

ASA's

Real Property

Going Concern Report Review Checklist



General Information

Use of Checklist

This checklist offers convenient criteria for reviewing RP-Going Concern appraisal reports submitted as part of the ASA Accreditation process. It is intended to help you evaluate the appraisal report you will submit to the ASA International Board of Examiners (BOE) and will be used by an Examiner in reviewing your report work product. This checklist is applicable ONLY to the ASA Advancement process and is not intended to be used for any other purpose. For the purposes of demonstrating your appraisal expertise, we suggest you select appraisals that include the elements covered in this checklist.

This checklist provides guidelines to the standard elements often contained in a Real Property Going Concern report.

Your report must comply with the guidelines set by USPAP and ASA's Standards. Reports that do not meet these standards or are missing vital information will not be approved.

Keys to Report Approval Success

It's important to recognize that simply including all the checklist items in your report doesn't guarantee approval. The report must be supported, logically consistent and replicable by the examiner in order to pass. Superficial inclusion of the individual items in the checklist within the report may be wholly insufficient to convey the relevance of these items to the valuation and its findings. This is a common error seen in many submitted reports. The reader of the report should be able to develop a full and comprehensive understanding of the company being valued, its risks and opportunities, factors internal and external to it, and they should have a full understanding of how and why the appraiser took the step he or she did in assessing the company and arriving at a valuation conclusion.

Please Note – This checklist is not to be completed by the Candidate. The checklist is completed by the report reviewer. Candidates should use it as a guide when selecting their report to submit as part of their RP-Going Concern accreditation application process.

Going Concern Report Submission Grading Sheet

Member # Applicant

Subject Property Address

Grader Date Received by Grader Date Completed by Grader

NOTE: Applicant is allowed one revision after reviewer submits recommended corrections to applicant*

- | | | |
|--|---|---|
| <input type="checkbox"/> Original Submission | <input type="checkbox"/> Recommended | <input type="checkbox"/> Not Recommended |
| <input type="checkbox"/> Revised Submission | <input type="checkbox"/> Revision Recommended | <input type="checkbox"/> Revision Not Recommended |

- Pass Revise/Resubmit (Original Submissions only) Fail (Revised Submissions Only)

Grader's Signature Date Returned

Grading Matrix		
COLUMN	PRINCIPLES, TECHNIQUE AND THEORY	PRESENTATION AND ANALYSIS OF DATA
3	Demonstrates complete understanding	Excellent; very convincing
2	Adequate understanding; complete in part	Adequate and convincing
1	Marginal/minimal understanding	Marginal; minimal understanding, not acceptable; unconvincing
0	No understanding	unacceptable

Regarding Graders Comments:

Detailed comments should be made about those areas that are unacceptable; what exactly is unacceptable and why. Also, the reviewer should specifically state what the appraiser needs to do to make that section acceptable. Although the entire report is being graded, the primary focus is on the property type and intangible component. The reviewer is looking for material issues (value issues) not trivial issues such as typos. The report needs to show that the appraiser has the requisite knowledge and understanding of how to appraise a going concern. It also needs to include the typical industry sources. The submitted report should be at the level of a demonstration report. A restricted report is not acceptable and will be rejected. It is an underlying assumption that the applicant appraises going concern properties on a frequent basis. The reviewer will remain anonymous. All communication should go through ASA HQ.

*NOTE: Should the revised report be rejected, the appraiser has the appeal process to resubmit that report and a different reviewer will be assigned, or the appraiser may submit a completely different report.

NOTICE: The approval or disapproval of the report is not the appraiser's reputation in question. The approval of the report reflects on the reputation of ASA and the proclamation to the public that ASA has approved the appraiser's work product and subsequent qualification for appraising going concern properties. The certification is intended for appraiser's who perform going concern appraisals on a frequent basis.

