



Washington Post

What to do when an appraisal comes in below the selling price

As the real estate market heats up and prices continue to recover, more home buyers and sellers are likely to encounter the problem of an appraisal that is lower than the agreed-upon sale price.

Making sense of the story

- Appraisals must be based on recently settled transactions, and in a rising market those past transactions are likely to be lower in price. Whether a buyer or seller, it's important to understand the risks involved around low appraisals – and the options available.
- Because of new restrictions on the relationship between lenders and appraiser – aimed at curbing the appraisal abuse that contributed to the housing bubble – buyers and their mortgage representatives have less control over the process. Lenders simply order an appraisal from a list of approved appraisal companies, and a third party directs the individual to perform the appraisal.
- Resulting from the third-party rules, the appraiser who is assigning a value to the home may not be from the immediate area. It can help to inform the appraiser of the quality of the school district or the amenities in the local neighborhood, as well as improvements to the property as compared with other recent sales in the area.
- One appraiser recommends sellers prepare a package of information on the home, including data on comparable houses and any improvements that have been made that should influence the value of the home.

Read the full story

http://www.washingtonpost.com/realestate/what-to-do-when-an-appraisal-comes-in-below-the-selling-price/2012/12/13/0081bd22-33f5-11e2-bb9b-288a310849ee_story.html