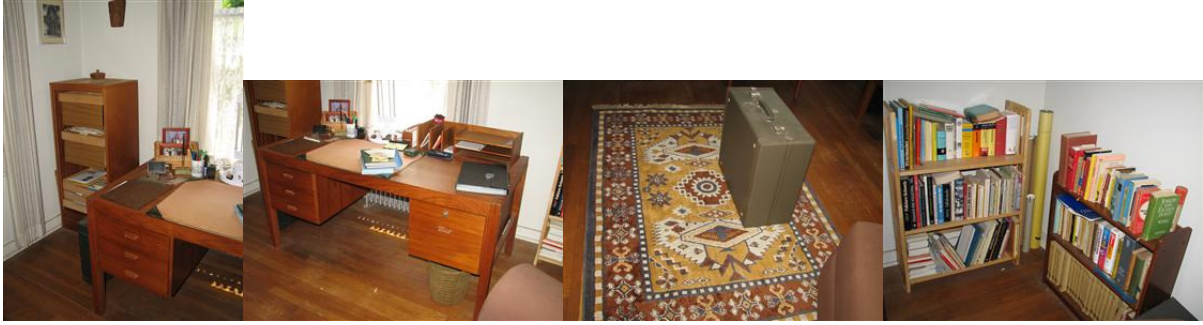
Appraiser's Signature
[appraiser's typed name]

Enclosures: 1. Valuation Section
 2. Photographs
 3. Appraiser's Professional Profile
 [others as necessary]

VALUATION SECTION

Item	Description	Value
1	<p>[Although intended use is for STATE estate tax purposes, I recommend using federal guidelines for high-value items for the eventuality that this report might be used as a basis for completing Schedule F of IRS Form 706 “United States Estate Tax Return.” Specifically, for items valued in excess of \$3,000 (or collections of similar items valued in excess of \$10,000):</p> <ul style="list-style-type: none"> • Include photo here. (For items valued in excess of \$20,000, enclose a CD containing high resolution images.) To help ensure that this is a “Qualified Appraisal” as defined by the IRS, include descriptive information as required by IRS Pub 561 “Determining the Value of Donated Property” which can be found here: http://www.irs.gov/pub/irs-pdf/p561.pdf <p>For objects valued in excess of \$50K, use the IRS guidance “Preferred Object Identification Format for Art Valued Over \$50,000” which can be found here: http://www.irs.gov/pub/irs-utl/appraisal_item_format.pdf</p>	
End	Total:	





Academic Background

- Bachelor of Science in Engineering, 1970, U.S. Coast Guard Academy.
- Masters in Management, 1975, U.S. Naval Postgraduate School.
- Graduate of University of Maryland University College/International Society of Appraisers Core Courses in Appraisal Studies:
 - Course 101: Ethics, Business Practices, Communications
 - Course 102: Identification and Authentication, Research, Terminology, Report Writing
 - Course 103: Legal Aspects of Appraising, Case Studies, Expert Witness, IRS Report Writing
- Graduate of Southampton College Appraisal Certificate Program courses:
 - Course 101: Procedures & Methodology of Appraising Antiques and Other Decorative Arts
 - Course 102: Understanding the Language of Ornament
 - Course 103: Evolution of Style in Furniture
- Attends Appraiser's continuing education lecture series including:
 - "The Appraiser's Role in the Division of Property in Divorce Cases"
 - "Workshop on Writing Appraisals"
 - "Appraising Estates: Working with Attorneys and Probate Judges"
 - "The Appraiser as an Expert Opinion Witness"
 - "Appraisals and the IRS: Knowing Your Art and Proving It"
 - "The Appraiser and the Insurance Broker"
 - "The Bank Trust Officer and the Appraiser"
 - "Appraising Vehicles, Machinery, and Equipment"
 - Subscribes to numerous antiques, collectibles, vehicle, furniture and equipment trade publications

Professional Background

- Dealer in American antiques and collectibles, 1975-1982
- Founded Frederick Appraisal, Claims & Estate Services, April 1982
- Qualified as Certified Member, International Society of Appraisers (ISA) 1995
- Past-Regional Director of the ISA
- Past Member of the Board of Directors of the ISA
- Past Vice-President of the ISA
- Twice past-President, past-Treasurer and Charter Member of the award-winning National Capital Area Chapter of the ISA
- Past-member, ISA Examination Committee for "Certified Appraiser of Personal Property" designator
- Past-chairman, ISA Education Committee
- Past-chairman ISA Chapters Relations Committee
- Past ISA representative to The Appraisal Foundation Advisory Committee, Washington DC
- ISA on-site Appraisal Core Course in Appraisal Studies rewrite project leader 1994; maintained courses from 1994 to 2001
- Team leader to convert on-site ISA course in Appraisal Studies to Distance Education 1998
- Wrote ISA's Chapter's Manual, the ISA Appraisal Report Writing Standard booklet, and ISA's Requalification Course
- Instructor of *ISA Core Courses in Appraisal Studies* and *ISA Requalification Course* from 1994 to 2001
- Instructor, Montgomery County Adult Education program in "Antiques"
- Guest Speaker on "The Tools of the Appraiser and the Use of a Computer" and "Appraisal Practices in Moving Claims" at numerous appraisers' seminars and at the Philadelphia Antiques Show
- Guest Speaker on "The Necessity of Appraisals" at the numerous Claims Prevention and Procedure Council (CPPC) Eastern Regional Seminars and Annual Conventions
- Guest Speaker at the CPPC and National Moving and Storage Association (NMSA) joint Convention
- Guest Speaker on "Treasurers-not-Trash" at numerous civic and social club gatherings
- Guest speaker to Antiques & Collectibles Dealer Association
- Frequent radio talk show guest appearing on WRC, Washington DC, WFMD, Frederick, MD, KCEO, San Diego, CA and several other radio talk shows

- Host of Public Television series *Collecting Across America*
- Chief Appraisal Officer for and guest appraiser on PAX TV series *Treasures in Your Home: The World of Collecting*
- Information Provider on the CompuServe Information Service, Collectibles Forum
- Author of articles on appraising and claims inspections for ISA's "Appraisers Information Exchange" and for the "CPPC Newsletter"
- Contributing Author to the *California Household Goods Carriers' Claims Training & Reference Manual*
- Contributing Editor to *Everyone's Money Book* (Goodman, Jordan E. and Bloch, H.I. Sonny, Dearborn Financial Publishing, Inc., 1993)
- Recipient of the International Society of Appraisers' "Marketing Award," "Distinguished Service Award," "Lamp of Knowledge Award," "Member-of-the-Year Award," "President's Award," and "**Lifetime Achievement Award**"
- Quoted by *Woman's Day*, *Washington Post*, *Kiplinger's Personal Finance Magazine*, *Good Housekeeping*, *U.S. News & World Report*, *Redbook*, *Arthritis Today Magazine*, *Baltimore Sun Newspaper*, *Seattle Times*, *Physicians Financial News*, *Frederick News Post*, and in major antiques & collectibles trade publications
- Experienced as an expert witness in Maryland, West Virginia and Virginia
- Maintains major computerized data base of 20,000 resources for over 3200 categories of antiques, collectibles, fine art, and machinery and equipment, and author of *Maloney's Antiques & Collectibles Resource Directory – 7th Edition* (F & W Publications)
- Chief Appraisal Officer, ChannelSpace Entertainment Inc. and CollectingChannel.com 1999-2006
- Instructor, Institute of Certified Canadian Auctioneers (ICCA) 2001, 2003, 2005
- Author of the 550+ page *Complete Online Course in Personal Property Appraising* available to members of the Association of Online Appraisers at www.AOAonline.org
- Qualified as Certified Member, Association of Online Appraisers 2001
- Secretary/Treasurer and Past President of the Association of Online Appraisers
- Architect and Director of the online appraisal service, AskTheAppraiser.com 2001 to 2006
- Author *Appraising Personal Property: Principles and Methodology* 2010 (4th Edition)
- Author *The Personal Property Appraiser's Guide to USPAP* 2009
- Author *The Complete Online Course in Personal Property Appraising (Featuring USPAP)*
- Co-Author *Appraisal Course Associates' Online USPAP Update Courses (2010)*
- Recipient of ISA's 2011 *Publications Award* for *Appraising Personal Property: Principles & Methodology*

Associations

- Claims Prevention and Procedure Council (Past-Member, Board of Directors)
- Past-member International Society of Appraisers (Past-Vice President, Board of Directors)
- National Capital Area Chapter, ISA (Past-President)
- Certified Member, Association of Online Appraisers (Past-President)

Selected Clients Include

- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel
- Atlas Van Lines
- United Van Lines
- USAA Insurance Co.
- The Williamsburg Corp.
- Nationwide Moving and Storage
- The Historical Society of Frederick County
- Washington County Museum of Fine Arts
- Federal Savings and Loan Insurance Corp.
- Allied Van Lines
- Graebel Movers
- Meadows Van Lines
- Fireman's Fund Ins. Co.
- Home Insurance Co.
- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel

Sample Appraisal Report Template
for the intended use of
Acquiring Insurance Coverage

FREDERICK APPRAISAL, CLAIMS & ESTATE SERVICES
THE PERSONAL PROPERTY SPECIALISTS
ANTIQUES, COLLECTIBLES, RESIDENTIAL CONTENTS, BUSINESS/OFFICE EQUIPMENT, VEHICLES
P.O. Box 2049
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DAVID J. MALONEY, JR., AOA CM

CERTIFIED MEMBER

ASSOCIATION OF ONLINE APPRAISERS

[date of report]

[optional: Sent via email to *email address*]

[name of client]

[street address]

[city, state, zip]

[Include Subject: or Ref: line if need be.]

