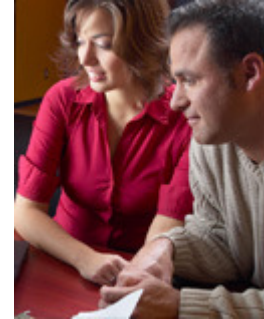


Why might you need an appraisal? How do appraisals work?

In many cases, lenders need a professional, independent appraisal of the property you want to buy or refinance to ensure that it is worth at least as much as they are being asked to lend on it. If you are making a smaller down payment and have a lower credit score, the lender is going to be even more interested in making sure the property that will be collateral for the loan is worth lending the amount requested.



A professional, independent appraiser will usually visit your home and inspect its interior and exterior. The appraiser doesn't want to buy your home, and isn't a visiting head of state. So whatever you do, do not postpone the appraisal until you get a chance to "clean up a little." Cleaning does not make your appraised value higher! And delaying adds time to an already lengthy process.

The appraiser will form an opinion on the probable market value of the property considering sales of similar homes in the area among other factors. He or she will prepare an appraisal report explaining the conclusion. The appraisal belongs to the lender considering lending money with the home as collateral. Often, you can receive a copy of the appraisal either as a courtesy or in keeping with state law. Let us know you're interested and we'll help.

The lender wants to know first of all whether the property is worth at least as much as the loan amount. In the unlikely event the lender would have to foreclose, it wants to know it should be able to recoup at least the loan amount. But if your loan program depends on your borrowing, for example, 95 percent of the property's value and no more, the appraisal can impact your eligibility for the loan that's right for you. In a "close" case like that, the best solution is almost always to increase your down payment, or we can help find another solution such as another loan program that works.

An appraisal can cost from \$200 to \$500 or more for very complex properties. You as the borrower generally pay the lender for the appraisal upon application for your loan.