

The SAMCO Bulletin Board



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Within 20%

Selecting recent sales most similar to the subject can be challenging, especially in rural areas. SAMCO understands that. I want to share with you one way to reduce underwriting requests for additional comparable sales.

SAMCO requires the appraiser to have the adjusted comparable sales price within 20% of the subject's estimate of value. That's a sensible requirement since you're to adjust the comparables to the subject. Remember the first matched pair analysis you saw in Appraising 101? It came out perfect. Theoretically, all three of your comparables should end up the same as you are adjusting for the differences between them and the subject. Now we all know in "real life", that doesn't happen. There is such a thing as a seller and buyer's free will. However, if adjusted correctly, a comparable sales adjusted value should always be within 20% of the subject's estimate of value. If this does not occur, SAMCO will send the appraisal back to the appraiser and request another comparable. We, as appraisers, are trying to "prove" the Estimate of Value. Having such a wide difference in adjusted values doesn't do that.

Here again, any questions or peculiar problems, don't hesitate to call. Communication is often the most important thing we can do as appraisers.

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

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