

**50 TESTED AND PROVEN IDEAS  
for RESIDENTIAL APPRAISERS**  
UPDATED MAY 2008

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## Introduction

This pamphlet was originally compiled, with contributions from several appraisers, as part of a presentation for the 2004 Fall Conference of the Northern California Chapter of the Appraisal Institute. In 2004 mortgage lending volume, the bread and butter for residential appraisers, was going strong. While many of these tips are skewed toward the mortgage side of our business, most will apply to all aspects.

This update was written in May 2008 and reflects some of the changes in our business over the past 4 years. Many of us have cut back on staff, or eliminated staff altogether. Most of us, by necessity, are now more self reliant for everyday office tasks and protocol. Some of these tips and ideas will seem like old news to experienced, self-employed appraisers. The intended audience in 2004 included newly licensed appraisers and trainees.

“50 Tested and Proven Ideas for Residential Appraisers” is not a publication of the Appraisal Institute. It was written for residential real estate appraisers and is intended for their use only. Please feel free to pass it along to your colleagues.

Steve Lederer, SRA  
May 16, 2008

## **1. Buying a Computer**

Buy the biggest, fastest desktop computer you can afford. Buy a brand name that you trust. Spend extra for memory. Spend extra for a large hard drive. Spend extra for the biggest and best monitor you can afford. Spend extra for an external hard drive, and use that for backing up your internal hard drive.

Buy the Professional version of Windows. It will be more stable than the Home edition.

## **2. Backing up the Hard Drive**

Have a plan for what you will do when your hard drive breaks down. You WILL lose a hard drive and it is time consuming and expensive to retrieve the data on a broken disc. It's much easier to have a back-up.

## **3. Internet Connection**

Even if you don't need one, it might be a good idea to have a router between your modem and your desktop computer. Routers have built-in firewalls that are more effective than software firewalls. Personal computers connected to the internet are pinged by hackers constantly. Virus protection that automatically scans incoming e-mail is mandatory.

## **4. Digital Cameras**

For residential appraisers picture quality is less important than ease-of-use. When was the last time anyone complained about the quality of your photos?

A wide angle lens is extremely helpful, especially for indoor shots or for capturing the entire front elevation of a house from the curb. I use the Canon Power Shot SD800 IS. It comes with a long lasting lithium battery and fits in my front pocket.

Carry a spare memory card because they do wear out. I also carry a back-up camera that runs on AA batteries. It comes in handy if the lithium battery goes dead, or if you drop your everyday camera on the pavement and it breaks.

## **5. Scanners**

Scanners are essential for so many reasons. You can use them to make location maps, copy building sketches, and paste other documents into your reports. Letter size is adequate, even for residential appraisers. Scanners have moving parts, so they have a limited life span. My first scanner broke after 3 years, but it did give me adequate warning by making a grinding noise for about 2 weeks.

## **6. Computer Guy**

Find a reliable Computer Guy in your community, someone who will come to your office, on short notice, on an hourly basis. Even though computers are getting easier to use, there will be times when you'll need professional computer help. Word of mouth is the best way to find someone dependable.

For big projects or big problems use someone with special knowledge of your business or the software that you use. Other appraisers are the best source for finding the right Computer Guy.

## **7. Make the most of your local Multiple Listing Service**

The MLS (Multiple Listing Service) is set up for Realtors. They search for market data differently than we do. By learning to customize your comp searches and the data you get from your searches, you can save time, learn more about your market area, and work faster. Almost every MLS will have some sort of custom search feature that you can exploit.

Most of the Multiple Listing Services allow you to use a Third Party software program for interfacing the MLS database. I use Wyldfyre.

Wyldfyre can process data searches into one-line spreadsheets, printed landscape style on legal-sized paper. The spreadsheets provide a list of pertinent features for each comparable. I carry these spreadsheets in my car and use them to find the best comparables after I have viewed the subject property.

