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Professionalism in Residential Appraisal, Part Two

By Bill King

The way we conduct ourselves is critical in maintaining our professional reputation. This includes everything from telephone manners at the first call to how we respond to questions long after the assignment is completed and turned in to the client. This article addresses our interactions from receipt of the assignment through the site visit.

Initial Contact

Most lender clients expect or even insist that we contact the property owner, agent, or seller immediately upon receipt of the appraisal assignment. If you are unable to get through and need to leave a voice mail or message, offer some detail about who you are, who hired you, the reason you need to call, and the best way for you to be reached. Too many people in all professions have let voice mail substitute as a call screening device. Frequently calls to both office and cell phones to go straight to voice mail, even when the call could be easily answered. If you are going to give out a cell number, answer the call whenever possible and return calls promptly.

If the contact person is the property owner, take this opportunity to briefly explain the process, and ask them to confirm facts about the property that are shown in the public records. It is not uncommon for properties to have been altered since the last time public records were updated, or since the last time the property appeared in an MLS database. If the property is recent construction, you may want to ask if they have a set of plans you can view while there. Once you have agreed on a time, leave the owner your contact information including cell phone so that if anything occurs that requires a change they can be sure of reaching you. If you don't have a cell phone, understand that your competition does.

For good or bad, society has evolved to a point where things we once didn't give much thought to now require considerable attention. We have established a procedure and policy that we do not enter homes without an adult present. Gone are the days of leaving a key under the mat or a door unlocked. We establish with the owner in advance that school age children and early teens cannot be the only people home at the time of our visit. If necessary, we will make early evening or weekend appointments to ensure that an adult, preferably the owner, is present. With our short winter days in the Northwest, we will sometimes take exterior measurements and photos during the day and return in the evening to see the interior if the property is not too far away.

In purchase transactions, the point of contact is typically one of the agents. If the purchase contract has not been provided with the engagement letter, we ask for the purchase contract and the Seller's Real Property Disclosure Statement. Most states

require some level of seller disclosure as part of the purchase process¹. I have also found that almost all agents can be contacted by e-mail link directly from the multiple listing services. The advantage here is that you can clearly list the things you will need, i.e. purchase contract, disclosure statement, association dues, included items, seller concessions, multiple offers, etc. and establish a record of your communication efforts.

Many lenders still find it necessary to send reminders asking us to be on time. If you cannot arrive at the appointed time, call as far in advance as possible and explain that you are delayed and set a new arrival time. Understand that many times people are making adjustments to their schedules to accommodate the appraisal so be respectful of their time. If you must reschedule, try to give at least four hours notice, and preferably a day. People often need to give notice to an employer or make other arrangements that might not be discussed directly with you, but impact their schedules significantly. You and I don't like waiting for the cable guy or the furniture delivery truck, and we shouldn't be asking our clients' customer to wait through an unspecified window of time, or show up late without notice.

Site Visit

Upon arrival, introduce yourself and present a business card. We can set a good tone when we arrive by explaining the process. A few words about measuring, photographs and where we will be looking, and the amount of time we expect to be there will help put them at ease. Good judgment is needed here, and we should be respectful of any privacy concerns a property owner may express. Occasionally, people object to interior photos because they do not want their personal property shown. While I believe that some interior photos are needed for every case whether they are included with the final report or not, the property owner's wishes should come first.

We have a two-page homeowner questionnaire that we ask owners to complete in refinance and equity transactions. This serves several purposes, not the least of which is to let them know we are very serious about what we are doing and about the amount and type of information needed, but it also gets them involved and keeps them from tagging along while we go through the house.

Some properties are more involved than others, and occasionally, a more modest property can be seen from stem to stern in just a few minutes. Keep in mind that the owner frequently knows very little about the process. I think it is a good idea to slow down a bit in those cases where the property is simple and little time is required. Going a bit slower, taking more detailed notes, perhaps asking a few questions about the neighborhood, house, or special feature within the house will let them know that we care about what we do, and more important, that we care enough about them to make sure we are getting all the details. In very small houses, measure a few interior walls and doorway widths. At the risk of being perceived as an inspector rather than appraiser, I will go into attics and crawl spaces (required on FHA cases) and linger for a minute or two.

¹ (A brief discussion on disclosure statements and the appraisal process can be found at: http://www.valueone.com/docs/seller_disclosure.pdf)

It is common for people to point out things they have done to their home that they are pleased about and enjoy. Often these are things that while perhaps esthetically pleasing or important to the owner, are of little or no significance to overall value. Keeping in mind that the owner may get a copy of the report, mention the petunias or the etched bathroom tiles, or whatever the particular feature anyway. It let's them know they were listened to and their opinion was valued, even if their baby blue bathtub and laced curtains weren't.

Not everyone will be happy to see us. If the appraisal is being done for pre-foreclosure, divorce or bankruptcy, we may be entering an unfriendly situation. Professional presence is critical and we need to be careful not to get pulled into an argument or discussion about value, property condition, or personal effects in the house.

Finally, don't accept gifts from property owners. As tempting as it may be to accept a seemingly harmless gift of tickets from a ball player, or a box of candy from a food distributor, any gift accepted can leave you in a very difficult position later on. I don't even accept a drink of water, and except in the direst of circumstances, don't use their bathroom. Stay focused on the business at hand, be courteous and respectful, and when you are done, leave, don't linger unnecessarily.

No matter how big or small, no matter how dirty or clean, no matter how humble or elegant, each time we enter someone's home, we are entering their castle. This is their version of the American Dream and the smallest, most modest dwellings in the world are occupied by people who are usually doing the very best they can. We know next to nothing about their personal circumstances and there should never be a difference in how much respect we show any homeowner. It is easy, if not natural to make fun of those with less than we have and to awe and admire those with more. The fact is, every one of them deserve the same respect from us while we are guests in their homes.

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