



# Realty & Valuation Newsletter

APRIL 15, 2014

Issue # 175

## AMERIVAL

Director:

Albert M. Cerone

Regional Associates:

Dan Warthen, Jr.

Jay Jurasek

Russ Thompson

Dave Kaytes

Peter R. Vidi

Louis A. Bonato

James Hanson

Of Counsel-

Michael K. W. Nolan, Esq.

## FOR: APPRAISERS & ATTORNEYS

Albert M. Cerone, IFAS, FELLOW, CTA

**PATRIOTS' DAY**— This holiday is lost in many states in the United States. Maine and Massachusetts have special events on the third Monday in April. It is the day that they commemorate the Battles of Lexington and Concord fought on April 19, 1775 during the American Revolution. Residents of those states are given dispensation to file their income tax returns if the Monday is April 15th. It's about time someone started paying attention to those valiant Americans who gave us our independence. Below is a photo of a statute of a minute-man which is Concord, Massachusetts.

I thought it would be better to show something positive other than the O'Bama negative photos, tea party positive photos and of course the dreaded and maligned tax man not that they all don't deserve much of what they get....yeah, and more.

**APPRAISERS & ATTORNEYS—GET SMART...PLEASE!** Last week I attended a professional appraisal conference and heard more stories that make the real professional appraisers and attorneys want to scream. A serious topic presented by different presenters was the "Comp Searches" many appraisers are requested by lenders and more sadly, attorneys. The real truth of the opinion held by lenders of appraisers is anything but complimentary. To far too many mortgage companies, AMC's and banks is appraisers are a tool. But they are a tool that has needs, like money to feed their families, etc. The vast majority of appraisers in the United States are independent working alone. Sound like fun? It isn't. If they get sick, the income stops. If they lose one client they've lost a sizable portion of their income stream. These scenarios make them vulnerable to predators, yup, mortgage companies, banks and attorneys. Any one of these entities have only one concern, the in-



-come they will earn as the transaction or case comes to a close. Therefore, they will go down a list of appraisers until they find the one that will play ball with them.....and that won't take long. I have listed to all the excuses of why there is nothing wrong with a "Comp Search". And I hope they believe their own reasoning because it is so bogus it makes professional appraisers regurgitate.

The term "Comp Search" should be the only warning an appraiser should need. One can only search for "comps" [Comparables] if you are looking specifically for properties that area similar to a specific property. That means an appraiser is seeking sales of properties that best reflect minimally a *supportable value range for a subject*. Ladies and gentlemen, that is recognized by all (**CON'T**)

Courtesy of

*Amerival*

Tel. 732-286-3000

FAX 732-612-1400

Email & Web

[myappraiser.amerival@ymail.com](mailto:myappraiser.amerival@ymail.com)

<http://www.amerival.net>

**(CON'T)** governmental agencies and professional associations as “an appraisal”. And, that means it must be in compliance with Standards #1 & #2 of the Uniform Standards of Professional Appraisal Practice. Speaking with several appraisers who provide this service, the biggest negative is it takes a lot of time. The question I have for them is how much time do you invest in this “search”? The answer is usually about 20—30 minutes. Then, I say so do the math; how many do you do each year. It’s usually easily over 100. Ladies and gentlemen that equates to 50 hours. How much are you worth per hour? Let’s say conservatively, \$30 per hour. These “comp search” efforts cost you \$1,750 or about 5 appraisals at gross dollars (not net). I hate to break it to you, but if that’s what you are worth, get a job at Costco where you can earn \$21 per hour and get benefits and you aren’t going to get sued by the misguided or ill intended entities that hire you as an appraiser.

If you have any sense of pride, you wouldn’t sell yourself for “0” dollars. The people who make your work relationship contingent on “comp searches” don’t care whose name is attached to the appraisal license, they are only concerned that there is a license.....Why you ask? Because if you have a license you have insurance and they have a guarantee that they will get paid one way or the other. One of the finest appraisers I have ever known was an MAI from Dallas, Texas. He advised that if you get insurance you’re painting a target on your back. He was and is right.

The only type search an appraiser can do is a neighborhood search which is one in which you provide all sales within a neighborhood regardless of style, age, site area, amenities, etc. You provide every sale of every property that sold, Fair Market Value, short, foreclosure or estate transfer or condemnation. Now that is simply letting someone know what is happening in a neighborhood overall. Well, don’t try to sell that to the tax appeal attorneys or those involved with various transactions in which it is unlikely you will be hired to complete an appraisal.

A Couple of weeks ago I had lunch with a friend who is an attorney and during our conversation he made the statement [paraphrase]. *All appraisers are the same, they all have licensed and therefore they are experts and I have the right to rely on them.* Well, he was right about that he could rely on their license but was horribly wrong that “all appraisers are the same”. We ain’t and I was insulted. There were specific references whom I know; and ,being lumped in with them believe me was an insult. Part of this conversation was reference to fees. He said that my fees were too high. No, they are not. They are fair fees for a level of competency and expertise that I have proved over the years. If you want to know who my competition is give me a call and I’ll tell you because they are real pros also. As long as one of us gets the assignment the real professional appraisers win; and, I’m all for that. On the heels of that conversation I received a phone call from a long time and consistent client. His name is Martin Silverman, Esq. who has his office in Lakewood, NJ. He is an estate attorney and is an incredibly brilliant man. Yes, he’s eccentric to a degree but a true gentleman and very accomplished. He calls and advises that he has a client and they need an appraisal. He described the property and I advised of a “friendly” fee because it is his client. He yelled at me and said, you are worth more than that and you won’t settle for less than \$\$\$\$\$ ‘; and, adds, “besides I already told the clients the fee would likely be “X” plus or minus and if they want his continued involvement, they will acquiesce”. Now! There’s a professional attorney who understands “you get what you pay for”.

The fee issue isn’t matter of maximizing your income as an appraiser, it’s a matter of recognizing your worth and those with whom you deal will help you set that. Be the best you can be and you’ll be worth it.

**NEW SEMINAR READY-** Ladies and Gentlemen the new seminar is completed and submitted to the New Jersey Appraisal Board. It will have four (4) or five (5) CEU’s attached. It is titled *Winning Tax Appeals and other Litigation*. The contents is not found in other seminars and is based on years of court preparation and success. The goal is to prepare the attendees to not just survive a court case or a hearing but to win it even when against a good case. Learn how to be wrong and still be credible. Learn how to develop adjustments in the real world and how to arrive at an un-subjective value indication. We will be providing dates and locations. Those of you who have a reduced fee certificate, dig it out. Now is the time to use it. Last year we sold out each of our four (4) seminars. And they were all great groups. Hope to see you all this year for this very exciting one of a kind seminar filled with hands on methodology.