

What is an appraisal ?

An appraisal is defined by “The Dictionary of Real Estate Appraisal” (4th Edition) as “The act or process of developing an opinion of value; an opinion of value.”

The preparation of an appraisal involves research into appropriate market areas; the assembly and analysis of information pertinent to a property; and the knowledge, experience and professional judgment of the appraiser. The role of the appraiser is to provide objective, impartial and unbiased opinions about the value of real property

- providing assistance to those who own, manage, sell, invest in and/or lend money on the security of real estate.

Why do you need an Appraisal ?

An appraisal is a valuation tool used by mortgage lenders to verify a property's worth for prospective financing. The mortgage industry relies upon a qualified independent real estate appraiser to guide them in their financing decisions. But is this the only reason to get an appraisal? Many homeowners, property owners, attorneys, buyers and sellers utilize appraisal for a variety of needs:

Estate planning and estate settlements

Tax assessment review and advice

Advice in eminent domain and condemnation property transactions

Dispute resolution-including divorce, estate settlements, property partition suits, foreclosures, and zoning issues

Feasibility studies

Expert witness testimony

Market rent and trend studies

Cost/benefit or investment analysis, for example, what will be the financial return a property

Land utilization studies

Supply and demand studies

At minimum, all states require appraisers to be state licensed or certified in order to provide appraisals to federally regulated lenders. Appraisers have fulfilled rigorous educational and experience requirements and must adhere to strict standards and a code of professional ethics. Appraisers go through years of academic and practical training to become licensed (lowest State level) or certified (highest State level) to conduct real estate appraisals. Some are licensed/certified to do only residential appraisals. Some are “Certified General” appraisers who can appraise any type of property. An additional step in education as an appraiser is to obtain a designation from a professional appraisal society.

ARA - Accredited Rural Appraiser

An appraiser who has received the Accredited Rural Appraiser (ARA) designation from the **American Society of Farm Managers and Rural Appraisers (ASFMRA)**, is trained and tested to ensure they are equipped with the tools necessary to tackle a wide spectrum of real estate valuation assignments. As with all assignments, competency in any specific arena is the duty of the appraiser; however the ARA has demonstrated through a comprehensive and intensive process that they have the knowledge and skills to successfully administer the appraisal. The ARA conducts valuation work on wide range of property types that exist in rural parts of the country. These properties are often among the most complex properties from a valuation standpoint and require a sophisticated valuation expert to properly appraise them. The ARA designation, available only through the American Society of Farm Managers and Rural Appraisers (ASFMRA), demonstrates competence through course work, experience, work review and a comprehensive exam. <http://www.asfmra.org>

Qualified State Certified General appraisers bring knowledge, experience, impartiality and trust to the transaction. In so doing, they help their clients make sound decisions with regard to real property.

Most appraisals are reported in writing, although in certain circumstances, an appraiser may provide an oral appraisal. A written appraisal report generally consists of: a description of the property and its locale; an analysis of the "highest and best use" of the property; an analysis of sales of comparable properties "as near the subject property as possible"; and information regarding current real estate activity and/or market area trends. The value indicated by recent sales of comparable properties, the current cost of reproducing or replacing a building, and the value that the property's net earning power will support are the most important considerations in the valuation of real property.

The following questions would be appropriate when selecting an appraiser:

Are you licensed or certified in the state in which you live?

How long have you been in practice?

What level of experience do you have in this particular market and with this type of property?

Are you familiar with property in this neighborhood?

What types of clients have you had (homeowners, estates, lenders, relocation companies)?

A qualified appraiser has formal education in appraisal theory, principles, procedures, ethics, and law. The appraiser should be up to date on the latest appraisal standards. Continuing education and testing are the only ways to ensure this competence. The appraiser you hire should be familiar with the type of property you want appraised and know how to value it correctly. Expertise on a particular type of property is not enough if the "expert" does not know how to evaluate an item for its appropriate worth. Without appraisal training, these "experts" have no way of understanding the complicated variety of marketplace definitions that are used to determine appropriate values for appropriate uses. For example, a museum curator may be able to authenticate a work of art, or a jeweler may be able to determine the identity of a gemstone, but neither may be able to value those items correctly unless they follow appropriate appraisal principles and procedures.

