CELEBRATING 55 YEARS nerej

Seeing reason for hope in the appraisal market

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So, with my complete and utter failure as a March Madness prognosticator and not one pick in the Final Four and only two in the Elite Eight, I have resolved to cease and desist from making forecasts and/or predictions. Having said that my thoughts turn to what more can be said about the real estate market and more particularly, our profession. No, I am not forecasting an increase in business and renewed demand for numerous appraisal positions; however, I do see reason for hope.

There are several indications that the public is finally beginning to understand the importance of the role of an appraisal professional in the complex theater known as the real estate market. For too long we have been the fly in the ointment, the unnecessary evil, the roadblock to dreams, etc., etc., etc. Now we are being viewed with greater understanding in light of what has occurred and the enormity of the collapse of many segments of the real estate market. Our importance is beginning to become apparent and suddenly we are being viewed as the potential protectors of the realm.

As USPAP says in the preamble, our purpose is "to promote and maintain a high level of public trust." We accomplish this by performing to the best of our abilities and by doing whatever is necessary to produce credible results for our client. We are challenged on an ongoing basis, from day to day, from assignment to assignment, which is the beauty of our work, constantly rising to the occasion and solving our client's problem, whatever it might be. In order to fulfill our task we follow the prescribed steps of the appraisal process to completion. Consequently, we are continually seeking and searching for information, details and specifics, which lead to that all important word, verification. Not easy to get our arms around the concept; when is enough, enough. There is no simple answer, particularly in today's market.

As an example, a few days ago I was completing an appraisal for a divorce. One of the MLS comparables listed the sale price at $765,000. When we looked up the deed, the recorded price was $740,000. To compound matters, it was a "short sale." Now at that stage you could shrug, give up, discard the sale and move on, or dig deeper. Well, after more digging, the listing broker indicated the $740,000 on the deed was correct but the seller had to wire an additional $25,000 outside of the proceeds to the third mortgagee in order for their agreement to let the sale proceed to completion. All too often there is, as Paul Harvey liked to say, "a story behind the story." It's up to us to be as comfortable as possible with the data we collect so that there are no surprises down the road. Another example, a commercial sale of a property had a recorded price of $2 million. All seemed fine until we contacted the seller who indicated that an additional $100,000 had been paid outside of the closing, which is certainly something to consider in the overall adjustment process.

I'm sure you can top these with many examples of your own; however, the main point to remember is that if we continue to elevate our work by performing above the norm of expectancy, we can only benefit ourselves and all of our fellow professionals.

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