Understanding Your Home Appraisal

A clear, calm guide to what happens, why it matters, and what to expect

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Faith Nance, REALTOR® — FN Home Group

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Reading Time	Edition	Prepared By
~7 minutes	July 2026	Faith Nance, REALTOR®

1 What Is a Home Appraisal?

If you're buying, selling, or refinancing, you've likely heard the word "appraisal" tossed around. Here's what it actually means.

A home appraisal is a professional, independent opinion of a property's market value at a specific point in time. It's typically performed by a state-licensed or certified appraiser who has no personal stake in the outcome of your transaction. Their job is simply to research the property and the local market, then form an unbiased conclusion about what the home is likely worth.

In most home-purchase and refinance transactions, the appraisal is ordered by the lender, not by the buyer, seller, or agent. This is because the lender is using the home as collateral for the loan and wants an independent assessment that the amount being borrowed is reasonably supported by the property's value. Even though the buyer typically pays the appraisal fee, the appraiser works for the lender and answers only to them.

> 💡 **Faith's Tip**
> Because appraisers are independent third parties, no agent, buyer, or seller can direct or influence the value they arrive at. Their role is to protect the integrity of the process, which ultimately protects everyone involved.

2 Inspection vs. Appraisal: What's the Difference?

These two terms get mixed up constantly, but they serve very different purposes and are performed by different professionals.

A home inspection is a detailed, hands-on examination of a property's physical condition. Inspectors typically test systems like plumbing, electrical, HVAC, and roofing, and they look for defects, safety issues, or needed repairs. Buyers usually hire inspectors, and the report is meant to help them understand what they may be taking on.

An appraisal, on the other hand, is focused on value, not condition in the same exhaustive sense. Appraisers do observe the general condition of a home, but their primary task is comparing your property to similar homes that have recently sold nearby to form an opinion of market value for the lender.

	Home Inspection	Home Appraisal
Purpose	Assesses physical condition and identifies repair needs	Estimates market value for lending purposes
Typically Ordered By	The buyer	The lender
Performed By	A licensed home inspector	A licensed or certified appraiser
Result	A condition report with findings	A value opinion (the appraisal report)
Is It Required?	Usually optional, though strongly recommended	Typically required by the lender when financing is involved

📌 **Did You Know?**
An appraisal is not a substitute for a home inspection, and a passing appraisal doesn't mean a home has no issues. They answer two entirely different questions: "What is this worth?" versus "What condition is it in?"

3 How Appraisers Determine Value

Appraisers rely on research, market data, and professional judgment rather than guesswork.

The most common approach for residential properties is called the sales comparison approach. In plain terms, the appraiser looks at recently sold homes in your area that are similar in size, age, condition, and features. These are often called "comps." They then adjust for differences, for example, adding value for an extra bedroom or subtracting for a smaller lot, to arrive at a supported estimate of what your home is likely worth in today's market.

- Location, including neighborhood, school zones, and proximity to amenities
- Square footage and overall livable space
- Lot size and outdoor features
- Number of bedrooms and bathrooms
- Age and general condition of the home
- Upgrades or renovations, such as an updated kitchen or new roof
- Recent comparable sales in the immediate area
- General market conditions, including supply and demand

> 📌 **Did You Know?**
> Appraisers generally try to use comparable sales from within the last several months and within a reasonably close distance to your home, though the exact range can vary depending on how active the local market is.

4 Preparing Your Home for the Appraisal Visit

While you can't influence the appraiser's professional opinion, you can make sure they have accurate, complete information to work with.

A little preparation can help the appraisal visit go smoothly and ensure the appraiser has everything they need to do a thorough job. Think of it less as "getting a good number" and more as making sure nothing important gets overlooked.

