



The Home Appraisal Process



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If you're buying a home and your offer has been accepted, the next step is applying for your mortgage. As part of that process, your lender orders a home appraisal. It gives you a trained professional's point of view on the fair market value of the home to make sure it's in line with the purchase price.

Who orders and pays for the appraisal?

The current regulation says that all Appraisers must be licensed and employed by an Appraisal Management Corporation (AMC's). Only AMC's that are approved and that we have a relationship with are allowed to provide Appraisals for our borrowers. We will provide you an appraisal order form so that you may schedule and pay for the appraisal. The cost appears on the Closing Disclosure as part of your closing costs.

What determines a home's value?

When estimating a property's value, appraisers consider:

- **Comparable properties that have sold recently**, especially those that are similar in size and location to the home you are buying. Their sale prices are usually the most important factor.
- **General condition and age of the home**
- **Location of the home**, including views or other remarkable features
- **Size and features of the home and property**, including the number of bedrooms and baths
- **Major structural improvements** such as additions and remodeled rooms
- **Features and amenities** such as swimming pools and wood flooring

What's the difference between an appraisal and an inspection?

An appraiser does not necessarily look for potential defects in the home. That's the responsibility of the home inspector. You hire an inspector directly if you are purchasing a home and want an itemized report of potential repairs or problems with the property. The appraiser instead focuses on whether the home's agreed-upon purchase price is in line with what it is worth.



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