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Appraisers rely heavily on information provided by the owner or client when doing appraisal “inspections” - by Dennis Chanski

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Dennis Chanski

When appraisers complete an appraisal, they rely on the best information available from their visual inspection and the details provided by the owner, client, realtor, and others to develop a credible opinion of value.

Many people mistakenly believe that a home inspection by a home inspector is the same as an appraisal. When appraisers schedule a walk-through of the property, they often use the term “inspection.” However, this does not carry the same meaning as an inspection performed by a home inspector.

The term “inspection” in the context of home inspections encompasses a much broader scope. Appraisers do not use electrical meters to test outlets, climb roofs for inspection, test water pressure, or open every window. Instead, real estate appraisers typically conduct a visual inspection of the property and gather information from various sources.

In addition to their own visual assessment, appraisers rely heavily on information provided by the owner or client. I always ask clients to compile a list of all improvements, modifications, and any issues with the property before our appointment. This approach allows for a thorough review during the visit, as clients may not remember every detail on the spot. Often, they provide a written list at the appointment, enhancing our discussion.

I encourage clients to “tell me everything you want me to know, everything you think I should know, and everything you don’t want me to know.” This last request usually gets a chuckle but to catch them off guard. The more information I have, the better I can develop a credible opinion of value.

I typically begin appointments in the kitchen, which is usually the hub of the home. I use this time to speak with the client about the house and review any information they have prepared to share with me. It’s crucial for the appraiser to listen carefully and make notes throughout the conversation.

Since appraisers are not home inspectors, I ask clients about the functioning of mechanical systems and whether they have been regularly serviced. For example, in summer months, if the heating system is off, we must take the client’s word for its functionality. However, in the winter, if the heating system is off, I might question why, especially in colder regions. Similarly, if snow covers the roof during an inspection, I rely on the client’s description of its condition.

Appraisers conduct appraisals for various reasons and clients. In divorce cases, for instance, one spouse may want a higher value while the other seeks a lower one. Appraisers must remain unbiased but may receive differing narratives about the property’s condition. One side might highlight upgrades and improvements, while the other may emphasize deferred maintenance or significant issues.

This divorce scenario illustrates the importance of accurate information in the appraisal process. As appraisers, we must discern which details are credible. When possible, I speak with both parties to gather comprehensive insights. A visual walk-through may reveal an updated kitchen or visible signs of neglect.

However, some claims cannot be confirmed. For example, I recently handled a divorce appraisal where one side reported significant water issues in the basement during heavy rain. My inspection occurred just days after a historic rainfall, yet I found no evidence of water damage or saturation around the house. When asked for repair quotes, none were provided. Consequently, I noted the claim in my appraisal but could not make any adjustments for an unverified issue.

When clients mention potential major repairs, I always ask if a licensed professional has inspected whatever the issue was and if they have a quote for the repair. A visual inspection can confirm when something is near the end of its useful life, like a roof with missing shingles or and significant visible wear.

Listening to clients is essential. Specific details might require acknowledgment in the appraisal, whether they lead to adjustments or not. If a case goes to trial, unaddressed points may challenge the credibility of the appraisal. Including comprehensive information can help mitigate bias and demonstrate that the appraiser has carefully considered all input.

Appraisers must remain impartial, regardless of client expectations. When clients share information, it is assumed to be truthful – a principle known as an “extraordinary assumption.” If this information later proves false, it can impact the final opinion of value.

Ultimately, appraisers rely on the best information possible – through visual inspections and data provided by clients – to determine the property’s condition, identify comparable sales, make appropriate adjustments, and develop a credible opinion of value.

Dennis Chanski is principal of Speno Chanski Appraisal Associates, LLC, Hebron, Conn.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540