

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.

Legal Description		Assessor's Parcel #		Tax Year	R.E. Taxes \$
Neighborhood Name		Map Reference		Census Tract	
Occupant: <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant Property Rights Appraised: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasing Assignment Type: <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refin.		PUD <input type="checkbox"/> HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month			
Lender/Client		Is the subject property currently offered for sale or has it been? <input type="checkbox"/> Yes <input type="checkbox"/> No Report data source(s) used, offer(s) price(s), and date(s).		This appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No	
I <input type="checkbox"/> did <input type="checkbox"/> did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.					
Contract Price \$ _____ Date of Contract _____ Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source(s) _____ Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, report the total dollar amount and describe the terms to be paid.					
Note: Race and the racial composition of the neighborhood are not appraisal factors.					
Neighborhood Characteristics Location: <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural Built-Up: <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% Growth: <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow Neighborhood Boundaries _____ Neighborhood Description _____		One-Unit Housing Trends PRICE AGE One-Unit % \$ (1000) (Yrs) 2-4 Unit % Trends Low High Commercial % Pred Other %		Present Land Use % _____ _____ _____	
Market Conditions (including support for the above conclusions)					
Dimensions _____ Area _____ Shape _____ View _____ Specific Zoning Classification _____ Zoning Description _____ Zoning Compliance: <input type="checkbox"/> Legal <input type="checkbox"/> Legal Nonconforming (Grandfathered Use) <input type="checkbox"/> No Zoning <input type="checkbox"/> Illegal (Describe) _____ Is the highest and best use of subject property as improved for _____ <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe _____		Utilities: Public _____ Other (describe) _____ Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/>		Improvements - Type: Public _____ Private _____ FEHA Special Flood Hazard Area: <input type="checkbox"/> Yes <input type="checkbox"/> No FEHA Flood Zone: _____ FEHA Map Date _____ Are the utilities and off-site improvements typical for the market area? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe _____ Are there any adverse site conditions or external factors (setbacks, encroachments, environmental conditions, land uses, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe _____	
General Description Units: <input type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit # of Stories _____ Type: <input type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const. Design (Style) _____ Year Built _____ Effective Age (Yrs) _____ Attic: <input type="checkbox"/> None <input type="checkbox"/> Full <input type="checkbox"/> Partial Drop Stair <input type="checkbox"/> Stairs <input type="checkbox"/> Other _____ Floor <input type="checkbox"/> Sootle _____ Rinked <input type="checkbox"/> Heated <input type="checkbox"/> Individual _____ Appliances: <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher Finished area above grade contains _____ Rooms _____ Additional features (special energy efficient items, etc.) _____		Foundation <input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space <input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement Basement Area _____ sq. ft. Basement Finish _____ % <input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump Evidence of _____ infestation _____ <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement Heating: <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant Floor _____ Siding _____ Windows _____ Screens _____ Woodstove(s) # _____ Garage # of Cars _____ Carport # of Cars _____ Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in _____		Exterior Description materials/condition Foundation Walls _____ Exterior Walls _____ Roof Surface _____ Gutters & Downspouts _____ Window Type _____ Storm Sash/Insulated _____ Siding _____ Woodstove(s) # _____ Garage # of Cars _____ Carport # of Cars _____ Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in _____	
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)					

Information Identifying the property being appraised

Description of Market Condition

Description of the Land

Description of house



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 ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+/- \$ Adjustment	DESCRIPTION	+/- \$ Adjustment	DESCRIPTION	+/- \$ Adjustment
Sales or Financing Concessions							
Date of Sale/Time							
Location							
Leasehold Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							
Actual Age							
Condition							
Room Count	Total	Beds	Baths	Total	Total	Beds	Baths
Gross Living Area	sq.ft.			sq.ft.			
Basement & Finished Rooms Below Grade							
Functional Utility							
Heating/Cooling							
Energy Efficient Items							
Garage/Carport							
Porch/Patio/Deck							
Net Adjustment (Total)			\$				\$
Adjusted Sale Price	Net Adj.	%		Net Adj.	%	Net Adj.	%
of Comparables	Gross Adj.	%	\$	Gross Adj.	%	Gross Adj.	%

3 Comparable Sales in your home's neighborhood

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer				
Price of Prior Sale/Transfer				
Date Subsequent				
Effective Date of Data Sources				
Analysis of prior sale or transfer history of the subject property and comparable sales				

Indicated Value by Sales Comparison Approach \$

Indicated Value by Sales Comparison Approach \$ Cost Approach (if developed) \$ Income Approach (if developed) \$

Value and Reconciliation

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$_____ which is the date of inspection and the effective date of this appraisal.



VALUE

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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