



#### SESSION 2

### Pros and Cons of Obtaining a Real Estate Appraisal Prior to Strategic Property Planning

*A real estate appraisal is an opinion obtained from an appraisal professional on the value of a parcel of real estate, following standards set forth for the appraisal profession. The most common type of appraisal is an opinion as to the market value of a specifically defined parcel of real estate, expressed in a formal report accompanied by a certification signed by the appraiser.*

	OBTAINING PRIOR	WAITING
<b>Major Pros</b>	<ul style="list-style-type: none"> <li>✓ Provides the religious institute with an independent estimate of the market value of a specific property or facility.</li> <li>✓ Sets an initial expectation within the institute regarding the financial benefits to the institute that could result from a future sale of a real estate asset.</li> <li>✓ Provides a frame of reference for any purchase offers a religious institute receives from interested third parties in a strategic property planning process.</li> </ul>	<ul style="list-style-type: none"> <li>✓ An institute’s specific appraisal needs may clarify during a strategic property planning process.</li> <li>✓ The religious institute retains the flexibility to tailor an appraisal to its specific needs, such as the need to obtain the value of a newly subdivided parcel of property, or when the market value of only a particular structure is required.</li> <li>✓ The religious institute can defer paying for a real estate appraisal to an indefinite future time.</li> </ul>
<b>Major Cons</b>	<ul style="list-style-type: none"> <li>✓ The religious institute can expect an interested third party to obtain its own independent appraisal of a property or facility.</li> <li>✓ The value established through a previous appraisal can change over time based on market conditions and other factors.</li> <li>✓ Real estate appraisals can be costly.</li> <li>✓ The religious institute may end up paying for multiple appraisals based on timing, canonical requirements or other emerging needs or circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Any assumptions the religious institute makes during its strategic property planning process about the value of a real estate asset will be less precise.</li> <li>✓ To the extent members of the religious institute have unrealistic expectations about the value that can be expected from a future sale, these expectations will remain unchallenged.</li> <li>✓ A decision by a religious institute based on an interested party’s offer can be delayed while the institute obtains a real estate appraisal.</li> </ul>