Dear _____:

As you requested, this appraisal report has been prepared for your use in obtaining insurance coverage for your high-value items of personal property.

This transmittal letter contains the assignment-specific elements of information that are required to be included in this report by the *Uniform Standards of Professional Appraisal Practice* (USPAP) as promulgated by The Appraisal Foundation of Washington, DC.

The required item-specific information including the identity and value-relevant characteristics of the subject property as well as my opinions of value are contained in the Valuation Section enclosure of this report along with thumbnail images of the subject property. For your convenience, a CD containing high resolution images of the subject property is enclosed with this report. Market data that served as a basis for my opinions of value are retained in the assignment workfile.

Executive Summary

On **[date of inspection]** I conducted an appraisal inspection of your high-value personal property which was located at **[address]** in the presence of **[responsible party present]** in order to identify the subject property and its value-relevant characteristics so that I could properly develop an opinion of its replacement value.

In summary, the replacement value of all the items appraised and listed within the Valuation Section of this report totals **[total replacement value]** as of the effective date of the appraisal, which is the date of my inspection.

Report Option Used

This appraisal report has been prepared making use of USPAP's Summary appraisal report option. **[For other intended uses you might instead use the Self-contained or Restricted Use report option.]**

Identity of Client and Other Intended Users

This report is intended for use only by you (my client), your agent and by **[e.g., your insurance company.]**

Intended Use of the Appraisal

As you indicated, the intended use of this appraisal report is to assist in establishing your insurance needs. Any other use of this appraisal renders it null and void.

Ownership Interest Being Appraised

The appraised values are based upon 100% of your interest in the property undiminished by any liens, fractional interests or any other form of encumbrance. I understand that you are the sole owner of the property listed in this report; however, mere possession of this appraisal report is not an indication or certificate of title or ownership. Ownership and ownership interest have been represented to me by you, my client, and no inquiry or investigation has been made nor is any opinion to be given as to the accuracy of such representation.

Value Type and Definition

[Option A: If developing an opinion of replacement value (comparable) make use of the following. Use in conjunction with the other Options, if the others are needed.]

In this appraisal assignment I developed an opinion of **replacement value (comparable)**.

Replacement value (comparable) is defined as the worth of an item based on the amount necessary to obtain a comparable substitute property that would provide the same enjoyment, usefulness and other rights of ownership as did the insured property. Replacement value (comparable) is based on the substitute property's replacement cost (comparable).

Replacement cost (comparable) is defined as the total buyer's cost necessary to replace (through purchase) the item being appraised with a comparable item of property of like kind, age, quality, and utility having similar wear and tear, obsolescence, and value-relevant characteristics as the item being appraised. Replacement cost (comparable) is useful when estimating the replacement value (comparable) of items not capable of being replaced with a new property such as antiques, collectibles, or works of art by a deceased artist. (Source of definitions: "Appraising Personal Property: Principles and Methodology" (Maloney 2010))

[Option B: If developing an opinion of replacement value (new), make use of the following. Use in conjunction with the other Options, if the others are needed.]

In this appraisal assignment I developed an opinion of **replacement value (new)**.

Replacement value (new) is defined as the worth of an item based on the amount necessary to obtain a new substitute property that would provide the same enjoyment, usefulness and other rights of ownership as did the insured property. Replacement value (new) is based on the substitute property's replacement cost (new).

Replacement cost (new) is defined as the total buyer's cost necessary to replace (through purchase) the item being appraised with a brand new item of like kind, quality and utility or with a new upgraded item if the original model is out of production. This definition assumes that a suitable new substitute (or the upgraded model) can be found for the property being appraised. Replacement cost (new) applies to property for which exact or suitably-acceptable new substitutes can be obtained new. In other words, it is used for items that are still being manufactured and/or are still available new on

the open market. Examples include general household contents such as lawn mowers, TVs, and sterling silver flatware, china or crystal in patterns that are still being manufactured. (Source of definitions: "Appraising Personal Property: Principles and Methodology" (Maloney 2010))

[Option C: If developing an opinion of replacement value (new-reproduction), make use of the following. Use in conjunction with the other Options, if the others are needed.]

In this appraisal assignment I developed an opinion of **replacement value (new-reproduction)**.

Replacement value (new-reproduction) is defined as the worth of an item based on the amount necessary to obtain a new substitute property that would provide the same enjoyment, usefulness and other rights of ownership as did the insured property. Replacement value (new-reproduction) is based on the substitute property's replacement cost (new-reproduction).

Replacement cost (new-reproduction) is defined as the total buyer's cost to construct a new, exact replica (or suitable substitute) using the same (or similar) materials and construction techniques as the original by a qualified artist or craftsman. Replacement cost (new-reproduction) is used for items which cannot be replaced with a ready-made, new item but for which a replacement with a newly-constructed property is possible and acceptable. An example might include the cost for the original artist to reproduce a contemporary family portrait recently destroyed in a fire, or the buyer's cost to replace a wall unit that is to be made by a qualified, yet not the original, cabinetmaker. (Source of definitions: "Appraising Personal Property: Principles and Methodology" (Maloney 2010))

Relevant Dates

Relevant dates associated with this assignment include the following:

- Date of Inspection: The subject property was inspected on **[date of inspection]**.
- Effective Date of Appraisal: Value opinions are effective as of the date of my inspection, **[date of inspection]**.
- Date of Report: This report was prepared and signed this date, **[date of report]**.

Scope of Work

Scope of work is defined by USPAP as the work actually performed in order to develop credible assignment results. The scope of work employed in this assignment was determined by me in close consultation with the client. Scope of work was dependent upon the needs of the client, the intended use of the report, the definition of value that I used, the effective date of the report, and the subject property's value relevant characteristics.

The scope of work for this assignment included:

- A personal inspection of the subject property was conducted in order to properly determine its identity and value-relevant property characteristics.
- While on site, I documented the relevant information in writing and took detailed high resolution digital images of the property.
- Identification research was later conducted as necessary making use of relevant books authored by subject property experts.

- I conducted marked data research at local retail stores and on Internet websites specializing in the sale of high value properties.
- I analyzed the market data, making adjustments as necessary for differences in value characteristics between the comparable and subject property.
- I reconciled the data and arrived at my final opinion of value.
- **[Describe here the assistance provided by other appraisers, experts, specialists, consultants, etc., if any.]**

Information Analyzed, Approach to Value

[Identify which approaches to value were considered]

- **[Use the following paragraph if appraising antiques or other appreciable property capable of being replaced only with a comparable property:]**
In this assignment, the sales comparison approach to value was employed to determine replacement value (comparable). In the sales comparison approach, the most appropriate market is researched to locate comparable items which have sold in the past or which are currently being offered for sale. Should a comparable suitable replacement not be readily located and available for purchase at retail, local and national auction sales are researched to locate comparable items which have sold in the recent past in order to establish replacement value (comparable). Adjustments in value are made to reflect differences (if any) in value relevant characteristics between the comparable properties and the subject properties.
- **[Use the following paragraph if appraising property which is to be replaced (by purchase) with a new property.]**
In this assignment, the cost approach to value was employed to determine replacement value (new). In the cost approach, replacement value (new) is based on the cost to acquire (by purchase) a brand new suitable replacement property. Replacement cost (new) is then adjusted downwards to reflect all forms of depreciation in the subject property, if any, and if the intended use requires depreciation be considered. In this assignment, it is assumed that since the intended use of this report involves indemnification at full replacement value, depreciation does not apply. Accordingly, the replacement value of the subject property is the replacement cost (new) required to replace the property with no depreciation applied.
- **[Use the following paragraph if appraising property which is to be replaced (by reproduction) with a new property.]**
In this assignment, the cost approach to value was employed to determine replacement value (new-reproduction). In the cost approach, replacement value (new-reproduction) is based on the cost to acquire (by construction) a brand new replacement property that is either an exact replica or is a suitably similar. Replacement cost (new-reproduction) is then adjusted downwards to reflect all forms of depreciation in the subject property, if any, and if the intended use requires depreciation be considered. In this assignment, it is assumed that since the intended use of this report involves indemnification at full replacement value, depreciation does not apply. Accordingly, the replacement value of the subject property is the replacement cost (new-reproduction) required to replace the property with no depreciation applied.

[Identify which approaches to value were not considered.]

- **[If the income approach was not used:]**
The income approach to value was not used in this assignment. In the income approach, anticipated future income of investment property (i.e., income-generating property) is capitalized in order to calculate its present worth. Since the subject property is not investment property, the income approach to value, while considered, was not applied to this assignment.
- **[If the cost approach was not used:]**
The cost approach to value was not used in this assignment. The cost approach makes use of the cost to replace the subject property with a brand new property. Since all the appraised items have value-relevant characteristics of age, provenance and rarity, they cannot be suitably replaced with a brand new item; therefore, the cost approach to value, while considered, was not applied to this assignment.
- **[If the sales comparison approach was not used:]**
The sales comparison approach to value was not used in this assignment. All the appraised items can be suitably replaced with a brand new item. Accordingly, the cost approach to value is best suited for this assignment, so the sales comparison approach, while considered, was not applied to this assignment.

