

What To Do If The Appraisal Comes In Low

A low valuation can scuttle a deal if the buyers are relying on financing from a bank to purchase a home. Banks require appraisals to verify that a home's sale price is supported by its market value and won't issue a loan for more than the appraised value. However, there are several things buyers and sellers can do if an appraisal is lower than the price they agreed on.

Look for errors in the appraisal report that might have led to a low valuation. Make sure the appraiser recorded the correct square footage of the property, the right number of rooms and any upgrades that might boost the value of your home.

Ask the appraiser to reconsider his or her evaluation if you think it does not accurately reflect the value of your property. For example, the appraiser might have used short sales and foreclosures when making comparisons for valuation purposes, and the low prices of these properties could have hurt your home's appraisal.

Ask for a second appraisal, especially if the first one was done by an out-of-town appraiser who wasn't familiar with the market.

Pay for your own appraisal and, if the valuation is higher, use it to contest the first appraisal. To find a certified appraiser, visit the [Appraisal Institute's website](#).

Provide Owner financing in addition to the bank sponsored loan. You can create a second seller-held mortgage between you and the buyer. The advantage here is that you create your own terms with the buyer; you require small monthly payments in addition to the bank mortgage or accept payment as a balloon payment after a few years when the seller can refinance the property and get you the money. Banks are usually OK with this since your owner-financed mortgage is subordinate to the bank mortgage (subordinate means the bank gets paid before you do – big surprise, right?).