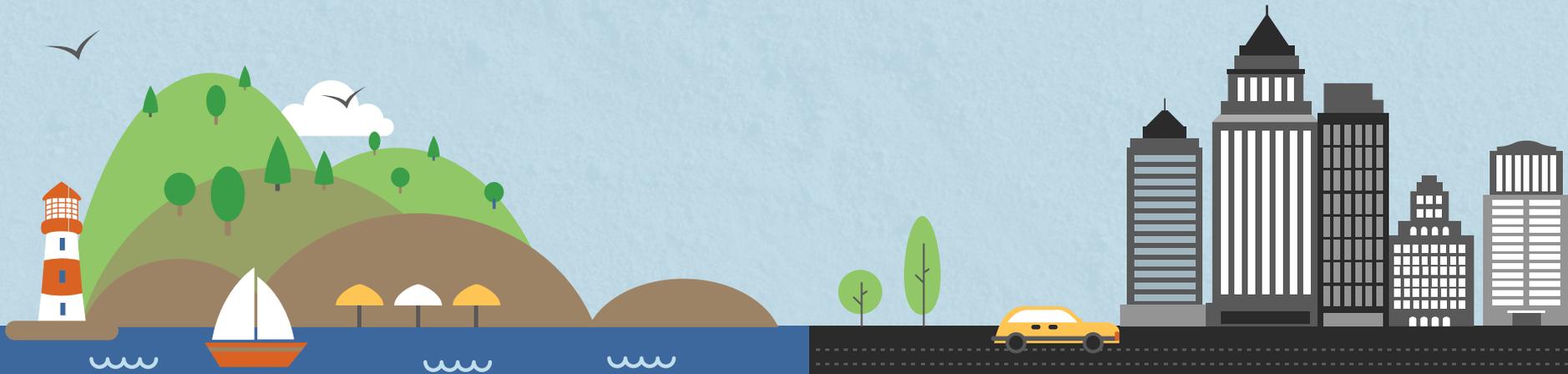


# Valuation Matters:

The Role of Real Estate Appraisals In  
Divorce, Estate Dissolution and  
Asset Valuation



# Robert Palmer



Appraiser



Rock Star





An *appraisal* is a professional, unbiased, and well opinion of the market value of a property at a specific point in time.

- supported

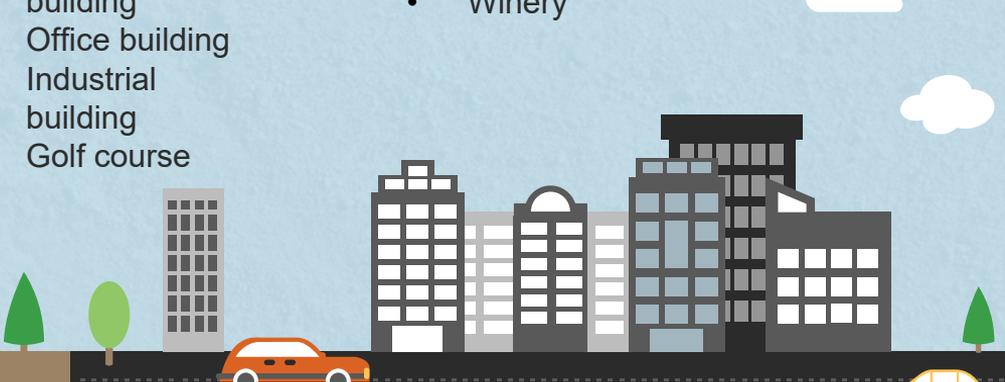
Appraisals are often required to resolve disputes, ensure fairness, and meet legal requirements in divorce, estate dissolution, and donation cases.

## Property Types

### Residential

- Single - family houses
  - Condominiums
  - Duplex, triplex, quadplex
- 
- A stylized illustration of a residential landscape. It features a small orange house with a white roof and chimney on a green hill. In the background, there are brown mountains with white snow-capped peaks and several green trees. The sky is light blue with a few white clouds.

### Commercial

- Shopping center
  - Apartment building
  - Office building
  - Industrial building
  - Golf course
  - Church
  - Ski resort
  - Brewery
  - Winery
- 
- A stylized illustration of a commercial cityscape. It shows several tall, grey buildings of varying heights and styles. In the foreground, there is a road with a dashed white line. An orange car is driving on the road, and a yellow car is also visible. There are a few green trees scattered throughout the scene. The sky is light blue with a few white clouds.

# Methods Used to Value Real Estate

## Cost Approach:

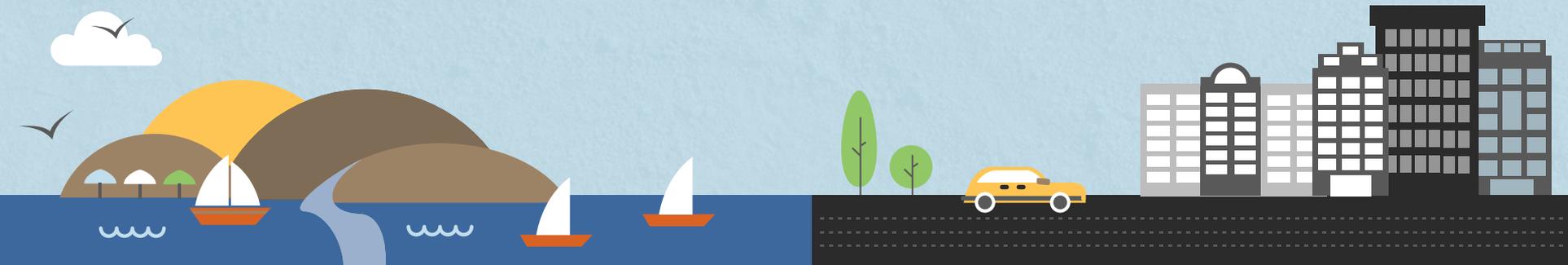
This method is useful when a property is unique or there are limited comparable sales. It estimates the cost to replace the property minus depreciation.