Do all appraisers have similar qualifications?"

No! In most states anyone can claim to be a personal property appraiser, whether they have had formal training or not. Until legislation is passed to protect the public from the unqualified appraiser, the burden is on the consumer to evaluate an appraiser's credentials. It is important to ask the prospective appraiser what type of formal appraisal education training he or she has received. Obtaining a copy of the appraiser's professional profile or resume can help you evaluate the appraiser's credentials.

Do you belong to an appraisal society that tests its members?

Yes ! There are many appraisal organizations, but only a few require members to take courses and pass tests before being admitted as "accredited" members. American Society of Farm Managers and Rural Appraisers (ASFMRA) is such an organization. Membership in an appraisal association is important because it shows that the appraiser is involved with the profession, has peer recognition, has access to updated information, and is subject to a code of ethics and conduct.

Have you been tested? Do you take continuing education classes?

Yes ! If the appraiser claims membership in a group that trains and tests its members, be sure to ask if this appraiser has personally gone through the training and testing. Some organizations have "grandfathered" members into high membership status without testing them. "Grandfathering" means allowing members to retain their titles and status if they joined before new rules or testing standards were required. Continuing education is also important for appraisers. Procedures and regulations are always changing. Because of this, ASFMRA constantly updates, expands and rewrites its courses to ensure that its members will perform the work you need with knowledge of all the latest professional standards. How will you handle items which may be outside your specialty area? No appraiser should claim expertise in everything. A good appraiser knows his or her limits, and is expected to consult with other experts when necessary.

American Society of Farm Managers and Rural Property Appraisers (ASFMRA)

The American Society of Farm Manager and Rural Property Appraisers (ASFMRA) promotes awareness, integrity, objectivity and competence of the rural property professions advancing the interest of members and clients before government, regulatory bodies and other organizations. The Society enhances opportunity for the professional development continuum: networking, meetings, education offerings and publications, and career and client opportunities. The Society offers highly respected designations to differentiate rural property professionals who are dedicated to their craft, including Accredited Farm Manager (AFM), Accredited Rural Appraiser (ARA), Real Property Review Appraiser (RPRA) and Accredited Agricultural Consultant (AAC).

The American Society of Farm Managers and Rural Appraisers

The American Society of Farm Managers and Rural Appraisers (ASFMRA) is a not-for-profit professional appraisal society and sponsoring member of the Appraisal Foundation. ASFMRA has provided professional designations, education, advocacy, appraisal news and networking since 1929 and serves all jurisdictions in the United States. ASFMRA is an internationally recognized leader in appraisal training. We provide Appraisal Qualifications Board (AQB) and state approved appraisal training for certified general licensure and for continuing education.

ASFMRA Accredited Appraisers

The ASFMRA has two professional designations for appraisers. Our professional appraisal designations are widely recognized and meet or exceed the standards of other professional appraisal designations. The ASFMRA appraisal designations are: the Accredited Rural Appraiser – ARA, and the Real Property Review Appraiser – RPRA.

Designated members meet stringent standards that substantially exceed all state and federal licensing requirements. These members have successfully completed a rigorous process that includes education, work review, a comprehensive exam and an experience requirement. Designated members also commit to continuing education requirements to ensure continued professional competence in an ever-changing world. You can learn more about how to become an ARA or RPRA here. The ASFMRA also offers two non-appraisal designations the Accredited Farm Manager (AFM), and the Accredited Agricultural Consultant (AAC).

Looking for an appraiser?

The American Society of Farm Managers and Rural Appraisers is the preeminent professional society for appraisers who work on the full range of real properties in rural settings including but not limited to:

- Farms/livestock operations/dairies
- Commercial properties
- Conservation easements
- Timber properties
- Vineyards/orchards
- Rural residences