

# The Home Appraisal Process: How It Can Impact Your Mortgage Payment

## HOME APPRAISALS

An appraisal is a third-party estimate of a home's current market value.

### APPRAISAL VS. INSPECTION

Appraisals are estimates of the market value of a home, inspections are estimates of a home's condition based on an the mechanical systems and structure of the house.



### WHY DO YOU NEED IT?

It assures your lender of the real value of the home, independent of it's listing.

### WHO DOES IT?

Appraisals are conducted by highly-trained professionals who are licensed and/or certified to determine the value of a home fairly, objectively and without bias.



The appraiser researches recently sold properties in your area with features similar to your home, called "comparables."

### APPRAISERS CONSIDER:

- The condition of the home
- The size of the home
- The size of the property lot
- The quality of landscaping
- The number of rooms
- The quality of light and views
- The number of fireplaces
- The addition of a swimming pool
- The finishing details in the home (such as wood floors, granite counter tops, and lighting fixtures)



### BOOST YOUR APPRAISAL VALUE



- **List your upgrades:** Keep the date and costs of any upgrades such as a repaved driveway or a kitchen remodel.
- **Tidy up:** Patch cracks, declutter, paint walls and mow the lawn.



## Appraisals: Estimating a home's value with fresh eyes

If you've applied for a mortgage, your home-to-be still has to undergo a comprehensive appraisal of its worth—and an unfavorable home appraisal can kill a real estate deal. Yikes! It can be a nerve-racking ordeal, but it's actually good for you.

Allow us to demystify the process. Just because you and the sellers have agreed on a price doesn't mean it's a done deal—your lender needs to be on board, too. After all, it's the lender's real estate investment as well. To get a mortgage, you'll need a home appraisal because the home serves as collateral for your lender. If for some reason you end up unable to make your mortgage payments, the lender will have to foreclose on your home, then sell the property to recoup its costs. So your mortgage lender will have to know the value of your home before handing over that large chunk of change.

While the home appraisal process is somewhat similar to getting comps—as you did to determine a fair price—the appraiser delves in deeper to determine the home's exact value. An appraiser will visit the property and investigate its current condition, the square footage, location, and any additions or renovations. Off-site, the appraiser may also evaluate the current real estate market in the neighborhood to help determine the value of the property. From there, they will appraise the property and determine their opinion of its value. Appraisers are trained to be unbiased.

Usually, the lender or financing organization will hire the appraiser. Because it's in the best interest of the lender to get a good home appraisal, the lender will have a list of reputable pros to appraise the home. The home appraisal is typically a buyer expense, unless the contract specifies otherwise.

## You'll get a copy of the home appraisal, too

An Appraiser's responsibility is to determine if the property is actually worth what you're planning to pay.

You would be surprised by how little time the appraiser is at the property; they can be in and out of a home in 30 minutes. An appraiser doesn't have the same job as a home inspector, who examines every little detail. While they'll pay particular attention to problems with the foundation and roof, the home appraisal process includes noting the quality and condition of the appliances, plumbing, flooring, and electrical system. With data in hand, they make their final assessment and give their report to the lender. The mortgage company is then required by law to give a copy of the appraisal to you