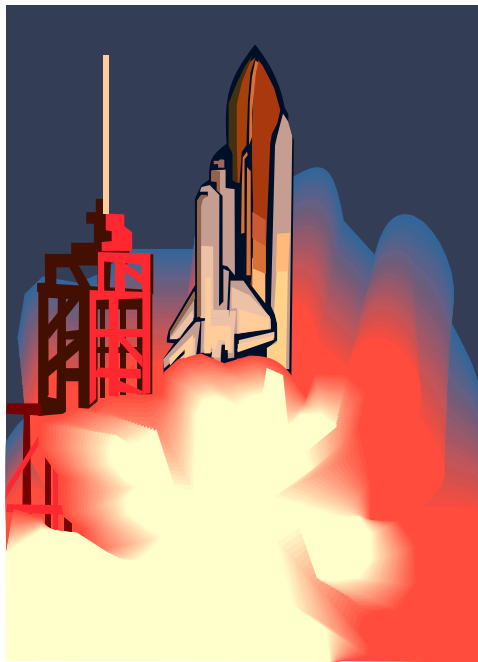


USL Report Documenter II



QUICK-START GUIDE

Companion Software tool of the book:

APPRAISING IN THE NEW MILLENNIUM

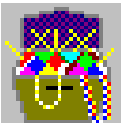
Due Diligence & Scope of Work

SECOND EDITION

In order to use this software your computer must be running Microsoft® Windows 2000 or XP or later, with the Microsoft®.NET Framework 2.0 installed. The .NET Framework can be loaded from the CD.

The USL II Documenter II version 2.0 software has been programmed by: Digital Oxygen Software Inc. (<http://digioxy.com>)

Clip Art is taken from Microsoft Clipart®



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215 Ellis Avenue, Maryville, TN 37804

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Purpose of the USL Documenter

The USL Documenter Application Software addresses USPAP, Supplemental Standards, and Liability Management. USL is an acronym taken from these topics. It is the author's belief that almost every appraiser can immediately improve his/her reporting with use of the USL Documenter. This program is for both residential and commercial use. This program is designed to aid the appraiser in all aspects of documenting an appraisal Report. It will compile all of the documentation including the Limiting Conditions, Assumptions, Scope of Work, Certification, etc; or it can produce only a few items to shore up a standard report form like the new URAR. It can produce an entire Restricted Use Report or simply supplement your forms software package or commercial template.

When the only tool you own is a hammer, every problem begins to resemble a nail. ---Abraham Maslow

This is the problem with a fixed form, the appraiser attempts to make the assignment fit the form. This software is dynamic in that it modifies itself to fit the assignment at hand; rather than vice versa.

This program is intended to harness the power gained by the knowledge presented in the Book APPRAISING IN THE NEW MILLENNIUM; Due Diligence & Scope of Work. Over 13,000 copies of the First edition were downloaded. The Second Edition is expanded to cover the reporting of the scope of work and lending in light of USPAP's Scope of Work Rule.


QUICK- START GUIDE


User Agreement: By using AVT's USL Documenter the user agrees not to share or distribute this software. This software is copyrighted 2006 to Automated Valuation Technologies, Inc. This software is for the use of one individual. It may not be reproduced or shared.

Users further agree to use this product at their own risk. The USL Documenter has not been pre-set for any particular appraiser or group of appraisers. This software is very flexible and the user agrees to modify the pre-set phrases to meet their business philosophy and to meet the expectations of their state Appraisal Commission/Board.

This software program makes changes to the '.ini' files in your computer and can be removed by running the remove program feature in Window's Control Panel.

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-  Standard residential forms software and commercial software packages must have a multi-page addenda sheet that is accessible by Microsoft Clipboard to allow the copy the USL Documenter II to be pasted into.

-  We currently have customers using ACI®, Click It®, United Systems®, and WinTotal®.

Contents of the CD

The following files can be found on the CD:

- **Quick-start.pdf:** This is the manual that contains the instructions for installing the USL Documenter II. It also contains basic operating instructions.
- **USL Documenter II Setup.msi:** This is the file used to load the USL Documenter.
- **Default.USL-Data:** This is a part of the USL program.
- **Tutorial Introduction.mp3:** This tutorial introduces the user to the USL program. The USL program should be loaded so that the user can follow along on the computer.
- **Tutorial Secondary Market:** The user can follow along while a USL document is created for a residential secondary market assignment.
- **Tutorial Commercial:** The user can follow along while a USL document is created for an assignment involving the proposed construction of 100 apartment units. This involves reporting three value opinions: (1 as is under the current zoning, (2 the value after completion, but before rent up, and the value after completion, but after stabilized rent.

