

# The SAMCO Bulletin Board



John Shives  
SAMCO AMC  
Preseident / CEO  
Phone # (888) 832-1129  
Fax # (866) 905-4851



## Comparable Listings

An appraisal report should be progressively logical and easy to understand when read by an individual not familiar with the appraisal process. When writing a report, you must keep at the front of your mind that another appraiser probably will not be reading it. It will be a processor, underwriter, loan officer, and now, a borrower. New federal requirements require the consumer/customer to actually receive the report before the closing. One of the reasons the UAD definitions addenda is now required is the fact that the borrower needs this to be able to read the report. An individual that has never laid eyes on an appraisal needs this addenda; that's understandable.

A confusing portion of the appraisal report is providing comparable listings in your Sales Comparison Grid, and identifying in the Photograph and Location Map addenda the Comparable Listing as a Comparable Sale. To the 'lay' reader this can be very confusing. Usually, they believe that it is an actual sale, leading to questions and even challenges to the appraisal. There are some client/banks that require a listing on every report, and there are some appraisers that provide a listing with every report. So this issue has become important.

Many appraisers misidentify the listings in the appraisal by placing them in the Comparable Sale Grid; this is compounded additionally by identifying the listing as Comparable Sale X in the photograph addenda, and Comparable Sale X in the Location Map (if you place the listing in the Comparable Sale grid your appraisal software identifies it as a Comparable Sale. There have been a few appraisers that vigorously defend the listing being placed in the second Sales Comparison Grid beside Comparable Sale Four. Their belief is it will be much less likely to have an adjustment different from the Sales Comparison Grid if the listing is separated. That may be, but it's YOUR JOB to not only correctly identify the comparable listings, but to also insure that your appraisal is correct. I PREFER that all listings go on a Listing Grid; after all it IS a comparable listing not a sale, but I'm not insisting on it. An appraiser may place the listing on the Sales Comparison Grid. If the appraiser does this though, not only must the comparable listing be clearly identified to the lay reader as a listing, but there must also be a comment in your addenda, further clarifying what is a listing, where it is in the report, and why you are utilizing it. Additionally, and I will insist upon this, **the listing must be identified on the photograph page as Listing X, and on the Location Map as Listing X. To do otherwise is to break Standards Rule 2-1a - "Each written or oral real property appraisal report must: (a) clearly and accurately set forth the appraisal in a manner that will not be misleading;"**.

This issue is one of many small issues that encompass a non-USPAP compliant report. This requirement makes sense. Community bank/SAMCO appraisers are the best; there isn't any doubt of that. Thanks for your hard work and effort.

NOTE: Appraisals are as unique as the individual subject properties. SAMCO understands that occasionally there will be an appraisal that simply will not conform to Fannie/Freddie guidelines. In those instances a very complete "My Comp Search and Results" paragraph is required. SAMCO also understands that the appraiser's best comparable may not conform to guidelines. In that instance though, those comparables that do not meet guidelines should be placed in the second grid, as supporting information.

\*DISCLAIMER: This article cannot be reprinted without permission.

\*ATTENTION MULTIPLE APPRAISER COMPANIES: Please forward the supplied information to each appraiser within the company.