



Narrative Report Writing

A Few Thoughts for Writing the Narrative Section

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What Components?

“Through the eyes of the reader” is the most useful way to write a report.

- Review; “What is the Appraisal Problem to be Solved”?
- The Intended Use and Scope of Work determines the type and content of your report.
- The presentation of your report makes it accessible to the intended users.
 - Clear, Concise, Credible, Data that supports conclusion of value and LITTLE use of Boilerplate



The Narrative

The appraisal narrative is intended to provide context to the appraisal report

The narrative section may include:

- Condition of the business
- Condition of the industry
- Condition of the secondary market and number of players
- Exit strategies
- New technologies which may impact values



Scope of Work

The Scope of Work has a number of components and ultimately considers:

- The “pre-discussions” with the client regarding the use, assets to be appraised, location, inspection, research required or necessary, definition of value, timing, hypothetical conditions, extraordinary assumptions; all which set out the anticipated Scope of Work.
- This should be a part of the Letter of Engagement
- The Scope of Work section in the Appraisal Report which shows the actual work done or completed



USPAP SR 8-2(a)(ix)

- USPAP, SR8-2(a)(ix)- state as appropriate to the class of personal property involved, the use of the property existing as of the date of value and the use of the property reflected in the appraisal
- The narrative must include a description of property



Intended Use and Purpose

Previously we reviewed:

- Intended Use is specifically what is the use of the appraisal by the-
- Intended User who is typically the client- or
- Multiple Users/Readers for whom it is necessary to write to certain levels
- Purpose of the Appraisal is to define the definition of value: or more specifically the P o A is to *develop and convey an opinion(s)* of.....FMV, OLV, FLV, etc. and further; for use as described above



Intended Use and Purpose

- Intended Use is the heart of the appraisal problem to be solved
- Intended Use drives the Scope of Work
- As per USPAP and the Scope of Work Rule
 - 1) Identify the problem to be solved
 - 2) Determine and perform the scope of work necessary to develop credible assignment results and
 - 3) Disclose the scope of work in the report



Best Practices

Best Practices recommendation:

- Include a separate section “Scope of Work” and describe scope of work in at least general terms
 - 1) Was the scope of work discussed with the client and included in your letter of engagement?
 - 2) Gather and analyze information about the assignment elements
 - 3) The SoW must reflect the work actually done
 - 4) This may vary from the Letter of Engagement
- ★ Note: whereas the SoW is further detailed throughout the narrative of the report



USPAP SR8-2(a)(vii)

Note also:

- Scope of Work also includes the research and analyses that are necessary to develop credible assignment results
- Disclosure Obligation: report must contain sufficient information to allow intended users to understand the scope of work



Review

Review: Assignment Elements

- Client and any other intended users
- Intended use of the appraiser's opinions and conclusions
- Type and definition of value
- Effective date of the appraiser's opinions and conclusions
- Subject of the assignment and its relevant characteristics
- Assignment conditions



Condition Reporting

- Because the majority of M & E appraisal activity concerns used equipment, condition and description of condition is fundamental to the values provided
- Most M & E inspections are external visual inspections and are limited
- Proper disclaimers are required as to the nature and limitations of the inspection
- A simple five point scale is usually the best



Other Conditions

- Industry Conditions
- Business Conditions
- Secondary Market Conditions
- Exit Strategies



Bears Repeating; Good Simple Clear Language

- Consider the reader. They are often in a completely different profession from the appraiser or the client.
- Refer to a lexicon to ensure you are using terms in the correct context.
- Keep sentence structure simple to avoid confusion.
- Provide a table of contents
- Provide proper pagination



Punctuation & layout

- Follow the rules of proper punctuation
- In particular pay attention to:
- Colon vs. semi colon
- Apostrophe to show possessive or plural
Appraiser's vs. appraisers'
- Use an index and follow the index in the body of the report.
- Use consistent level of indent
- SPELL CHECK, its free and easy



Underline, bold & italics

- Underline, bold & italics should be used as follows:
- Underline headings only
- Italics used for names of references only
- Bold can be used for heading or emphasis
- Do not use underline with italics
- Use ampersand (&) sparingly. If it is in a proper name or you are short of space