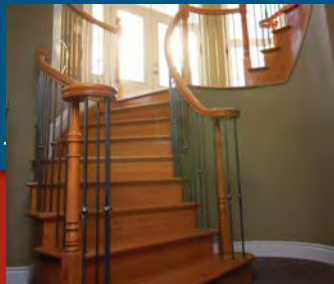




APPRAISAL

Residential  
Sales Comparison  
Income Approaches  
*concepts and  
techniques*



Residential  
Sales Comparison  
&  
Income Approaches

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techniques*

Timothy Detty  
Certified General Appraiser  
AQB-Certified USPAP Instructor

HONDROS LEARNING™

4140 Executive Parkway

Westerville, Ohio 43081

[www.hondroslearning.com](http://www.hondroslearning.com)

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# SUGGESTED SYLLABUS

## RESIDENTIAL SALES COMPARISON & INCOME APPROACHES: CONCEPTS AND TECHNIQUES

**COURSE DESCRIPTION:** This course is designed to provide the student with a comprehensive knowledge of the development and application of the sales comparison approach and the income approach in residential appraisal assignments. The course begins with how the fundamental principles of valuation and appraisal standards apply to an assignment in which the sales comparison and/or income approach is relevant in the scope of work, and details the development steps in the appraisal process through reconciliation. As part of the progression, the student will become acquainted with accepted methodology and techniques that can be applied in the assignment using the sales comparison and/or income approaches. Included and emphasized, through numerous illustrations and application case studies, are choosing comparable data, derivation and application of adjustments for various elements, derivation and application of rates of capitalization, and the logic and rationale applied during reconciliation. Also included is an introduction to the HP-12C financial calculator as well as a discussion about using the sales comparison and income approaches in special situations.

### COURSE OBJECTIVES:

- Recognize how the fundamental valuation principles interact with the sales comparison and income approaches.
- Relate how the performance obligations of USPAP apply.
- Identify the type and source of data required for the analysis and how the data is classified and chosen.
- Illustrate accepted valuation sales comparison and income approach methods and techniques, distinguish their common applications, and properly apply them for problem solving.
- Reconcile indications produced by the sales comparison and income approaches.
- Discover special situations in which the sales comparison and income approaches are applied.
- Demonstrate the functions of a financial calculator and how they are used for appraisal calculations.

**COURSE TEXTBOOK:** *Residential Sales Comparison and Income Approaches: concepts and techniques*, Hondros Learning™, Copyright © 2009

**COURSE CREDIT HOURS:** Qualifying education: 30 credit hours. Attendance is mandatory to receive course credit.

**INSTRUCTION METHOD:** Lecture, illustration, case examples, and workgroup case studies

## Suggested Syllabus

### **COURSE OUTLINE** with Suggested Time Increments:

DAY 1 (total classroom hours 7.5)

2 hours	Introduction and Overview
	Chapter 1 Introduction to Sales Comparison and Income Methodologies
1.5 hours	Chapter 2 Sales Comparison Analysis—Data Identification and Analysis
1 hour	Lunch
.5 hours	Chapter 2 Sales Comparison Analysis—Data Identification and Analysis (continued)
3.5 hours	Chapter 3 Sales Comparison Analysis—Adjustments and Reconciliation

DAY 2 (total classroom hours 7.5)

3.5 hours	Chapter 3 Sales Comparison Analysis—Adjustments and Reconciliation (continued)
1 hour	Lunch
4 hours	Chapter 4 Introduction to Financial Calculators

DAY 3 (total classroom hours 7.5)

.5 hours	Chapter 4 Introduction to Financial Calculators (continued)
3 hours	Chapter 5 Introduction to Income Fundamentals
1 hour	Lunch
4 hours	Chapter 6 Income Analysis

DAY 4 (total classroom hours 7.5)

2 hours	Chapter 6 Income Analysis (continued)
1.5 hours	Chapter 7 Using the Sales Comparison and Income Approaches in Special Situations
1 hour	Lunch
2 hours	Chapter 7 Using the Sales Comparison and Income Approaches in Special Situations (continued)
2 hours	Final Examination and Student Surveys

# PREFACE

**H**ondros Learning<sup>a</sup> is proud to present *Residential Sales Comparison and Income Approaches: concepts and techniques*, part of the market-leading textbook series for appraisal qualifying education. Written specifically to correspond to the 2008 Appraisal Qualifications Board's educational requirements, *Sales Comparison and Income Approaches: concepts and techniques* features **clear writing**, **real-world examples** and **case studies**, useful **illustrations**, numerous **practice questions**, and a **glossary of key terminology**, making this text the most up-to-date tool available for achieving mastery of the sales comparison and income approaches in residential appraisal assignments.

