

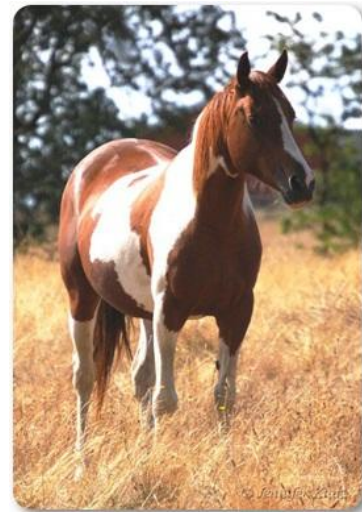


CHOOSING THE RIGHT EQUINE APPRAISER

By Tracy L. Dopko, Senior Equine Appraiser

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

The first thing to understand is that appraising horses 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 also have completed the Uniform Standards of Professional Appraisal Practice (USPAP) 15-hour course and take the 7-hour USPAP updating course 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 equine appraiser?



Three Categories of Equine Appraisers

Equine 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 equine appraisers. This category includes entry level appraisers. It should be noted that there is no mandatory continuing education or courses required for accredited equine appraisers. All courses and continuing education are done on a strictly volunteer basis. So, while an accredited equine appraiser may hold a valid and current equine 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 equine appraisers. This category includes accredited appraisers who have also successfully completed an appraisal society's 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 equine appraisal member in good standing with their appraisal organization. Senior equine appraisers are encouraged to meet the AQB Criteria's continuing education requirements every five years to maintain their



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Senior Appraiser status, but it 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 who 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 due to not updating their skills and education. 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 equine appraiser, it is important to ask what kind of continuing education and courses an appraiser has taken and 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.

Equine Breeds and Disciplines

When searching for an equine appraiser, it is important to find an appraiser who is knowledgeable about the breed of horse you need appraised and/or who is knowledgeable regarding the type of discipline your horse is trained for. 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 equine appraisers will often specialize in specific breeds and disciplines. Other equine appraisers will have a diverse background and offer appraisals for multiple breeds and disciplines. For example, if you need your reining Quarter Horse stallion



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appraised for insurance purposes, you are likely not going to hire an equine appraiser who only specializes in hunter/jumpers, as this can affect the final valuation of your horse if the appraiser has limited knowledge regarding reining horses and Quarter Horse bloodlines. Likewise, if you need to get an appraisal done for a Grand Prix dressage horse this is involved in a legal dispute, you should not be hiring an equine appraiser who is only experienced with western pleasure horses.

No appraiser should claim expertise in everything breed or discipline 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 breed or discipline falls outside of their own expertise. Once again, it is up to the consumer to ask questions and make sure the equine appraiser they hire is experienced and knowledgeable regarding the horse 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 equine appraisal report, it is critical that the equine appraiser understands the value of the horse they are appraising, as well as be aware of the current equine 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 equine appraiser you hired to perform your appraisal is able to testify as an expert witness in court and is also able to testify regarding the appraisal report they completed. Before choosing the right equine appraiser for litigation purposes, there are a few important questions that should be addressed:



- Does the equine 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 equine appraiser have any courtroom experience?
- Have they previously been sworn in as an equine expert witness in court?
- Do they have the confidence to sit on a witness stand and argue the valuation they put on a horse and explain why to the court?
- Does the equine appraiser have the proper or adequate credentials for the case at hand?
- What makes them an expert to testify as an expert witness regarding the horse(s) involved in the litigation?
- Will they be able to confidently argue the valuation in mediation if opposing counsel hired their own equine appraiser who comes up with a different valuation?
- How many horses has the equine appraiser appraised in total?
- What is their background or experience with the discipline and/or breed of horse(s) you need appraised?
- Are they willing to provide you with references that can attest to their competency in the



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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 horse, in many cases, it is recommended that you have an appraiser who can view the horse in person. There are certain types of appraisals and litigation scenarios that do not require the horse 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 horse 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 equine attorneys in the industry, most attorneys hired for equine court cases have little to no equine knowledge. As a result, the equine 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 equine expert witness in the courtroom. As a result, not only does an equine 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 horses will be costly compared to appraising one horse for insurance purposes. In my years as an equine 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 horse. The more information the client provides on the horse or the more complex the case, the more hours spent. This includes researching the horse's pedigree, conformation and movement, performance record, training history, breeding history and past foals, veterinary records...and the list goes on. Regarding 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 equine appraiser. The number one reason for appraisal reviews is due to the



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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 horse in question. The report was riddle with spelling mistakes and grammatical errors. The effective date of the appraisal (the date the horse 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 horse, and the appraiser failed to research and include the horse's extensive training and show record. As a result, the appraiser grossly undervalued the horse 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 Equine Appraiser they choose is competent and up to date, not only on their appraisal education, but also regarding the current equine 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!

