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More appraisers are completing appraisal reviews than in past years

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More appraisers are completing appraisal reviews than in past years. As the need and thus the demand for field reviews have grown the numbers of reviews have increased in the past years. The quality of field reviews varies greatly with most appraisers doing an adequate job. The issue is not the ability of the appraisers but rather a lack of understanding of what a review is.

A review is an analysis of the quality of part or all of an appraisal, appraisal review, or appraisal consulting assignment. The question to be answered is was the work under review credible? That is to say worthy of belief.

A review does not involve an opinion of value. When an appraiser is asked to form his or her own opinion of value the scope of work has changed to include two assignments, a review of the work of another appraiser and an appraisal. Compliance with Standard 3 and Standards 1 & 2 is now required.

As we read through an appraisal we are constantly forming opinions. If we are using a review form such as the Fannie Mae Form 2000 we are checking boxes indicating a section was or was not complete and accurate. It is not enough to indicate that a section was not complete and accurate. The reviewer must have a reason for any disagreement. It is not as simple as concluding that the original appraiser did not correctly handle part or all of an appraisal. If we disagree we must be able to support our conclusion by presenting a reason for any disagreement and then supporting our conclusions.

Equally important is avoiding statements that are vague or ambiguous. The statement "it appears that sale one was not sold through MLS as reported" is vague. The statement "I did not find sale one in the MLS" is factual and specific.

If the reviewer concluded that the information in the neighborhood section was not complete and accurate they must provide a reason for their conclusion. For example the reviewer might conclude the appraiser did not accurately describe the neighborhood market conditions. The original appraisal may have identified the market was stable when the reviewer determined that it was declining. The reviewer must do more than make a statement. They must support the conclusion. An example would be to include MLS statistics supporting the opinion of a declining market in the review.

In the sales comparison section the reviewer might conclude that the sales selected were not locationally, physically and functionally the best available. The review should specifically state why they were not the best available. For example, the sales were 25%, 30% and 27% larger in gross living area and were 1.5, 3, and 4 miles from the subject when alternative sales located within the immediate neighborhood and more similar to the subject in size were available. The reviewer must provide evidence of those alternative sales.

Individual adjustments should not be not be nitpicked such as concluding that the garage

adjustment of \$4,000 should have been \$6,000. Data can likely be found to support both adjustments. However, it is a different situation when adjustments are not applied consistently, are unreasonable or incorrect such as when sale one is adjusted upward \$10,000 for being 17 square feet larger and sale two is not adjusted when it was 400 square feet larger. The focus should be on major issues that impact the credibility of the work.

The reviewer must use care to be reasoned and balanced in forming supported opinions of the quality of another appraiser's work.

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