

Do Your Due Diligence

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What does it take to become competent in your daily appraisal work? USPAP 2020-2022 sets guidelines for competency in the Competency Rule, which states the following:

An appraiser must:

- 1. Be competent to perform the assignment.*
- 2. Acquire the necessary competency to perform the assignment.*
- 3. Decline or withdraw from the assignment.*

In all cases, the appraiser must competently perform when completing the assignment.

*Perfection is impossible to attain, and competence does not require perfection. However, an appraiser must not render appraisal services carelessly or negligently. The Rule requires an appraiser to use **due diligence** and due care.*

A key part of acquiring the necessary competency to perform an assignment is to do your due diligence. What does it look like to do your due diligence? This can vary based on your property type and location; however, below are a few tips for doing your due diligence:

1. Contact other appraisers: Being a member of an appraisal organization, such as the American Society of Farm Managers and Rural Appraisers, the American Society of Appraisers or the Appraisal Institute, provides many colleagues with vastly different experiences. Take advantage of these connections to gain insight into the type of property you are appraising.

2. Contact local realtors, assessors, and landowners: Who is better to give insight into an unfamiliar market than those who live and work in it? Local contacts will know the little variations in a market and how values have been trending. They are also a good contact for sales data!

3. Watch out for factors that may affect the legal permissibility of a property: This can include any conservation easements, utility easements, zoning restrictions, water rights or CAFO requirements, etc.

4. Make a checklist: When inspecting the property and researching comparable sales, make a checklist of all your needed information. This can include acreage, restrictions, age and size of buildings, among others. Researching the market ahead of time will also give you insight into what to look for.

5. Double-check your information: Sometimes, the information we find on the multi-list service (MLS) or other sources may not be accurate. Be sure to double verify your information. This is especially true with the size of the subject and sales, along with building information. Having two or three sources is your best option to ensure your land and building information is correct.

Doing your homework and research ahead of time shows the client your competency along with making the appraisal process more smooth. Appraisal is not a profession where we can hit perfection; however, if we do our due diligence, we can provide our clients a competent appraisal report that reflects the current market.