

HOW TO READ AN APPRAISAL REPORT

Become familiar with the important parts of the appraisal report.





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ABOUT THIS BOOK

When you get your appraisal report it may sometimes be twenty to thirty pages in length. This may be overwhelming to digest. This article will let you know what are some important elements of your report.

Most appraisal reports will consist of the same main parts: basic property information, comparable sales information, and value conclusion.

This is a guide on how these three items are often laid out in the appraisal report.

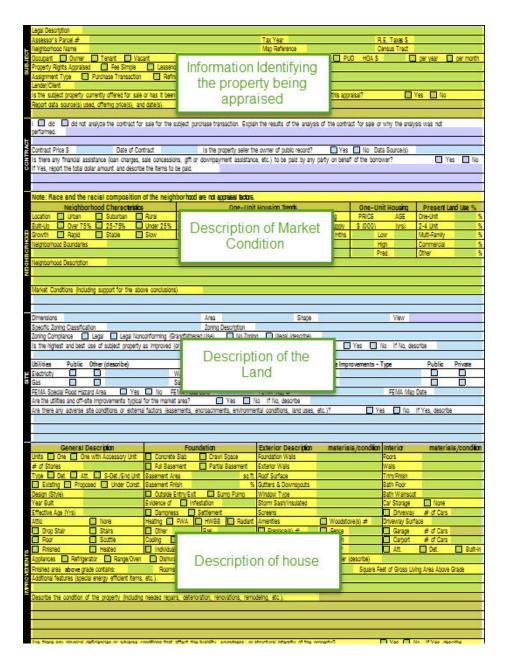


DESCRIPTION

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The beginning of the report will typically contain the property's basic information. The address, property tax, the type of property, the size of the land, any updated or renovations done, and other general information. It is important that the information in this part is all correct to ensure that the appraiser can find and compare it to similar homes to come up with an accurate value.

Pro Tip - If you are the homeowner ordering the appraiser to help you determine the market value in order to sell the property, then this information is already known. Therefore, this section may not need to be as extensive.

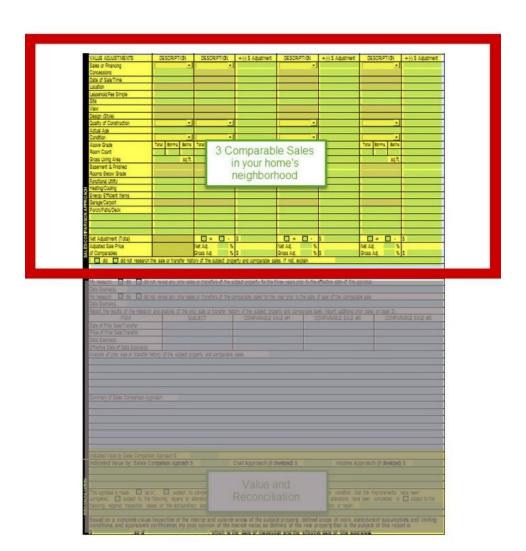




COMPARABLES

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The next prominent section of the appraisal is where you can find the homes that the appraiser used to compare to your property, and their corresponding sales prices. Here you may also notice adjustments in the comparables values. These are made in order to estimate the market value of your home. The appraiser should be able to show the bases for these adjustments.

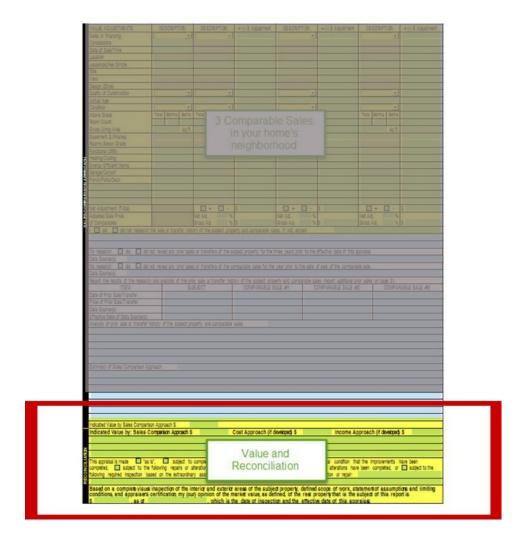




VALUE

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At the bottom of the page featuring comparable sales is one of the most important parts of the appraisal for you, the client, your home's value. To better understand HOW the appraiser arrived at this number, look for the reconciliation or the summary conclusion section.



This is by no means an exhaustive list of what is included in an appraisal report.

However, now that you have an idea of three important sections (property description, comparables analysis and value conclusion/reconciliation, keep in mind that you should carefully read it and check if there are any errors, missing information, and whether or not you feel that the final value is correctly justified.

A good appraiser will not be concerned if you call to ask a question or two about his conclusions.



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