Use of Property and Opinion of Appropriate Market

The subject property is appreciating in nature and is used for household decorative purposes. The definition of the type of value being used in this assignment requires that I consider a market in which you customarily and conveniently shop and in which you should be able to purchase a replacement property within a reasonable amount of time. Accordingly, I considered local retail antiques stores and Internet retail websites specializing in the sale of high-value properties comparable to yours as the most appropriate markets.

Value Opinions and Conclusions

My final value opinions and conclusions are contained in this transmittal letter's Valuation Section enclosure.

Assignment Conditions Encountered

[Note that there is no requirement that any assignment conditions statement be made at all if no assignment condition existed. List only those encountered. If none, exclude this section.]

- Limiting Conditions: **[clearly and accurately disclose, if any]**
- Extraordinary Assumptions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Hypothetical Conditions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Jurisdictional Exceptions: **[clearly and accurately disclose, if any, but normally there are not]**

- Other: **[disclose any other relevant assignment conditions to help ensure that the report is not misleading]**

Disclaimers and Terms of Use

In general, the condition of the property is good. Serious damages and repairs, if any, will be noted in the Valuations Section enclosure of this report. Ordinary wear and tear common to this type of property is not noted. I have assumed that all mechanical, electrical and electronic devices function properly.

Unless otherwise noted herein:

- This appraisal is based only on the readily apparent identity of the items appraised. In my opinion, no further opinion or guarantee of authenticity, genuineness, attribution or authorship is necessary.
- With the exception of the you (my client), your agent, or any identified intended user noted herein, this appraisal is not intended to be used by or influence any particular person(s) or class(es) of persons which might take some action in reliance upon it. Unless otherwise noted in this transmittal letter, I am not aware that you intend to transmit any information contained in this report to any persons or parties other than the intended users listed herein.
- Regardless of who receives a copy of this report, my liability is limited to the you, your agent and the identified intended users of this report as indicated herein to the exclusion of all others. Parties other than those specifically listed as authorized intended users of this report who take some action in reliance upon this appraisal do so at their own risk.
- If this report is reproduced, copied or otherwise used by those authorized, the report must be used in its entirety which includes this transmittal letter and all enclosures and attachments.
- No changes can be made to this report by anyone other than myself. I am not responsible for any unauthorized changes to this report, and any such unauthorized changes immediately render this report null and void.

USPAP Certification

With the below signature I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have **[no (or the specified)]** present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed **[no (or the specified)]** services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **[have (or have not)]** made a personal inspection of the property that is the subject of this report.
- No one provided significant personal property appraisal assistance to the person signing this certification. **[If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.]**

Statement of Confidentiality

I regard all information concerning this appraisal assignment as confidential. I retain a copy of this document along with my original notes in the assignment workfile, and I will not allow others to have access to these records without your written permission unless so ordered by a court of law.

Electronic Transmission of Report [use if applicable]



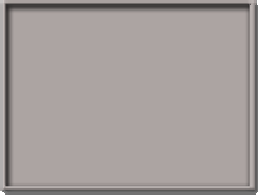
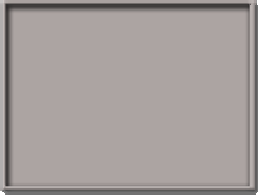

In addition to a hard copy of this report being mailed to you, this appraisal report has also been transmitted to you electronically (less Enclosure 3) and includes my signatures in electronic form. I affirm that I maintain sole personal control over the use of the electronic signature appended hereto. Electronically affixing my signature to this report carries the same level of authenticity and responsibility for this report's content, analyses and conclusions as would appending an original ink signature on a paper copy of this report.

Sincerely,

Appraiser's Signature
[appraiser's typed name]

Enclosures: 1. Valuation Section
 2. Appraiser's Professional Profile
 3. High resolution images CD
 [others as necessary]

VALUATION SECTION

Item	Description	Image	Value
1.	[Include photo here. Enclose a CD containing high resolution images.]		
2.			
3.			
4.			
5.			
End		Total value:	

Academic Background

- Bachelor of Science in Engineering, 1970, U.S. Coast Guard Academy.
- Masters in Management, 1975, U.S. Naval Postgraduate School.
- Graduate of University of Maryland University College/International Society of Appraisers Core Courses in Appraisal Studies:
 - Course 101: Ethics, Business Practices, Communications
 - Course 102: Identification and Authentication, Research, Terminology, Report Writing
 - Course 103: Legal Aspects of Appraising, Case Studies, Expert Witness, IRS Report Writing
- Graduate of Southampton College Appraisal Certificate Program courses:
 - Course 101: Procedures & Methodology of Appraising Antiques and Other Decorative Arts
 - Course 102: Understanding the Language of Ornament
 - Course 103: Evolution of Style in Furniture
- Attends Appraiser's continuing education lecture series including:
 - "The Appraiser's Role in the Division of Property in Divorce Cases"
 - "Workshop on Writing Appraisals"
 - "Appraising Estates: Working with Attorneys and Probate Judges"
 - "The Appraiser as an Expert Opinion Witness"
 - "Appraisals and the IRS: Knowing Your Art and Proving It"
 - "The Appraiser and the Insurance Broker"
 - "The Bank Trust Officer and the Appraiser"
 - "Appraising Vehicles, Machinery, and Equipment"
 - Subscribes to numerous antiques, collectibles, vehicle, furniture and equipment trade publications

Professional Background

- Dealer in American antiques and collectibles, 1975-1982
- Founded Frederick Appraisal, Claims & Estate Services, April 1982
- Qualified as Certified Member, International Society of Appraisers (ISA) 1995
- Past-Regional Director of the ISA
- Past Member of the Board of Directors of the ISA
- Past Vice-President of the ISA
- Twice past-President, past-Treasurer and Charter Member of the award-winning National Capital Area Chapter of the ISA
- Past-member, ISA Examination Committee for "Certified Appraiser of Personal Property" designator
- Past-chairman, ISA Education Committee
- Past-chairman ISA Chapters Relations Committee
- Past ISA representative to The Appraisal Foundation Advisory Committee, Washington DC
- ISA on-site Appraisal Core Course in Appraisal Studies rewrite project leader 1994; maintained courses from 1994 to 2001
- Team leader to convert on-site ISA course in Appraisal Studies to Distance Education 1998
- Wrote ISA's Chapter's Manual, the ISA Appraisal Report Writing Standard booklet, and ISA's Requalification Course
- Instructor of *ISA Core Courses in Appraisal Studies* and *ISA Requalification Course* from 1994 to 2001
- Instructor, Montgomery County Adult Education program in "Antiques"
- Guest Speaker on "The Tools of the Appraiser and the Use of a Computer" and "Appraisal Practices in Moving Claims" at numerous appraisers' seminars and at the Philadelphia Antiques Show
- Guest Speaker on "The Necessity of Appraisals" at the numerous Claims Prevention and Procedure Council (CPPC) Eastern Regional Seminars and Annual Conventions
- Guest Speaker at the CPPC and National Moving and Storage Association (NMSA) joint Convention
- Guest Speaker on "Treasurers-not-Trash" at numerous civic and social club gatherings
- Guest speaker to Antiques & Collectibles Dealer Association
- Frequent radio talk show guest appearing on WRC, Washington DC, WFMD, Frederick, MD, KCEO, San Diego, CA and several other radio talk shows

- Host of Public Television series *Collecting Across America*
- Chief Appraisal Officer for and guest appraiser on PAX TV series *Treasures in Your Home: The World of Collecting*
- Information Provider on the CompuServe Information Service, Collectibles Forum
- Author of articles on appraising and claims inspections for ISA's "Appraisers Information Exchange" and for the "CPPC Newsletter"
- Contributing Author to the *California Household Goods Carriers' Claims Training & Reference Manual*
- Contributing Editor to *Everyone's Money Book* (Goodman, Jordan E. and Bloch, H.I. Sonny, Dearborn Financial Publishing, Inc., 1993)
- Recipient of the International Society of Appraisers' "Marketing Award," "Distinguished Service Award," "Lamp of Knowledge Award," "Member-of-the-Year Award," "President's Award," and "**Lifetime Achievement Award**"
- Quoted by *Woman's Day*, *Washington Post*, *Kiplinger's Personal Finance Magazine*, *Good Housekeeping*, *U.S. News & World Report*, *Redbook*, *Arthritis Today Magazine*, *Baltimore Sun Newspaper*, *Seattle Times*, *Physicians Financial News*, *Frederick News Post*, and in major antiques & collectibles trade publications
- Experienced as an expert witness in Maryland, West Virginia and Virginia
- Maintains major computerized data base of 20,000 resources for over 3200 categories of antiques, collectibles, fine art, and machinery and equipment, and author of *Maloney's Antiques & Collectibles Resource Directory – 7th Edition* (F & W Publications)
- Chief Appraisal Officer, ChannelSpace Entertainment Inc. and CollectingChannel.com 1999-2006
- Instructor, Institute of Certified Canadian Auctioneers (ICCA) 2001, 2003, 2005
- Author of the 550+ page *Complete Online Course in Personal Property Appraising* available to members of the Association of Online Appraisers at www.AOAonline.org
- Qualified as Certified Member, Association of Online Appraisers 2001
- Secretary/Treasurer and Past President of the Association of Online Appraisers
- Architect and Director of the online appraisal service, AskTheAppraiser.com 2001 to 2006
- Author *Appraising Personal Property: Principles and Methodology* 2010 (4th Edition)
- Author *The Personal Property Appraiser's Guide to USPAP* 2009
- Author *The Complete Online Course in Personal Property Appraising (Featuring USPAP)*
- Co-Author *Appraisal Course Associates' Online USPAP Update Courses (2010)*
- Recipient of ISA's 2011 *Publications Award* for *Appraising Personal Property: Principles & Methodology*

