



MAXIMIZING YOUR APPRAISAL DOLLAR

Selecting and maintaining the right appraiser



Jim Price, SR/WA, was a partner at Appraisal Group of the Northwest in Bellevue, Washington. He appraised and reviewed right of way projects for over 30 years. In honor of his dedication to IRWA, we've republished his contribution to the IRWA Chapter 4 Field Notes, a weekly e-blast. Please turn to page 62 to view Jim's obituary.

BY JIM PRICE, SR/WA, MAI

This article is my chance to present the appraiser's side of the story and what wins our loyalty and enthusiasm. It's not only money!

Choosing the **Right** Appraiser

When choosing an appraiser, I would suggest hiring an appraiser with an SR/WA or a similar designation. These individuals show continuing professionalism, have taken right of way classes and deal with right of way situations on a day-to-day basis. They know what to say and how much to say to a condemnee's questions. Other professional designations

might include the MAI, SRA, IFA and ASA. Similar to our own members who take relevant IRWA courses, members of these organizations have demonstrated a commitment to professionalism with continuing education and follow a strict code of ethics. An appraiser who cares enough to try to become better educated in their field through a professional organization is more likely to be qualified to do your work. State certification standards are far less stringent than a designated appraiser must achieve.

You must also ask the right questions. Is your appraiser familiar with the type of property in your project? Single family residential properties are the most common type of properties to be affected by projects, so it would be beneficial to choose an appraiser who has had experience in this specifically. Do they have access to the Multiple Listing Service so they can obtain complete information on residential properties? Are the appraiser's fees too high? Appraisers have substantial expenses, including overhead, recertification, secretarial expense, equipment and E&O insurance. Real estate cycles cause disruptions of business for appraisers, forcing mortgage appraisers to attempt right of way assignments at attractively low fees. But this can result in extensive review work by the client.

Finally, pick a review appraiser who has prepared many similar appraisals and is still active as an appraiser. If the review appraiser is not aware of current market conditions and data sources, it is difficult to adequately review another appraiser's work product.

Winning an Appraiser's Loyalty

Be loyal to your appraisers if you want them to be loyal to you! Don't broadcast RFP's to six or seven appraisers. We can't spend a day researching and preparing a proposal



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for a job when there is a minimal chance of getting it. Pick two or three qualified appraisers to submit proposals and provide them with all of the information that is practicable to create a competitive proposal, such as assessor's information or updated site maps.

Order only as detailed a report as necessary. Learn what is involved in a restricted, narrative or self-contained report, and determine which one is adequate for your project. A more detailed appraisal can be completed later for negotiations or potential court action.

Additionally, don't ask the appraiser to submit all of their methodology with their proposal. As professionals, they are assumed to be competent to present the correct approach when preparing an appraisal or they wouldn't be on your approved list in the first place.

When the assignment is awarded, provide environmental and soils information, the property owner's address and telephone number,

pending negotiations or sales, title information and any other information that may be pertinent to the appraisal. In addition to the property's value, a good appraisal report may provide additional market information. This can be helpful in analyzing the overall real estate market and providing insight into the motivations in the marketplace for real estate purchasers. These questions should be considered:

- A. What is the strength of the real estate market for your type of property? Are properties on the market for a long time?
- B. Is the subject property unique in any way that will make it hard to replace?
- C. What is the property's highest and best use?
- D. Does the appraiser indicate that an environmental review of the property may be desirable?

It is important to make the appraiser a part of your team. They are your "eyes and ears" in the field and can pass valuable information back to you, making your project a success. The appraiser is often one of the first contacts with the property owner and can make the resulting negotiations cordial or difficult.

In Summary

Even if they are for preliminary cost estimates, The Appraisal Foundation mandates that *all* appraisals must meet the minimum standard of a restricted appraisal. Getting good valuation information early in a project begins the process of building quality file data and decreasing the risk of large cost overruns, which can later prove embarrassing.

By choosing the right appraiser and ensuring that your appraiser stays enthusiastic about their task, you will be one step closer to achieving your own goal. ★