Loading the USL Documenter

1. Insert the CD into your computer.
2. Open the file USL Documenter II Setup.ini that is on the CD.
3. Once you are in the “Setup Wizard” click on the “Next” button.
4. When the License Agreement becomes visible read it carefully. If you agree to the terms of this agreement then choose “I Agree” and click on the “Next” button.
5. Select the installation folder. If possible use the default folder which is shown by default. Do not load on a network drive (although multiple users may save their documents to a folder on a network drive).
 - The “Disk Cost” button allows you to compare the size of the program to the installation location chosen. Most users will not need to use this feature.
 - For most users select “Just Me”. The multiple users’ selection is an advanced feature for multiple users have their own desktop assigned to them.
6. When asked to confirm installation click the “Next” button.
7. When you are notified that the installation is complete the go to the “Windows Update” site and run the update check. If .NET Framework is an option to either load or update do so.
8. There will be a new shortcut on your desktop. Click it to open the USL Documenter II program. If you receive a message that you need to load .NET Framework then run the “dotnetfx.exe” file on the CD. This will load the .NET Framework program on your computer. Then go to the Windows Update site and check for updates.

Using the USL Documenter

Standard residential forms software and commercial software packages must have a multi-page addenda sheet that is accessible by Microsoft Clipboard to allow the copy the USL Documenter II to be pasted into. Call your software provider for help in identifying the appropriate addenda sheet and how to make it a part of your report template. The documents produced by the USL Documenter II may be from one to several pages.

The time it takes to create the desired documentation depends on whether complete report documentation or just some supplementation is needed. It should generally take from as little as three minutes to as long as several minutes to complete your USL. However, the first few will take a lot longer to complete.

There are three main components to the USL Documenter: (1 The Wizard, (2 the document, and (3 the Phrase Builder.

Create a folder in your computer to save the USL documents in. This can be a local or network drive. This would ideally be on a drive that is backed up on a regular basis. You can name it any name you wish such as “USL Documents”. The USL documents are so easy to create many users never save them individually, and only save them as a part of your appraisal report.

Double click the USL shortcut on your desktop to open the program. Then select “File” on the toolbar. You will then have a choice of starting a new USL Document or retrieving one that you started and saved earlier.

Choose “New” and the Wizard will open. The Wizard consists of four screens: (1 Welcome, (2 Report Type, (3 Questions, and (4 Finished. After the Welcome screen has been filled out the first time, only the Report Type and Questions screens will need to be addressed.

| | Name | Initials |
|----------------------|-------------|----------|
| Primary Appraiser: | David Braun | DB |
| Secondary Appraiser: | | |

Please Choose the Final Report Layout

Numbered

Bulleted

Primary Signature... Secondary Signature...

David Braun

Prev Next Finished

On the “Welcome” screen enter the name of the primary appraiser and if a trainee or secondary appraiser will be signing the report enter their name as well.

Set a link to the signee’s digital signature(s). You may wish to associate the link to the same

signature used in your appraisal report software.

The next two screens allow the appraiser to enter the information into the computer that the Wizard will need to customize the report to the specific assignment being addressed. The beauty of the USL Documenter is that it allows each user to express his/her personal philosophies of USPAP, supplemental standards, and liability management. It basically produces an outline for the appraiser to follow, manages a database of phrases used in the documentation of an appraisal report, and has numerous time saving features. For example if the appraiser is doing an appraisal on the new URAR form for the secondary market then the USL manager will not produce the limiting conditions and assumptions. The downside (if there is one) of the USL Documenter is that the flexibility it provides requires that the appraiser consider each question or issue and chooses the appropriate response.

USL Documenter Wizard

Check the appropriate options to select the type of report that you would like to create.

Welcome

Report Type

Questions

PAGI

Finished

Choose the Report Type

Summary Self Contained Restricted Use

Choose the User / Supplemental Standard Type

Lender (Eval) Lender (FIRREA) Secondary Market

FHA Non-Lender

If the new Fannie Mae forms are going to be used then choose "Secondary Market or FHA" from the list above even if the lender is keeping in house.

Choose the Form Type

Standardized Standardized use USL Certs/Asspts/Lim Conds

Narrative

Prev **Next** **Finished**

Note: The USL Wizard will try to help by hiding choices that are not recommended.

Choose the “Report Type” format that is appropriate for the assignment.
This is self-explanatory.

