

THE FORSYTHE APPRAISALS FLASH



Appraisal Insights for Real Estate Professionals

APPRAISALS IN REVIEW

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Ordering a review? Providing a review? Need to have a general idea of what will be accomplished in a review? The following is a brief outline of what is typically expected in a review assignment.

Provide the Full Report.

- Are the required or pertinent pages/addenda included?
- If something is missing, can the review be completed without it?
- Are all comparables used in the report included?
- Is this a rural; atypical; suburban; single-family; or income property?
- Were the proper forms utilized?

Evaluation of the Scope of Work. The review should be approached from the same point of view that the original appraiser was asked to approach the assignment (Scope of Work). If the original appraisal was an exterior only, the reviewer's analysis will only consider information from that perspective. In this case, the appraiser would have made assumptions about the condition of floor coverings, and the reviewer would accept those assumptions for the purposes of the review.

Verification of Factual Information. The level of data verification by the reviewer should be discussed and agreed upon between the client and the reviewing appraiser as part of the engagement process. Depending upon the Scope of Work for the review, the level of verification can vary. If performing a field review, the verification of factual data should arguably be confirmed through available local sources. If performing a desk review, the level of verification sources can vary.

Independent, Unbiased, Objective Analysis. A review cannot be a "rubber stamp" of the original appraisal. The review process requires an unbiased analysis. The Uniform Standards of Professional Appraisal Practice (USPAP) applies to an appraiser acting as a reviewer, requires ethical and competency requirements to be met for each and every review.

Explanation and Support. The client should expect that the completed review contain ample explanation and support for any disagreements. The reviewer should state what it is they disagree with; state their opinion as to what it should be; and provide support for that opinion.

Weighted, Well Documented and Well Written Reports. Regardless of the form utilized for the review, the reviewer should provide concise, pertinent information regarding the report under review. Regardless of whether the review results are affirming or critical, the documentation and analysis should provide constructive and meaningful commentary for the client to make an informed decision as to how much credence to put on the original appraisal.

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