Associations

- Claims Prevention and Procedure Council (Past-Member, Board of Directors)
- Past-member International Society of Appraisers (Past-Vice President, Board of Directors)
- National Capital Area Chapter, ISA (Past-President)
- Certified Member, Association of Online Appraisers (Past-President)

Selected Clients Include

- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel
- Atlas Van Lines
- United Van Lines
- USAA Insurance Co.
- The Williamsburg Corp.
- Nationwide Moving and Storage
- The Historical Society of Frederick County
- Washington County Museum of Fine Arts
- Federal Savings and Loan Insurance Corp.
- Allied Van Lines
- Graebel Movers
- Meadows Van Lines
- Fireman's Fund Ins. Co.
- Home Insurance Co.
- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel

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Business Style Letter Template

Return Address	{	Return Address Line 1 Return Address Line 2
Date	{	Date (Month Day, Year)
Addressee	{	Mr./Mrs./Ms./Dr. Full name of recipient Title/Position of Recipient Company Name Address Line 1 Address Line 2
Salutation	{	Dear Ms./Mrs./Mr. Last Name:
Subject	{	Subject: Title of Subject
Body	{	Body Paragraph 1 Body Paragraph 2
Closing	{	Closing (Sincerely...),
Signature	{	<i>Signature</i> Your Name (Printed) Your Title
Enclosures	{	Enclosures: 1. Valuation Section 2. Appraiser's Professional Profile 3. High resolution images CD
Typist's Initials	{	Typist's Initials

Sample Transmittal Letter

COMPANY LETTERHEAD

[date of report]

[optional: Sent via email to *email address*]

[name of client]

[street address]

[city, state, zip]

[Include Subject: or Ref: line if need be.]

Dear _____:

As you requested, this appraisal report has been prepared for your use in claiming a deduction for a noncash charitable contribution.

This transmittal letter contains the assignment-specific elements of information that are required to be included in this report by the *Uniform Standards of Professional Practice* (USPAP) as promulgated by The Appraisal Foundation of Washington, DC. This report also satisfies the IRS requirements for a “qualified appraisal.”

The required item-specific information including the identity and value-relevant characteristics of the subject property, my opinions of value, and the market data on which my opinions of value were based are contained in the Valuation Section enclosure of this report along with thumbnail images of the subject property. For your convenience, a CD containing high resolution images of the subject property is enclosed with this report.

Executive Summary

On [date of inspection] I conducted an appraisal inspection of [name of property] located at [address] in the presence of [responsible party present] in order to identify the subject property and its value-relevant characteristics so that I could properly develop an opinion of its fair market value for your income tax purposes.

In summary, the fair market value of the subject property as of its date of donation was [total FMV].

Report Option Used

This appraisal report has been prepared making use of USPAP’s Self-Contained appraisal report option.

Identity of Client and Other Intended Users

This report is intended for use only by you (my client), your agent and by [e.g., the Internal Revenue Service.]

Intended Use of the Appraisal

You stated that you will use this report to establish an income tax deduction for a noncash charitable contribution. Any other use of this appraisal report renders it null and void.

Ownership Interest Being Appraised

The appraised values are based upon 100% of your interest in the property undiminished by any liens, fractional interests or any other form of encumbrance. I understand that you are the sole owner of the property listed in this report; however, mere possession of this appraisal report is not an indication or certificate of title or ownership. Ownership and ownership interest have been represented to me by you, my client, and no inquiry or investigation has been made nor is any opinion to be given as to the accuracy of such representation.

Value Type and Definition

In this appraisal assignment I developed an opinion of Fair Market Value. Opinions of value are in terms of cash.

The definition of Fair Market Value is set forth in Treasury Regulation §1.170A-1(c)(2) which states that the Fair Market Value is “The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.” Estate Tax Regulation §20.2031-1(b) expands the definition by stating “...nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.”

Relevant Dates

Relevant dates associated with this assignment include the following:

- Date of Inspection: The subject property was inspected on **[date of inspection]**.
- Effective Date of Appraisal: Value opinions are effective as of the date of donation which you stated was **[date of donation]**.
- Date of Report: This report was prepared and signed this date, **[date of report]**.

Scope of Work

Scope of work is defined by USPAP as the work actually performed in order to develop credible assignment results. The scope of work employed in this assignment was determined by me in close consultation with the client. Scope of work was dependent upon the needs of the client, the intended use of the report, the definition of value that I used, the effective date of the report, and the subject property's value relevant characteristics.

The scope of work for this assignment included:

- A personal inspection of the subject property was conducted in order to properly determine its identity and value-relevant property characteristics.
- While on site, I documented the relevant information in writing and took digital images of the property.
- Identification research was later conducted as necessary making use of relevant books authored by subject property experts.
- Value research for past sales of comparable properties was conducted at local and national auction galleries including [auction, auction, auction] and by searching Internet website databases including [website, website and website].
- I analyzed the market data, making adjustments as necessary for differences in value characteristics between the comparable and subject property.
- I reconciled the data and arrived at my final opinion of value.
- **[Describe here the assistance provided by other appraisers, experts, specialists, consultants, etc., if any.]**

Information Analyzed, Approach to Value

In this assignment, the sales comparison approach to value was employed to determine fair market value. In the sales comparison approach, the most appropriate market is researched to locate comparable items which have sold in the past on which an opinion of value can be based. Adjustments in value are made to reflect differences (if any) in value relevant characteristics between the comparable properties and the subject properties. Specific market data which formed the basis for my value conclusions is contained in the Valuation Section enclosure of this report.

Neither the cost approach to value nor the income approach to value were employed:

- The cost approach to value was not used in this assignment. The cost approach makes use of the cost to replace the subject property with a brand new property. Since all the appraised items have value-relevant characteristics of age, provenance and rarity, they cannot be suitably replaced with a brand new item; therefore, the cost approach to value, while considered, was not applied to this assignment.
- The income approach to value was not used in this assignment. In the income approach, anticipated future income of investment property (i.e., income-generating property) is capitalized in order to calculate its present worth. Since the subject property is not investment property, the income approach to value, while considered, was not applied to this assignment.

Listings/Offers/Prior Sales

There are no known current agreements of sale, validated offers or third-offers to sell, options, or listings of the subject property as of the effective date of the appraisal. There are no known prior sales of the subject property that have occurred within a reasonable time preceding the effective date of this appraisal.

Use of Property and Opinion of Appropriate Market

The subject property is appreciating in nature and is used for household decorative purposes. The definition of the type of value being used in this assignment mandates the use of the market in which comparable items are most commonly sold at retail to the public, i.e., to the end user. In my opinion, for this assignment the most appropriate market consists of **[for example, use as applicable: local, national and international auction houses.] [or on occasion: retail galleries if considered to be the market in which the subject property type is most commonly sold.]**

Value Opinions and Conclusions

My final value opinions and conclusions are contained in this transmittal letter's Valuation Section enclosure.

Assignment Conditions Encountered

- Limiting Conditions: **[clearly and accurately disclose, if any]**
- Extraordinary Assumptions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Hypothetical Conditions: **[clearly and accurately disclose, if any, and state that their use "might have affected the assignment results."]**
- Jurisdictional Exceptions: **[clearly and accurately disclose, if any, but normally there are not]**

- Other: [disclose any assignment conditions to help ensure that the report is not misleading]

Disclaimers and Terms of Use

In general, the condition of the property is good. Serious damages and repairs, if any, will be noted in the Valuations Section enclosure of this report. Ordinary wear and tear common to this type of property is not noted.

Unless otherwise noted herein:

- This appraisal is based only on the readily apparent identity of the items appraised. In my opinion, no further opinion or guarantee of authenticity, genuineness, attribution or authorship is necessary.
- With the exception of the you (my client), your agent, or any identified intended user noted herein, this appraisal is not intended to be used by or influence any particular person(s) or class(es) of persons which might take some action in reliance upon it. Unless otherwise noted in this transmittal letter, I am not aware that you intend to transmit any information contained in this report to any persons or parties other than the intended users listed herein.
- Regardless of who receives a copy of this report, my liability is limited to the you, your agent and the identified intended users of this report as indicated herein to the exclusion of all others. Parties other than those specifically listed as authorized intended users of this report who take some action in reliance upon this appraisal do so at their own risk.
- If this report is reproduced, copied or otherwise used by those authorized, the report must be used in its entirety which includes this transmittal letter and all enclosures and attachments.
- No changes can be made to this report by anyone other than myself. I am not responsible for any unauthorized changes to this report, and any such unauthorized changes immediately render this report null and void.

USPAP Certification

With the below signature I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have **[no (or the specified)]** present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed **[no (or the specified)]** services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **[have (or have not)]** made a personal inspection of the property that is the subject of this report.
- No one provided significant personal property appraisal assistance to the person signing this certification. **[If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal**

consulting assistance must be stated.]

