

Frequently Asked Questions

What is the Appraisal Institute?

The Appraisal Institute is a global membership association of professional real estate appraisers, with 26,000 members and 91 chapters throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws. Members of the Appraisal Institute benefit from an array of professional education and advocacy programs, and may hold the prestigious MAI, SRPA and SRA designations. Learn more at www.appraisalinstitute.org.

What is an appraisal?

An appraisal is the act or process of developing an opinion of value. The preparation of an appraisal involves research into appropriate market areas; the assembly and analysis of information pertinent to a property; and the knowledge, experience and professional judgment of the appraiser.

What is the role of the appraiser?

The role of the appraiser is to provide objective, impartial and unbiased opinions about the value of real property — providing assistance to those who own, manage, sell, invest in and/or lend money on the security of real estate.

What qualifications must appraisers have?

At minimum, all states require appraisers to be state licensed or certified in order to provide appraisals to federally regulated lenders. However, appraisers who become designated members of the Appraisal Institute have gone beyond these minimum requirements. They have fulfilled rigorous educational and experience requirements and must adhere to strict standards and a code of professional ethics. The Appraisal Institute currently confers the MAI membership designation on those who are experienced in the valuation of commercial, industrial, residential and other types of properties. The SRA professional membership designation is held by those who are experienced in the analysis and valuation of residential real property.

What are the components of an appraisal?

Most appraisals are reported in writing, although in certain circumstances, an appraiser may provide an oral appraisal. A written appraisal report generally consists of: a description of the property and its locale; an analysis of the “highest and best use” of the property; an analysis of sales of comparable properties “as near the subject property as possible”; and information regarding current real estate activity and/or market area trends.

What are the most important considerations in the valuation of real estate?

The value indicated by recent sales of comparable properties, the current cost of reproducing or

replacing a building, and the value that the property's net earning power will support are the most important considerations in the valuation of real estate property.

What services do appraisers provide?

In addition to residential and/or commercial appraisals — and depending upon an appraiser's designation and qualifications — he or she can provide/assist with some or all of the following:

- Estate planning and estate settlements
- Tax assessment review and advice
- Advice in eminent domain and condemnation property transactions
- Dispute resolution — including divorce, estate settlements, property partition suits, foreclosures
- and zoning issues
- Feasibility studies
- Expert witness testimony
- Market rent and trend studies
- Cost/benefit or investment analysis, e.g., financial return on remodeling
- Land utilization studies
- Supply and demand studies

When hiring an appraiser, what types of questions should I ask?

The following questions would be appropriate:

- What professional designations do you have and from whom?
- Are you licensed or certified in the state in which you live?
- How long have you been in practice?
- What level of experience do you have in this particular market and with this type of property?
- Are you familiar with property in this neighborhood?
- What types of clients have you had (homeowners, estates, lenders, relocation companies)?

Why should I hire a member of the Appraisal Institute?

Appraisal Institute Designated members have completed stringent educational requirements, have considerable professional experience, and adhere to standards of professional practice that exceed those required by state or federal law. Moreover, members' required participation in continuing education programs — including those that emphasizing the most-up-to-date valuation techniques — make Appraisal Institute Designated members the preferred source for reliable appraisal services.

How can I find a local appraiser?

Go to the Appraisal Institute's Web site at www.appraisalinstitute.org and click "Find An Appraiser."

How can I learn more about the appraiser profession or the Appraisal Institute?

To interview an appraiser, or for any other media inquiries, contact Director of Communications Ken Chitester at 312-335-4290 or kchitester@appraisalinstitute.org.