## Income Approach:

More relevant in cases involving rental properties or investments, where the focus is on the potential income the property can generate.

## Sales Comparison Approach:

The most commonly used method for residential appraisals. This approach compares the subject property to similar properties that have recently sold in the same area.





# Standards and Ethics

- **Uniform Standards of Professional Appraisal Practice (USPAP)**      The purpose of the Uniform Standards of Professional Appraisal Practice (USPAP) is to promote and maintain a high level of public trust in appraisal practice by establishing requirements for appraisers.
- **Appraiser Independence**
- **Role of Appraisers in Legal Proceedings**





# Uniform Standards of Professional Appraisal Practice (USPAP)

## CONDUCT:

- An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests.

## An appraiser:

- Must not perform an assignment with bias;
- Must not advocate the cause or interest of any party or issue;
- Must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions;
- Must not communicate assignment results with the intent to mislead or to defraud;
- Must not perform an assignment in a grossly negligent manner.



# The Valuation Process

- Data is key
  - All real estate is local
  - Markets cluster in price - tiers
- Property types
  - Complex property types, shelter, life - style, second - homes
- Comparable selection and analysis (can be used to skew results)
  - How values are over/under - stated
- Errors of Omission/Commission
  - Omission – neglecting to do something that is necessary.
  - Commission – taking action by an appraiser that is incorrect or contrary to generally accepted appraisal practices
- What does the appraiser do when there is limited data available as of the effective date of the appraisal?
- Opinion of value

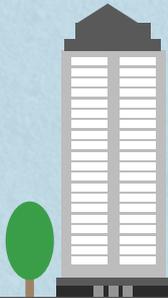




# Divorce and Property Division

## Valuation of Primary Residence

- Order received
  - Who is the client?
  - The effective date of the appraisal is confirmed
- Pre - inspection research
  - Ascertain complexity/Scope of work
  - Quote fee
  - Prepare engagement document
- Inspection is scheduled
  - Full fee is due by or before the inspection
  - In best case scenarios, each party pays  $\frac{1}{2}$  of the fee and the report is prepared for both parties and their respective counsels.
- Inspection
  - Who is present
  - Hostile scenarios





# What happens when the counter party gets their own appraisal?

- The most effective defense is mounted when we have access to the other appraisal.
- Draft Rebuttal Document
  - A well written rebuttal reduces the probability of testifying.
  - The rebuttal analysis establishes potential trial questions for testimony.
  - The analysis tone will always be directed at the data and to the counter - party appraisal.
    - J u s t t h e f a c t s
    - P h o t o s , p h o t o s , p h o t o s



# Trial

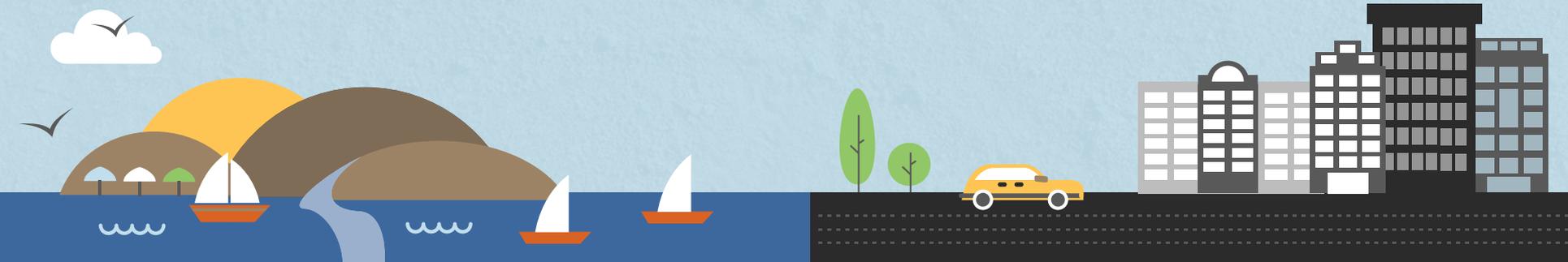
- Preparation
  - Review my appraisal, counter document, work files. - party appraisal, rebuttal
  - Review any newly available information.
  - Automated Valuation Models (AVMs)
- Discuss this information with you
  - Understand if there is anything that you want me to know with respect to the property value within the overall case.
  - Establish potential areas of questioning.





# Appraisal Presentation

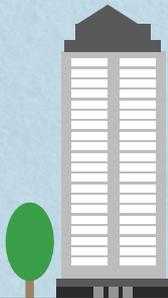
- Appraisal forms
  - Most forms are designed for and contain certifications that are designed for the mortgage industry
- Narrative reports





# Property Donations and Charitable Contributions Appraisals

- IRS Requirements for Property Donations
- Qualified Appraisers and Deductions
- Valuation Process for Donations
- Valuation Date
- Required language
- Specific definition of value





# Estate and Asset Dissolution Appraisals

- Estate planning or probate
- Valuation date
- Estate tax liability
- IRS appraisal requirements followed





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ID State Certified Appraiser

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