Appraisal Logic-Make it Make Sense

REAA Sacramento

May 10, 2016

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