Statement of Confidentiality

I regard all information concerning this appraisal assignment as confidential. I retain a copy of this document along with my original notes in the assignment workfile, and I will not allow others to have access to these records without your written permission unless so ordered by a court of law.

IRS Declaration

My background, education, experience and membership in professional associations qualify me to make appraisals of the type of property that is the subject of this appraisal. A complete list of my qualifications can be found in my Professional Profile which is attached in the addenda to this report. I understand that this appraisal will be used for income tax purposes.

IRS Form 8283

For noncash charitable contributions in excess of \$5,000, IRS Form 8283, Side B, must be completed and attached to the taxpayer's federal income tax return. The form has sections that must be completed and signed not only by the taxpayer, but also by the appraiser and the donee. For your convenience, I have enclosed a copy of Form 8283 on which I've filled in Section B, Part I, columns 5 a, b, and c. I have also completed and signed Section B, Part III as required.

Electronic Transmission of Report [use if applicable]

In addition to a hard copy of this report being mailed to you, this appraisal report has also been transmitted to you electronically (less Enclosures 3 and 4) and includes my signatures in electronic form. I affirm that I maintain sole personal control over the use of the electronic signature appended hereto. Electronically affixing my signature to this report carries the same level of authenticity and responsibility for this report's content, analyses and conclusions as would appending an original ink signature on a paper copy of this report.

Sincerely,

Appraiser's Signature

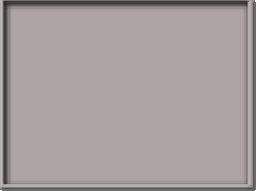
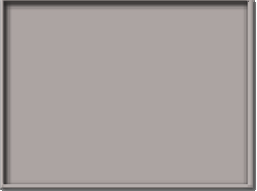
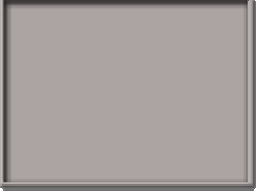
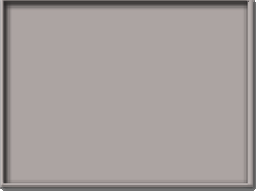
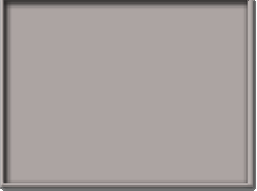
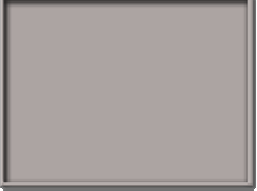
[appraiser's typed name]

Enclosures : 1. Valuation Section
 2. Appraiser's Professional Profile
 3. High resolution images CD
 4. IRS Form 8283
 [others as necessary]

Sample Valuation Sections

1. Generic template
2. Diamond ring example
3. Machinery & Equipment example
4. Generic template for donation

VALUATION SECTION

Item	Description	Image	Value
1			
2			
3			
4			
5			
5			
End		Total value:	

Prepared For:

[Redacted]
San Diego, CA 93443

Date: 12/13/2005

One lady's solitaire ring set in the center with one (1) large pear shaped diamond.



Item Attributes

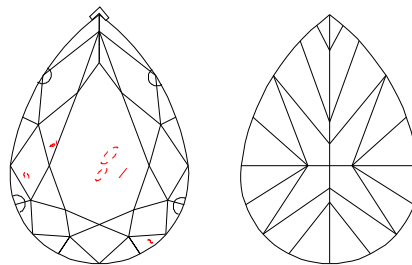
Weight:	4.98 gms
Metal:	14K white gold
Manufacturing:	Cast and assembled
Finish:	Polished
Setting:	Prong set
Trademark:	None
Condition:	Good

Diamond Grading Report

Shape and Cut:	Pear shape
Measurements:	15.30 x 9.90 x 5.70 mm (approximate)
Weight:	5.20 Cts. (calculated)
Proportions:	Good
Depth:	57.58%
Table:	70.7%
Girdle:	Thick to thin (faceted, wavy)
Culet:	Small
Finish	
Polish:	Good
Symmetry:	Fair
Clarity grade:	SI-1
Color grade:	G
Fluorescence:	None (lw) None (sw)

Legend:

- ✓ Needle
- Cloud
- Included Crystal
- ~ Feather
- Pinpoint



Total Approximate Replacement Value Excluding Tax

\$55,000.00

Fifty-five thousand dollars and no cents

Signature of Preparer:

Thom Underwood, GG, FGA, ASA, NAJA
Master Gemologist Appraiser[®]

Item/Photo Number: A-7

Quantity: 1
Type: Refold Knife
Mfg: MBO Binder
Model: G9061
Serial:
Age: 8 yrs
Condition: G



Fair Market Value \$ 15,700

Orderly Liquidation Value \$ 11,000

Comments: Attachment Portable

Item/Photo Number: A-14

Quantity: 1
Type: Paper Jogger
Mfg: Best
Model:
Serial: SAB 105A
Age: 3 yrs
Condition: G

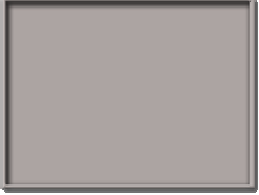
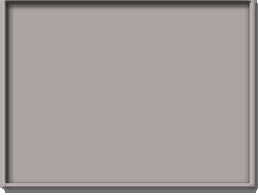
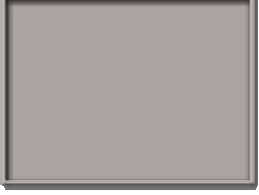


Fair Market Value \$ 22,400

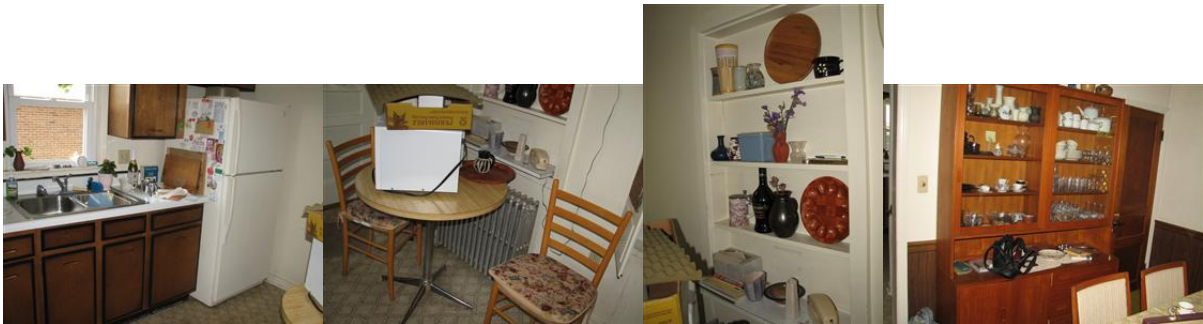
Orderly Liquidation Value \$ 7,500

Comments:

VALUATION SECTION

Item	Description	Image	Value
1	<p>[Include photo here. (For items valued in excess of \$20,000, enclose a CD containing high resolution images.)</p> <p>Since intended use is for noncash charitable contribution, to help ensure that this is a “Qualified Appraisal” as defined by the IRS, include descriptive information as required by IRS Pub 561 “Determining the Value of Donated Property” which can be found here:</p> <p>http://www.irs.gov/pub/irs-pdf/p561.pdf</p> <p>For objects valued in excess of \$50K, use the IRS guidance “Preferred Object Identification Format for Art Valued Over \$50,000” which can be found here:</p> <p>http://www.irs.gov/pub/irs-utl/appraisal_item_format.pdf</p>		
2			
3			
End		Total value:	

Sample Photo Page



Sample Professional Profile

Academic Background

- Bachelor of Science in Engineering, 1970, U.S. Coast Guard Academy.
- Masters in Management, 1975, U.S. Naval Postgraduate School.
- Graduate of University of Maryland University College/International Society of Appraisers Core Courses in Appraisal Studies:
 - Course 101: Ethics, Business Practices, Communications
 - Course 102: Identification and Authentication, Research, Terminology, Report Writing
 - Course 103: Legal Aspects of Appraising, Case Studies, Expert Witness, IRS Report Writing
- Graduate of Southampton College Appraisal Certificate Program courses:
 - Course 101: Procedures & Methodology of Appraising Antiques and Other Decorative Arts
 - Course 102: Understanding the Language of Ornament
 - Course 103: Evolution of Style in Furniture
- Attends Appraiser's continuing education lecture series including:
 - "The Appraiser's Role in the Division of Property in Divorce Cases"
 - "Workshop on Writing Appraisals"
 - "Appraising Estates: Working with Attorneys and Probate Judges"
 - "The Appraiser as an Expert Opinion Witness"
 - "Appraisals and the IRS: Knowing Your Art and Proving It"
 - "The Appraiser and the Insurance Broker"
 - "The Bank Trust Officer and the Appraiser"
 - "Appraising Vehicles, Machinery, and Equipment"
- Subscribes to numerous antiques, collectibles and other trade publications

