

# REAL ESTATE APPRAISALS *for* ESTATE PLANNING, WILLS, TRUSTS & FINANCIAL PLANNING

PROTECTING FAMILIES, PRESERVING WEALTH,  
AND MAKING INFORMED DECISIONS



Estate Planning  
and Wealth Transfer



Trust Administration  
and Fiduciary Support



Probate, Tax, and  
Financial Decisions



Clear, Credible Valuations  
You Can Rely On



**GREATER MIDWEST  
APPRAISALS, INC.**  
—  
REAL ESTATE APPRAISAL  
& CONSULTING

Professional Valuation  
Services for  
Families, Attorneys,  
CPAs, Financial Advisors,  
and Fiduciaries

# About This Guide

This professional guide explains the role of credible real estate valuation in estate planning, wills, trusts, probate, financial planning, and generational wealth transfer. It is intended for families and professional advisors seeking a clear understanding of the appraisal process.

## Illinois Compliance Note

Appraisal assignments in Illinois should be performed by appropriately credentialed professionals within their competency and in accordance with applicable federal and state requirements and professional standards governing the assignment. This book distinguishes valuation services from legal and tax advice.

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## Chapter 1

# The Role of Real Estate Valuation in Estate Planning

*“Real estate is often one of a family's largest assets. A credible appraisal can provide an objective foundation for estate planning discussions and help families and advisors understand the property component of overall wealth.”*

### At a Glance

Real estate is often one of a family's largest assets. A credible appraisal can provide an objective foundation for estate planning discussions and help families and advisors understand the property component of overall wealth.

### Why valuation belongs in the planning conversation

Property value can affect asset allocation, beneficiary expectations, liquidity planning, insurance discussions, and the understanding of total family wealth.

### Understanding market value

Market value is an opinion of the price a property would most likely bring in a competitive and open market under conditions defined by the assignment.

### When an appraisal may be appropriate

An appraisal may be useful when value is material, the date of value matters, parties have differing opinions, or a professional document is needed for an identified purpose.

### Illinois professional-practice considerations

Illinois assignments should be matched to the appraiser's credential, competency, property type, geographic knowledge, intended use, and applicable professional requirements.

### Professional Checklist

Confirm the effective date • Confirm intended use • Identify intended users • Provide relevant property records • Coordinate with the advisory team

## Chapter 2

# Understanding Appraisals in Wealth Management

*“A professional appraisal is an independent opinion of value developed through research, analysis, and judgment. It is different from an assessment, online estimate, or informal market opinion.”*

### At a Glance

A professional appraisal is an independent opinion of value developed through research, analysis, and judgment. It is different from an assessment, online estimate, or informal market opinion.

### The appraisal as a financial planning input

The appraisal supplies a real estate value that can be incorporated into the broader financial picture without replacing the advisor's financial analysis.

### Current versus retrospective value

A current value answers a present-date question. A retrospective value answers a historical-date question. Mixing the two can distort planning conclusions.

### Liquidity and concentration of wealth

A valuable property is not necessarily liquid. Advisors should distinguish equity value from cash availability and consider carrying costs and marketability.

### Working with the advisory team

The strongest process begins when the attorney, CPA, financial advisor, trustee, and appraiser agree on purpose, date, users, and information needed.

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## Chapter 3

# Real Estate Assets and Estate Planning Strategies

*“Homes, farms, rental properties, commercial buildings, and land can create both opportunity and complexity. Valuation helps advisors understand how real property fits within the client's overall estate.”*

### At a Glance

Homes, farms, rental properties, commercial buildings, and land can create both opportunity and complexity. Valuation helps advisors understand how real property fits within the client's overall estate.

### Identifying the complete real estate portfolio

Begin with an inventory of addresses, ownership interests, property types, debt, income, and known valuation dates.

### Equalization among beneficiaries

Accurate values can help professionals evaluate whether a proposed distribution is economically balanced, while legal and tax consequences require separate advice.

### Ownership and transfer considerations

Ownership form, partial interests, transfer restrictions, and governing documents can affect the assignment and should be identified at engagement.

### Planning for management responsibilities

A property can be valuable while still requiring management, maintenance, insurance, taxes, and capital expenditures.

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## Chapter 4

# The Importance of Accurate Property Valuation

*“Reliable valuation begins with a clearly defined assignment and appropriate market evidence. Accuracy means a well-supported conclusion appropriate to the intended use, not false precision.”*

### At a Glance

Reliable valuation begins with a clearly defined assignment and appropriate market evidence. Accuracy means a well-supported conclusion appropriate to the intended use, not false precision.

### Data quality and market evidence

Good valuation depends on relevant, reliable, and sufficiently supported information. The appraiser must exercise judgment when data are incomplete.

### Comparable sales

Comparable sales are analyzed for location, physical characteristics, condition, transaction circumstances, and market conditions rather than simply copied into a grid.

### Condition and improvements

Renovations affect market value according to how market participants respond to them; cost does not automatically equal contributory value.

