

UNDERSTANDING THE APPRAISAL:

PREPARING FOR THE APPRAISAL

COMPARABLE SELECTION

RECONSIDERATION OF VALUE

PREPARING FOR THE APPRAISAL

Make sure the appraiser knows the market area

- Ask appraiser on his/her experience in the market

Clean exterior and interior

- Clean up yard for curb appeal
- Clean up clutter

Check functionality of basic items

- Check lights, doors, appliances, safety equipment etc.

Make necessary repairs

- Broken windows – interior or exterior.
- Exposed wires – interior or exterior.
- Remedy peeling/ chipping paint on exterior wood surfaces. (FHA requirement)

PREPARING FOR THE APPRAISAL

Provide a list of repairs and upgrades

- List of recent repairs and ongoing maintenance
- List of any upgrades with date and cost if possible

Know what adds the most value

- Highlight upgrades that add the most value
 - Kitchen remodel, Bathroom updates, Upgraded flooring

Provide your own comparables

- Leave a copy for the appraiser to take
- Select the most recent/similar and proximate sales
- Provide notes on sales that should possibly be excluded

PREPARING FOR THE APPRAISAL

Give the appraiser space

- Discuss items in the beginning
- Don't hover
- All rooms must be accessible
- Pets safely locked up

COMPARABLE SELECTION

Appraisers select the most **recent, similar and proximate** sales in their analysis with:

- Similar SF/GLA
- Similar Site Size
- Similar Year Built
- Similar Condition
- Similar Quality
- Similar positive or adverse influences
- Similar Amenities
- Similar Bath Count
- Similar Bedroom Count

* Adjustments for differences are based on market reaction

RECONSIDERATION OF VALUE

Three R's

- Read
- Review
- Rebuttal

Request Based on Differed Sales Data

- Comps may be provided that:
 - are **superior** to those selected by the appraiser
 - closed **prior** to the effective date of the appraisal report
- MLS on PDF for each sale that includes sales data
- Concise and respectful narrative explaining the reason the comps provided are superior to those selected by the appraiser

RECONSIDERATION OF VALUE

Request Based on Disagreement with Appraisal Analysis or Data

- Narrative including factual information explaining the items of disagreement and reasons for believing why the information provided in the report is incorrect
- Documentation or evidence to supported items addressed in the narrative

Unacceptable Information

- Another appraisal report
- Any analysis that points to a specific value or value range

* Per FHA/USDA guidelines, the Underwriter must approve ROV information prior to sending to appraiser

QUESTIONS?

Thank you!