

The SAMCO Bulletin Board



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Effective Age

Listed below is the left-hand side of the sales comparison grid, which should look familiar

- FEATURE
- Address
- Proximity to Subject
- Sale Price \$ \$ \$ \$
- Sale Price/Gross Liv. Area
- Data Source(s)
- Verification Source(s)
- VALUE ADJUSTMENTS DESCRIPTION
- Sales or Financing
- Concessions
- Date of Sale/Time
- Location
- Leasehold/Fee Simple
- Site
- View
- Design (Style)

- Quality of Construction
- Actual Age
- Condition

The FEATURES of the subject and comparables are listed first along this side. Can you guess what the most common sales comparison grid mistake is? No, it's not Data Source or Verification Source. Most appraisers do an excellent job of providing two sources of data. Sales or Financing Concessions? No. With MLS becoming so prevalent, it's easy for the appraiser to see if there were any concessions. You'll likely be surprised, but it's Actual Age. Many of you are thinking, "How can an appraiser get that wrong? It's part of the information available." It's not that appraisers do not supply the age. However, just like the comparable listings and sales that are requested above the sales comparison grid are often completed incorrectly, the same is true with Actual Age.

There are TWO words here, and the first one is "actual". Many appraisers list the Actual Age, and place Effective Age right beside it. Some do this to justify utilizing a comparable that is much different in actual age than the subject. That is simply unacceptable. SAMCO will return the report to the appraiser and request that the effective age be removed from the Actual Age section. This can be utilized as an adjustment, but it must be listed in one of the blank grids below. Then the Actual Age is the "actual" age only. It is only fair to warn you that if a comparable is utilized that is much different in actual age, another comparable will be requested. Doesn't it make sense that if there is an Effective Age adjustment, it would truly be a Condition adjustment? You can cite or list the condition (whether improvements or "wear and tear"), but making an adjustment for Effective Age is, in my opinion, having an adjustment you can't prove. As appraisers, when we write a report, we are taking the reader through a commonsense sequence of descriptions, logic, and adjustments to prove our opinion of value.

Our profession is so enjoyable. Let's make every effort to keep our game at the highest level possible!

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