

Common Appraisal Report Discrepancies

Some of the common discrepancies found in appraisal reports include:

- Wrong name; report lists the seller's name as the FSA client-applicant.
- Wrong county office listed as the user.
- Wrong legal address/location. This is typically a typographical error but it must be corrected.
- Wrong property appraised. Applicant and seller provided the wrong legal address/ location, so the wrong property was appraised. When we have to reorder an appraisal (for the correct legal address/location), we often end up spending two times what we should be for the appraisal.
- Math wrong. These types of errors are typically found in narrative reports where the appraiser does his or her own math. Most form reports have correct math formulas.
- Appraisal attachment states that no other adjustments are needed, but then lists another adjustment. All statements must be consistent.
- Mineral rights statement not included.
- Engagement letter or appraisal request form not included in the report. This is required by USPAP to be included.
- Sales data does not include the book and page of the transfer, as recorded at the county assessor.
- Adjustment incorrect. Land adjustment shown as a negative, but the subject has a higher soil rating. Note: if the subject is superior to the comparable, then the adjustment should be positive; if the comparable is superior to the subject, then the adjustment should be negative.
- Income (capitalization) approach was not included. Remember, the appraiser must clearly state the reasoning/justification for excluding any valuation approach/analysis.
- Appraiser included a building he or she was told not to include in the appraisal report.
- Appraiser includes the wrong license number; uses one from previous year.
- Appraiser forgot to include bank as the intended user.
- Appraiser shows number of acres of the subject differently in different sections and pages of the appraisal report.
- Appraiser does not have enough comparable sales. USPAP states that three sales is the minimum; in some areas, this may be all that is available. Regardless, the appraiser must explain the search for sales data in the scope of work. Considering four or five comparable sales is considered adequate.
- Use of unclosed sales. These are acceptable if they are near closing (within 30 days); if they are not the majority of sales used; and if the appraiser includes sufficient information on who, where, and when the closing will be final.