

# Destination Consulting-2002

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The concept of using the qualified relocation appraiser as a consultant remains a new and developing idea that continually fine-tunes itself. From its infancy, finding the right time to introduce the appraiser into the process was a sensitive and critical point. Ideally, anytime prior to the transferee making their initial visits and certainly prior to any house hunting trips seemed logical, but always, not necessarily realistic. As the market heated up over the past several years, sellers were less inclined to accept many contingencies, forcing buyers to make spur of the moment buying decisions. And of course, the popular thought of the day was “rapid appreciation will make up for any unwise decision in a short time” or “there is just nothing available, so what else can I do?”

It is hard to argue with those decisions. The transferee is under pressure to find a house with limited time and added complications of a trailing spouse anxious to get the family established in the new location and other family issues like school choices. Yet, how quickly we forget that these rash decisions are often *uninformed and made under duress*, and sooner or later result in the potential for “loss on sale”. And when the market changes, which it always does, the extra effort of destination consulting could have saved thousands of dollars and a great deal of aggravation on many sides.

The process of introducing and hiring a local professional relocation appraiser as a consultant to the transferee prior to the transferee ever going out on a house hunting trip gives them valuable, unbiased factual knowledge of the market. Realtors are sales people by trade and not necessarily trained to dissect a market. Relocation appraisers/consultants are trained to understand what affects value and interpret market conditions. Obviously the consulting/appraisal fee is in no way tied to a commission. A key to consulting is the appraisers ability to convey their knowledge to the transferee, creating a feeling of advocacy between themselves and the transferee.

## Timing

In a good market, the concern of timing is critical. The argument by the listing agent that a market is so good that a contingency is unacceptable **IS UNACCEPTABLE**. How many times is an offer made without at least a mortgage contingency? Seldom! But how many times does a lender send out an appraiser who is more concerned about making the sales agent and/or loan officer happy rather than concern over the best interest of the ultimate client, the buyer? Almost always! By using a well-developed Destination Consulting program, the consultant’s ultimate appraisal is used by the lender, eliminating the need for one of their “approved” appraisers. So where is the delay in the process in the “good” market? There is none! Consulting was done prior to the contract negotiations and once consummated, that consultant continues the process by completing the appraisal for the lender, overlooking factors affecting the value of the subject simply to pacify the lender’s underwriter. Those overlooked factors are many times issues that will cause resale problems and potential for *loss on sale* during the next move.

## Looking forward

The past few months have been cause for concern for the economy in general, and the real estate market has been no exception. Public propaganda would make one believe that the housing market will lead the way out of the current recession based upon the activity experienced by lenders. The problem with that is obvious. Lenders are busy, not with predominantly refinancing, not new purchases. The issue though is not when the economy will turn, but rather are transferees and their corporations being provided with the best possible solutions to minimize the potential for resale loss and hopefully maximize the potential for resale gain. Problem properties that were “not a problem” in previously experienced, rapidly appreciating markets, may now be a problem. Functional and external issues that seemed minor in nature when looking at how fast homes were selling have ballooned into significant marketability problems. The term **LOSS ON SALE** is creeping back into the relocation vocabulary. The perception of the lack of time to properly advise/consult the transferee may well cost transferees and their

corporations thousands. The current downturn may be short-lived, but that again is a gamble to assume. History has shown that all good markets eventually come to an end.

Destination Consulting has not only allowed transferees to renegotiate contracts and buy properties at prices below the original offer more in line with market value but avoid properties with issues beyond price (structural, external and functional issues to name a few) where marketability becomes an added concern. The transferee who understands the role of the consultant is key to the success of this program. It brings the real estate agent and lender on board, all focused on what is best for the transferee. After all, there will be a sale and likely a loan- but with this program it will a sale and loan of the best possible home for the transferee.