

Working with an AMC: Finding a Common Ground

The AMC Review Process

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The AMC Review Process

- What Does It Mean?
- The AMC Process
- The Cost / Benefit Analysis – Is this the Relationship for You?

What Does It Mean?

“I do not think that means what you think it means...”



What she said:

“Appraiser has invoked an extraordinary condition.”

What she meant to say:

“Appraiser has employed an extraordinary assumption which has impacted her opinion of market value.”

“Inconceivable!”

What do you call a long sandwich with cold cuts, lettuce, etc.?



- A. Sub
- B. Grinder
- C. Hoagie
- D. Hero
- E. Po' Boy

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“I’d like to order a Cabinet.”



“I’d like to order a Cabinet.”



The AMC Process

- Engagement
- Order Tracking
- Review
- Delivery

Engagement

- Electronic Acceptance & Scheduling
- **Client Special Instructions**
- Fees

Order Tracking

“Why are all these people calling and emailing me?”

- Stalking?
 - Harassment?
 - Support for your business?

The AMC Quality Assurance Process

Step 1: Appraiser submits a report

Client Special Instructions define the format and the delivery requirements.

“What do you mean you are reviewing my report?”

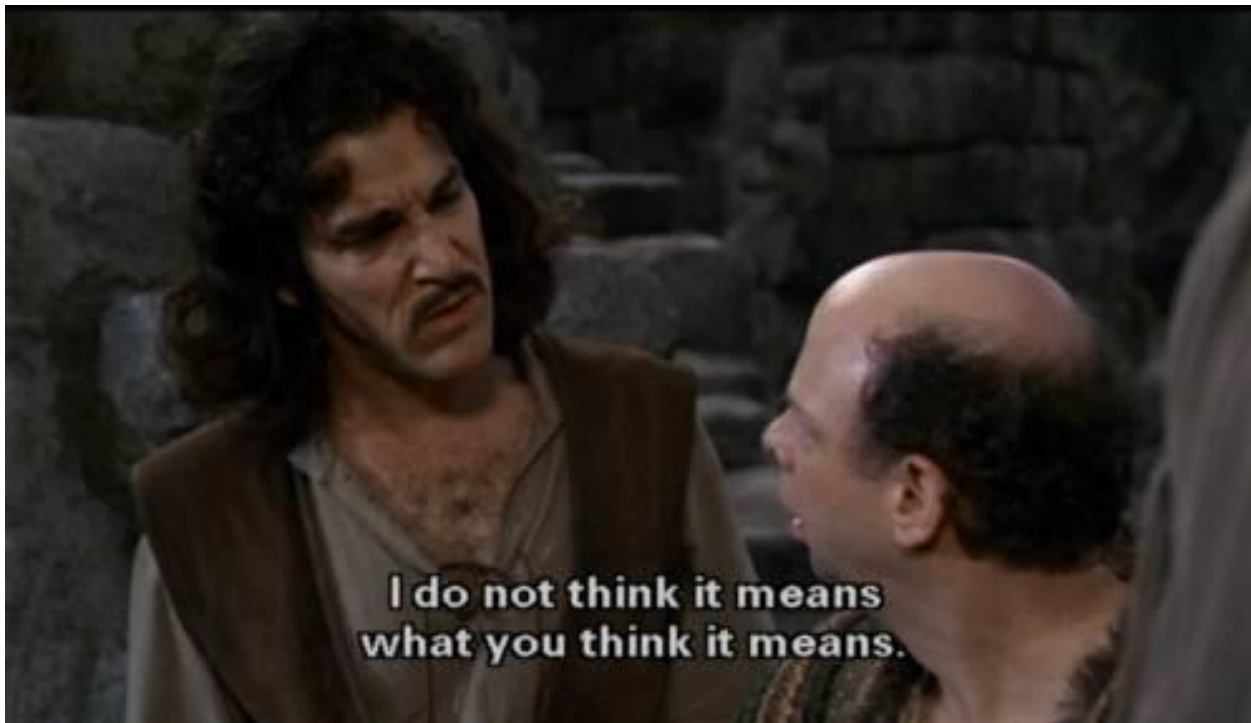
Technical Review

vs.

USPAP Standard #3 Review



“The AMC is not my client. Why should I revise my report at all?”



The most common error in an appraisal noted by AMC reviewers:

- Failure to comply with the client's special instructions.

Common technical errors

- Spelled client's or borrower's name wrong
- Did not sign the report
- Failed to comment on net and gross percentages that exceed guidelines

Excessive Net (15%) or Gross (25%) Adjustments

Net Exceeds 15% - **Revision Required**

- *“The best comparables were used.”*

Net Exceeds 15% - **No Revision Required**

- *“Due to the lack of recent similar sales, the adjustments in the sales approach exceed the desired 15%/25% guidelines. This was unavoidable.”*

USPAP Standard #3 errors

- State the type of value and cite the source of its definition
- Failure to report prior service(s) within 36 months
- Failure to report opinion of exposure time

Anticipate to Avoid Revisions

Saves Everyone Time and Money

Comment! Comment! Comment!

What she said:

“Subject has a fish basement.”

What she meant to say:

“Subject has a Finished Basement.”

“Inconceivable!”

Top 10 items which need a comment

1. Are all of the Comparables within 1 mile?
2. Did all of the Comparables sell within 6 months?
3. Any of the Comparables of a different Design/Style?

Top 10 items which need a comment

4. Do Comparables sales prices bracket the opinion of value?
5. Does the listing support the value opinion expressed?
6. Do the comparables bracket the site size?

Top 10 items which need a comment

7. Comparables located outside the subject's identified neighborhood boundaries?
8. Comparables 25% different as to GLA?
9. Comparables bracket the subject's GLA and room counts?
10. Any "across the board" adjustments?

What she said:

“Subject property has no utility.”

What she meant to say:

“Subject has adequate functional utility and no inadequacies are noted in the floor plan.”

What Does It Mean?

What do you call the level of a building that is partly or entirely underground?

- A. Basement
- B. Cellar
- C. Basement only if it's finished; otherwise, it's a cellar
- D. Cellar only if it has an outside entrance; otherwise, it's a basement

Delivery and Post Completion



“Inconceivable!”

What do you call the area of grass that lies in the middle of some streets?

A: Boulevard

B: Midway

C: Traffic Island

D: Island

E. Although not my fairway, my golf ball is still in play!

#1 Revision Requested by Clients

“Another Comparable, please!”

Other Common Revisions from Clients

- *“Comparables do not bracket for...”*
- *“Comparables adjusted differently for things characterized as being the same.”*

Other Common Revisions from Clients

- *“Lack of comment on difference between address and USPS address”*
- *“Lack of a reconciliation statement”*
- *“No comment about impact on marketability for a feature not bracketed by the sales”*

So, is this the right relationship for you?

Cost

- AMC fees

Benefit

- Volume
- Support
- Data Security Costs
- Client Preferences
- \$\$\$

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Questions?