Web based programs, such as Paragon, also allow custom searches but the learning curve is longer. One advantage to a web based program is the ability to download the data to an Excel spreadsheet. You can use the data to build a Scatter Graph, in Excel, to illustrate trends in Sale Price per Square Foot, or trends in Days-on-Market. The web site for the Northern California Chapter of the Appraisal Institute currently has a link to a tutorial that can help you with this.

## **8. Learn how to download MLS photos into your reports.**

There will be times when your camera or memory card will fail, or when human error will cause you to lose your photos. It's easy to accidentally erase a Smart Media card without first downloading the photos onto the hard drive. You can save a lot of time not having to drive those comparables a second time. Also, there are times when you just cannot get a good comp photo without trespassing. There will be times when your photos just don't turn out very good because the sun is in your face or the lighting is poor. The MLS photos will almost always be better than your photos. Another issue is that the new owner of the property may have since embarked on a major renovation. The MLS photo will be a better representation of the property at the time it sold. .

## **9. Modify your tape measure**

Modify your tape measure by cutting off the useless piece of fold-out metal and attaching a "Measure-Mate." Measure-Mates are available from Forms and Worms, and they cost about \$7 each.

The Measure-Mate is a large cotter pin that is shaped to fit around a standard sized downspout. It also has a small stake that you can stick in a lawn or in the ground.

Also, make your tape measure last longer by putting duct tape around the plastic seams near the very end.

## **10. Measure faster with better accuracy**

Measure the outside of the house before going inside. It is easier to draw the interior walls of the floor plan if you have the footprint first.

Try to measure more than one wall at a time. For example, attach the tape measure to the outer edge of the garage, and measure across the front elevation, "East to West," stopping to note where each wall ends and starts. Then go back and measure each of the shorter "North to South" walls.

The most important measurements are the totals. If the north side of the house is 60 feet across and the south side is 58.5 feet across, you have a problem and need to remeasure.

Make sure your sketch squares off before you leave the property.

### **11. For two-story houses, always measure the lower level first**

I always find it easier to measure the lower level first, and then go back around the house to line up the upper level walls. While many of the upper-level walls will match a lower-level wall there will always be a few places where the upper level overhangs the lower level.

If the homeowner is following you around, making conversation, you are more apt to make a mistake. Keep this in mind and double check your dimensions before you go inside the house.

### **12. Trust your eye on those short, upper level walls**

How many times have you measured a 2 foot wall? At least 3,000 times. You should be pretty good at recognizing a 2 foot wall by now. I will usually eye-ball any upper level wall that is less than 6 feet, and then double check, if possible, from inside the house.

### **13. Best of all: forget about the Tape Measure and try the Disto A5**

In 2004 at the Fall Conference, I dissed the Disto. No one could show me how it saved time. That changed about a year ago when I tried the Disto A5. The A5 has a small view finder (for spotting the red laser beam) and it makes a world of difference.

Those upper level walls are easy now, using the Add/Subtract function. I found it difficult to use the Pythagorean function accurately, but it hasn't been an issue. Garages, basements, condo units are all much easier to measure now. In northern California we don't have any snow to deal with, but the rainy season sometimes makes slippery hillside properties difficult to maneuver and the Disto really helps.

The best thing about the Disto is that I no longer walk through shrubs that are covered with spider webs.

### **14. Saving building sketches**

If you are in a large subdivision or condo complex, you can label each sketch with the Plan Number or Model Name, and then reference the square footage from the public records. The next time you go out to that neighborhood you might be able to avoid having to measure the same model again.

### **15. Scan your sketches to a hard drive**

If you don't have room for a lot of file cabinets, or just want an easier way to find old sketches, scan each sketch and save it on a hard drive. I have one external hard drive that has nothing but building sketches. In my office this has nearly taken the place of an entire file cabinet. We scan the sketch and save it once, with its street address, and then save it a second time to a Subdivision file when applicable.

### **16. Custom homes and blueprints**

If you are going to a large custom home, ask the owner if he could bring out the blueprints for you to look at while you are at the property. Carry an architect's scale in your car to help take the dimensions off the plans.

