SCBA Family Law Section March Luncheon

APPRAISAL REVIEW FOR ATTORNEYS BY JACK YOUNG, ASA, CPA

The Family Law section’s April speaker was Jack Young, ASA, CPA. When Jack was 15 years old, he went shopping for a truck. He found a pair of junked 1952 Chevy pick-ups and over the course of a summer, he transformed them into one functioning truck. Jack’s inventiveness and persistence have been a trademark in his career as well. He went to college to study agriculture and emerged with a degree in accounting. Years after his first accounting position with the international firm KPMG, he was running an auction company, where he discovered the equipment appraisal industry. He quickly earned accreditation and opened his current business, NorCal Valuation.

A few years ago, he earned additional accreditation in Appraisal Review and Management and has since become one of the leaders in the field. He is a past president of the northern California chapter of the American Society of Appraisers, serves on the ASA committee for international appraisal review and management and appraisals equipment and machinery throughout California. He also wrote and continues to teach the appraisal review and management accreditation classes being offered by the ASA.

Jack’s April presentation was essentially a primer as part of a two-part presentation that will be continued at the May luncheon. During Jack’s April presentation, the subject matter concerned the fundamentals of appraisal and what attorneys should be looking for in any appraisal in order to assess its reliability and any potential weaknesses in the appraiser’s analysis. The May luncheon, in turn, will be more narrowly focused on specific areas of appraisals including business valuations, real estate valuation and jewelry appraisals. The overall theme however remains the same: To demystify the appraisal process so practicing attorneys can understand the strengths and weaknesses of valuation opinions.

The current standard for appraisals generally are described in the Uniform Standards of Professional Appraisal Practice or “USPAP,” the purpose of which is to promote and maintain a high level of public trust in appraisal practice by establishing their analyses, opinions, and conclusions for intended users of their services. What does this mean in plain English? Every credible appraisal must include the following basic components: a) Opinion of value; b) It must be Understandable to the intended user; c) It must be based on Objective facts; d) It must be Logical; e) It must provide a Specific Date on which the asset is valued; and f) It must state its Specific Intended Use. Additionally, the USPAP itself provides at standard 3-3a a diagnostic lens through which appraisals can be assessed including the following five factors: 1) completeness; 2) adequacy; 3) accuracy; 4) reasonableness; and 5) relevance. It is through this lens that attorneys should be scrutinizing all appraisals regardless of the subject being valued.

So having explained how appraisals should look when they hit the attorney’s desk, Jack then went through some real world examples of problematic appraisals, including the most common deficiencies in appraisals. These common deficiencies include the following:

1) How to review a “One Sheet Wonder”
including values but no narrative – These sheets are common and problematic, and the attorney needs to be able to understand the basics of valuation to get behind the value and determine its validity. Applying the above appraisal basics, the attorney should be asking at a minimum the following: a) What market were you assuming – retail, wholesale, private party, liquidation? What research did you do? What comps did you consider and not consider and why? What is your experience in appraising assets of this nature? As of what date were you appraising this asset – date of separation? Current? Some other date? Etc.

2) Appraisal Not Prepared for Appropriate Purpose – A perfectly valid appraisal can be meaningless if used for the wrong intended purpose. Consider a jewelry appraisal where mark-ups can be extraordinary. A “replacement value” appraisal would arguably be meaningless in a family law context, yet the appraisal’s value may be perfectly valid for a different purpose.

3) Poor Property Descriptions – Jack stated that one of the most common appraisal issues he sees is that the subject property’s description is incomplete and inadequate, thus preventing another appraiser to reach the same conclusion. Attorneys need to ask the appraiser whether he or she actually inspected the property in issue, as failing to do so raises significant reliability issues with the appraisal.

4) Other Common Appraisal Problems – There are of course myriad ways that appraisals can go awry. Jack provided the following 15 (unranked) most common appraisal errors: a) Certification statement not signed; b) claimed compliance with a specific standard when not actually compliant; c) conclusory minimal analysis without adequate support for conclusions; d) failure to connect the opinion value with the supporting evidence; e) no support for adjustments; f) disregarding available market data with no explanation and/or cherry-picking market data; g) careless use of boilerplate; h) failing to clearly identify the “appraisal problem” including the effective date, intended use, etc.; i) vague scope of work; j) appraiser bias; k) exaggerated qualifications; l) assumptions not listed; m) incorrect type of value or market; n) no authoritative definition of value; o) math and grammar errors.

