

# The SAMCO Bulletin Board



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



## Percentages and Unusual Features

SAMCO's appraisal requirements are available on our website at [www.samco-amc.com/appraisal-requirements](http://www.samco-amc.com/appraisal-requirements). They are just good basic “rules of thumb” to follow, and most are based on Fannie/Freddie requirements. One of those rules is having all of your adjusted comparables within 20% of the subject's estimate of value. Many lenders require all of the adjusted comparables to be within 15% but at SAMCO, due to our clients being in rural areas, we have relaxed that a bit. After all, you are to adjust the comparable to the subject, and in a perfect world that would mean all of your adjusted comparables would be within 0%! This isn't a perfect world, though!

Another % to be aware of: over 10% line adjustment. If there is a need for a line adjustment over 10%, then a matched pair analysis proving your adjustment is required. This happens often in rural areas when the subject has a larger site than normal and most of the comparables are smaller. Of course, a large line adjustment for all of the comparables should be avoided, if possible. With unique properties and many times the rural character of the subject, though, this will happen. We have to always be aware that our job as appraisers is to prove to the reader of the report that our estimate of value is correct.

Since we're talking about large adjustments, let's talk about those unusual situations. How about a swimming pool? In the northern states swimming pools may only be used for a few months out of the year, so the typical purchaser isn't really interested in a pool. In the southern states that's a different story. However, in any area, if this is a large adjustment, then a matched pair analysis is needed to prove your value. In rural areas there might be nice outbuildings such as a horse barn. Horse barns have a wide range of building cost depending on the quality and extras, but again, if you are making a large adjustment, a matched pair analysis is needed to prove that large adjustment. Moderate adjustments will be accepted without that proof.

Unusual subjects such as octagon homes or small horse farms need to have a matched pair analysis to determine if there is any obsolescence. In some situations, where there will be more work than normal to provide that estimate of value, you may need to contact SAMCO to request a fee reconsideration. You will need to state the reasons why and the extent that you will be expanding your scope of work. A client's approval is required for this, but if your case is clear, SAMCO will be supporting your expanded analysis request. Our goal is just like yours - to provide the most logical, fully documented appraisal possible. Thanks for being part of the SAMCO appraisal team!

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.