I. Introductory Information

DESCRIPTION	ACCEPTABLE	UNACCEPTABLE
1. Title Page		
2. Letter of Transmittal		
3. Table of Contents		
4. Subject Photographs		
5. Summary of Important Facts and Conclusions		
6. Purpose of the Appraisal		
7. Identification of the Property		
8. History of the Property		

II. Description, Analysis and Conclusions

A. SITE DESCRIPTION, ANALYSIS, & CONCLUSIONS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Adequate description of relevant site characteristics				
2. Conclusion of functional utility and conformity of site to market				

B. IMPROVEMENT DESCRIPTION, ANALYSIS AND CONCLUSIONS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Description of relevant improvements characteristics				
2. Separation of short and long lived items				
3. Effective age				
4. Economic life and remaining economic life (market support)				
5. Functional utility				
6. External influences (if applicable)				
7. Conclusion of functional utility and conformity of improvements to market				

Grader's Comments:

C. ZONING AND LAND USE PLANS	ACCEPTABLE	UNACCEPTABLE
1. Designation/meaning		
2. Allowable uses (set-backs, parking, heights, etc.)		
3. Conformity or legal non-conforming		
4. Analysis and conclusions		

Grader's Comments:

D. TAXES AND ASSESSMENT ANALYSIS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Overview of assessment and taxing procedures				

2. Current/Historical/Trends/Subject property assessment and tax rates				
3. Analysis of comparable tax data				
4. Conclusions				
Grader's Comments:				

E. FUNDAMENTAL MARKET ANALYSIS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Subject Analysis (graded as site description and analysis, improvements description and analysis, zoning and taxes above)				
2. Understanding of the market segment; the current state of the specific industry, as well as the future outlook for the industry overall				
3. Demand analysis for the property type and product sold				
4. Supply analysis				
5. Market position				
6. Forecast for subject				

Grader's Comments:

F. HIGHEST AND BEST USE ANALYSIS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Definition and source				
2. Land as if vacant				
Legally permissible				
Physically possible				
Financially feasible				
Maximally productive				
Conclusion "as vacant"				
3. Property As Improved:				
Comparison of most profitable use with actual use				
Conclusions and support for obsolescence				
4. Conclusion of highest and best use analysis				

Grader's Comments:

G. COST APPROACH 1. Site Valuation (if applicable)	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Description of the process				
2. Adequate description of comparable sales, market support and demonstration of adjustments of comparable sales				
3. Analysis and Reconciliation of value estimate				

Grader's Comments:

G. COST APPROACH 2. Cost Estimate New	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Description of the process				
2. Sources, development & support of cost new estimate (building, site improvements; direct and indirect costs, entrepreneurial incentive)				

Grader's Comments:

G. COST APPROACH 3. Depreciation Estimate	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Physical				
2. Functional				
2. External				
4. Cost Approach Summary				
5. Reconciliation of indicated value by cost approach				

Grader's Comments:

H. SALES COMPARISON APPROACH	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Description of the process, including appropriate unit of comparison for subject property type.				
2. Adequate description of comparable sales				
3. Appropriate elements of comparison for property type.				
4. Sufficient explanation/demonstration of market support for adjustments.				
5. Reconciliation of indicated value by sales comparison				

Grader's Comments:

I. INCOME CAPITALIZATION APPROACH— DIRECT CAPITALIZATION	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Description of the process				
2. Adequacy of comparable/industry revenue data, support for stabilized revenue				
4. Support for occupancy				
5. Support for expense estimate				
6. Support for capitalization rate/NIM/GPM				
7. Reconciliation of indicated value in income approach				

Grader's Comments:

J. RECONCILIATION AND FINAL VALUE ESTIMATE	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
1. Logical analysis of strengths and weaknesses				
2. Consideration of quality and quantity of supporting data				
3. Reasonable conclusion of final estimate of value (not an average)				

Grader's Comments:

K. ALLOCATIONS	ACCEPTABLE		UNACCEPTABLE	
	3	2	1	0
Appropriate knowledge and application of acceptable procedures for allocating the following components:				
1. Real property				
2. Personal property				
3. Intangible component				
4. Appropriate Data Sources for Property Type				

Grader's Comments:

III. Certification and Addenda

DESCRIPTION	ACCEPTABLE	UNACCEPTABLE
1. Certification		
2. Assumptions and Limiting Conditions		
3. Photographs		
4. Maps		
5. Floor plan and plot plan/site plan		
6. Presentation (neatness, grammar, punctuation, spelling and math)		

Grader's Comments:

Additional Grader Comments:

A large, empty rectangular box with a thin black border, intended for entering additional grader comments.