Be sure to give the homeowner advance warning that you would like to see the blueprints. That will save time because they are usually stored away in the back of a closet or a cabinet in the garage.

My advice would be to never take blueprints with you, even if the homeowner offers. They are too valuable and too difficult to replace.

Always ask if any changes were made during construction or after. It doesn't hurt to ask the owner to take a quick look at the prints before you start to copy the dimensions. And when you are done, measure a few walls to make sure they line up OK.

By the way, I almost never trust another appraiser's building sketch. I've seen too many sketches with huge errors. Why let someone else's measuring problem become your problem?

### **17. Carry tracing paper for copying blueprints**

If you come across a large house with an unusual shape, it might come in handy to just copy the prints with tracing paper. You can buy blueprint sized tracing paper, single sheets or on a roll, at drafting supply shops.

To trace blueprints you will need some light-weight tape to hold the paper over the blueprints while tracing, and an architect's scale.

### **18. Learn to use a sliding bevel to measure oddly shaped houses.**

Any house with a wall other than 90 degrees is oddly shaped, (not including the short walls on a bay window.)

You can use a sliding bevel to measure these oddly shaped houses accurately. A sliding bevel is a carpenter's tool. Use it to duplicate wall angles for your sketches. (Don't bother with those flimsy plastic gizmos that quilters use.)

Trace the angle into your field notes and then copy the angle into your sketch with your software program. I actually put the odd angle onto tracing paper and then hold it over my monitor screen while I draw the sketch with my software.

I have found that the sliding bevel is the best way, other than tracing the blueprints, to duplicate the footprint of oddly shaped houses. You can buy a sliding bevel at any lumber yard.

### **19. Geometry 101: A squared + B squared = C squared**

Remember that from high school?

For walls on a 45 degree angle you can use this formula to make a chart that will help you recreate those walls in your sketch software.

On the wall in my office, over my computer, I have a chart that looks like this:

$$4.24 = 3 \times 3$$

$$4.93 = 3.5 \times 3.5$$

$$5.66 = 4 \times 4$$

$$6.36 = 4.5 \times 4.5$$

Etcetera

### **20. For extra-large or oddly shaped houses it will be difficult to be 100% accurate**

Protect yourself from third parties using your sketch later on for marketing purposes. You may have made an error and the house might actually be smaller. Consider making a notation on your sketch that it is "For Lender's Use Only." Or "Not a Survey." Or "Not To Be Used For Marketing Purposes," or some other disclaimer. Put the notation somewhere where it would be difficult to white-out or erase.

## **21. Measuring houses for a fee**

Many appraisers don't like to measure houses for a fee. But ask yourself, who is better qualified? It's an easy way to build good will with the local real estate community. But remember, if someone wants to hire you to measure a house, it could make for a long afternoon. I always try to schedule these jobs for the end of my day. Could take 20 minutes, could take 90 minutes. Typically you'll be hired for difficult houses, not easy ones.

Your client might complain about the fee. "If the whole appraisal would cost \$400 (or whatever,) why are you charging me \$175 just to measure?" My answer: "For \$400 I take the good with the bad. Measuring this house is all bad."

ANSI guidelines for measuring GLA have some interesting information on ceiling height.

## **22. Describe your Scope of Work for measuring houses**

Tell users of the sketch exactly what you did and what you didn't. For example, on the sketch you can type in: "The appraiser measured this house manually using a hand held Leica Disto A5, and calculated the living area using exterior dimensions rounded off to the nearest 6 inches, as is common in the appraisal profession. No blueprints were available to the appraiser. No research was conducted on building permits for this house, open or final. This sketch should not be construed as a certification of code compliance."

One last comment on this topic: if you use a push wheel to measure single family dwellings you are crazy.

## **23. Use file numbers that mean something**

My file numbers are based on year, month, date, location and type of appraisal form.

For example: 80915WCC = September 15, 2004 Walnut Creek Condo

If a client calls to ask about a report and gives me my file number I can find the hard copy very quickly.

