

# Appraisal Review



***Banks must gain a better understanding of the appraisal process and of the appraisals it receives.***

**January 17, 2019**

**CBM Training Center**

**East Lansing, MI**

Presented By:



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# Appraisal Review

In the Supervisory Policy statement in the 2010 appraisal and evaluation guidance, the regulators stated:



*“When analyzing individual transactions, examiners will review an appraisal or evaluation to determine whether the methods, assumptions, and value conclusions are reasonable. Examiners also will determine whether the appraisal or evaluation complies with the Agencies’ appraisal regulations and is consistent with supervisory guidance as well as the institution’s policies. Examiners will review the steps taken by an institution to ensure that the persons who perform the institution’s appraisals and evaluations are qualified, competent, and are not subject to conflicts of interest.”*

Since 2010, all regulatory agencies have increased their expectations regarding a bank’s review of property appraisals. A checklist simply does not suffice anymore, particularly on commercial property appraisals. Banks must gain a better understanding of the appraisal process and of the appraisals it receives.

Just because an appraiser is on the bank’s approved appraisal list does not mean the bank should accept his or her work without question or review. Banks are expected to thoroughly review the appraisals, and question the assumptions contained therein when necessary.

This seminar focuses on the regulatory requirements and expectations regarding the review of third-party appraisals and in-house evaluations. Both single-family dwelling and commercial property appraisals will be discussed.

## Who Should Attend

Depending on the individual institution’s structure, this seminar should be attended by personnel from loan administration, underwriting/credit analysis, to all general loan personnel.

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### DATE AND LOCATION

**January 17, 2019**

**CBM Training Center**

**East Lansing, MI**

*Registration begins at 8:30 AM. The seminar is from 9:00 AM to approx. 4:00 PM.*

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# Appraisal Review

## Developed by Bankers for Bankers

Appraisal Review seminar has been developed specifically to meet the unique needs of the community bank. It is designed to assist participants in getting timely answers to their questions. We encourage lenders to be active participants by bringing questions, concerns, and compliance issues for review by the group.

This two-way flow of information will increase understanding and help improve the bank's effort toward satisfactory compliance implementation.

## Seminar Presenter

### Aaron Lewis, Senior Consultant

Aaron Lewis is a senior consultant in the lending division of Young and Associates, Inc. As a consultant Aaron assists client banks by performing loan review. In addition to loan review, he has performed reviews in lending compliance and quality control. Prior to joining Young and Associates, Inc., he was employed by a community bank in southeast Michigan for eleven years. While at the bank, he worked his way through various facets of the operation from front-line customer service to branch management and finally as Vice President, Credit Administrator. He has secondary market, compliance, and asset quality experience. Aaron holds a B.A. in finance from Michigan State University and graduated from the Graduate School of Banking, University of Wisconsin.

## AGENDA

### Appraisal Regulations and Guidance

- Overview of 2010 Regulatory Guidance
- When can you use a AVM, BPOs, or tax assessment document?
- Evaluations
- Definitions

### Term Used in an Appraisal

- Value to Be Developed
- The Intended User

### The Review Process

- Who Can Do What?
- Review of Engagement Letter – A Necessary Step
- Review of Scope of the Work
- Review of Assumptions and Conditions Contained In Appraisal
- Resolution of Deficiencies – Communication between Staff and Appraiser

### Reviewing Commercial Property Appraisals

- Approaches to Value
- Highest and Best Use Discussion
- Other Significant Value Topics
- Which Value to Use?
- Reviewing Income Property Appraisals
  - Use of Capitalization and Discount Rates
  - Gross Rent Multiplier Approach
  - PV & NPV Approach
- Things To Look For

### Reviewing the Residential Home Appraisals

- Areas to Review
- Secondary Market Expectations
- Common Problems

### Case Studies

# Appraisal Review - January 17, 2019

## Registration Fees:

- \$325 for the first person for CBM members.
- \$300 for each additional person for CBM members.
- \$495 for each person for Non-CBM members.

**REGISTER HERE**

**Date and Location**  
**January 17, 2019**

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East Lansing, MI

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to approx. 4:00 PM.*

## Designated Banker:

Name: \_\_\_\_\_  
Bank: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-Mail: \_\_\_\_\_

## Additional Delegates:

\_\_\_\_\_  
\_\_\_\_\_

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Card No: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ 3-Digit Security #: \_\_\_\_\_  
Cardholder Signature \_\_\_\_\_

**CANCELLATION POLICY:** Cancellations must be received within 3 or more business days prior to the day of this educational program to receive 100% credit. Refunds are not provided for cancellations or absences which occur on the day of the program. Attendee substitutions are always welcome at any time.

**For additional information, call:**

Community Bankers of Michigan, 3505 Coolidge Rd., Suite 200, East Lansing, MI 48823

Sarah Cook at 517.336.4430

You can also register online at: [www.cbofm.org](http://www.cbofm.org)