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Avoiding appraisal fraud: Appraising your client Part 2

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Every appraiser knows that information provided by third parties should be verified. This is especially true when the third party tells you: "there is no need to check this out!" Maybe it is a real estate agent who gives you a list of comps and promises that these are "good" sales. Maybe it is someone who gives you a nicely organized packet of all the leases and rent rolls for the property you are appraising. Maybe all of the information provided is true and accurate and someone was just good enough to do your work for you. Most often that is not the case.

Typically this good samaritan has provided you with false information, hoping you are too overworked, or maybe a little bit lazy. They make it look authentic. It is presented to you in an organized and neat fashion that makes it look reliable. As it turns out the information you were provided was false. You rely on that information to prepare your appraisal report, which becomes the centerpiece of the fraud scheme.

Whenever someone claims to have done your work for you, you need to double and even triple check that information before it can be deemed reliable.

Many of our insured appraisers are stunned to find out that the guy who spoke well, the guy who seemed so nice, the guy who they trusted... was really a con man. The truth is that con men are good at what they do. They have to be good salesmen to get people to go along with the scam.

In Summary, remember:

- *Always check prior sales and current and prior listings.
- *Verify comps given to you by others-especially if you are told that you don't need to do so.
- *If your research shows numerous sales of similar properties in the neighborhood involving the same parties, you may be dealing with a flip scheme.
- *If your research shows that the buyer and seller names given to you by the client do not match the buyer and seller names found in public records, you may be dealing with a flip scheme.
- *Don't accept assignments outside your geographic area of expertise.
- *Be most professional when working with friends.
- *Most of all, be careful who you trust.

Liability Insurance Administrators (LIA) administers the Appraisers Liability Insurance Trust E&O Insurance program. LIA has been offering E&O insurance and loss prevention information to the appraisal profession nationally since 1977. Go to www.liability.com for more information.

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