



Want to Make a Strong Reconsideration of Value?

One of the biggest hurdles for the intended users of the appraisal report is challenging the appraiser's market value. If you are unsuccessful or having a difficult time getting your thoughts or concerns to be reviewed, reconsider how you approach the situation by seeing it from the appraiser's perspective.

Do you really believe that the real market value is higher than the appraised value?

If you answered *Yes*, be ready to provide substantial information that will help bring your concerns to light.

One of the most common issue noted between the appraiser and real estate agents is how they bracket their amenities. Many times the real estate will hang their estimated value on a single comparable that is often the highest closing sales price. This may work out for certain subject properties that may be superior with amenities. More often than not, the appraiser will have to select their comparables based on **subject's characteristics, distance, recent sales, and unique amenities.**

One has to ask themselves: Based on the subject's amenities, where would it rank against similar comparables? Will it be in the *upper end, middle, or lower end* of the comparable?

If the subject is upgraded, prioritize the selection of a comparable based on a similar sale with a recent closed date.

- ✓ **Find a similar upgraded comparable:** If the original appraiser is utilizing all dated condition comparables, try to find or locate a sale to help reconsider the comparable selection.
- ✓ **Utilizing recent sales:** If the original appraiser is utilizing dated sales while comparables with similar amenities are available with a more recent closed date, try adding those sales to the Reconsideration of Value form. Please keep in mind in stable markets, the original appraiser may be warranted in utilizing older comparables if it results in model matches.
- ✓ **Finding comparables within the subject's immediate area:** More often than not, utilizing comparables within the subject's immediate area would be the best indicator of a comparable sale. Utilizing sales outside of the subject's immediate area could be of a concern.

Here is a test to see if you will have a successful rebuttal.

- ✓ Client Rebuttal Comparable 1. Is it more recent than all comparables in the original report that is in a stable or increasing market?
- ✓ Client Rebuttal Comparable 2. Is the sale within the subject's immediate area and closer in distance than the appraiser's original chosen sales?
- ✓ Client Rebuttal Comparable 3. Is the comparable similar in design, age, and condition to the subject property? If not, keep in mind that the appraiser will have to adjust accordingly, so it may or may not help in your situation.
- ✓ **Functional Obsolescence.** The subject property is a 2 bedroom/1 bathroom home. Client Rebuttal Comparable 4 is a 3 bedroom/2 bathroom home. In the reconciliation process the most weight will be

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giving to similar obsolescence comparable that would appeal to a buyer of a 2 bedroom/1 bathroom home.

- ✓ **Economic/External Obsolescence.** The subject is located on busy road, adjacent to a commercial building. None of the client's comparable are similar in location. In the reconciliation process the most weight will be giving to similar external obsolescence comparable.
- ✓ **Principal of Substitution.** Regardless of how strong the comparable is the principal of substitution will have priority over all the above. For example, the subject is under contract for \$300,000. The appraised value was \$275,000. The appraiser included in the report pending listings that are very similar to the subject which is listed for \$275,000. Based on the principal of substitution, why would one pay \$300,000 for a property when there are similar properties for \$275,000?

If your comparables can successfully challenge the original appraiser's comparable selection, proceed with your sales and value of reconsideration. The ability to have a successful result will greatly increase if it can overcome the reasons stated above.

A1 AMC's goals is always to provide the client with best service possible and to exceed all of the client's expectations. Our consulting division will always be available to review and respond to all your questions and concerns... 7 days a week. Please feel free to email us too at info@a1amcinc.com.

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