

## COMMERCIAL & RESIDENTIAL SERVICES OFFERED

- Casualty loss analysis
- Condemnation valuation
- Courtroom testimony
- Estate settlement valuation
- Investment & market analysis
- Market & feasibility studies
- Mortgage financing analysis
- Real estate tax appeal
- Site location analysis
- Value mediation
- Low income tax credit analysis

*Appraisal Group Inc. was formed in 1979 as a Virginia Corporation to serve the needs of a broad spectrum of clients concerned with the valuation and/or evaluation of interests in real estate. Over the past 30 years, our clientele has expanded to include major law firms, financial institutions, City, County, State, and Federal Government agencies, private investors, corporations, and non-profit organizations. Appraisal Group, Inc. is one of the most recognized real estate appraisal firms in Central Virginia with offices in both Charlottesville and Richmond. Our guarantee is to perform evaluations in a timely, courteous, and efficient manner.*

*Thank you for the opportunity to be of service.*

# Residential

# Inspection Package

*People Helping People  
Realize Value*

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**APPRAISAL GROUP, INC**  
Real Estate Appraisers and Consultants



## *Real Estate Appraisal*

A real estate appraisal is the unbiased evaluation of a property to determine its market value based on past and current sales prices, rents and leases, and building and construction costs. Lenders typically require an appraisal of real estate before offering financing to a borrower to set the collateral value for the property and assist the lender in making sound lending decisions. Appraisers are required to maintain a license or certification with the state, which involves extensive training and continuing education classes. Appraisers are also required to follow codes of professional ethics and standards of professional practice.

### *Market Value*

Market value is the most probable price for which a property should sell after reasonable exposure in a competitive market with a willing and knowledgeable buyer and seller and assuming a fair and normal sale with no undue pressure upon either party. Homes can often sell above or below market value due to special circumstances, such as a special relationship or an agreement between buyer and seller.

Market value is determined by three valuation methods: cost, sales and income approaches. The **cost approach** involves estimating building cost and deducting for wear and tear, design flaws or location problems. The value of the land is then added to the building cost. This approach is less reliable in older homes. The **sales comparison approach** is most commonly utilized and compares the subject property to the most similar properties that have recently sold. A value indication is then determined by adjusting for differences, such as square footage, condition, location and features. The **income approach** analyzes the value of a property based on its ability to produce rental income and is seldom used in appraisals of single family residences.

### *Tax Assessment*

Tax assessment value does not always represent the current market value of a home due to a lag in the evaluation by the assessor and the actual reporting of value. An assessor also does not inspect a property on the interior and may be unaware of interior features or condition.

### *Cost of Building/Renovating*

Adding to or renovating an existing home will most likely increase the property value. However, **the cost does not always equal the value added to the total property value**. It depends on the area, market demand, labor costs, quality of construction and workmanship. The same applies to building a new home. In newer subdivisions, builders will often offer buyer incentives in the form of upgrades to finishes and features to increase appeal to potential buyers. This prevents the builder from holding the property for an extended period of time and paying carrying costs associated with prolonged marketing times.



## *Market Conditions*

There are no two properties or two neighborhoods that are exactly alike. In one neighborhood, values may be increasing while a neighborhood around the corner may be experiencing decreasing property values. Even within the same neighborhood, different types of properties may indicate different values. For example, one-story houses may be more in demand than two-story houses. Foreclosures in a neighborhood may also bring home values down. Supply and demand and market conditions are constantly changing causing value to increase or decrease. In a fairly stable market, **an appraisal should be valid for 60 to 90 days**. After that time, or if any changes have been made to the property, a new appraisal will be required to determine current market value.

### *Appraisal Process*

Depending on market activity, the total process from receiving the order to delivering the completed report typically takes approximately one week, more during busy times. Once the order is received by the appraiser, the property contact should expect a call within 48 hours to schedule the inspection. **The inspection involves a physical inspection of all interior walkable areas, taking pictures of the interior and exterior of the home, measuring, and identifying any problem areas**. While an appraiser can identify cosmetic and minor visible issues, an appraiser should not be mistaken for a home inspector.

Appraisers may request input from the homeowner, if available. Homeowners can provide helpful information regarding recent updates to the property and other pertinent information. After inspecting the subject property, the appraiser then determines what recent sales in the subject area are most similar to the subject based on public records and the local real estate listing service. The appraiser then inspects the comparable sales (usually 3-5) from the street and completes the written report and analysis.

The subject is compared to the recent sales and the sales are then adjusted based on differences. For a superior quality, the sale is given a negative adjustment; a positive adjustment is given for an inferior feature or characteristic. The adjusted sale prices are then used to determine the market value. Characteristics that may affect the value of a property are lot size and location, condition, basement finish, fireplaces, garages, porches, number of bathrooms, style, etc. This is the sales comparison approach.

After review, a final copy is submitted to the appropriate person. **The appraiser cannot issue copies of the appraisal to anyone other than the client who ordered it.**