

FACTS ABOUT APPRAISALS

There are many important steps in selling your home. One of the most important factors that MOST sellers overlook is the appraisal and the final commitment.

***Appraisal** – An estimate value of property, made by a qualified, certified professional called an “Appraiser.” If for any reason the property does not appraise the mortgage might not be granted so buyer has the right to back out of the deal with no obligation.

***Commitment** – An agreement, in writing between a lender and a borrower to loan money at a future date subject to the completion of paperwork or compliance with stated conditions.

Q. How does this work?

A. The bank the buyer has applied to for the mortgage will send out an appraiser to the home being purchased. The appraiser goes through the home and determines if the home is worth the price being mortgaged. If the home does not appraise the mortgage will not be given to the buyer. The buyer does have the option to back out of the deal, or to negotiate the accepted offer price.

Q. Where do the appraisers get the estimated value of the home?

A. Appraisers in NY have access to a computer program called the Greater Hudson Valley Multiple listing service (GHVMLS). This program holds all the information on the homes that have sold- every vital statistic including the actual selling price and date that the property closed. Appraisers take homes that have sold within the last year that have similar characteristics, then they will add or subtract amounts to adjust the price and that is how they come up with Fair Market Value.

Q. What do appraisers look for?

A. The most important things that an appraiser will look for adjustments are:

- 1. Square Footage**
- 2. Number of Bedrooms**
- 3. Number of bathrooms**
- 4. Garage**
- 5. Finished/Full/partial basements**
- 6. Yard size/ land**
- 7. Location**
- 8. Condition**

****Appraisers do not look for new trim around windows, a new water pump, new roof or windows, new furnace etc..... A home is expected to have a roof, and working furnace and windows. They look for significant features in the home.****

Q. How will this affect the sale of my home?

A. If the home is priced too high, then sells but does not appraise, the buyer can back out of the deal or the price can be negotiated.

Even if there is another buyer and another bank, the appraiser uses the same information from the GHVMLS, so the appraisal won't change.

If a buyer has cash, Chances are they too will request an appraisal because they do not want to overpay