

What you need to know about Home Appraisals

The most common form of appraisal is ordered by a lender as part of the mortgage process, whether buying a new home or refinancing. Lenders need to determine the value of the home before a mortgage can be approved...remember, the home and property become the collateral for the loan. There are different types of home appraisals, each of which can impact the ultimate valuation determined by the appraiser. It is important to know the type of appraisal will be conducted:

A tax appraisal is based solely on the value of a home with respect to county/township property tax records...It is used for collecting taxes, or for a tax abatement.

Lenders will have appraisers run a comparison analysis to determine values based on nearby home sales. Sometimes just a drive-by or a quick stop-by is all that is needed.

Appraisals for insurance is totally different...Insurance is based on replacement value, usually at retail and includes contents...an appraisal for a mortgage is based on market value.

The most extensive appraisal type is the walkthrough. Home appraisers will schedule a time and conduct a tour of the home, taking pictures and noting any upgrades that could increase value



Home appraisers will typically conduct an on-site appraisal for a home purchase. Many things can influence a home's ultimate appraised value...including location, views, upgrades, condition, unique features, size, age of the home, updates, and any outdoor amenities such as swimming pools. The most important factor is a breakdown of “*comparables*” – nearby homes or properties that have *sold recently* and are similar in size and features to the home being appraised. ***Comparable Sold records are usually the most important factor in the appraisal value of a home or property.***

Homeowners may not realize how much the housing market in their immediate neighborhood affects the valuation of their home. As part of the appraisal process, recent sales of similar homes in the area is one of the most important factors used by appraisers to determine a fair value. This comparison analysis will play a significant role in the ultimate valuation of your home and property. But even with so much data at their fingertips, appraisers are still left to determine value based on their judgment. Homeowners must understand that home appraisal process is an "art not a science." There are times when you may need a second opinion from another appraiser.

To avoid surprises in the valuation of your home and to improve chances for a higher appraisal, do some basic research before the appraiser arrives. Be prepared with relevant information that could increase the ultimate valuation of your home. ***Your Realtor® can really help out here. Feel free to call Juliette, Lorraine or Peter for a complementary evaluation of your property and a list of comparables from your neighborhood.***

Appearance may not have a tangible effect on value...but making sure your home is neat and tidy can make a good impression on an appraiser. Prep your home before the appraisal by making any small repairs you've been putting off, giving the walls a new coat of paint, and cleaning away any clutter from rooms and hallways. Boost your home's curb appeal by planting new flowers and trimming the yard.

When the appraiser arrives, tell them about any upgrades or renovations that sets your home apart. While comparison analysis of local home sales is important, appraisers will make adjustments in valuation for differences between your home and the database of comparables...Real Estate is unique, and therefore buyers will pay more for a move in ready house, that has been recently updated. Avoid a low appraisal by communicating with the appraiser about positive features of your home. Make sure they understand any unique or significant upgrades that have been done that may set it apart from the neighborhood **comparables.**

One type of home evaluation is done by using the home's assessed value, commonly used by Zillow. This is for tax purposes only, and may be off quite a bit from market value, especially if a house is in disrepair, or just completely updated...***The most important criteria are recent sales within your own neighborhood!***



Although they're often overlooked, home appraisals are an important part of any real estate transaction. With the value of your home on the line, it's crucial to stay engaged in the process when your home is being appraised. Know how a professional appraisal works and the various factors that will impact the fair value of your home or property. Use these tips and tools to approach the home appraisal process with confidence.

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