

FAQs

What is the difference between writing a residential form appraisal report and writing a demonstration narrative appraisal report?

The **residential form appraisal report** is based on the requirements found in the MAAO “Demonstration Form Appraisal Report Guide”. The purpose of the form report is to demonstrate that the candidate has an understanding of the appraisal process and specifically the three approaches to value and how it pertains to a residential property. The form report requirements are more than completing a standard report form such as the Uniform Residential Appraisal Report (URAR), but far less than writing a complete narrative report. This report type would be considered a summary appraisal report with approximately 30-35 pages, not including the addenda.

The requirements for writing a **demonstration narrative appraisal report** are based on IAAO’s “Guide to Property Demonstration Appraisal Report Writing”. This report is a requirement for candidates for the RES and CAE designations. The report is best described as a self-contained report that follows the theoretical basis of each approach to value and by which each adjustment, assumption, conclusion, and all comments are supported by documented data and analysis in the report. The subject property selected must suffer from either functional curable, incurable, or external obsolescence. While writing a demonstration narrative appraisal report is a great learning tool, it does require a great deal of time and effort it also requires good market data from which to extract and support adjustments in all three approaches. This report would typically have 140-150 pages, not including the addenda.

What are the requirements to receive credit for a narrative appraisal report that is prepared for and testified to in MN Tax Court?

This is an excerpt from Minnesota Rules regarding the use of a Tax Court Narrative:

(5) a demonstration narrative appraisal of income-producing property developed for use in Minnesota Tax Court, or higher Minnesota court, that is introduced as evidence of value and is the subject of testimony by the preparer, if upon review the board determines that preparation of this appraisal required substantially the same expertise, or more, as would preparation of the demonstration narrative appraisal described in this item. This appraisal must have been introduced as evidence no more than five years prior to the date it is submitted for grading.

The minimum requirements for the report before submission for grading must include: the three approaches to value (even if the cost approach was considered but not used in Tax Court, a cost approach needs to be added to the report; a summary of the Tax Court case; the candidate’s summary of the appraisal, tax court hearing and decision. The report must also be USPAP compliant.