Choose the “User/Supplemental Standard Type”

There are five User/Supplemental Standard choices. Of these, the Lender (Eval) and the Lender (FIRREA) may be confusing. These are valuations performed for Federally Regulated Lenders. The Evaluation is a low risk transaction and has much fewer supplemental standards to be complied with. In a time that lenders want the least expensive valuation it is strange that the person ordering the valuation generally has no idea if they want an Evaluation that is not FIRREA compliant or an Appraisal which is FIRREA compliant. The main test for whether a loan can be based on an Evaluation is whether the transaction amount (loan in most cases) is at or below the De Minimus threshold of \$250,000. If the client does not know which is needed then the appraiser should choose the “Lender (FIRREA) option. This ignorance does cost the lender money as Evaluations are typically less expensive and have quicker turn-times.

In this category supplemental standards trump the user class. For example if a lender orders an appraisal on the new URAR form that it intends to keep in house I suggest choosing the “Secondary Market” choice over one of the “Lender” choices.

Choose the “Form Type”

A lot of the same things are on most standardized forms and the USL manager does not reproduce these items if a standard form is to be used by the appraiser. The USL manager does not produce the custom limiting conditions and assumptions if the appraiser chooses the “Standard” form. It is suggested that the standard form with the USL limiting conditions and assumptions be used whenever possible. However, be warned that many lenders have clerks that have a check list they use for completeness of the report. Not using the standard limiting conditions and assumptions often freaks them out. The Appraisal Institute residential form is for non-lending situations only. Because the USL provides the appraiser with more flexibility, the USL has been programmed to always use the USL certs, Limiting Conditions, and assumptions in conjunction with that form.

Click the “Next” button when those choices are made. Then the “Questions” screen will appear.

USL Documenter Wizard

Please answer the following questions:

| | |
|---|--|
| <p>Welcome</p> <p>▢</p> <p>▢</p> <p>Report Type</p> <p>▢</p> <p>▢</p> <p>Questions</p> <p>▢</p> <p>▢</p> <p>PAGI</p> <p>▢</p> <p>▢</p> <p>Finished</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No Are there any hypothetical conditions?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Are there any extraordinary assumptions?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Are there any previous sales to report?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Is there any current agreement of sale, option, or listing?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Were you incompetent to perform this assignment at the onset?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Did you pay or receive a fee in the procurement of this assignment?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Are you a member of a professional appraisal organization?</p> |
|---|--|

By answering these questions the USL manager can begin customizing the documentation to meet the demands of the assignment. This is not only huge in liability management it actually saves the appraiser time.

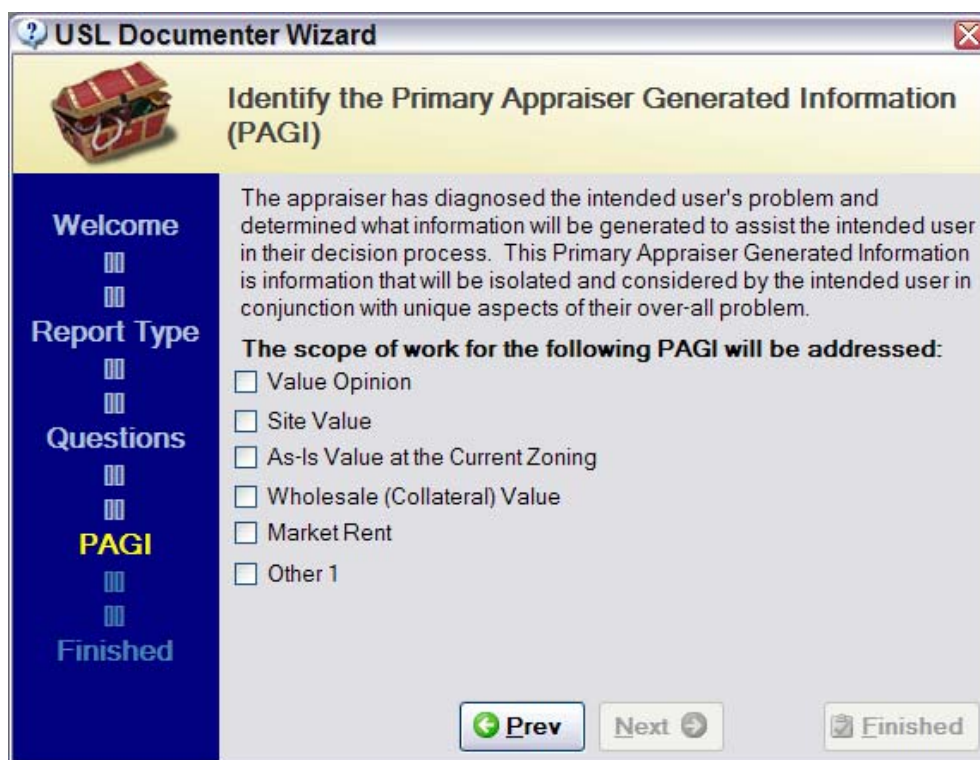
Basically the “Yes” column means the appraiser will have to specifically address the topic in the USL document. The “No” column means the Wizard can address the topic for the appraiser. The competency question had to be written a little oddly in order to meet this rule, so just remember click “No” if the appraiser does not have to address it later in the USL document.

