

William Pastuszek - Lazy appraiser syndrome rarely more apparent in practice than the matter of adjustments

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A constant theme amongst appraisers. How should I adjust for this difference between my property and a comparable? Following on from this question: how do I support the adjustment I just made?

Years ago, I asked this question of my appraisal instructors and got the following responses: 1.) go to the market, little grasshopper, and, 2.) it depends. I found these answers to be awesome and wandered around awestruck for a couple of days until I learned about matched pairs, regression analysis, statistics, etc. I then proceeded to wander around dumfounded for several years after that.

In a good market, definitive support for adjustments is difficult to find, even for those diligent ones among us. In a market with few sales and difficult market conditions, it is even more difficult.

The lazy appraiser syndrome (LAS) is rarely more apparent in appraisal practice than in the matter of defending and deriving adjustments. Many appraisers use adjustments based on data and analysis long lost in the dim caverns of memory. Others prefer to rely on divine guidance or something similar.

Other appraisers prefer to avoid making any adjustments that don't just jump right out at them. The thinking is that the fewer the adjustments means the fewer potential reviewer questions. Others will seek to make the smallest adjustments possible, thinking to fly under the radar.

Not making adjustments when indicated is as bad as making unsupported adjustments! While nothing can replace perfect substitutes, i.e., comparables that are exactly like the subject, markets don't tend to work that way. Minimizing the amount and number of adjustments may be as much cause for suspicion as making too many.

Appraisers currently operate in a difficult environment. Many are doing everything they can to avoid review calls and to minimize the amount of analysis and writing being provided.

The conditions under which most residential appraisers are toiling are setting the stage for the next round of property related problems. The squeezed fees and turnarounds and the expanding scopes of work are causing appraisers to shortcut the process. While this was bad during the boom, it is not acceptable in an era where the appraisal is supposed to protect the consumer.

What are the critical adjustments in an appraisal? These would include: market conditions (clearly a big concern for everyone); concessions; land area; location; quality, age/condition (these two are often closely related) and gross living area. There are others but they are less critical unless the adjustments seem excessive in amount or number.

How should appraisers support their adjustments? There will be times when some sort of quantitatively based analysis will work: there will be many other times that it won't. In the first, if there is credible support, it needs to be in the report. If the support is less definitive, e.g., matched pair or something mathematical, then logical, realistic, and persuasive support needs to be provided. There are smart ways of approaching a solution, none of which are necessarily formulaic. Common

sense, critical thinking, and the ability/desire to write clearly are necessary.

This is an old question. There are no easy answers. But the savvy appraiser needs to provide sufficient support for adjustments and not shy away from dealing with a difference that is market-recognize. To not do so is a bad as create adjustment that are not necessary and not supported. In both case, the value opinion, i.e., the assignment result, will not be credible and the report will not meet current requirements.

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