## **24. For file cabinets use a geographical filing system rather than map grids**

Thomas Brothers changes their map grids every 10 years or so. Zip codes get added as cities grow in population. Livermore, San Ramon, and Walnut Creek have all added new zip codes in the last 3 years. I set up my filing system based on geographical boundaries, using freeways, major streets and other topographical features. If you appraise a lot of houses in Oakland you might want to divide the city into 5 or 6 areas. Give each district a slightly different computer file name. They will be easier to find.

## **25. Do not appraise houses that belong to friends**

It's not a good business practice. If something goes wrong down the line, could you say, in a court of law, that you were completely unbiased? Plus, you will spend 8 hours doing a 3 hour job, and charge less. It doesn't make sense.

Everyone thinks they are being low-balled. That's a fact. Do not low-ball your friends. Let someone else low-ball your friends. Friends are more important than an appraisal fee.

If you think that you can be unbiased and do appraisals for friends, you might be making yourself a target for legal problems. Don't take my word for it, talk to your E&O provider.

## **26. Don't worry about being sued**

You have no control over that. You probably will be sued at least once in your career, maybe more than once. Be more worried about following good business practices. That will be your saving grace when you have to defend yourself against the lawsuit.

Avoid errors that can make you lose the lawsuit, such as:

1. White washing the physical defects in a house.
2. Over looking obvious soil movement on the lot next door.
3. Overstating the GLA.
4. Violating the Uniform Standards of Professional Appraisal Practice.
5. Taking a job that is over your head.

### **27. Put a reasonable limit on your geographical territory**

I am almost embarrassed to say how far I would travel to appraise houses when I first started my private practice. Those days are over.

Remember, if you appraise it once, you will probably be asked to appraise it again, (for a new loan, a new lender, or an update.) You can do it ethically but it takes too much time and you have to drive too many comps to get a handle on the market in unfamiliar areas. With gas prices at \$4.00 a gallon? Forget about it. Refer it to a colleague.

### **28. Save digital photos on a hard drive forever**

Storage space is so cheap now that you might as well save all your photos, forever. Why forever? To defend yourself in case you get sued over a defect at the property. If you have photos from when you inspected the property they might save your bacon.

### **29. Get a Lok-Box key**

Most MLS services will let appraisers own or rent lok-box keys. It really saves time when you are going to vacant houses. I have gotten comfortable using my lok-box key in occupied houses, as well, but I always make sure that the occupant knows I am coming and that it is OK with him. Always ask about animals; you don't want to let the cat out.

### **30. Educate the homeowner**

I have a little monologue that I share with the homeowner when I arrive at the house. I explain that I will measure the outside, and then inspect the interior. I let him know that I will look in all the bedrooms and bathrooms, and that I will be taking inside and outside pictures.

Before I leave I tell him that I will spend the next 60 minutes driving through his neighborhood, doing exterior inspections on houses that have sold recently.

I have found that a lot of owners do not really understand what we do or how we do it. They like to have the process explained and they appreciate the courtesy. It also gives them a chance to tell you about any nearby houses that might have sold.

One other thing: I almost always tell them that there is only ONE way they can find out exactly how much their house is worth: sell it!

### **31. Never put your camera on someone's formal dining room table**

I used to leave it there all the time. Then one day I picked it up and it slipped out my hand, and left a big ding in the table. That was a lousy day.

### **32. When setting appointments make sure it's OK to start early**

Sometimes the owner is late. Sometimes you are early. If it's OK with the owner, you might as well start measuring and taking photos. But if there is a mean dog in the back yard or if the gates are locked, you are out of luck with nothing to do until the owner gets home. Why squander that time with nothing to do?

### **33. Attend Appraisal Institute seminars and workshops**

You will always learn at least one thing that you can put to use immediately to become a better appraiser and improve the quality of your reports. The Appraisal Institute is the premier provider of appraisal education. It's a fact. Don't skimp on your Professional Resume.

Make friends with your fellow appraisers. They are nice people, just like you. They will be your best resource when you need help or advice.

