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Eight ways to improve your home appraisal

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By [Lou Carlozo](#)

WASHINGTON (Reuters) - When Kellie and Michael May decided to refinance their home in the New York suburbs, they wanted to take advantage of historically low interest rates. But before landing a new 30-year fixed-rate mortgage, they had to get through a home appraisal.

"It was a major stumbling block," says Kellie May, who has owned the 4-bedroom, 3-bath colonial for seven years. Not that she and her husband were unprepared; they'd been through an appraisal for another refinance in 2010, so they knew to point out improvements they'd made to the 3,400 square foot home, and supply prices for other neighborhood properties that had sold recently.

But the appraisal came back roughly \$70,000 less than the \$1,230,000 the Mays were expecting, and too low to support their new loan.

They responded with a paperwork arsenal aimed at their lender, asserting that the appraisal had been based on faulty recent sales data. The loan squeaked through, after the bank crafted an exception for the Mays. It was able to do that because their loan was a jumbo loan, not subject to the more rigid underwriting standards they would have encountered if it were a conventional loan aimed at secondary buyers like Fannie Mae and Freddie Mac.

Low appraisals are becoming a bigger problem for many would-be buyers and refinancers as home values have started to stabilize and rise in some markets.

In Leesburg, Florida, for example, low appraisals have caused the cancellation of as many as 15 percent of home sales for local real estate broker Gus Grizzard.

"We are seeing higher price appreciation and are starting to run into appraisal problems," said Charlie Young, chief executive officer of ERA Franchise Systems, a firm with a national network of real estate brokerage offices, including Grizzard's. The National Association of Realtors reported on Tuesday that inventories of homes were low and the median price a home resale was, at \$180,800 in December, up 11.5 percent in a year.

Appraisals are based on recent sales prices of comparable properties. And in rising price markets, those sales prices might not be high enough to support the newest deals. Young said there were many places in California reporting appraisal problems.

On Friday, the federal government issued new rules aimed at improving the appraisal process as it pertains to high-interest mortgages on rapidly appreciating homes.

But those rules don't go into effect for a year, and don't apply to most conventional loans. It pays to protect your own loan before the bank even thinks about sending that guy with the clipboard over to your house.

"The reality is that the appraiser is only there for 30 minutes at most," says Brian Coester, chief executive of CoesterVMS, a nationwide appraisal management company based in Rockville, Maryland. "The best thing a homeowner can do to get the highest appraisal possible is make sure they have all the important features of the home readily available for the appraiser."

Here are eight ways you can bolster your appraisal:

MAKE SURE APPRAISER KNOWS YOUR NEIGHBORHOOD

Is the appraiser from within a 10-mile radius of your property? "This is one of the first questions you should ask the appraiser," says Ben Salem, a real estate agent with Rodeo Realty in Beverly Hills, California.

He recalled a recent case where an appraiser visited an unfamiliar property in nearby Orange County and produced an appraisal that Salem said was \$150,000 off. "If the appraiser doesn't know the area intimately, chances are the appraisal will not come back close to what a property is really worth."

You can request that your lender send a local appraiser; if that still doesn't happen, supply as much information as you can about the quality of your neighborhood.

PROVIDE YOUR OWN COMPARABLES

Provide your appraiser with at least three solid and well-priced comparable properties. You will save her some work, and insure that she is getting price information from homes that really are similar to yours.

Websites including Realtor.com, Zillow and Trulia offer recent sales prices and details such as the number of bedrooms and bathrooms in a home.

KNOW WHAT ADDS THE MOST VALUE

If you're going to do minor renovations, start with your kitchen and bathrooms, says G. Stacy Sirmans, a professor of real estate at Florida State University. He reviewed 150 variables that affect home values for a study sponsored by the National Association of Realtors. Wood floors, landscaping and an enclosed garage can also drive up appraisals.

DOCUMENT YOUR FIX-UPS



If you've put money into the house, prove it, says Salem.

"Before-and-after photos, along with a well-defined spreadsheet of what was spent on each renovation, should persuade an appraiser to turn in a number that far exceeds what he or she first called out."

Don't forget to highlight all-important structural improvements to electrical systems, heating and cooling systems - which are harder to see, but can dramatically boost an appraisal. Show receipts.

TALK UP YOUR TOWN

If your town has recently seen exciting developments, such as upscale restaurants, museums, parks or other amenities, make sure your appraiser knows about them, says Craig Silverman, principal and chief appraiser at Silverman & Co. in Newtown, Pennsylvania.

DISTINGUISH BETWEEN UPSTAIRS AND DOWNSTAIRS

Many homeowners covet that refinished basement, but that doesn't mean appraisers look at it the same way. "Improvements and additions made below grade, such as a finished basement, do not add to the overall square footage of your house," says John Walsh, president of Total Mortgage Services in New York. "So they don't add anywhere near as much value as improvements made above grade."

According to Remodeling magazine, a basement renovation that cost \$63,000 in 2011-12 will recoup roughly 66 percent of that in added home value. That's not as good as an attic bedroom, which will recoup 73 percent of its cost. Even similar bedrooms typically count for more if they are upstairs instead of downstairs.

CLEAN UP

Even jaded appraisers can be swayed by a good looking yard. "Tree trimming, cleaning up, a few flowers in the flower beds and paint touch up can all help the appraisal," says Agnes Huff, a real estate investor based in Los Angeles.

That advice holds true indoors, too. "Get rid of all the clutter in your home," says Jonathan Miller, a longtime appraiser in New York. "It makes the home appear larger."

GIVE THE APPRAISER SOME SPACE

Don't follow the appraiser around like a puppy. "I can't tell you how many homeowners or listing agents follow me around in my personal space during the inspection," he says. "It's a major red flag there is a problem with the home."

And while you're at it, make the appraiser's job as pleasant as possible by giving your home a pleasant smell. At a minimum, clean out the litter box. Baking some fresh cookies and offering him one or two probably won't sway your appraisal, nor should it. But it couldn't hurt.

(The writer is a Reuters contributor. The opinions expressed are his own.)

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