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THE APPRAISAL

Having an idea of what is involved in appraising a piece of property can help in maximizing the appraised value and avoiding costly details and re-inspections. The appraisal process consists of several steps:

The following are the major steps in the sequence normally followed by appraisers:

1. Research the subject property as to size, bedrooms, baths, year built, lot size and square footage.
2. Gather data of recent sales in the subject's neighborhood. The appraiser needs to locate at least three and preferably more, similar-sized homes which have sold within the past 6 months. These homes are considered the *Comparable Properties* or *Comps*.
3. Field inspection consists of two parts: **First**, the inspection of the subject property. **Second**, the exterior inspection of the comparable properties which have been selected to estimate the value of the subject property. The subject inspection consists of taking photos of the street scene, front of the home and rear of the home which may include portions of the yard. The appraiser will make an interior inspection for condition, noting any items that would detract from or add to the value of the home. He will also draw a floor plan of the home while doing the inspection.

The inspection of the comparable properties is limited to an exterior inspection. For features that cannot be seen from the street, the appraiser has reports from Multiple Listing Services (MLS), California market Data Cooperative (CMDC), county public records, and appraisal files along with other sources to help determine the condition and amenities of the comparables. After the field inspection has been completed, the appraiser must determine which comparable properties most resemble the subject, making slight adjustments, the estimated value. This method of estimating value is called the *Direct Sales Comparison Approach to Value*, and it accounts for nearly all of the considerations in determining value of single family home.

It is important to consider that the appraiser will be taking photos of the street scene and of the front of the subject. The street scene gives the lenders an idea as to the type of neighborhood in which the home is located. The photo of the front of the home informs the lender of its condition and curb appeal. And lastly, a photo is taken of the back of the home and part of the rear yard. Many homeowners don't take care of the rear portion of their homes and back yards, so for this reason the rear photo is required. In most cases, (over 90%), what you see in the condition of the exterior of a home will be repeated in the interior.

An appraiser will call in advance to set up the appointment to inspect the home. At that time, any information about the home's size, number of bedrooms, bathrooms, pool, enclosed patio, etc. should be supplied. The more that is known about the property prior to inspection, the better the appraiser can focus on researching the most similar comparables.

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