In addition to following the *AQB content guideline* for qualifying education, all texts in our appraisal series are *affordably priced* and feature a *clear writing* style and *numerous study aids* to assist students with comprehension and application of the material. Concepts range from simple to slightly complex, illustrating the application of the material in various appraisal scenarios. **Key terms** are highlighted and defined throughout, and compiled in a self-contained *glossary* to assist in learning definitions and concepts required for the AQB National Uniform Examination. **Important points** are highlighted throughout the chapters—a proven method to facilitate retention of key material. **Real-world examples** and **case studies** assist with understanding how appraisers use the sales comparison and income approaches in residential appraisal assignments. Selected USPAP Illustrations and Guidance references are included with most chapters to illustrate USPAP applicability and obligations in specific appraisal circumstances. The Appendix includes the most common forms used by residential appraisers for the sales comparison and income approaches, as well as handy flashcards for critical income approach formulas.

**Instructor materials** are available separately to make using this text in your classroom a seamless experience.

## TEXT OUTLINE

*Chapter 1* amplifies how valuation fundamentals and principles interact with the development of the sales comparison and income approaches. The discussion includes an overview of the appraisal process and the performance standards of USPAP related to development of a real property appraisal.

*Chapter 2* focuses on data identification and analysis in the sales comparison approach. Illustrated are common elements examined by the appraiser during the property inspection or as part of the research performed by the appraiser during the course of appraisal development. Comparable and competitive properties are defined, with the discussion leading to illustrated examples of the process and rationale used by the appraiser in choosing comparable and competitive properties for analysis.

*Chapter 3* provides an in-depth look at how data is analyzed and processed in development of the sales comparison approach. This chapter illustrates how the elements of comparison are analyzed, the use and application of quantitative and qualitative techniques for deriving and applying adjustments for numerous conditions and characteristics, as well as various techniques for reconciliation of the sales comparison approach.

*Chapter 4* offers an introduction to the use of a financial calculator in the appraisal profession. Specifically illustrating the HP-12C financial calculator, this chapter provides detailed instruction of how the calculator operates along with step-by-step keystroke applications for the most common mathematical calculations used by residential appraisers.

## Preface

*Chapter 5* introduces fundamental principles of the income approach. This chapter explores and illustrates terms, concepts, and components analyzed and/or developed by the appraiser when the income approach is applicable in an assignment.

*Chapter 6* examines and demonstrates the analysis performed by the appraiser for developing an opinion of value by the income approach. This chapter illustrates the development of a value opinion using multipliers and the direct capitalization method, using an overall capitalization rate. A detailed presentation of determining market rents as well as the techniques for deriving multipliers and rates of capitalization is also provided.

*Chapter 7* discusses the appraisal of partial interests and special ownership situations. Also covered is the use of combined approaches and special requirements for appraisals for use in residential lending transactions. Fannie Mae guidelines and requirements that the appraiser agrees to observe in developing the sales comparison and income approaches in residential assignments are emphasized.

### USPAP REFERENCES WITHIN THE TEXT

USPAP references are based on the 2008-2009 version of USPAP ©The Appraisal Foundation.

### EXAM PREP

Additional appraisal products available from Hondros Learning to help students prepare for the licensing exam include the *Appraisal Review Crammer™*—a valuable self-study or classroom exam preparation guide; *CompuCram™ Appraisal Exam Prep Software*; *Appraisal Vocab Crammer™ Audio CD*, and *Appraisal Vocab Crammer Flashcards*.

### ABOUT THE AUTHOR

Timothy Detty has taught thousands of real estate and appraisal students over the course of his teaching career at Hondros College. A practicing Certified General Appraiser, he has also written numerous real estate and appraisal courses and served as both author and expert reviewer for several real estate and appraisal textbooks. He has been awarded the designation of Certified Distance Education Instructor (CDEI) from the International Distance Education Certification Center (IDECC) and is an Associate Member of the Appraisal Institute®. In addition to being certified by the Appraiser Qualifications Board of The Appraisal Foundation as a USPAP instructor, Tim serves as an at-large representative to the Education Council of Appraisal Foundation Sponsors (ECAFS), is a member of the Education and Research Advisory Committee of the Ohio Real Estate Commission, and is a frequent guest lecturer and contributor to various real estate and appraisal publications.

### REVIEWER ACKNOWLEDGEMENT

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Bruce D. Swearingen  
FL State Certified Residential REA  
FL State Residential Appraisal Instructor  
AQB Certified USPAP Instructor