



Appraisal
Institute®

*Professionals Providing
Real Estate Solutions*

Some Commonly Asked Questions About Real Estate Appraisers and Appraisals



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Who are real estate appraisers, and what do they do? Here are some answers!

What is an appraisal?

An appraisal is a professional appraiser's 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.

What is the role 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.

What qualifications must appraisers have?

At minimum, all states require appraisers to be state licensed or certified in order to provide appraisals to federally regulated lenders. However, appraisers who become designated members of the Appraisal Institute have gone beyond these minimum requirements. They have fulfilled rigorous educational and experience requirements and must adhere to strict standards and a code of professional ethics. The Appraisal Institute currently confers the **MAI** membership designation on those who are experienced in the valuation of commercial, industrial, residential and other types of properties. The **SRA** membership designation is held by those who are experienced in the analysis and valuation of residential real property.

How do well-credentialed appraisers add value to real estate transactions?

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

What are the components of an appraisal report?

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.

What are the most important considerations in the valuation of real property?

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.

What is the range of services appraisers provide?

In addition to residential or commercial appraisals—and depending upon an appraiser’s designation and qualifications—he or she may be able to assist with the following:

- 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 on remodeling
- Land utilization studies
- Supply and demand studies

When hiring an appraiser, what types of questions should I ask?

The following questions would be appropriate:

- Are you licensed or certified in the state in which you live?
- What professional designations do you have and from what groups?
- 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)?

When in need of an appraiser, why should I hire a member of the Appraisal Institute?

Appraisers who hold Appraisal Institute professional designations have met stringent educational requirements, have considerable professional experience and are required to adhere to strict standards and ethics of professional practice that exceed those required by state or federal law. Moreover, many Appraisal Institute designated members participate in continuing education programs—including those that emphasize the most-up-to-date valuation techniques—making them the preferred source for high-quality appraisal services.

How can I find a member of the Appraisal Institute?

It's easy to find a member of the Appraisal Institute. Simply go to www.appraisalinstitute.org and look for the "Find an Appraiser" option. You can search for designated members throughout the United States as well as abroad by name, city, county, state or metropolitan statistical area (MSA).

For more information regarding the Appraisal Institute, its members, programs and services, call 312-335-4140, via e-mail at info@appraisalinstitute.org, or visit our Web site at www.appraisalinstitute.org.

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Today and throughout its 70-year history, the Appraisal Institute is the leading organization for professional real estate appraisers. Through its extensive educational programs, the Appraisal Institute's more than 18,000 members are skilled in the up-to-date methods of real estate valuation for commercial and/or residential properties. Reflecting their unbiased and objective approach to real property appraisal and analysis, members of the Appraisal Institute adhere to a strictly enforced Code of Professional Ethics and Standards of Professional Appraisal Practice. Appraisal Institute members may hold the prestigious MAI, SRPA and SRA designations.

The Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state, and local laws.

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