

Why Being an Appraisal Expert Witness Can Be a Powerful Way to Leverage Your Skills

Should you consider becoming an appraisal expert witness? And if so, why?

One appraiser who has gone this route is Steven W. Craddock, CDA, HMS, the president and founder of AppraiseNC4U, Inc.

An appraiser for well over a decade who has extensive forensic real estate appraisal experience, he knows the expert witness opportunity well.



The bottom line? “Serving as an expert witness is an excellent opportunity for many appraisers,” he says.

For one thing, he notes, in the twelve-county region of North Carolina where he primarily works, the number of real estate appraisal expert witnesses is at best approximately ten percent of the total. And, he says, a similar ratio is fairly typical across the country. So if you are one of the handful of appraisers who take on this work, you will be in demand.

But how else can you define the opportunity for appraisers to serve as expert witnesses? Four benefits stand out:

- **Increased client flow:** Expert witness specialization brings more clients, adding a new segment to your prospecting pipeline.
- **Higher pay scale:** Your effective hourly rate when working as an appraisal expert witness is likely to be several times higher than your typical rate when working with third parties.
- **Challenging and satisfying work:** If you relish a challenge and

desire to be the best appraiser you can be, real estate appraisal expert witness specialization is an excellent path to hone and perfect your appraisal skills.

- **Ongoing need for your services:** Because so few appraisers are qualified to serve in this capacity and the need for this service is likely only to increase in the coming years, building up your proficiency in this sub-niche is an effective long-term strategy to bolster your client base and your bottom line.

More clients

Without clients, you have no business. So when an opportunity offers an additional source of clients—and high-quality clients, at that—it's worth at least considering.

First, you get an additional source of clients outside of the normal lending agency/AMC circles. This, in turn, gives you the added advantage of working more directly with your clients (typically, attorneys).

Furthermore, as your appraisal expert witness experience increases, your fellow appraisers will themselves send you more work.

One common example, says Craddock, involves divorce cases. Someone will approach an appraiser regarding the value of a property that's tied up in proceedings that are part of a divorce settlement. Now, the appraiser may be competent to perform the appraisal, but when they hear the couple mention that they're going to court in a few months, most appraisers would balk at having to testify on the witness stand. So they refer the appraisal to you, because they know you take on such clients.

Finally, as we'll see, these new clients pay at a higher rate than most typical appraisal clients.

Higher pay scale

Craddock says a good rule of thumb is this: if you calculate your effective hourly rate for your standard residential appraisal work, then it's reasonable to expect to be able to make three to five times that amount per hour when working as an expert witness.

For example, if you normally charge \$500 for an appraisal, and you spend on average ten hours preparing it, then your hourly rate is \$50 per hour. Therefore, you can likely make \$150-\$250 per hour doing the same work when offering your services as an expert witness.

As Craddock puts it, "Who wouldn't want to make three to five times as much per hour doing the same work?"

In addition to inspecting the property and writing up the appraisal itself, serving as an expert witness involves charging fees for time spent in court preparation, travel, and in the courthouse itself.

A worthy challenge

This may be one of the most important aspects to the opportunity for expert witness appraisers.

In Craddock's words: "If you always prepare yourself and your workfile as if you are going to go to court or before your state board, you'll be a better appraiser."

It's the ultimate test of your skills, thoroughness, and diligence. As Craddock observes, whereas only a small number of people will see the work you do for a typical appraisal, your work for courtroom purposes will be "highly scrutinized" by many experts. It is imperative for the appraiser to have all required evidence in their case file to *prove* the validity of all adjustments to the property in question. For example, if you have made a \$30,000 site adjustment to one comp, but not to the others in the report, you must be able to justify this—on the stand.

In other words, while an appraiser should always prepare each and every appraisal to the highest standards, including a fully prepared case file, serving as an expert witness forces you to do so. Otherwise, you could potentially face fines, possibly being found in contempt of court, or loss of your hard-earned prestige.

It is, then, an excellent way to perfect your appraisal skills—and feel the satisfaction that your work has stood the test before a court of law.

Ongoing need for your services

While specializing in a sub-niche that pays well and enhances your expertise and prestige may be appealing, it will not help you if it doesn't offer opportunities for you on a regular and profitable basis.

But, says Craddock, the need for expert witness appraisers isn't going away anytime soon. On the contrary, "Whether the market is up or down, this niche will always be there," he says. "Divorce, estate settlements, tax disputes—these are all ongoing opportunities for appraisers."

It's probably hard to overstate this point. Appraisers offer a genuinely valuable service when they offer their professional opinions and conclusions regarding a property's value. Courts are called upon to make determinations regarding the adjudication of these difficult scenarios, and to do so, they need the expertise that only qualified appraisers bring to the table. So, as long as the courts are in business, so are appraisal expert witnesses.

Finally, what are some of the best areas to begin looking at within this sub-niche? According to Craddock, three of the very best are in the areas of divorce (equitable distribution), estate settlements, and tax appeals. One way to look at this, he says, is to look at national trends and ask yourself if these three areas represent ongoing opportunities that can keep you busy for years to come, or if they are fleeting "blips" on the radar that will be gone practically overnight. And clearly, these three opportunity areas are going

nowhere anytime soon.

Getting started as an expert witness

So, how do you break into this specialty? Craddock says to begin with a strong foundation: you need to establish your competence as an appraiser before bringing those skills to bear in the courtroom. Next, begin to reach out and make connections with attorneys, court personnel, and fellow appraisers who can refer you for court-related work.

These connections will open the door at some point for you to perform an appraisal report about which you may have to testify in court at a later date. You would offer your services to appear and testify in court at the time of the appraisal order. However, you now come to a critical component of breaking into this field: *voir dire*, which is the process by which a court vets potential expert witnesses. Here, the court determines whether and to what extent you are eligible to serve as an expert witness appraiser.

Finally, once the court has determined that you are eligible to serve in this capacity and deemed you an expert witness, you can begin formally advertising your services, further growing your network and client pipeline.

Projects that force you to be the best appraiser you can be, a higher pay scale, more clients, and an ongoing source of these clients firmly rooted in national cultural and economic trends—being an appraisal expert witness offers all of this. If such benefits are appealing to you, it's an opportunity worth investigating.

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