

Appraisal Logic-Make it Make Sense

REAA Sacramento

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Instructors-Jared Mickel, SRA, RG, Joe Lynch

Review common logical issues that undermine the credibility of appraisals.

1. Why focus on logical issues? Easiest point of attack
2. Automated Review Tools-these can help you
 - a. Spell checker
 - b. Software E&O checker
 - c. FNMA UCDP
 - d. Real View/Freeappraisalreview.com
 - e. Automated review case study
3. Garanimals URAR-Data needs to be reported consistently throughout the report
 - a. Sketch matches reported property characteristics
 - b. Photos match reported property characteristics
 - c. Condition/age needs to make sense
 - d. Understand market reporting in the URAR
 - i. Neighborhood
 - ii. 1004MC
 - iii. Gridded comps
4. Sales Comparison Approach-Principle of Substitution
5. Level of precision-how much do we really know about each adjustment and understanding a range of adjusted value
6. Case studies
 - a. Conforms to the neighborhood?
 - b. How many baths does this house have and should it be as-is?
 - c. How much is a kitchen worth?
 - d. Think through the implications of the hypothetical condition
 - e. Kitchen/bath functional obsolescence!
 - f. Lender logic
 - g. How about them comp photos?
 - h. Sensitivity analysis-tighten up the range of value instead of widening it