

Getting Appraisers to Reconsider Value—Do's & Don'ts

Article Reference: <http://bit.ly/ROVs-Dos-Donts>

Point #0:

Do: Remain professional.

Don't: Get personal.

- When writing a “reconsideration of value” (ROV) request, don't insult, badger, or demean the appraiser.
 - It's difficult to get an appraiser to change their value opinion; getting personal will make it even harder. “You can catch more flies with honey than with vinegar.”
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Point #1:

Do: Take ROVs seriously—they constitute another appraisal.

Don't: Use an ROV as a frivolous means to see if you can squeeze a little more money out of the appraisal. Read the report!

- Make sure you are not suggesting sales already used or commented on in the report.
 - Make sure you are not asking questions or bringing up issues already addressed in the report. **Read the report.**
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Point #2:

Do: Use the most probable price definition of market value.

Don't: Use the maximum price definition of value.

- Most appraisals follow the Fannie Mae definition of market value: <http://bit.ly/MarketValueDef>
 - In changing markets, use a mix of recent closed sales, verified pending sales, and any signed backup offers on the subject property.
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Point #3:

Do: Use clear market data that shows the subject's neighborhood or pocket area commands a premium.

Don't: Suggest homes from competing neighborhoods or market areas that you know command a premium the subject's area lacks.

- Graphing the subject's area together with the area comps were selected from may indicate a distinction; a clear picture may emerge showing a locational premium.
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Point #4:

Do: Suggest similar properties—even if a bit dated or a bit farther away than typical.

Don't: Suggest vastly superior properties that are in a different market segment than the subject.

- For some atypical properties, it may be appropriate to use comparables going back 2-3 years and apply time indexing for a current value.
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Point #5:

Do: Check adjustments for mathematical and logical consistency.

Don't: Nitpick or quibble about minor amenities or features.

- It may be the appraiser has not applied stated adjustments in a clear fashion. Such arithmetic errors can affect a value conclusion.
- Focus on the major adjustment items; don't quibble about minor stuff.