- Tidy up and declutter so rooms are easy to walk through and measure
- Make sure all areas of the home, including attics, basements, and crawl spaces, are accessible
- Replace burnt-out light bulbs and open blinds or curtains for good lighting
- Handle minor, easy repairs like loose doorknobs, dripping faucets, or squeaky doors
- Gather a list of any recent updates, renovations, or improvements with approximate dates
- Secure or temporarily relocate pets so the appraiser can move through the home safely
- Make sure all utilities are on so systems can be observed functioning normally

> 💡 **Faith's Tip**
> Consider putting together a simple folder or digital list of upgrades, such as a new HVAC system, roof replacement, or remodeled bathroom, along with approximate dates. This gives the appraiser helpful context they might not otherwise notice during a walkthrough.

5 What Happens If the Appraisal Comes in Low

A low appraisal can feel stressful, but it isn't the end of the road. Several paths forward are commonly available, and which one makes sense depends on your specific contract and situation.

An appraisal that comes in below the agreed purchase price simply means the appraiser's opinion of value didn't match the contract price. This can happen for many reasons and doesn't necessarily reflect anything wrong with the home itself. What happens next generally depends on the terms already agreed upon between buyer and seller.

- The buyer and seller may renegotiate the purchase price
- The buyer may choose to pay the difference between the loan amount and the sale price in cash
- If the contract includes an appraisal contingency, the buyer may have the option to renegotiate or exit the contract
- Either party may request a reconsideration of value, where additional comparable sales or information is submitted to the lender for review
- In some cases, a second appraisal may be ordered, depending on lender policy

Every contract and lender is different, and the specific options available to you will depend on the details of your purchase agreement and financing. This is a good time to lean on your real estate agent and lender to walk through your particular situation and understand what's realistic.

> 💡 **Faith's Tip**
> If you're concerned about the possibility of a low appraisal, talk with me before you're under contract about how your purchase agreement can be structured. Having a clear plan in place ahead of time can make this scenario far less stressful if it happens.

Frequently Asked Questions

Q. Who pays for the appraisal?

In most financed transactions, the buyer typically pays the appraisal fee, even though the appraisal is ordered by and reports back to the lender.

Q. Can I be present during the appraisal?

Homeowners or sellers are often present or make arrangements for access, though practices can vary. It's a good idea to confirm expectations with your agent or lender ahead of time.

Q. How long does an appraisal take?

The on-site visit is often relatively brief, but the full process, including research and report preparation, can take several days to a couple of weeks depending on the appraiser's workload and local market conditions.

Q. Does cleaning or staging affect the appraised value?

Appraisers focus primarily on objective factors like size, condition, features, and comparable sales rather than staging or decor. That said, a clean, well-maintained, and accessible home helps ensure nothing is overlooked.

Q. What if I disagree with the appraisal?

You generally have the option to request a reconsideration of value through the lender, which typically involves providing additional comparable sales or information for review. Your agent and lender can help you understand this process.

Q. Is an appraisal the same as a home inspection?

No. An appraisal focuses on estimating market value for the lender, while an inspection focuses on the physical condition of the home for the buyer's benefit. They are performed by different professionals for different purposes.

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Appraisal Prep Checklist

- [ ] Declutter and tidy each room for easy walkthrough access
- [ ] Ensure attics, basements, crawl spaces, and closets are accessible
- [ ] Turn on all lights and open blinds or curtains for visibility
- [ ] Make sure all utilities (water, electric, gas) are on
- [ ] Fix minor issues, such as loose fixtures or leaky faucets, if possible
- [ ] Secure pets or arrange for them to be out of the way
- [ ] Clear driveways and walkways for easy access to the home
- [ ] Prepare a list of updates, renovations, or improvements with approximate dates
- [ ] Have receipts or permits for major work on hand, if available
- [ ] Mow the lawn and tidy the exterior for a clean first impression
- [ ] Remove clutter from garages and storage areas
- [ ] Confirm the appointment time and plan for access in advance

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"Whether you're buying your first home, preparing to sell, relocating, or simply have questions about today's market, I'm here to be your trusted resource before, during, and long after closing."

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