

Why Take on Review Work?

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There was a time when appraisers could sum up a value within a few minutes, and jot it on the back of an envelope. Times have definitely changed, and today, appraisers do a much better job than that, of course. Most have taken all the steps necessary to develop and write credible appraisal reports. Nowadays, it feels like it would take a 500-count box of those quickly jotted envelopes to hold a USPAP-compliant appraisal. So, if a good appraisal requires so much detail and effort, why would one want to provide review appraisals that require even more knowledge and skills?

Indeed, why would an appraiser choose review assignments, let alone pursue the studies to acquire review skills? Often times, a nibble becomes a bite when the scope of work builds higher and higher. Sometimes reviewers must untangle data or rework poor methodology, which can be tedious and time consuming.

Whatever the specialty, we all deal with continuous, escalating changes in the appraisal world and appraisal review is no different....

1. New finance and appraisal products
2. New Web data interfaces and delivery software features
3. Pile-ons of changing state and federal regulations and guidelines
4. Fluid market factors, both macro and micro
5. Changing property types, codes, zoning, and accounting processes
6. The parade of clients, (often-new, and often one-time), each with unique requirements, stemming from numbers 1-5 above.

Our profession doesn't seem capable of arriving at a "new normal." It's sometimes hard to know what product, technology, or regulation to focus on. So, it might seem—for fee-appraisers, at least—that providing review appraisals could only add layers of detailed, unprofitable complexity to our lives.

But, Wait—Here's the Silver Lining of Review Work...

These are the reasons I think an appraiser *would* want to provide, and continually study, appraisal review:

A Quality Filter

Review work causes us to develop a quality filter for our own valuations, and that is the most important aspect of learning.

Discipline

Review appraisal forces us to keep up with change— from appraisal news, regulation, software, to local market trends and changing market trends whether in land uses, business values, equipment, art, or other property types.

Improved Efficiency

Building a case for value, we get better at meeting development standards and at crafting the right words for reports. Who doesn't want to be efficient?

Fewer Alternative Values Are Needed These Days

Since qualifications and standards bars have been raised, most appraisals these days are of 'good' to 'excellent' quality. Once a reviewer acquires a research and writing process (often channeled by the questions available in review forms), the typical review takes little time. We spend our time verifying and validating, much more often than we do in making and processing revision or clarification requests.

Quality Enhancement

Most of us learn by examples faster than from theory. By reading others' reports (thousands, over the years), I've been able to store up strategies for special property types. I've also gleaned great commentary for the times when the hair gets in the butter—complex assignments. Sometimes only well-written case building will sort out a mess of conflicting data and make a case for value. From examples in colleagues' reports I became better at writing assignment conditions, certification statements, scopes of work, adjustment commentary, reconciliations, and more.

Market Savvy

List-to-sale ratios (in real property appraising) and demand and competition data are not the only markers of changing value trends. Reading the appraisals of others keeps me in the loop about changing market trends. In our real-property appraisal practice I can track changing land uses, in-building, gentrification, and code or zoning changes—and I can see how other appraisers adjust for these factors, too.

Business Enhancement

Clients rely more (for non-review appraisal assignments) on appraisers who list review in their profiles. They know we're more knowledgeable, and less likely to cause revision delays.

Learn by Teaching

Whether they're termed "revision requests," "clarifications," "stipulations," or "status updates," we've all had to deal with calls from underwriters for changes to our reports. Being the writer of such requests enhances our own ability to avoid the challenges.

Purpose of Review

The Uniform Standards of Professional Appraisal Practice (USPAP) defines review as: "The act or process of developing and communicating an opinion about the quality of another appraiser's work" The Intended Use and the Intended User are equally as relevant in an appraisal review as they are in any assignment under USPAP. Their general purpose is:

1. To judge the quality of another appraiser's work, **and in some instances,**
2. To form an opinion about the value of a property.

Specific assignments may be for purposes of evaluating compliance with USPAP; or to determine the quality of supporting data and analysis of an appraisal (and the reasonableness of its conclusions); or for verification of local market data, transactions, and trends.

Reviewer Competence

Are you ready to review? Here are some things to consider in deciding whether to pursue review credentials with the ASA Appraisal Review & Management (ARM) designation.

Each property is unique and each assignment is unique. The reviewer must weigh his or her competence *each time* a review assignment is offered. In practical terms, the following basic experience and knowledge are required:

1. Experience in
 - Providing the type of appraisal under review (e.g., multi-family or equipment appraisals)
 - Appraising the subject property type
 - Complex appraisal issues, if the subject property or circumstance is complex
2. Knowledge of
 - Economic principles of the work under review, by which we judge the relevance and reasonableness of the analysis and conclusions of the appraisal under review
 - Current standards and guidance for appraisal and review appraisal
 - Current market trends and factors affecting the subject property
 - Location influences (for real property, that's geographical competence)
3. Professional ethics for practice, as provided in the USPAP Ethics Rule

I admit, at times I get pulled down the rabbit hole, trying to sort out poorly developed work and capture salient points. It takes time to verify data and research elements of comparison. Writing up report issues—much less providing an alternative value—takes discipline. But, the poorly written appraisals often are the easiest to review because they are so obvious, and most appraisals these days really are of very good quality. Once I mastered the concept of the reviewer's scope of work, the typical time investment lessened, and our business increased.

Leonardo da Vinci said,

“Details make perfection, and perfection is not a detail.”

We cannot achieve perfection, but review work can definitely build a successful, satisfying appraisal practice.

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