

THE FORSYTHE APPRAISALS FLASH

Appraisal Insights for Real Estate Professionals



PROFESSIONAL QUERIES VS. APPRAISER PRESSURE: THERE IS A DIFFERENCE.

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Throughout the United States, the real estate market has been a roller coaster ride. In many areas, we see origination and sales down from previous years, and foreclosures on the rise. In this market, make sure to consider how to ethically and legally discuss low value concerns with your appraiser.

What makes the decision to question the appraisal more challenging than ever is the combination of the significant increase of appraisal pressure to arrive at a particular value conclusion, and the fact that many states have implemented new laws that make it a criminal offense for anyone associated with the loan to "coerce or otherwise pressure" an appraiser. There is a reasonable hesitancy of loan professionals to question the appraiser, for fear of being wrongly accused of impeding the appraiser's impartiality. While it would obviously be inappropriate to respond to a "low" appraisal by telling the appraiser to either raise the value or they will not be paid (or get further work...), it does not preclude the client from making a professional query of the appraiser to ascertain if the appraisal is, in fact, credible, or to find out if the appraiser has considered all available pertinent information.

If the client has information that they feel has not been considered, they should contact the appraiser and ask that the information be analyzed and report back what, if any, effect it would have on the appraised value. If, for instance, there were sales the borrower thought should be considered, the client should be reasonable in the amount of information that is being asked to be analyzed. Two or three documented sales would be appropriate, not a three page listing of 40 addresses from public records of every sale that has occurred in the last three months. Reasonable efforts should also be made to ensure that the information sent is complete and factual. There should be no expectation, expressed or implied, that a change must be made, only that the information be considered.

When communicating with the appraiser on the reconsideration of their conclusion, the old adage "It's not what you ask for, it's how you ask for it" has a lot of merit.

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