

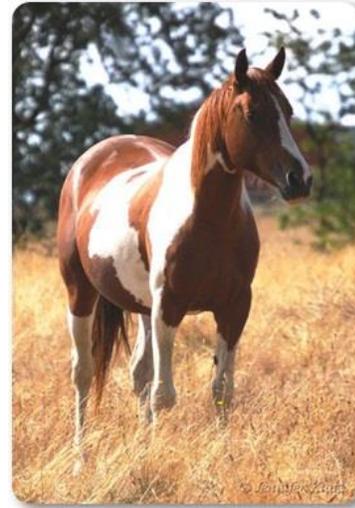


CHOOSING THE RIGHT ANIMAL APPRAISER

By Tracy L. Dopko, Senior Equine Appraiser

Animal owners are often in need of an appraiser, whether it be for taxation purposes, insurance or a pending lawsuit. What most consumers do not realize is that not all appraisers are created equal.

The first thing to understand is that appraising animals falls under personal property appraisals. Unlike the real estate appraisal industry, appraising personal property is an unregulated profession which leaves the consumer with the burden of determining whether the appraiser they engage is qualified. A qualified appraiser is knowledgeable about the item being appraised and trained in appraisal theory, the principles of valuation, ethics and law. Qualified appraisers should have also taken the Uniform Standards of Professional Appraisal Practice (USPAP) course and made sure to familiarize themselves with updated USPAP guidelines published every two years. It is advisable to request a copy of the appraiser's credentials before hiring a personal property appraiser. But what else should you be aware of when looking for an animal appraiser?



Three Categories of Appraisers

Agricultural & livestock appraisers fall under three different categories – uncertified, accredited and senior appraisers.

The first category is uncertified appraisers. This category includes appraisers who do not hold a current license or membership with an appraisal organization and have never taken any appraisal courses. This category also includes appraisers who have lost their certification or appraisal license due to unethical or poor appraisal practices or who have failed to meet the requirements of their appraisal licensing organization.

The second category is accredited appraisers. This category includes entry level appraisers. It should be noted that there is no mandatory continuing education or courses required for accredited appraisers. All courses and continuing education are done on a strictly volunteer basis. So while an accredited appraiser may hold a valid and current appraisal membership, it does not necessarily mean they have completed all of the courses and programs set out by the appraisal organization.

The third category is senior appraisers. This category includes accredited appraisers who have also successfully completed an appraisal society's professional appraisal courses (minimum of 105 hours), have met the Appraiser Qualifications Board's (AQB) Personal Property Appraisal Minimum Qualification Criteria (minimum 700 appraisal hours), completed the 15-hour Uniform Standards of Professional Appraisal Practice (USPAP) course and is an appraisal member in good standing with their appraisal organization. Senior appraisers are encouraged to meet the AQB Criteria's continuing education requirements every five years to maintain their senior appraiser status, but is not mandatory and some appraisal organizations do not police or keep track of when





their senior appraiser members are due for upgrading or renewal. It is important to note that accredited and senior appraisers have taken an oath to follow appraisal guidelines, which are used for developing and writing appraisals and focuses on ethics, confidentiality and performing diligent research and investigation using economic principles and practices.

Membership Is Not A Guarantee

Membership in a professional appraisal association is important because it shows that the appraiser is involved with the profession, has peer recognition, has access to updated information, and is subject to a code of ethics and conduct. That being said, it is important to note that there are many appraisal organizations that do not require members to take courses and pass tests before being admitted as full members. As well, there are appraisal organizations that require new members to complete their programs and courses in order to obtain membership, but then do not require any continuing education courses to be completed in the future. As a result, many of these appraisers have outdated appraisal information from years past due to not updating their skills and education on a regular basis. In turn, this can have a negative effect on the outcome of an appraisal, especially one required for litigation.

If the appraiser claims membership in a group that trains and tests its members, be sure to ask if this appraiser has personally gone through the training and testing. Some organizations have “grandfathered” members into high member status without testing them. Grandfathering means allowing members to retain their titles and status if they joined before new rules or testing standards were required.

Continuing education is important for appraisers. Procedures and regulations are always changing. Because of this, reputable appraisal organizations will constantly update, expand, and rewrite its courses to ensure that its members will perform the work you need with knowledge of all of the latest professional standards.

As a result, when hiring an appraiser, it is important to ask what kind of continuing education and courses an appraiser has taken as well as when they were last taken. As markets are constantly changing, it is important that an appraiser keep themselves current. The burden is on the consumer to evaluate an appraiser's qualifications.

Different Animal Species and Breeds

When searching for an appraiser, it is important to find one who is knowledgeable about the species and breed of animal you need appraised. Just as a doctor may specialize in one area of the human body (i.e. dentistry, cardiology or dermatology) or a lawyer may specialize in one area of law (i.e. criminal, family or contract), many personal property appraisers will often specialize in specific types of property. Other appraisers will have a diverse background and offer appraisals for multiple types of property. For example, if you need your prize winning Holstein cow appraised for insurance purposes, you are likely not going to hire an appraiser who only specializes in art & antiques, as this can affect the final valuation of your cow if the appraiser has limited knowledge in regards to cattle and Holstein bloodlines.





