

Real Property Tool Kit Articles

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Application of Critical Thinking Skills
Reasoning and the Real Property Appraiser

Part 2

The last Tool Kit article referred to “The Thinker’s Guide to Analytical Thinking” published by the Foundation for Critical Thinking. The authors of the Thinker’s Guide text list eight items in “A Checklist for Reasoning.” The previous article referred to item number seven which states “All reasoning contains INFERENCES OR INTERPRETATIONS by which we draw CONCLUSIONS and give meaning to data. The text further indicates:

“Identify key concepts and explain them clearly”

“Check inferences for their consistency with each other.”

“Identify assumptions underlying your inferences.”

Item number one of the checklist states “All reasoning has purpose. The text further indicates:

“Take time to state your purpose clearly.”

“Distinguish your purpose from related purposes.”

“Check periodically to be sure you are still on target.”

“Choose significant and related purposes.”

Check list item 2 states that “All reasoning is an attempt to figure something out, to settle some QUESTION, to solve some problem.” The text further indicates;

“State the question at issue clearly and precisely.”

“Express the question in several ways to clarify its meaning and scope.”

“Break the question into sub-questions.”

“Distinguish questions that have definitive answers from those that are matter of opinion and from those that require consideration of multiple viewpoints.”

Critical thinking, to a great degree is about purposeful questions. For appraisers organizing the questions should be done in the context of the standards of practice that guide the development of opinions and recommendations.

One of the initial steps in solving a problem is to make certain that all parties are clear on the purpose of the assignment. This might seem an over simplification. However, all parties should first be clear on the purpose of the assignment, and should include the date of value and the type of value sought. Avoid misunderstandings between all parties begins with the engagement letter and defining the initial scope of work requirements.

The scope of work determination starts at the beginning of the appraisal process described as “problem identification.” Appraisal process charts typically begin with defining the problem step. Confirming the scope of work requirements continues through the appraisal planning process and preliminary survey of an assignment. The appraisal process requires that the client’s objectives be identified. This then defines the appraiser’s objectives and assists the appraiser to develop a scope of work to competently complete the assignment. The property must be identified along with the property rights, interests to be valued and the date of value. Also, the type of value sought must be defined.

Scope of work should be clearly defined by the time data is being collected. The quality and quantity of data may require revisions to the scope of work. Implementing the scope of work overlaps the task of defining scope of work requirements in the data collection process. Data classification includes the applicable approaches to value and the reconciliation of the value indicators.

In the case discussed in the last Tool Kit article, the opposing appraiser suggested/argued that the value of the front portion of a rural residential site had a higher value than other portions of the site. As suggested in the check list, the claim could be broken down into a question. Does the front yard area of a rural residential site have a higher value? Expressing the question in several ways could assist in clarify what USPAP states in Standards Rule 1-1 “...correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.” Questions could include: (1) Explain the scope of work that you conducted to conclude your position? (2) Which property characteristics demonstrate your claim that the frontage is more valuable? (3) What makes the rear yard less valuable? (4) Why would market participants pay more for property in the front that is restricted by a building setback restriction? If a strip of land is acquired along the frontage does the front yard still exist? (5) Which comparable sales demonstrate your claim. The idea is to distinguish opinion from fact; period.