Professional Background

- Dealer in American antiques and collectibles, 1975-1982
- Founded Frederick Appraisal, Claims & Estate Services, April 1982
- Qualified as Certified Member, International Society of Appraisers (ISA) 1995
- Past-Regional Director of the ISA
- Past Member of the Board of Directors of the ISA
- Past Vice-President of the ISA
- Twice past-President, past-Treasurer and Charter Member of the award-winning National Capital Area Chapter of the ISA
- Past-member, ISA Examination Committee for "Certified Appraiser of Personal Property" designator
- Past-chairman, ISA Education Committee
- Past-chairman ISA Chapters Relations Committee
- Past ISA representative to The Appraisal Foundation Advisory Committee, Washington DC
- ISA on-site Appraisal Core Course in Appraisal Studies rewrite project leader 1994; maintained courses from 1994 to 2001
- Team leader to convert on-site ISA course in Appraisal Studies to Distance Education 1998
- Wrote ISA's Chapter's Manual, the ISA Appraisal Report Writing Standard booklet, and ISA's Requalification Course
- Instructor of *ISA Core Courses in Appraisal Studies* and *ISA Requalification Course* from 1994 to 2001
- Instructor, Montgomery County Adult Education program in "Antiques"
- Guest Speaker on "The Tools of the Appraiser and the Use of a Computer" and "Appraisal Practices in Moving Claims" at numerous appraisers' seminars and at the Philadelphia Antiques Show
- Guest Speaker on "The Necessity of Appraisals" at the numerous Claims Prevention and Procedure Council (CPPC) Eastern Regional Seminars and Annual Conventions
- Guest Speaker at the CPPC and National Moving and Storage Association (NMSA) joint Convention

- Guest Speaker on “Treasurers-not-Trash” at numerous civic and social club gatherings
- Guest speaker to Antiques & Collectibles Dealer Association
- Frequent radio talk show guest appearing on WRC, Washington DC, WFMD, Frederick, MD, KCEO, San Diego, CA and several other radio talk shows
- Host of Public Television series *Collecting Across America*
- Chief Appraisal Officer for and guest appraiser on PAX TV series *Treasures in Your Home: The World of Collecting*
- Information Provider on the CompuServe Information Service, Collectibles Forum
- Author of articles on appraising and claims inspections for ISA's "Appraisers Information Exchange" and for the "CPPC Newsletter"
- Contributing Author to the *California Household Goods Carriers' Claims Training & Reference Manual*
- Contributing Editor to *Everyone's Money Book* (Goodman, Jordan E. and Bloch, H.I. Sonny, Dearborn Financial Publishing, Inc., 1993)
- Recipient of the International Society of Appraisers' “Marketing Award,” “Distinguished Service Award,” “Lamp of Knowledge Award,” “Member-of-the-Year Award,” “President’s Award,” and “**Lifetime Achievement Award**”
- Quoted by *Woman’s Day*, *Washington Post*, *Kiplinger’s Personal Finance Magazine*, *Good Housekeeping*, *U.S. News & World Report*, *Redbook*, *Arthritis Today Magazine*, *Baltimore Sun Newspaper*, *Seattle Times*, *Physicians Financial News*, *Frederick News Post*, and in major antiques & collectibles trade publications
- Experienced as an expert witness in Maryland, West Virginia and Virginia
- Maintained major computerized data base of 20,000 resources for over 3200 categories of antiques, collectibles, fine art, and machinery and equipment, and author of *Maloney’s Antiques & Collectibles Resource Directory – 7th Edition* (F & W Publications) (1995 to 2003)
- Designed and maintains *MaloneysDirectory.com*, the online version of *Maloney’s Antiques & Collectibles Resource Directory* (2010 to present)
- Chief Appraisal Officer, ChannelSpace Entertainment Inc. and CollectingChannel.com 1999-2006
- Instructor, Institute of Certified Canadian Auctioneers (ICCA) 2001, 2003, 2005
- Author of the 550+ webpage *Complete Online Course in Personal Property Appraising* (2003)
- Qualified as Certified Member, Association of Online Appraisers 2001
- Secretary/Treasurer and Past President of the Association of Online Appraisers
- Architect and Director of the online appraisal service, *AskTheAppraiser.com* 2001 to 2006
- Author of *Appraising Personal Property: Principles and Methodology* (Appraisers Press 2007-present)
- Author of *The Personal Property Appraiser’s Guide to USPAP* (Appraisers Press 2008-2010)
- Author of *Compete Online Course in Personal Property Appraising Featuring USPAP* (2008-present)
- Co-author of *Appraisal Course Associates Online USPSP Update Courses* (2010)
- Recipient of ISA’s Media Award for *Appraising Personal Property: Principles and Methodology* 2011

Associations

- Member, Claims Prevention and Procedure Council (Past Board of Directors)
- International Society of Appraisers (Past-Vice President, Board of Directors)
- National Capital Area Chapter, ISA (Past-President)
- Certified Member, Association of Online Appraisers (Past-President)

Selected Clients Include

- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel
- Atlas Van Lines
- United Van Lines
- USAA Insurance Co.
- The Williamsburg Corp.
- Nationwide Moving and Storage
- The Historical Society of Frederick County
- Washington County Museum of Fine Arts
- Federal Savings and Loan Insurance Corp.
- Allied Van Lines
- Graebel Movers
- Meadows Van Lines
- Fireman’s Fund Ins. Co.
- Home Insurance Co.
- State Farm Insurance Co.
- Marshall and Ilsley Trust Co.
- D.O.D., F.B.I and State Dept. Personnel

Sample Title Pages

1. Sample title page template
2. Example basic title page

Noncash Charitable Contribution Sample Appraisal

Prepared for: **[name, address, phone, email of client]**

Date of Donation: **[date of donation]**

Date of Report: **[date of report]**

Prepared by: **[name, address, phone, email of appraiser]**

Insurance Replacement Cost Documentation

Prepared
For


San Diego, CA 93443

Prepared by: Thom Underwood, GG, FGA, ASA, NAJA
Master Gemologist Appraiser
Date: 12/13/2005

Sample Table of Contents

TABLE OF CONTENTS

Title Page i
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Transmittal Letter..... pgs 1-6
Enclosure 1: Valuation Section..... Enc. 1, pg 1
Enclosure 2: Appraiser's Professional Profile Enc. 2, pgs 1-2
Enclosure 3: CD with High Resolution ImagesEnc. 3

Sample Value Summary Page

REPLACEMENT VALUE (COMPARABLE) SUMMARY

Furniture	\$23,500
Art Pottery	\$17,800
Art Glass	\$34,000
Paintings	\$19,500
Oriental Rugs	\$12,750
Silver	\$5,600
Total	\$113,150

Appraisal-Specific Information

Appraisal-specific information in the transmittal letter typically includes:

- Applicable reference numbers, file numbers or case citations, if any
- Location of the property at time of inspection
- Responsible parties present at inspection
- Intended use of the appraisal
- USPAP report format option employed (Summary, Self-Contained, or Restricted Use)
- Identity of the client and other intended users
- Ownership interest being appraised
- Value type and definition and its source citation
 - For “market value” type appraisals, include discussion of **exposure time** if necessary for intended users to understand the report.
- Relevant dates
 - Date of inspection
 - Effective date of the appraisal
 - Date of the report
- Most appropriate market to research
- Scope of work performed
 - Inspection
 - Research
 - Report development process
 - Reporting
 - Assistance provided by other appraisers, experts, consultants
- Valuation approaches used and those excluded
- Appraisal-specific assignment conditions encountered
 - Limiting conditions
 - Hypothetical conditions
 - Extraordinary assumptions
 - (other)
- Listings, offers, past sales of subject property (only if developing an opinion of a type of “market value” such as fair market value or orderly liquidation value)
- Disclosure of current or prospective interest in or bias towards the property or parties involved; and any services performed related to the subject property over the prior three years (appraisal or otherwise)
- Disclaimers and Terms of Use
- Appraiser-signed USPAP certification
- Statement of confidentiality

For noncash charitable contribution appraisals, a declaration of the appraiser’s qualifications and that the appraisal is for income tax purposes

Item-Specific Information

Included in item-specific information are:

- Item description including:
 - Identity of the property or property type
 - Identify the value-relevant property characteristics
 - Quantity
 - Quality characteristics
 - Condition
 - Physical attributes with a material effect on value
 - Economic attributes with a material effect on value
 - Date or age
 - Maker's marks or signatures (if applicable)
 - Provenance (if applicable)
 - (other)
- A description of authentications, grading reports or tests performed
- Description of any item-specific assistance provided by other appraisers, experts, consultants
- Item-specific limiting conditions, hypothetical conditions, or extraordinary assumptions encountered
- Significant information regarding the subject property provided by the client or others on which the appraiser's opinions, analyses or conclusions were contingent
- Comparable market data (if required to be included within the report)
- Commentary on market and value issues (if item-specific in nature and if required)
- Thumbnail images (These are in addition to high resolution images on a CD which are usually included in the below-mentioned addenda.)
- Final value conclusions

Supporting Documentation

Supporting documentation consists of addenda which are attached as enclosures to the report. Addenda consists of any supplementary information that is either required to be included in an appraisal or that otherwise facilitates the understanding of the report including:

- The appraiser's qualifications
- Qualifications of appraisers providing significant personal property appraisal assistance with the assignment
- Copies of authentications, grading reports or tests performed
- Glossary of unusual terms or abbreviations used
- Bibliography of reference resources
- List of exhibition history or citations in literature for appraised items
- Artist chronology
- Grading scales or condition codes used
- Diagrams or sketches
- Photographs of the subject property or high resolution images on CD (These are in addition to the thumbnail images often included in the above-mentioned Valuation Section of the report.)