No appraiser should claim expertise in all matters related to personal property and should be up front with potential clients if they are in unfamiliar territory. A good appraiser knows their limits, and is expected to consult with other experts when necessary, or may recommend another qualified appraiser who can fulfill your needs if the animal species or breed falls outside of their own expertise. Once again, it is up to the consumer to ask questions and make sure the appraiser they hire is experienced and knowledgeable in regards to the animal they will be appraising. Do not be afraid to ask for the appraiser's resume, background and references.

Litigation Experience

In order to adequately write an animal appraisal report, it is critical that the appraiser understands the value of the animal they are appraising, as well as be aware of the current market and the condition of the overall economy. This becomes even more important if the appraisal is needed for an ongoing court case or litigation. In some situations, parties involved in a lawsuit are unable to negotiate or settle and must proceed to court. It then becomes crucial that the appraiser you hired to perform your appraisal is able to testify as an expert witness in court and is also able to testify in regards to the appraisal report they completed. Before choosing the right appraiser for litigation purposes, there are a few important questions that should be addressed;



- Does the appraiser conduct themselves and their business in a professional manner?
- Do they speak well on the phone and use proper punctuation and spelling when conversing with you through email?
- Does the appraiser have any courtroom experience?
- Have they previously been sworn in as an expert witness in court?
- Do they have the confidence to sit on a witness stand and argue the valuation they put on an animal and explain why to the court?
- Does the appraiser have the proper or adequate credentials for the case at hand?
- What makes them an expert to testify as an expert witness in regards to the animal(s) involved in the litigation?
- Will they be able to confidently argue the valuation in mediation if opposing counsel hired their own appraiser who comes up with a different valuation?
- How many and what types of animals has the appraiser appraised in total?
- What is their background or experience with the species and breed of animal(s) you need appraised?
- Are they willing to provide you with references that can attest to their competency in the courtroom?
- Are they willing to testify if your case is forced to trial, and if so, what are their fees for travel expenses and preparing and testifying at deposition or trial?

It is important to realize that if an appraisal is needed for litigation and involved a healthy, living animal, in many cases, it is recommended that you have an appraiser who can view the animal in person. There are certain types of appraisals and litigation scenarios that do not require the animal(s) to be seen in person. For example, if both parties agree to jointly hire





the same appraiser and agree that the appraiser does not need to travel to see the animal in person, as long as the appraiser is properly following USPAP guidelines and adequate photographs and video are provided, this is a scenario in which an on-site inspection may not be required for litigation purposes. Of course, in situations involving a stolen or deceased animal, or an appraisal needed for a specific date in the past (retrospective appraisal), an on-site inspection may not be possible or necessary. Regardless of the situation, it is always best to discuss options with legal counsel.

While there are successful animal attorneys in the industry, most attorneys hired for animal court cases have little to no knowledge in regards to the species or breed. The appraiser you choose is often asked to educate your attorney, and if need be, the judge as well. This is part of their job as an expert witness in the courtroom. As a result, not only does an appraiser need to be professional and have excellent verbal and teaching skills for the courtroom, their appraisal reports must also be professional, organized, comprehensive, error free, readable, easy to follow and easy to understand.

Appraisal Fees

Appraisal fees can vary significantly from appraiser to appraiser and from case to case. For obvious reasons, complex cases involving litigation or multiple animals will be costly compared to appraising one animal for insurance purposes. In my years as an appraiser, I have seen different appraisers charge anywhere from \$150 to \$1,500 for the same product. It is important to remember that the higher valued appraisals are not necessarily the best appraisals.



If an appraiser is doing their job adequately, they can expect to spend a minimum of 10 hours appraising one animal. The more information the client provides on the animal or the more complex the case, the more hours spent. This may include researching the animal's pedigree, conformation and movement, performance record, training history, breeding history and offspring, veterinary records...and the list goes on. In regards to the appraisal reports I personally write, the client can expect to receive a minimum 20-page report. The more information I have to work with, the larger the report.

I am most often hired to do appraisal reviews, which involves critiquing an appraisal report done by another appraiser. The number one reason for appraisal reviews is due to the client feeling the previous appraisal report was either poorly done or inaccurate, or both. During one particular review, only 1 page was used to describe and discuss the animal in question. The report was riddle with spelling mistakes and grammatical errors. The effective date of the appraisal (the date the animal was to be valued as of) was incorrect, the name of the owners and their location was incorrect, no year of birth was included for the animal and the appraiser failed to research and include the animal's extensive training and show record. As a result, the appraiser grossly undervalued the animal in question. As a result of my findings, the owner was awarded additional damages and my report cost them less than the original appraiser's. In this instance, paying more money for an appraisal did not necessarily mean better!





Most appraisal organizations require appraisers to abide by their Code of Ethics from charging a fee based on a percentage of the value of the item being appraised. Hourly fees, flat rates, or per item charges are acceptable. Do not hire an appraiser who charges a percentage of the appraised value, or charges a "contingency" fee. These practices are clearly conflicts of interests and may result in biased values.

Conclusion

It is up to the consumer to do their due diligence and research to make sure the appraiser they choose is competent and up to date, not only on their appraisal education, but also in regards to the relevant industry and economy. Following the above guidelines will help prevent a bad experience with an unethical appraiser and help ensure you get the best appraisal report possible!

