



Michael DeChant's Top Ten Appraisal Myths

- 1. Myth:** Realtors cannot get involved in the appraisal process.
Reality: *An appraiser should welcome any objective professional information that a realtor can provide.*
- 2. Myth:** Appraisers intentionally "low ball" values.
Reality: *Appraisers have no incentive other than to tell it like it is....you just may not want to hear it.*
- 3. Myth:** There is a different value when doing divorce, bankruptcy, or mortgage appraisals.
Reality: *The value conclusion should be the same regardless of use.*
- 4. Myth:** There is a handbook for appraisal adjustments.
Reality: *Adjustments are a function of the local market coupled with the appraiser's experience.*
- 5. Myth:** Appraisers cannot appraise in different markets.
Reality: *The fundamentals of appraising are the same regardless of the location. If diligent research is performed, then the conclusion should be on target.*
- 6. Myth:** Condition of the house does not impact value.
Reality: *Appraisers should look at a house and its condition as if they were a buyer. If it needs work (interior or exterior) the value should be adjusted accordingly.*
- 7. Myth:** Including personal property (furnishings, boats, etc.) in the contract is no big deal.
Reality: *If the transaction includes anything in the way of personal property it has to be deducted from the sales price.*
- 8. Myth:** All lenders are the same when it comes to lending/appraisal guidelines.
Reality: *NOT! The old saying "those who have the gold, make the rules" is very true. Know your lender's loan programs not just the lender. It is not always a good fit.*
- 9. Myth:** The homeowner is totally objective when it comes to knowing the value of their home (so I will use their value when listing their property).
Reality: *In 25 years, I've never met a homeowner who didn't have an overstated opinion of the value of their home.*
- 10. Myth:** Appraising is an exact science.
Reality: *Appraising is essentially an educated opinion based on the best available facts. The challenge is providing a current value using historical data – especially in a fluctuating market.*