USPAP Requirements for the Report

1 Prominently state which USPAP report option being used

2 State identity of client and intended users

For Restricted Use only.

3 (State prominent use restriction)

4 State intended use of appraisal

For Restricted Use, only state identify property. No value relevant characteristics needed.

5 Desc/Summ/State identity of property and value-relevant characteristics

Desc/Summ/State
Describe: if Self-Contained option
Summarize: if Summary option
State: if Restricted-Use option

6 State property interest being appraised

For Restricted Use, definition not needed. Only value type and cite source.

Cite source for definition

State if value is in terms of cash or otherwise

State opinion of exposure time if a component of the value definition

7 State value type and definition

8 State effective date of the appraisal and date of report

USPAP requirements

9 Desc/Summ/State scope of work

Information analyzed

Methodology and techniques

Reasoning to support opinions

Value approaches used

Value approaches excluded

10 Desc/Summ/State

Only for "market value" type appraisals

11 For subject property, summarize analysis of agreements of sale, offers to buy, sale listings, prior sales (if within reasonable time)

For Restricted Use, state the opinion but rationale not required.

12 If necessary for credible results, state use of the property; if developed, desc/summ/state opinion of appropriate market and give rationale for that opinion

Limiting conditions

Extraordinary assumptions

Hypothetical conditions

Jurisdictional exceptions

13 Clearly disclose assignment conditions

Current or prospective interest in property or parties

Performed services regarding property in prior three years

Personally inspected the property

Name of those providing significant personal property appraisal assistance

14 Disclosures (made in certification)

15 Signed USPAP certification

USPAP Certification

USPAP Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have [**no (or the specified)**] present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed [**no (or the specified)**] services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I [**have (or have not)**] made a personal inspection of the property that is the subject of this report.
- No one provided significant personal property appraisal assistance to the person signing this certification. [**If there are exceptions, the name of each individual(s) providing appraisal, appraisal review, or appraisal consulting assistance must be stated.**]

IRS Preferred Object Identification Format
for Art Valued Over \$50,000
(for donation appraisals)

Preferred Object Identification Format for Art* Valued Over \$50,000

Note: This format is recommended for the object identification section in your appraisal report. It is not intended to stand alone as an appraisal report.

* *Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.*

VALUATION EFFECTIVE DATE:

FAIR MARKET VALUE: \$

ARTIST: Artist (last name, first name) (nationality, dates) or Culture or Maker

DESCRIPTION: A complete description of the object, including but not limited to:

- Title or Type of Object
- Date or Period
- Medium (materials and techniques)
- Dimensions
- Signature, inscriptions or other identifying details
- Subject matter

PROVENANCE:

EXHIBITIONS:

LITERARY REFERENCES/CATALOGUE RAISONNÉ:

CONDITION:

ACQUISITION COST, DATE AND SOURCE:

APPRAISED VALUE SUPPORT:

AUCTION OR PRIVATE SALES:

PRICE	SALE, LOCATION, DATE, LOT #	DESCRIPTION
For example:		
\$50,000	Jones Auctions, NY, NY: 06/04/09, #435	<i>House on a Hill</i> , 1990 Oil on canvas 24 x 32 inches
\$65,000	Smith Gallery, Wash., DC: 5/15/09	<i>House by a Stream</i> , 1962 Oil on canvas 20 x 24 inches

Include images of your comparable sales and/or the auction catalogue pages.

REASONING FOR APPRAISED VALUE:

The appraisal of each work should provide the basis or reasoning as to how the appraiser arrived at the individual appraised value. Individual comparable sales should be included. These sales should be analyzed in terms of quality, etc. and discussed as to how they relate to the subject property. The item discussion should include commentary regarding any special conditions or circumstances about the property, and a discussion of the quality or importance of the property in relation to other works of art by the same artist, and of the state of the art market at the time of valuation. Whenever possible, statements should be supported with factual evidence.

Note: It is understood that complete information will not be readily available in every case. However, the validity of the appraiser's valuation is enhanced and the IRS's appraisal review facilitated by complete and accurate information. This object identification should be accompanied by a professional quality photograph of the subject property (See photographic requirements).

Best Practices of the Profession

While USPAP dictates the minimum content for appraisals, through years of experience with litigation, damage claims, and federally-related appraisals, it has been found beneficial to also include the following information in your appraisal reports.

1. So long as the client does not consider it to be “confidential information,” include the street location of the property being appraised at the time the appraisal inspection was conducted. If the property was located at more than one location, list all locations.
2. Include the names of the responsible parties who were present at the time of inspection. Most often this is your client or the client’s agent. At other times it might be a client’s relative, or even a next-door neighbor.
3. Include the name of the person or entity understood to be the owner of the property. Include also a statement that no investigation into ownership has been made, and that possession of the appraisal report is not an indication of ownership of or title to the property listed in the appraisal.
4. Include a statement of confidentiality, acknowledging the confidential nature of the appraiser-client relationship.
5. For the benefit of the client and other intended users, include any applicable reference numbers, e.g., case numbers, insurance claim numbers, police report number etc., if any apply.
6. Define any grading scale term or condition code that might have been used in the description of an item. Attach a copy of the complete grading scale so the reader can put the grade/condition of the subject property in context with other grades/conditions.
7. Often the vocabulary that appraisers use includes words not frequently encountered by clients or other intended users. For such seldom-used terms or for foreign terms, follow the term with its definition/translation enclosed within parenthesis.
8. State any disclaimers or terms of use associated with the assignment which limit the appraiser’s liability or restricts the method in which the appraisal report can be used or reproduced. Doing so documents the limits of the appraiser’s responsibilities and liabilities, and it puts all readers on notice of how and by whom the appraisal can and cannot be used. (See the section entitled “*Disclaimers and Terms of Use*” in Chapter 6.)
9. If doing a donation appraisal, include a statement regarding the handling of IRS Form 8283 to ensure you have the opportunity to properly complete those sections for which you are responsible, and to eventually to sign the form’s “Declaration of Appraiser.”
10. Attach the professional qualifications of the signing appraiser and of assisting appraisers (if any) to the appraisal report.

IRS Form 8283

Noncash Charitable Contributions

OMB No. 1545-0908

▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**

Attachment
Sequence No. **55**

▶ **See separate instructions.**

Name(s) shown on your income tax return

Identifying number

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A—List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is over \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

	1	(a) Name and address of the donee organization	(b) Description of donated property
A			
B			
C			
D			
E			

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Part II Other Information—Complete line 2 if you gave less than an entire interest in property listed in Part I. Complete line 3 if conditions were attached to a contribution listed in Part I.

- 2** If, during the year, you contributed less than the entire interest in the property, complete lines a–e.
- a** Enter the letter from Part I that identifies the property ▶ _____. If Part II applies to more than one property, attach a separate statement.
 - b** Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ _____
(2) For any prior tax years ▶ _____
 - c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
 Name of charitable organization (donee) _____
 Address (number, street, and room or suite no.) _____
 City or town, state, and ZIP code _____
 - d** For tangible property, enter the place where the property is located or kept ▶ _____
 - e** Name of any person, other than the donee organization, having actual possession of the property ▶ _____

3 If conditions were attached to any contribution listed in Part I, answer questions a – c and attach the required statement (see instructions).

- a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?
- b** Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?
- c** Is there a restriction limiting the donated property for a particular use?

	Yes	No
a		
b		
c		

Name(s) shown on your income tax return

Identifying number

Section B—Appraisal Summary—List in this section only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 per item or group. **Exception.** Report contributions of certain publicly traded securities only in Section A.

If you donated art, you may have to attach the complete appraisal. See the **Note** in Part I below.

Part I Information on Donated Property—To be completed by the taxpayer and/or appraiser.

4 Check type of property:

- Art* (contribution of \$20,000 or more)
- Real Estate
- Gems/Jewelry
- Stamp Collections
- Art* (contribution of less than \$20,000)
- Coin Collections
- Books
- Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antique furniture, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

Note: If your total art contribution deduction was \$20,000 or more, you must attach a complete copy of the signed appraisal. See instructions.

5 (a) Description of donated property (if you need more space, attach a separate statement)		(b) If tangible property was donated, give a brief summary of the overall physical condition at the time of the gift		(c) Appraised fair market value	
A					
B					
C					
D					

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions	
					(h) Amount claimed as a deduction	(i) Average trading price of securities
A						
B						
C						
D						

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ▶ _____

Signature of taxpayer (donor) ▶ _____

Date ▶ _____

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this appraisal summary may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from presenting evidence or testimony by the Director of Practice.

Sign Here

Signature ▶ _____

Title ▶ _____

Date of appraisal ▶ _____

Business address (including room or suite no.)

Identifying number

City or town, state, and ZIP code

Part IV Donee Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on ▶ _____ (Date)

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 2 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ▶ Yes No

Name of charitable organization (donee)	Employer identification number	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date



Tables & Headers/Footers: Making Your Appraisal Report Look Professional

Tables & Headers/Footers: Making Your Appraisal Report Look Professional

As a personal property appraisal course writer and instructor since 1994, I've reviewed many appraisals submitted by my students. Non-students also often ask me to review their appraisals for completeness or for USPAP compliance. Other than a couple appraisers who prepare their reports in MS-Excel, most all appraisals I have reviewed are prepared in MS-Word.

