

FORSYTHE FLASH

Appraisal Insights for the Real Estate Professional



July 14, 2005

Retrospective Appraisals

By: Grant Pfister, Branch Manager – Forsythe Appraisals, LLC – Milwaukee, WI

Many of us have heard the term *retrospective* appraisal, but what does it mean? A retrospective appraisal is one done with an effective date and opinion of value for a period in time that has already occurred and will differ from the inspection date.

This type of appraisal is typically needed by non-lender clients such as probate judges, attorneys or other private entities for property, inheritance or estate tax matters, condemnation proceedings or compensatory suits. Accountants and attorneys rely on our opinions of value in retrospective appraisals when calculating real property values for divorces, estates or other disputes needing a real property value.

Report types can vary from a limited summary to a complete narrative. In a lending situation, the lender's underwriter often suggests the type of appraisal report required which should concur with the appraiser's scope of work. However, in a non-lending situation the burden of proof is often on the appraiser to determine the depth of analysis and reporting format deemed adequate for the intended purpose and use.

An appraisal report should always contain clear and concise language. Therefore, a report done in retrospect should use past verb tenses like "was" instead of "is". Accountants typically use the term fair value, whereas appraisers use market value. Fair value assumes the property has not yet had market exposure and the sale will occur in the future. Market value assumes the property has been previously exposed for sale with the closing taking place on the appraisal date. It's important to define in the report which value is being used.

With that in mind, an appraisal is often required when settling an estate to establish market value for the residential property involved. Most often the property owner is no longer alive. Therefore, a market value is needed retrospective to the date of death since there will be no future market exposure.

Frequently Asked Questions

Q: When performing a retrospective appraisal, should the appraiser comply with the standards in effect as of the retrospective date or as of the date of the report?

A: Appraisers must comply with the most current standards. Only the data and the analyses of that data should be considered on a retrospective basis, not the standards under which the assignment is performed.

Mortgage Rates As of July 14, 2005

30 Year Fixed: **5.66%**

15 Year Fixed: **5.25%**

1- Year ARM: **4.39%**

Used with permission by
Freddie Mac

Forsythe Appraisals, LLC

**Quality residential
appraisals.
Fast turnaround.
Legendary
customer service.**

To find a branch near
you, please visit:
ForsytheAppraisals.com

Forsythe Appraisals serves an area near you!

Boston, MA
Chicago, IL
Cleveland, OH
Colorado Springs, CO
Colorado Mountain Branch
Columbus, OH
Dallas, TX
Denver, CO
Detroit, MI
Duluth, MN
Houston, TX
Indianapolis, IN
Las Vegas, NV
Milwaukee, WI
Phoenix, AZ
Providence, RI
Rochester, MN
Saint Cloud, MN
Seattle, WA
Southern Minnesota Branch
Spokane, WA
Twin Cities, MN