Q & A with Appraiser Nancy Escher

Why are there so many professional associations for appraisers?

There are a number of professional organizations. ASA (American Society of Appraisers) is the only international, multi-discipline organization and includes valuation experts in real estate, business valuation, machinery and equipment, and personal property. All moveable property, both appreciating and depreciating, is considered personal property. The ASA is based in Washington, DC.

There are other personal property appraisal organizations. The two main ones are the AAA (Appraisers Association of America) and the ISA (International Society of Appraisers).

The AAA is based in New York and the majority of their members are dealers who prepare appraisals as a sideline. The ISA is based in the Northwest. Membership in these organizations is less strenuous than the ASA. The ASA offers a series of four level personal property appraisal courses that are very useful and provide a good foundation for someone just starting out.

The ASA was a founding member and provides continued financial support to the Appraisal Foundation. The Uniform Standards for Professional Appraisal Practice. The other organizations are recognized by the Foundation but do not provide financial support.

I personally was attracted to the ASA because it is multi-disciplined. All the professional disciplines share the same methodologies, the same techniques, and the same standards and ethics. Since I am not interested in buying and selling and I am interested in property economics, the ASA was the best choice for me.

Do appraisers tend to have a background in business or art history or both?

Appraisal practice is both science and art, and personal property appraisers have many different backgrounds. I have a BA. degree in art history. Other appraisers have degrees in science, as well as liberal arts. Many of our members have graduate degrees in art history or literature, library science, museum studies, but few have business degrees. It is one thing to be a good appraiser, it is another thing to be a good business man or woman. It is interesting to note that in Mexico, appraisers must be engineers and in England, a masters degree is required. It is also interesting to note that many of the new members are from the museum field.

The ASA certifies appraisers in the following disciplines: fine art, rare books, photography, antiques and decorative arts, jewelry, ethnic arts, automobiles, musical instruments, textiles, etc.

What is value? What something will get at auction today? How is value determined?

There are many definitions of value. A commonly used value is Fair Market Value which is required for valuation assignments with legal or tax consequences: donation, divorce, estate. The definition comes from the U.S. Tax code and is defined as, “a willing buyer, willing seller with all parties having full knowledge of the facts, neither party under any pressure to sell” and assumes the appropriate market. Fair Market Value is a hypothetical concept and assumes all of the above to be true, but there is no actual transaction planned.

The common definitions for insurance appraisals is “replacement value-comparable” which assumes that a similar property (like quality and kind) could be replaced for a specific price. This value assumes that it will be replaced in a market that is customary to the insured. If you buy your jewelry at Tiffany’s, you replace your jewelry at Tiffany’s. But price is not always value.

There are other insurance terms: actual cash value, marketable cash value, market value. Values used for potential purchase or sale prices are market values because they anticipate a transaction.

With damage claims, there is confusion about what is the appropriate definition of value. A lot depends on how your insurance policy is written and that takes an insurance agent to explain because policies can be difficult to understand.

With insurance claims. I have found it is best to provide a road map to the market and describe a variety of scenarios with value ranges, access to the market, market levels and frequency of sales, and sales statistics when available.

We also use “orderly liquidation” and “forced liquidation,” but not often.

How much research is required to estimate value?

Part of being a professional is being able to understand the scope of an assignment and the amount of time and energy that is required to complete it. This requires a knowledge and sensitivity toward both the client and the property to be appraised. Does the property merit a lengthy and expensive investigation? Are you qualified to develop a valuation for the type of property, or are there others who are better qualified? Competency is an important consideration. We are often out there on an existential edge.

How important is provenance in the value of a piece?

Provenance can have a major impact on value but it is not something that can be easily calculated. Presale estimates at auction are usually based on the history of sales of similar items and then allow the market to decide how much over the estimate the bidding will go to account for provenance. As appraisers, we can’t speculate or project; we don’t have a crystal ball, but sometime the provenance is so solid, or so glamorous, that a positive response is a pretty sure bet. But no one was able to anticipate the premium that the public was willing to pay for Andy Warhol’s personal items or Jackie Onassis’s. Still appraisers must be capable of developing and communicating their opinions. If this can be done using historical precedent, it can be justified. Our best
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