

# Items of Value, Inc.

A Full-Service Appraisal and Estate Sale Firm

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## Choosing the Right Appraiser

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The role of the appraiser in evaluating items of personal property has traditionally been crucial to numerous types of property transactions. While attorneys often require the services of an appraiser, it is sometimes difficult to determine who is best qualified to render an accurate opinion in a particular case. In order to make a more educated decision, it is necessary to know exactly what you will require by way of an appraisal, as well as which qualifications are important in selecting the right appraiser.

There are two key points to consider in selecting an appraiser to meet your specific needs:

(1) First and foremost, locate an appraiser who is qualified to appraise the particular *types of items* you need valued. A particular appraiser may be qualified to appraise fine art but not antique furniture. He or she may be an expert on silver but not Oriental rugs. An appraiser may know antiques but cannot appraise the entire contents of a house including contemporary and depreciating items. He or she may not be able to appraise business equipment.

(2) Secondly, verify that the appraiser is qualified to provide the *specific type of appraisal* you need. Attorneys and their clients require different types of valuations: replacement value, fair market value, and selling or liquidation price ranges. The type of valuation needed depends on whether the appraisal

is for insurance coverage, damage, theft, loss, estate planning, estate settlement, divorce settlement, inheritance tax determination, charitable donation, collateralized loan, estate or bankruptcy liquidation, or simply a public or private sale of items to raise cash.

Attention to these two guidelines will help you to find the most appropriate appraiser to meet your particular needs. It will not however, help you to verify the qualifications of an individual who claims to be capable of providing the right appraisal. Many attorneys are not aware of the criteria that should be used in determining the qualifications of an appraiser. The most common error attorneys make is selecting an appraiser for *apparent* versus *real* qualifications. This immediately jeopardizes both the attorney and his client. The following are common "pitfalls" which should be avoided:

(1) Selecting an appraiser because he or she is a member of a publicized society or association of appraisers is no guarantee of the individual appraiser's qualifications for the specific services you need. Appraisers may be well qualified in some areas but not in others. It has been well established that some appraisers who are members of well publicized appraisal associations will sign their name to an appraisal which is beyond their areas of expertise. They overextend themselves and end up furnishing appraisals

that miss the mark on identification, description, or valuation – three major components of appraising. On the other hand, many independent appraisers and art/antique dealers who are not members of a trade association are nevertheless qualified to do appraisals within their range of expertise. As long as a dealer does not create an obvious conflict of interest (such as providing an appraisal in conjunction with an offer to purchase the item), such an appraisal is perfectly sound. Insurance companies, federal and state government agencies, museums, banks, and law firms regularly use appraisers who are qualified to do the appraisals needed and who are not members of the most publicized appraisal organizations.

(2) An appraiser who holds himself out as "certified" or "licensed" is not necessarily any more qualified than one who is not. There is no certifying board or examination for appraising as there is for an attorney or CPA. There is no licensing for an appraiser, other than a professional business license, which is obtained simply by declaring oneself in business. There is no federal requirement for an appraiser to be certified. In short, a membership certificate from a publicized appraisal association guarantees nothing. The closest thing to a guarantee is attained by asking detailed questions of an appraiser's qualifications and by talking to references. Also remember that fancy business letterheads, professional

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codes of ethics, and notarized signatures do not guarantee a reliable appraisal.

(3) Selecting an appraiser who “comes highly recommended” may be shortsighted if this recommendation is based on appraisals of different types of items than you or the present client need. The appraiser may also be less readily able to provide the type of appraisal service you need. Again, it is in the best interest of the attorney to match the appraiser with the specific appraisal needs.

The best way to determine whether an appraiser is capable of providing you with the information you need is to talk to the appraiser directly and solicit references on their background and previous appraisals. Verify qualifications of work experience, methods of evaluation and research, form and content of the completed appraisal. Also, ask questions to evaluate an appraiser’s experience in providing courtroom testimony that may be needed, or how the appraiser’s work holds up under scrutiny by insurance companies or the Internal Revenue Service.

Ask the appraiser how he or she formats the appraisal and whether he or she provides detailed photos you may need. In most cases, a replacement value appraisal should be sufficiently detailed to enable the reader to uniquely identify each item appraised. Good photographs are desirable for insurance appraisals and claims as well as for estate planning. They permit accurate identification and further substantiate the condition and value of each item if questions arise later. Ask whether the appraiser has worked on insurance claims or fraud cases. Confirm that the appraisal is well organized and suf-

ficiently detailed for such purposes.

In addition, determine the entire range of services you need and ask the appraiser if he or she provides adjunct services, such as the sale of items or liquidate property. Can he arrange a public or private sale? Can he find buyers for personal property, as well as the computers, office furniture or merchandise belonging to a company? Can the appraiser arrange for repair of items? For example, can the appraiser have a painting cleaned? Can he have a damaged piece of furniture or a stained rug restored? Can he obtain bids to replace a broken stained glass window or repair a ripped tapestry or sofa, or recommend a moving company to carefully pack and transport items? Some appraisers are able to help you or the client in these additional ways.

Finally, ask about turnaround time and fees. Have the appraiser pledge to meet your deadlines. Be sure the appraiser will commit to complete the job he or she is hired to do. Fees are charged variously. Fees figured as a percentage of appraised value should be suspect. This leads to questioning whether the appraiser has made high valuations in order to earn a higher fee. Moreover, the IRS prohibits such fee charging practices for charitable donations. A flat fee per item is more readily calculable. Drawbacks of this charging practice are that some items take longer than others to describe or research, so the total charge may be relatively high depending on the categories of items being appraised or the type of appraisal requested. Fees charged by the hour are the fairest and promote the most dedicated work by the appraiser, just the same as attorneys usually charge. Discuss this with the appraiser be-

fore he or she begins work to decide which arrangement is most suitable for you and your client.

In searching for an appraiser, ask other attorneys for recommendations, check the yellow pages of the telephone directory or the listings in the Desktop Directory published by The Legal Resources Group, Inc. Libraries, banks, museums, and antiques or fine art dealers may also offer recommendations as a starting point. By spending the time to match your needs with the appraiser’s qualifications, you can avoid numerous legal and financial problems down the road. Interview the appraiser in person or by phone, question his or her qualifications for specific types of items and types of appraisals, and by all means, contact references.

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