### Effective date and property rights

The effective date and the interest being valued are fundamental assignment elements and should be confirmed before research begins.

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## Chapter 5

# Trusts and Real Estate: Protecting and Managing Property

*“Trust-owned real estate may require valuation for administration, documentation, beneficiary discussions, and strategic planning. The appraisal should be matched to the trust’s actual purpose and required date.”*

### At a Glance

Trust-owned real estate may require valuation for administration, documentation, beneficiary discussions, and strategic planning. The appraisal should be matched to the trust’s actual purpose and required date.

### Trust funding and administration

Trust-related valuation may support asset documentation and administration, but the appraiser does not decide whether a transfer is legally or tax-appropriate.

### Valuing assets at relevant dates

Historical values should be developed from evidence relevant to the specified date, not from hindsight or today’s market.

### Beneficiary interests and communication

A neutral valuation can provide a common factual reference when beneficiaries have different expectations.

### The trustee’s professional team

Trustees may benefit from coordinated advice from counsel, tax professionals, financial advisors, and qualified appraisers.

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## Chapter 6

# Date-of-Death Appraisals

*"A date-of-death appraisal establishes an opinion of market value as of a specified historical date. The appraiser reconstructs the market conditions and property characteristics relevant to that date."*

### At a Glance

A date-of-death appraisal establishes an opinion of market value as of a specified historical date. The appraiser reconstructs the market conditions and property characteristics relevant to that date.

### Why the effective date matters

The value conclusion is tied to a specific date. Market conditions, property condition, and available evidence must be consistent with that date.

### Historical comparable sales

Sales before and after the effective date may be considered when appropriate, but their relevance must be analyzed in the context of historical market conditions.

### Property condition at the date

The appraiser should analyze the property as it existed on the effective date, using reliable historical documentation when direct observation is no longer possible.

### Documentation and record retention

Historical photos, listings, prior reports, public records, closing documents, and improvement records can strengthen a retrospective assignment.

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## Chapter 7

# Probate Appraisals

*“Probate administration may require credible real estate values so executors, attorneys, CPAs, and beneficiaries can understand the estate's assets and make informed decisions.”*

### At a Glance

Probate administration may require credible real estate values so executors, attorneys, CPAs, and beneficiaries can understand the estate's assets and make informed decisions.

### Estate inventory

A professional valuation can provide a documented value for an estate's real property inventory and support informed administration.

### Multiple beneficiaries

An independent valuation can reduce reliance on competing informal estimates when several beneficiaries are involved.

### Sale versus retention decisions

Value information can inform the discussion, while the decision to sell, retain, or transfer remains with the owners and their professional advisors.

### Professional documentation

A well-supported report creates a durable record explaining the basis for the value conclusion.

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## Chapter 8

# Retrospective Appraisals

*“A retrospective appraisal determines value as of a past date. These assignments require historical research and careful separation of information known at the effective date from later events.”*

### At a Glance

A retrospective appraisal determines value as of a past date. These assignments require historical research and careful separation of information known at the effective date from later events.

### Historical market reconstruction

The appraiser reconstructs the market environment using data that illuminate supply, demand, pricing, and buyer behavior at the relevant time.

### Comparable sale selection

Historical comparables should be selected for relevance to the subject and the effective date, with appropriate analysis of differences.

### Avoiding hindsight bias

Later events should not be allowed to rewrite the market conditions that existed at the effective date.

### Illinois market considerations

Illinois contains metropolitan, suburban, rural, agricultural, and recreational markets, each with distinct influences that require local competency.

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## Chapter 9

# Financial Planning and Real Estate Valuation

*“Real estate can materially affect net worth, retirement planning, liquidity, and wealth transfer. A credible valuation can give financial advisors a clearer picture of the client's complete balance sheet.”*

### At a Glance

Real estate can materially affect net worth, retirement planning, liquidity, and wealth transfer. A credible valuation can give financial advisors a clearer picture of the client's complete balance sheet.

### Real estate in net worth

Including credible property values in a net worth statement can provide a more complete view of household wealth.

### Retirement decisions

Downsizing, retaining rentals, selling property, or changing ownership may affect retirement resources and should be evaluated with the full advisory team.

### Investment property

Income-producing property may require analysis of both value and investment characteristics, including income, expenses, marketability, and risk.

### Business-owner planning

Business owners may have substantial wealth tied to real estate, making valuation relevant to succession, retirement, and estate discussions.

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## Chapter 10

# Tax Basis, Capital Gains, and Real Estate Valuation

*“Appraisers provide market value opinions, not tax advice. Valuation information can nevertheless be an important input for CPAs and attorneys evaluating inherited property and other tax-related matters.”*

### At a Glance

Appraisers provide market value opinions, not tax advice. Valuation information can nevertheless be an important input for CPAs and attorneys evaluating inherited property and other tax-related matters.

### Market value versus tax basis

Market value and tax basis are different concepts. The appraiser supplies value evidence; the tax professional determines applicable tax treatment.

