

How to Get the Best Appraisal Possible for Your Property

By Gary Dent

Buying or selling an apartment building, or refinancing an existing loan? Then you'll almost certainly need an appraisal. Getting the best appraisal possible for your apartment building can be done smoothly and quickly, if you just follow some simple steps.

1. GET YOUR DATA TOGETHER. Your appraiser will need financial data you should already have, starting with a current rent roll, and historical income & expense statements (usually for 2 years or more). If the appraisal is being done for a purchase, the appraiser will also need the purchase agreement & escrow instructions. If you've already supplied these documents to your lender, ask the appraiser to get them directly from there. Finally, let the appraiser have any blueprints or plans of the building you might have; these will save him, and you, some time.

2. KNOW THE DETAILS OF YOUR BUILDING so the appraiser can get a full, clear understanding of your property. Do you lease any units to family or friends at below market rents? Did you do any major repair or renovation work in the last year or two, which may throw off your income & expense statements? Are any tenants leaving soon, to be replaced by new tenants at higher rents? Are you limited by rent control? A good appraiser should ask all these questions, but help your case by offering the data first.

3. KNOW YOUR MARKET. What buildings are your rental competition? Have there been any recent sales in the area that demonstrate the value of your property? Is there any new construction underway or planned, or are there barriers to new construction in your area, such as land use restrictions? You're a good manager, and know this information already. Help the appraiser do his job well, and tell him what you already know.

4. MAKE YOUR PROPERTY LOOK IT'S BEST. Appraisers are trained to look past surface blemishes to see the underlying real estate. But, they're human, and may be turned off by trash and minor deferred maintenance. Further, the appraiser has to mention such deferred maintenance in his appraisal, leading to buyer doubts and lender holdbacks. Let the quality of your building show through! You know you should be fixing these things anyway! Remember, a clean, well-maintained property is more marketable, and makes for a quicker, cleaner loan.

5. DON'T MISS THE INSPECTION! Good appraisers are busy. If you miss your scheduled inspection, your appraisal goes to the "back of the line", slowing the process for you and your lender. Missed or rescheduled inspections are a common reason for appraisals being late. Be sure you, your broker, handy man or whoever is scheduled to give the appraiser access to the property is there, on time.

6. BE EASILY ACCESSIBLE. The appraiser will almost certainly have a few questions for you after the inspection. Make it easy for him to get in touch! Asking him to call on your office & cell & home office & pager number, only delays the process. So does telling him to phone your sales broker, or accountant or mortgage broker! Multiple people and phone numbers only delay the process. It's much better to have just one contact person with just one phone number.

7. REMEMBER TO FOLLOW THROUGH! If you promised to get the appraiser some data – the name of a broker, leases, or the purchase agreement – get it to him quickly. Not receiving data on time is another reason for appraisals being late. Delay on your part here will only slow the entire process. Give the appraiser the data he needs to get his job done!

8. BE PATIENT! This may be the toughest step of all! The appraiser can't tell you the value at the end of his inspection. Don't call him every day to check on his progress. Ask everyone who is part of the process – sales broker, mortgage broker, etc., - not to phone him every day. Every interruption is a delay! Help the appraiser get his work done!

Getting an appraisal completed quickly and smoothly doesn't have to be difficult. It only requires doing the things that good managers and smart investors should be doing all along! Good luck, and successful investing! Coming soon: *How to Dispute an Appraisal You Think is Incorrect!*

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