

The use of an appraisal

Finding out the value of your home - or the house you hope will become your home - is one of the most confusing and overwhelming parts of the homebuying process. An appraisal is required by banks and other mortgage providers before any financing will be provided for the purchase of a home, and is part of the process of re-financing, acquiring a second mortgage, and other real estate transactions.

When an appraiser reviews a property, the most important things he/she looks at are the values of recently-sold comparable properties, the cost of replacing or rebuilding a building, and the value that the property's net earning power will establish.

The appraisal report

When an appraiser writes a report, the report contains a description of the property and the area in which the property is located, data on the values of comparable properties, information about current market trends in the area, and an analysis of the "highest and best use" of the property. The report provides a comprehensive overview of the property as compared to other similar surrounding properties while also placing the property's value in the context of the greater market.

The role of the appraiser

An appraisal is the value a professional appraiser - someone licensed by the state and trained in the assessment of property - places on a property for sale, refinancing, or other purposes. The appraiser is an educated, objective and impartial professional who assists the interested parties by using data about similar properties, measurements of the home, and other resources and data to place a monetary value on the property.

There are several different types of appraisers, each of which is qualified to perform certain types of appraisals on certain types of property:

- Limited Appraiser's can appraise property in any non-federally regulated transactions, with the signature of a supervisor who is a state licensed, certified residential or certified general appraiser. A limited appraiser can also assist state licensed, certified residential or certified general appraisers in developing a federally-regulated appraisal, but cannot sign the report.
- State Licensed Appraiser's can appraise property in any non-federally regulated transactions, as well as any federally-regulated transactions of 1-4 family residences up to \$1,000,000 or commercial properties up to \$250,000.
- Certified General Appraiser's can appraise property of any type and any value.
- Certified Residential Appraiser's can appraise residential property of any type or value, and commercial properties of up to \$250,000 in transaction value.
- Your REALTOR, banker or mortgage provider will assist you in determining which type of appraiser you need to evaluate your home.

Why choose a MiCREA appraiser?

Members of MiCREA, the Michigan Council of Real Estate Appraisers, are REALTORS. As such, they're held to a higher standard of professional ethics and education and have an array of resources at their disposal to assist you in having the best home-buying, selling or refinancing experience possible.