### Inherited property

A date-specific appraisal can document historical market value and preserve a reliable record for the family's professional advisors.

### Documentation

Keeping appraisals, closing records, improvement records, and ownership documents organized can make future planning substantially easier.

### Coordination with CPAs and attorneys

The best results occur when valuation questions are clearly communicated without asking the appraiser to provide legal or tax conclusions.

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## Chapter 11

# Common Estate Planning Mistakes Involving Real Estate

*"Families can reduce uncertainty by addressing property values, ownership, management, and beneficiary expectations before a crisis occurs."*

### At a Glance

Families can reduce uncertainty by addressing property values, ownership, management, and beneficiary expectations before a crisis occurs.

### Relying on assumptions

Family opinions, online estimates, and informal market comments should not be confused with a professional appraisal when a credible valuation is required.

### Using assessments as market value

A property tax assessment serves a governmental purpose and should not automatically be treated as an appraisal of current market value.

### Ignoring unequal property values

Different properties can have dramatically different values and management burdens; professional valuation helps make those differences visible.

### Failing to update records

Estate plans and financial records should be reviewed when major asset changes or significant market changes occur.

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## Chapter 12

# Choosing the Right Real Estate Appraiser

*“Credentials matter, but so do competency, geographic experience, property-type knowledge, communication, and understanding of the intended use.”*

### At a Glance

Credentials matter, but so do competency, geographic experience, property-type knowledge, communication, and understanding of the intended use.

### Illinois credentialing

Select an appraiser whose Illinois credential and competency are appropriate for the property and assignment.

### Experience with estate and trust assignments

Ask whether the appraiser has completed date-of-death, retrospective, probate, trust, or other non-lending assignments relevant to the need.

### Geographic competency

Local market knowledge is especially important where comparable data are limited or properties are unusual.

### Questions to ask before engagement

Confirm the purpose, intended users, effective date, property rights, scope, timing, fee, and expected reporting product.

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## Chapter 13

# Working With Attorneys, CPAs, and Financial Advisors

*“The appraiser contributes an independent valuation perspective while attorneys, CPAs, and financial advisors provide their respective legal, tax, and financial expertise. Clear communication improves the process.”*

### At a Glance

The appraiser contributes an independent valuation perspective while attorneys, CPAs, and financial advisors provide their respective legal, tax, and financial expertise. Clear communication improves the process.

### Defining roles

Attorneys, CPAs, financial advisors, trustees, and appraisers should each stay within their professional roles while sharing information needed for the assignment.

### Intended users

Identifying who will rely on the report helps the appraiser develop an assignment appropriate to its actual use.

### Professional communication

Clear, timely communication about deadlines, documents, property access, and unusual circumstances improves the assignment.

### Building a referral relationship

Professional relationships are strengthened by reliability, independence, clear reports, and respect for the boundaries of each discipline.

### Professional Checklist

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## Chapter 14

# The Appraisal Process: From Engagement to Final Report

*“A professional assignment moves through engagement, data gathering, inspection when appropriate, market research, analysis, reconciliation, reporting, and delivery.”*

### At a Glance

A professional assignment moves through engagement, data gathering, inspection when appropriate, market research, analysis, reconciliation, reporting, and delivery.

### Defining scope

The scope of work should be appropriate to the assignment's intended use and communicated clearly.

### Research and inspection

The appraiser gathers property and market information and inspects when appropriate to the assignment.

### Valuation approaches

Sales comparison, cost, and income approaches may be considered as appropriate to the property and assignment.

### Report review and delivery

The report should communicate the analysis, assumptions, limiting conditions, and value conclusion clearly enough for intended users to understand the result.

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## Chapter 15

# Building a Legacy Through Professional Valuation

*“Generational wealth planning is not only about transferring assets. It is about creating clarity, preserving options, and giving future decision-makers reliable information.”*

### At a Glance

Generational wealth planning is not only about transferring assets. It is about creating clarity, preserving options, and giving future decision-makers reliable information.

### Family legacy

Real estate can carry financial and emotional significance. Early valuation and planning can reduce uncertainty for future generations.

### Generational real estate

Family farms, homes, land, and rental properties may require both valuation and a management or transfer strategy.

### Business-owner succession

Valuing business real estate can help the advisory team understand the owner's complete asset picture.

### The appraiser as a trusted resource

Independent valuation provides objective market information that can be combined with legal, tax, and financial advice.

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# About Greater Midwest Appraisals, LLC

Greater Midwest Appraisals, LLC provides residential and commercial real estate appraisal services throughout northern and central Illinois. The firm serves assignments involving estate planning, probate, trusts, financial planning, marital property distribution, tax appeal, and lending.

## Professional Disclaimer

This publication is for educational purposes only and does not constitute legal, tax, accounting, financial, investment, or insurance advice. Laws, regulations, professional standards, and tax rules may change. Specific matters should be reviewed with appropriately qualified professionals.

**Greater Midwest Appraisals, LLC**

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