Over the years I've often noticed a couple report shortcomings that occur on a consistent basis - specifically, these shortcomings include the failure of the appraiser to make use of MS-Word's "Table" feature and MS-Word's "Header/Footer" feature. (This article focuses on the Windows user. Similar features, of course, are available to the MAC user.)

It is for good reason that appraisers using Windows most often use MS-Word to prepare their reports. MS-Word contains numerous features which, if used, will result in a report that is not only well-designed but also professional in appearance. But, as noted, two of the most important but most frequently under-utilized features of MS-Word are the Table feature and the Header/Footer feature.

I. TABLES

The Table feature in MS-Word allows you to keep information in multiple columns lined up no matter how often the document is edited. A Table consists of rows and columns of boxes, called cells, that you can fill with text and/or graphics. Within each cell, text wraps just as it does between the margins of a document. The cell expands vertically to fit the amount of text you type or the height of a graphic image you have inserted.

- With Tables, you can arrange columns of numbers and text in a document without using tabs!
- Tables also provide a convenient way to present text in side-by-side paragraphs, and
- Tables allow you to arrange text beside a graphic so that the text/graphic combination is never separated.

See http://www.youtube.com/watch?v=vlNsE_l16mg&feature=related for a primer on how to use Tables in MS-Word.

Three Must-Use Features

In addition, the Table feature has three functionalities which you simply must take advantage of - and it is so easy to do! They include:

- Auto-increment line numbers
- Insert thumbnails images, and
- Auto-summation of column values

1. Auto-Increment Line Numbers

Auto-numbering each row not only adds sequential numbers to each row in the Table, but it also maintains the proper numbering sequence *even if you add or delete a row!*

It is incredibly easy to auto increment line numbers in MS-Word when using Tables. To learn how to auto-number Table rows see <http://blogs.techrepublic.com.com/msoffice/?p=487>.

2. Insert Thumbnail Images

Regarding inserting images into MS-Word, if not using Tables, one need only insert the image, resize it, and then right click the inserted image to choose the "text wrapping" option you prefer. There are several text wrapping options including keeping the image "in line with text" which will keep the image with the text with which it is associated. For a primer on inserting images into Word, see <http://www.youtube.com/watch?v=Jn3G2GTlNa4>.

The problem with the above method of inserting images is that an appraisal report consisting of numerous items (each with its own item number, description, value and image) may end up lacking consistency in appearance from page to page. To ensure consistency in appearance, make use of MS-Word's Table feature. Tables will present your item numbering, descriptions, thumbnail images, and values in an organized, consistent and professional manner.

Here's how: once the Table is added, insert the desired image into the appropriate cell. Do this by putting your cursor in the cell into which the image is to be inserted. Then click on the Insert tab at the top of the page. Click that you want to insert "picture" then browse to find the image on your computer. Click the image and it is immediately inserted! (You can also use drag-and-drop which is the easiest and quickest way to add multiple images to a Table.) If the inserted image is too large, resize it to fit.

- **TIP1:** Before inserting the above images into their respective cells, copy all the original images you are going to use into a fresh directory. (Original images are always WAY to big to use in a Table.) Keep the originals untouched elsewhere, because you might wish to enclose a selection of the original high-resolution images on a CD along with the final report. In the fresh directory, resize all images to a "thumbnail" standard width and height for use in your Table. I prefer 200 pixels x 200 pixels. There are many programs to do this. For Windows users, I suggest this freebie: <http://imageresizer.codeplex.com/>. Do a bulk-resize, i.e., select all the images and resize them all at once. Do not waste time by resizing one at a time!
- **TIP2:** If need be, once the thumbnail image has been inserted into the Table, you can easily add a caption. Here's how: after inserting the image into the table, right click on the image and choose "insert caption". You can accept the default "Figure 1" caption or choose "new label" to customize the caption. The caption can appear either above or below the image.

3. Auto-Summation of Column Values

The Table feature in MS-Word is primarily designed to help you visually organize information in a document. However, appraisers also have the need to perform a simple summation of the individual subject property values that are in the "value" column. To sum a column of numbers:

- a. Click the cell in which you want the sum to appear.
- b. In MS-Word2003 from the Table menu, select "Formula". (In MS-Word2007 from the Layout tab/Data section, select "formula".)
- c. MS-Word suggests the formula =SUM(ABOVE). Click the OK button and the total of all the above values is inserted into the bottom cell.
- d. If your column contains blank cells, Word will not total the entire column or row. To total the entire row or column, type a zero in each blank cell. (Remove the zero afterwards, if need be.)

Here's a good how-to video focusing on Tables:

<http://www.youtube.com/watch?v=iAju4va-uhM>. At the end of the video is an explanation of how to sum a column of numbers in a Word table.

II. HEADER/FOOTER

MS-Word's Header/Footer feature allows you to insert information at the top or bottom of every page in a consistent fashion. This information normally consists of date, client's name, file number, chapter headings, page number, etc. The content of Headers and Footers does not move as text is added to or deleted from the body of the document. It is anchored to the top (or bottom) of the page. You can even omit the Header on page 1 (which is often printed on company letterhead so does not require a Header.)

Here is a three-part YouTube.com tutorial on how to use Headers/Footers in MS-Word2007.

- <http://www.youtube.com/watch?v=BJZsq4MIv68&feature=related> (Part 1)
- http://www.youtube.com/watch?v=reOP_q_0vaI&feature=related (Part 2)
- <http://www.youtube.com/watch?v=1DJKxuxlEkk&feature=related> (Part 3)

While I agree with many others that programs are often bloated with features that are of little use to the vast majority of users, "Tables" and "Headers/Footers" are two features with which the appraiser should become very familiar and use regularly.

Sample Cover Letter

COMPANY LETTERHEAD

[date]

[name of client]

[street address]

[city, state, zip]

[Include Subject: or Ref: line if need be.]

Dear _____:

Enclosed is the appraisal report you requested that I prepare for you for donation purposes. In summary, the fair market value of the donated items totaled [\$X]. This cover letter is not the appraisal report. It is merely a means to convey the enclosed appraisal report to you.

Also enclosed is IRS Form 8283. As we discussed, for noncash charitable contributions in excess of \$5,000, IRS Form 8283, Side B, must be completed and attached to the taxpayer's federal income tax return. The form has sections that must be completed and signed not only by the taxpayer, but also by the appraiser and the donee. For your convenience, I have enclosed a copy of Form 8283 on which I've filled in Section B, Part I, columns 5 a, b, and c. I have also completed and signed Section B, Part III as required.

As you requested, I mailed a copy of this report to your CPA, John Morgan.

Your invoice noting the balance due on your account is also enclosed.

Thank you allowing me to be of service. Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Appraiser's Signature

[appraiser's typed name]

Encls.

Retainers

Retainers

It is not an uncommon practice for appraisers to request a retainer in some assignments. If you do not know the client well or if the client does not have a good payment history, you should require a retainer. In addition, it is common to request a retainer when the assignment involves legal matters—particularly in cases involving battling parties.

An appraisal assignment retainer is a sum of money a client gives the appraiser as an advance for appraisal services that the appraiser has agreed to perform for the client. The retainer might also include advance payment for anticipated expenses associated with the appraisal assignment such as for the appraiser arranging for an authentication service or for retaining the services of expert appraisers to assist with the assignment.

Appraisers must keep accurate and detailed records of all funds deposited into and withdrawn from the client's retainer account. Appraisers can bill against the retainer on a daily, weekly, or monthly basis. For example, if the client gave the appraiser a \$2,000 retainer and the appraiser performed two hours of appraisal work on the client's behalf during the preceding month (at a rate of \$150 per hour), the appraiser would withdraw \$300 from the retainer as earned income. That would leave a balance of \$1,700 in the retainer account which is still considered to be unearned by the appraiser. In other words, it is still the client's money, though it is being held in trust by the appraiser until earned.

At the conclusion of the appraisal assignment, any balance in the retainer account will be applied to the final invoice. The appraiser will return to the client any monies remaining in the client's retainer account after all appraisal fees and expenses have been paid. On the other hand, if the client's retainer account had been exhausted, the client will be obligated to pay the balance of appraisal fees/expenses remaining.

Sometimes clients believe that the money they pay to an appraiser as a retainer is a set total fee for all the appraisal services associated with the appraisal assignment. Unless the appraiser specifically tells the client that he or she is charging a flat fee for the appraisal services, a retainer is payable as an advance only. The actual cost of the appraisal services might be less (in which case money will be refunded to the client) — but it might also be more. For example, in the case of a complex appraisal assignment including hundreds of items, or in the case of litigation, which might require ongoing appraisal work, it isn't always possible for the appraiser to accurately determine in advance what the cost of appraisal services will be. Unfortunately, there are too many variables in such assignments that can affect the final assignment cost. For that reason, appraisers may require that clients pay a retainer and may also ask them to replenish the retainer while the assignment continues if the retainer falls below a certain dollar amount.

Depending on the type and size of the assignment and my past experience with the client, I might request that a retainer be paid. Before beginning the assignment, I typically obtain a retainer equivalent to a day's work along with the signed Contract for Appraisal Services (see Appendix C) and the client's instructions to proceed. When the amount in the retainer begins to dwindle, I send an invoice for the next payment, and so on. As noted above, the final payment is due upon completion of the assignment. I send a refund if, at the end of the assignment, there is an excess in the retainer account.