### **34. Learn to deflect annoying questions from the homeowner**

If you are in a hurry then there is nothing worse than getting grilled by the homeowner. Almost every homeowner has been low-balled or wronged by some other appraiser, at one time or another. Sometimes they want to share that with you and it leads nowhere. I'll say: "Sorry, I can't really attack or defend his actions without knowing more about the whole situation."

It helps to have a prepared monologue about the appraisal process. See Tip # 30 above.

Some people want to learn about your job and what you do, because they think it would be cool to be an appraiser and make a ton of money by walking through houses all day. Can you blame them? We do have great jobs, but some people are too intrusive. When homeowners ask me how many appraisals I do per day, I will usually answer something like this: "I don't really keep track of daily production. I just keep track of how much I gross per year." This will usually end that particular line of questioning.

### **35. Enjoy one of the greatest benefits of being an appraiser**

I have met a lot of really interesting people on my job. Homeowners have some really unique stories to tell if you show some curiosity.

If you appraise a house with a super-clean garage, a garage you would eat a meal in, there is a pretty good chance that homeowner has a story to tell. If there's a map of the world hanging on a wall with 20 colored pins stuck in it, that person might have something to share. There are lots of things you might notice that could start a good conversation. We spend a lot of our careers driving around looking at property, all alone. It is nice to talk to new people, even if it's only 20 minutes at a time. Some stories are really sad. For example, I will never again ask an 85-year old man if he was in World War II.

### **36. When appraising 2-4 unit properties use "dead" listings for rental data**

In the old days we actually used to knock on doors for rental information. That got old in a hurry. Now we use the MLS, as best we can, to get that data.

To find the most data you will need to search expired listings, cancelled listings, and every other option for every kind of listing they have in there.

### **37. Always carry the latest map book**

In the suburbs, where new construction is still under way, you really need the latest map book at all times. If you cannot find the house in the map book then you will obviously have to ask the owner or agent for directions. But what about finding the comps? Allow extra time in areas of new development for just this reason.

### **38. Your Tool-Box**

Spare tape measure.  
Extra media card for camera.  
Spare camera. Spare batteries.  
Sliding bevel.  
Architect's scale.  
Calculator.

Calf-high rubber boots during rainy season.  
Plastic sheet to protect trunk of car from muddy boots during rainy season.  
Poncho during rainy season.  
Lok-box key.  
Business cards.  
Water bottle.  
Disposable handi-wipes for when your hands get dirty.  
Tracing paper and tape for blueprints.

### **39. Building a niche**

Consider becoming a local expert on certain types of property that interest you. Horse properties, Victorian homes, historical homes, houses with acreage, view properties, deep water lots with boat docks, estate properties, home sites, tear-down houses that actually sold for land value.

Save every comp you can find, especially data you accidentally find in the MLS. You usually find those Best Comps when you aren't even looking for them; (it's just always too late for the job when you need it most.) So save them for future reference.

And then, at every opportunity, let people know about your niche.

### **40. Non-lender work**

I used to use narrative reports for non-lender work like divorces and date-of-death valuations. But I found out there was too much resistance. Attorneys and judges became accustomed to seeing form reports with the Fannie Mae grids. What they don't know is that since 2005 the Fannie Mae Form 1004 cannot be used for anything other than mortgage transactions. It's a violation of USPAP otherwise.

Most form vendors now have all-purpose substitutes for the Fannie Mae 1004. A better choice would be to use the Appraisal Institute Summary Appraisal Report. It comes in 8.5 x 11 pages and can be customized to fit the Intended Use.

#### **41. Use an Engagement Letter for Divorce and Litigation assignments**

It's a good idea to use engagement letters for complicated assignments. It gives you an opportunity to spell out, in writing, what you perceive the job to be, what you intend to deliver to the client, how much you expect to be paid, and when you expect to be paid.

