YOUR HOME IS AN INVESTMENT – KNOW ITS VALUE

BE AN INFORMED HOME BUYER

The appraiser is the independent, impartial, and objective professional in the mortgage transaction. An appraiser develops an appraisal which is a credible, reliable, and supported opinion of value. An appraisal is typically used by the lender in a home purchase transaction; this assists in the lender's decision to provide funds for a mortgage. While the lender is technically the owner of the appraisal, as a borrower you still have certain rights:

- You have the right to obtain your own appraisal, even if you are paying cash for a property.

- You have the right to know what type of valuation service is being ordered for your loan.

- You have a right to make an appraisal a contingency in your sales agreement.

A home purchase is typically the largest investment someone will make. Protect yourself by getting your investment appraised! The appraiser will observe the property, analyze the data, and report their findings to their client. The client may be the lender, borrower, or other third-party.

An appraisal ordered by a lender is for the benefit of the lender to ensure that the collateral they are using to securitize the loan is sufficient. An appraisal is not a home inspection. While all appraisals are valuation services, not all valuation services are appraisals.

There are a number of products which appraisers, real estate brokers, or other entities prepare which vary in levels of analysis, detail, and reliability. From most comprehensive to least comprehensive, they are: (see other side)

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lirealtor.com/appraisal

Additional appraisal resources can be found at
NAR.REALTOR/APPRAISAL-VALUATION

APPRAISAL@NAR.REALTOR
NAR.REALTOR/APPRAISAL-VALUATION

PRODUCT	APPRAISAL REPORT	HYBRID OR BIFURCATED APPRAISAL	DESKTOP APPRAISAL	CMA OR BPO	EVALUATION	AUTOMATED VALUATION MODEL (AVM)
SOURCE	APPRAISER	APPRAISER AND/OR NON- APPRAISER	APPRAISER AND/OR NON- APPRAISER	BROKER OR SALES AGENT	NON-APPRAISER	COMPUTER GENERATED ALGORITHM
DEFINITION	An opinion of value that is developed by a licensed appraiser in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). It is an unbiased, independent, objective, impartial, credible and reliable opinion of value.	A third-party performs the property inspection and provides the information to the licensed appraiser who uses this information, as well as other data, to complete the appraisal in compliance with USPAP.	A valuation performed without an interior or exterior inspection of the property by an appraiser or any 3rd party. All research is based on information from tax records, MLS data and other reliable sources.	Comparative Market Analysis, or CMA – Commonly prepared by a real estate agent to help their client determine a reasonable listing or purchase price for a property. CMAs do not comply with USPAP. Brokers Price Opinion, or BPO – Commonly prepared by a real estate broker to determine price (not value), BPOs are traditionally associated with short sales, foreclosures and/or relocations. BPOs do not comply with USPAP.	Evaluation – An opinion of value for use by a lender. An evaluation does not have to comply with USPAP and does not have to be completed by a licensed appraiser.	An AVM is a mathematical model which estimates real estate property value. AVMs were designed to speed up the valuation process and reduce costs. Using algorithms and previously collected information, a value estimate is computer generated. Results may not be credible if adequate and relevant data is unavailable. An AVM is an evaluation, which is not an appraisal. Both Fannie Mae and Freddie Mac offer AVM-based valuations. Lenders may refer to this as an appraisal waiver. Borrowers have the right to reject the waiver and request an appraisal report.

LEVEL OF INSPECTION CAN AFFECT RESULTS

INTERIOR AND EXTERIOR INSPECTION BY AN APPRAISER	INSPECTION BY AN APPRAISER OR A THIRD PARTY	NO INSPECTION	MAY OR MAY NO HAVE INSPECTION BY APPRAISER	NO INSPECTION	NO INSPECTION

LEVEL OF INSPECTION / VALUATION

MOST COMPREHENSIVE ←————————————→ LEAST COMPREHENSIVE