

The SAMCO Bulletin Board



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Bracketing

"Bracketing can't always be done"; I agree. "Bracketing doesn't make sense"; I disagree. Bracketing is a requirement that produces a defensible report. Striving for a defensible report is reason enough for appraisers to ensure that

- GLA
- Actual age
- Site size (if over an acre)
- Unadjusted sales prices
- Adjusted sales price are bracketed.

This assists in balancing the report and making it defensible. You might have to utilize additional comparables and a second grid. Your best indicator of value may be on that second grid!

The comparable that is the best indicator of value may be twelve months and one week old. Even if this comparable is the identical twin to the subject, it must be placed on the second grid. Utilize the comparable and strongly emphasize that it supports the estimate of value. This also applies to actual age and GLA. For example, you may have a 650 square foot subject and the three comparables are 700, 740, and 800 square feet. You do have the best comparables and

there are not any smaller than these in the past year. Great! In your addendum, whatever it may be (range of GLA, age, site size, basement, garages, miles, etc.), clearly state your search parameters and the results of the search. The number of comparables found and the range of values would be considered the results. Explain why you chose the comparables you utilized. If you do this clearly, (and explain with this example that these three comparables were the smallest GLAs that sold in the past twelve months), then the auditor/underwriter will clearly understand that no further comparables can be found or that the ones used were the absolute best.

The underwriter may request that you extend your distance radius in miles or in time, but that is rare when definitive Search Parameters and Results have been provided the way SAMCO suggest. Your job is to not only describe the subject, but to convince the reader that this is the best appraisal that could ever be written for this subject! This is done by complying with appraisal standards and fully explaining your thought processes and search parameters.

SAMCO knows that appraising often is a gray area. Some requirements simply cannot be met with a particular subject, but that is a very rare exception. GLA, site size (if over an acre), unadjusted sales price, and adjusted sales price should always be met. If this is not possible, there will likely be additional requests from underwriting. Let's do this correctly with the first report in order for you to maintain a high SAMCO quality rating to generate maximum work!

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.

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