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What do appraisal clients want? Part 1

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What do appraisal clients need in appraisals? Their needs are two-fold; service and quality. This month, I'll explore client expectations about service.

Many years ago I was the dinner speaker for an appraisal organization, and during Q & A I was asked what the number one problem was with appraisals. I am pretty sure the questioner and likely the audience was looking for a technical answer like the highest and best use analysis is insufficient, the discount factors are incorrect or perhaps the calculation of obsolescence was wrong. That appraiser was taken aback when I announced that by far the biggest problem with appraisals is that they are too often delivered late. "No, really" he answered. He clearly didn't grasp his clients' needs. Let's talk about the service part of an appraisal. Here are some things to keep in mind.

- Do everything possible to avoid delivering the appraisal late. Communicate (call, email, text) with the property contact as soon as you get the engagement letter to schedule the inspection and request property related data.
- If you can't make contact with the property contact within 48 hours, let the client know. The client may be able to expedite the communication process.
- Don't ask the property owner for the kitchen sink in your data request. It bewilders them. Consider what is really needed to develop a credible appraisal. If the information is publicly available, don't ask the property contact for it. If the requested information is delayed, let the client know. Again, the client may be able to expedite but they can't if they don't know about it.
- If it looks like (despite your best efforts), report delivery will be delayed, let the client know as soon as possible and give a realistic revised time frame for delivery.
- While developing the appraisal, if you see something, say something. Unfortunately, the client may have never seen the property, and an appraiser can be their eyes and ears imparting valuable property information. For example, if the rent roll provided does not seem to square with the occupied area at the subject property, discuss this with the client. If the property is poorly maintained

to the point where it affects the valuation, apprise your client before delivering the appraisal. Surprises are not generally received well when delivered within the appraisal, and this is an opportunity to be an asset to your client.

- Don't make extraordinary assumptions for convenience sake. For example, do not blithely assume that a major tenant whose lease rolls before year end will simply renew. It makes for easier appraisal development but does not necessarily reflect the risk profile of the property. Talk to the client first. The transaction could well be contingent on a renewal in which case an extraordinary assumption might be appropriate. If not, the lease renewal risk should be reflected rather than assumed away.

- Make yourself available during the review process. Think ahead and let the client know if you are going to be out of the office for an extended time after the report is delivered. Offer a time to accommodate review questions.

The key to appraisal service is communication with the client. Service is an important element and in many institutions service is graded alongside appraisal quality. Both are fundamental to client retention.

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