

## What is Appraised Value?

- An appraisal, by definition, is an opinion of value. **It is an art and not a science.** Appraised values are subjective so appraisals may differ.
- For buying and selling purposes, appraisals are based on current market value as proven by historical data (closed sales). Lending guidelines require any mortgage value to be based on sold data, not active listings (unless there is a strong indication of a declining market).
- Appraised value changes with market conditions. Changes in the **local** market, not the national market, affect the appraised value of a home.
- Appraisers do consider special circumstances in all valuations and rely on agents to inform them of any special motivations or circumstances. The property details listed in the sold (or closed) records of the local MLS have a great influence on appraised values.
- Lenders often consider the appraised value and the sales price, and base their mortgage offer on the lowest amount.
- While an appraised value is created through a subjective process, a state licensed appraiser has the equivalent of a Master's Degree in Real Estate. Appraisers provide an unbiased, educated opinion of value.
- For most people's single, largest, lifetime investment, an appraisal serves to protect the homeowner as much as the mortgage investor. The appraisal industry was established as a consumer protection service.
- Realtors® provide clients with professional pricing opinions based on local knowledge. Determining any real estate value is a subjective process. A process best accomplished by a knowledgeable real estate professional, which can never be replaced by any computer generated valuation service. As a home buyer (or seller), using the services of a Realtor® and a licensed residential appraiser are your best chance to assure you receive a fair value.