



No Place to Call “Home”

I just purchased and downloaded *The Dictionary of Real Estate Appraisal*¹ and, sure enough, the word *home* is not defined. The reason for this is quite simple – it’s not a word that should be used in real estate appraisal.

Granted, *home* appears dozens of times throughout the publication as part of proper nouns (e.g. Federal Home Loan Mortgage Corporation). It is also found, unfortunately, in the definitions of other terms such as in the definition of *ownership rate*, which speaks of “a given sub-group who own their homes².” I say it’s unfortunate because *home* describes a state of mind as much, if not more, than a structure. Only the occupant of a residence knows if, in their mind, it’s a home.

The definition of *home* is varied. It includes:

- one’s place of residence: domicile
- house
- the social unit formed by a family living together
- a familiar or usual setting
- congenial environment
- a place of origin

In a single report, I’ve seen *home* used to describe a property with improvements in one paragraph and just the dwelling in another. Appraisal reports are not a place for language that *kinda-sorta* gets the point across. Residential real estate appraisers have an impact on tens of millions of dollars of their local economy every year. How they report their opinions and conclusions is important when you consider what’s involved.

Is this nit-picking? You bet! Is it relevant? I think so.

I spend my days helping appraisers with their responses to state board complaints, attorneys, Fannie Mae demand letters, etc. Much of that time is spent writing what the appraiser *meant to say* or *should have said* in the report. Too often the reports contain imprecise or ambivalent language.

Good report writing starts with the fundamentals. From now on, consider *home* another four-letter word that has no place in your report. Substitutes could be *dwelling, house, primary improvement, etc.*

Don't call it the *subject* or the *subject property*, either. The *subject* of the appraisal is the bundle or rights inherent in ownership. The *subject property* is the land on which improvements are added.

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²Id. At page 166