Primary Appraiser Generated Information (PAGI)

The book Appraising in the New Millennium; Due Diligence and Scope of Work emphasized that the appraiser must customize the job (scope of work) to the demands of the assignment. USPAP’s new Scope of Work Rule emphasizes problem identification. One of the issues confusing everyone is the purpose of the appraisal. The purpose of the appraisal is and has always been to provide the intended user with information upon which he/she can base a decision on.

In an appraisal this is usually an opinion of market value. However, sometimes it is not market value, and often it is more than one market value opinion that is need by the intended user. The purpose of diagnosing the intended user’s problem is to decide what PAGI the intended user needs.

The USL has a unique feature in that it allows the appraiser to identify the PAGI to the reader of the report. It is paramount for the intended user, a reviewer, and your State Appraisal Commission/Board to know specifically what PAGI you are tying to generate. The division of primary and secondary information is huge in liability management. Read the book! This short version, presented here, is all you need to know to operate the USL.



This feature allows the USL to build the information to be reported for more than one PAGI. An example is a lender’s reliance on the value as complete and the value “as is” under the current zoning. This is required for the “Lender (FIRREA)” choice by federal regulations where the property is a proposed structure. By choosing both the “Main Value Opinion” and the “As-is Value at the current zoning” the USL manager prepares for the scope of work performed for both opinions to be independently discussed.

Another example is where the lender wants the whole property value, but also wants the appraiser to form an opinion of the site value. The lender does not care about the cost approach in general, and is probably using the site value in some combination with the value opinion to gauge the amount of hazard

insurance to require. The USL manager will allow for the appraiser to present and discuss the scope of work used for the main value opinion and for the opinion of the site value separately.

Currently USPAP requires that the appraiser identify any of the three main approaches to value that are not used. Once you have selected a PAGI, the Wizard allows you to address which approaches you used, or will be using.

If you wish to modify a response in the Wizard while working in the USL document you may recall the Wizard by either selecting File/USL Document Wizard, or hitting your [Ctrl] & [w] keys simultaneously.

The "Finished" screen is the last part of the Wizard. After a the user becomes familiar with the information on this screen he/she will skip it.



Utilizing the features of the Phrase Builder

Once the appraiser feels comfortable answering the questions discussed above the only other thing to learn is how to operate USL's Phrase Builder. This is the system that allows the appraiser to create, store, edit, rename, delete, and retrieve common phrases. This becomes very important as the appraiser will generally have to choose from two to four choices for each item to be addressed. As most appraisers are uncomfortable with writing out their thoughts it is a good idea to save those topics that are well written.

The screenshot shows a dialog box titled "USL Phrase Builder: Sub Data Validation". The dialog box has a close button (X) in the top right corner. The main instruction reads: "Describe what second hand data has been validated and the extent and methods of the validation process." The dialog is divided into two main sections: "Phrase Keyword:" and "Phrase Preview:".

Phrase Keyword: This section contains four buttons: "Add", "Edit", "Rename", and "Delete". Below these buttons is a list box containing two items: "Accessed Property & Interviewed Owner Desktop" and "Second Hand Data (non-desktop)".

Phrase Preview: This section contains a text area with the following text: "The subject property data that was obtained from second-hand sources was validated by the appraiser personally accessing the subject property. In addition the owner was interviewed concerning past sales, utilities, and physical property characteristics."

Field Text: This section contains a large text area for input. Above this area is a button with a document icon and the text "Insert Phrase into Field Text".

At the bottom of the dialog, there are three buttons: "Reset Field Text" (with a sun icon), "OK", and "Cancel".

Conclusion

The flexibility that the USL Report Documenter software offers represents a huge leap in appraisal reporting. No one knows for sure how deeply each state appraisal commission/board will demand that the scope of work be broken-down and discussed. I hope that the users of this USL will all work together and share their common phrases and general philosophies by sending comments to me at dbraun@braunappraisal.com.

Please include "USL" somewhere in the subject line. I will compile these notes and distribute them to all users. Notify me of any Email address changes if you wish to receive updates and other information.

For help getting started Email me at the above address.

Thanks,

David Braun