

Why Do I Need a Home Appraisal?

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There are several reasons why you may need or want to get a home, farm or commercial appraisal. The most common one is to obtain a mortgage on a home. Most lenders are required by Federal and State laws and current banking regulations to obtain an appraisal in conjunction with most loans secured by real estate (mortgages) given by the lender. Here are a few possibilities:

Pre-Sell/Purchase Decisions

Appraisals help determine for how much you should sell or buy a home.

Before you decide to sell or purchase a home or farm, you must decide how much you should buy or sell it for. If you are the seller, you may want to find out so you can decide whether it is worth it or not to paint the house, put in new carpeting, or maybe tile your farm. If you are the buyer, you may want to have someone uninvolved with the transaction help you determine if you are paying too much (or too little) for the house or farm.

Mortgage Refinancing/Second Mortgages

Most lenders will require a new appraisal when you apply to refinance your home or farm. This is to your benefit as you may be consolidating debt or using your existing property as collateral for a new purchase and you want an accurate, up-to-date market value placed on your existing property. Additionally, many people use a second mortgage to tap into their home's equity to buy vehicles, consolidate debt, pay for tuition, etc. Lenders may require an appraisal in these situations as well.

PMI Removal

Increases in your home's value and equity may allow you to drop PMI and lower your monthly mortgage payments, saving you money.

Private

Mortgage Insurance (or PMI) is supplemental insurance that many lenders ask homeowners to purchase when the amount loaned on the property is more than 80% of the value of the house. The Homeowners Protection Act of 1998 requires that lenders drop the PMI payments when the loan to value ratio conditions have been met, however many require an appraisal to support the homeowner's assertions of the value increase. Getting an appraisal and dropping your PMI payments can significantly reduce your monthly mortgage payments!

Estate Planning

The loss of a loved one is a difficult time, and often this sad event is complicated by difficult decisions regarding the disposition of the estate. Settling an estate usually requires an appraisal opinion to establish fair market value for the property involved.

Divorce Settlement

Finalizing a divorce involves many decisions, including property disposition. There are generally two options: the property can either be sold and the proceeds divided, or one party can buy the other party out. In either case, one or both parties should have an appraisal of the property.

Know your home is valued properly by choosing a certified or licensed appraiser. Most lenders are required by federal

and state laws and current banking regulations to obtain an appraisal for most loans secured by real estate and all appraisals made for mortgage loans from federally insured lenders must be made by a licensed or certified appraiser.

Whatever your reason, chances are you will have to a home appraised at some point in your life. When this situation arises, choose an experienced, knowledgeable appraiser to help you determine the value of your property...choose a Certified Appraiser!