Appraisals can seem intimidating to an attorney forced to delve into an area where he or she may have minimal or even no knowledge. But knowing and understanding the building blocks for any appraisal allows the attorney to develop at least a basic sense of the reliability of the appraisal he or she is receiving. Ultimately, when you are presented with the opposing party’s appraisal, you will likely want to consult with your own appraiser for a second opinion. Before making that call, however, competent attorneys need to take some time to ensure they know what questions to ask.
Best Ball - Team Scramble - All Skill Levels

Space is Limited
REGISTER TODAY!

Sacramento County Bar Association
Golf Tournament
Friday, May 19, 2017
Haggin Oaks Golf Complex
Lunch and Awards Dinner with Silent Auction
11:00am Registration / Lunch
12:30pm Shotgun Start

The Court is Seeking Volunteer Attorneys
If you are experienced with Domestic Violence Restraining Orders, the Court needs your help.

The Sacramento Superior Court offers Domestic Violence Restraining Order Workshops on Mondays, Wednesdays and Fridays at the Family Relations Courthouse from 8:45 a.m. until noon. The restraining order process is daunting for those unfamiliar with it. The workshops are intended to increase participants’ awareness of how the legal process works and how to correctly complete the forms so that they can make informed decisions while representing themselves.

Volunteer attorneys help participants by explaining the restraining order forms as participants prepare them for same day filing. In addition, participants learn about the legal process, get their questions about the forms and process answered and obtain additional resource information. Volunteer attorneys must have experience with the domestic violence forms and process. Legal advice is not permitted in the workshops. If this volunteer opportunity is of interest to you, please contact Nicola Wood at woodn@saccourt.ca.gov. Thank you.
LARRY NICHOLAS, PH.D.

Psychological consultation to attorneys in family law cases:
- review of EC 730/FC 3110/3111, and mediation reports
- coaching and consultation to litigants and attorneys
- expert witness/rebuttal witness/depositions and testimony
- assistance with questioning mediators and evaluators
- providing feedback to clients to help settle cases

Phone (916) 448-3822 • Fax (916) 448-1341
email: lmnickolas@sbcglobal.net

ANNOUNCEMENTS

OFFICE SPACE IMMEDIATELY AVAILABLE: We have two (2) large window offices and one (1) smaller window office (with ample secretarial and file cabinet space) for lease at 700 University Avenue. Available immediately. Large kitchen and conference room (seats 12). Client and/or telephone receptionist and full service copier/scanner available at reasonable cost. Gated underground parking. Share suite with 2 other attorneys (family law and probate/estate planning) and 3 staff. Current furnishings (cherry desks, credenza and lateral file cabinets) available for purchase. Perfect for solo practitioners or small law firm. Contact Margaret Walton at 916/924-9800.

Office Space for Rent with one or two private offices including space for paralegal with shared conference room, kitchen and reception area. Great quiet convenient central location in a well maintained building. Family Law Center, 1722 Professional Drive, Sacramento 95825 (off Arden Near Watt Avenue) or contact Carol Delzer 916.488.5088 carol@FamilyLawCenter.US.

SACRAMENTO COLLABORATIVE PRACTICE GROUP (SCPG) is presenting a Two-Day Basic Interdisciplinary Collaborative Training (April 27 – 28, 2017) in Redondo Beach, California. This training will introduce each participant to the theories, practices and skills needed to begin a collaborative practice. For more information, contact Lindie Newlin or Hal Bartholomew at (916) 455-5200 or email LindieSCPG@DivorceOption.com.

Office Space For Lease - Available March 1, 2017. Three (3) large window offices and two (2) smaller window offices (with ample secretarial and file cabinet space) for lease at 700 University Avenue. Available March 1, 2017. Large kitchen and conference room (seats 12). Client and/or telephone receptionist and full service copier/scanner available at reasonable cost. Gated underground parking. Share suite with 1 other attorney and 2 staff. Current furnishings (cherry desks, credenza and lateral file cabinets) available for purchase. Perfect for solo practitioners or small law firm. Contact Margaret Walton at 916/924-9800.

Whitaker & Associates, Inc.

Christopher F. Whitaker
CPA, ABV, CFF, MBA, MST

2222 Watt Ave Suite D-5
Sacramento, CA 95825
www.dcfamilyconnections.com
delliott@dcfamilyconnections.com

Linda J. Conrad
Attorney at Law
Certified Appellate Specialist

norcalappeals@gmail.com
www.norcalappeals.com

1401 21st Street, Suite 400
Sacramento, California 95811
(916) 431-0229
(530) 756-9542