The 2004 Fall Conference of the Appraisal Institute had a session titled "Before You Say Yes" and there were handouts that included three samples of Engagement Letters. Build a template in your word processor. More importantly, spend some time carefully drafting each engagement letter for each assignment. The engagement letter is the most important part of assuring that you will earn a profit for the complicated assignment. P.S. Always get paid in advance for divorce assignments.

#### **42. Brokers' Tour**

Most Realtor Boards sponsor weekly tours for Brokers. You can visit these open houses. Not only can you visit the houses, it can be a good networking opportunity. You don't even need to do much except hand your business card out to people who ask.

The best part of going on Brokers' Tour is that you get to see the interior of future comps. This can be very beneficial if you appraise high-end homes. While it probably isn't appropriate to take interior photos at an Open House, you can make notes on the back of the flyer as soon as you get back to your car.

#### **43. Keep a file folder for odd-ball houses**

Keep track of houses with brick foundations, adobe walls, dome-shaped houses, houses shaped like a giant butterfly. You can save these things forever and use them as comps forever. Sooner or later you'll be glad you have that one comp to match up that one odd-ball feature.

#### **44. Keep a file for damaged houses**

Keep a file folder for houses that were damaged and then fixed, and then sold. These comps will be useful for litigation work.

#### **45. For file copies, print photos in Thumbnail mode**

All of your photos will be on one page. This will save paper and file space.

#### **46. Put your Statement of Professional Qualifications in every report**

Why not? You spend a lot of time and money on your appraisal education. Share that fact with clients and others who read your reports.

#### **47. Keep current with costs for remodeling**

Homeowners, lenders and other clients expect us to know something about the cost of roofing, windows, remodeled kitchens, remodeled baths, French drains, carpet, paint, and room additions. Are you confident that your grid adjustments have some basis in reality?

We all know that cost and market value are not the same, but they are closely related. What is really great is that you have access to all of this information just by asking the homeowners how much they paid. They actually want to tell you how much it cost because they know it's pertinent. It's not rude to ask. Think about how many times you've driven by a comp only to see that the new owner has already started to remodel the property.

Along these lines, I believe you should also periodically perform a paired-sales analysis for GLA adjustments. The results might surprise you.

#### **48. GPS navigation systems**

It's starting to become more and more difficult to read the fine print in my Thomas Bros. Map book. Even though I carry a small magnifying glass, I found that I am using the GPS navigation in my car on a regular basis now. It's safer than trying to read a map book and drive at the same time. My car has one that is built-in. My daughter recently acquired a Garmin Street Pilot. It is portable. She sticks on the dashboard every morning and it works great. Blackberry and other PDAs also have built-in maps that you can use. Check it out.

#### **49. Your best comps**

Your best comps are always the houses you just appraised for a lender, at the time they sold. You know that house inside and out, literally.

Even though I do not do review appraisals in my practice, I see a lot of reports that were done by other appraisers. Homeowners are always giving me copies of their lender reports. I am amazed and disappointed at how little some of these reports actually say about the subject property. Instead of commentary the appraiser writes "See Attached Addendum." And many times the addendum is just generic, canned boilerplate that could apply to any house. Sometimes the market data commentary just restates the adjustments on the grid.

When was the kitchen last updated? Are the baths original? Is the back yard fully usable? How much of the lot is level? How much hardwood flooring is there? What brand names were used in the kitchen remodel: Kenmore or Wolf, Bosch or Whirlpool? If your description of the property says less than the MLS description of the property then you probably have a problem. And why can't these descriptions go on page one of the report where they are easy to find, instead of being buried in the addendum?

#### **50. Upgrade the Quality**

These are trying times for residential real estate appraisers. Volume is down, fees and turnaround times are under pressure, and new Fannie Mae guidelines are coming that will dramatically change the way we procure assignments.

Staying informed and educated can help safeguard your career. Upgrading the quality of your reports might be the best way to prevent your own obsolescence. There will always be a demand for well written appraisal reports.

This brings us back to continuing education. By attending seminars and workshops and talking with other appraisers you should be inspired to improve the quality of your work.

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