

# ***Comments from Other Professionals About Column on Appraisals***

## **From an Appraiser:**

I don't see any misinformation in your article. You are correct that there are appraisers out there that will appraise a property in an area where they have no expertise. I ran into this just last week when I was asked to appraise a historic property in Nederland. I do have a lot of mountain appraisal experience but not historic properties. I did not know it was a historic property until I went out to do the inspection. I immediately called the AMC and told them I wasn't qualified and they were not happy with me. They told me to complete the assignment anyways! I said NO! I have a feeling I will not be getting any more work from that particular company but it would have been a violation of USPAP for me to continue on....very frustrating!

Thanks and have a great day!

Beth Hanlon

Hanlon Appraisal Services, LLC  
303-478-1373 cell/office

## **From a Mortgage Professional:**

Another reason the appraisal quality has gone down, (in addition to appraisers being paid less), is that they no longer have to earn their business. They sign up with an AMC, they get paid up front, and they turn in the appraisal when they get to it. When I used Beth, if I had an emergency, she would work at night and on weekends; if she could not reach an HOA for info, she called me and we rattled cages. These days, all of this happens Monday through Friday, except holidays, and only in good weather. Of course there are still

good appraisers out there, but you never know who you'll get.

Shelley Ervin  
(formerly with Clarion Mortgage Capital)

## **From a Mortgage Broker:**

I do have a couple of comments. First, you mention that real estate agents are barred from speaking to appraisers. Not so. In fact, we often encourage listors to furnish the comps upon which they based their pricing of the home to the appraiser, since they are the only ones who will have an opportunity to support the value. Also, your comment about paying more than appraised value is just a little off. If the buyer chooses to pay more than the appraised value, the lender is less at risk because the buyer has to make up the difference between appraised value and purchase price with additional down payment. In the (pretty unusual) case where a buyer is making a huge down payment (like 50%), the purchase price can be raised and the loan amount raised accordingly, and the LTV [Loan-to-Value] is probably still under 80%. If the buyer was making a 20% down payment, and wishes to remain at an 80% LTV, then additional down payment will be required to make up the difference. The lender's LTV will be based upon the appraised value or the purchase price, whichever is lower.

Two examples:

Purchase price \$200,000, down payment 50%, loan amount \$100,000, lender's LTV is 50%. Appraisal comes in at \$180,000. Price is held at \$200,000, lender's LTV is now 55.6%. There is no impact on the loan process.

Purchase price \$200,000, loan amount is \$160,000, lender's LTV is 80%. Appraisal comes in at \$180,000, lender's LTV is now 88.9%, purchase price is held at \$200,000. We have to either switch to an "insured" loan, or put down an additional \$16,000. This reduces the loan amount to \$144,000, and the lender's LTV returns to 80%.

In example number two, there are a number of possibilities for having the seller pay for mortgage insurance, adjusting the purchase price, etc.

Good column!

Norm Lewis, Sr. Loan Officer  
Peoples Mortgage Corporation  
Office - 303-974-6953  
Fax - 303-974-6700  
Cell - 303-263-8019

## **From Another Mortgage Broker:**

Good Article - Only thoughts that I have are:

VA appraisals - can take up to 10 days by their policy - bummer when you want a "rush" appraisal

Appraisals - went down in price a little - \$375 - VA appraisals are \$400

Lenders lend on the lesser of the appraised price or contract price - so you have to come in with the difference in cash.

FHA Appraisals follow the home for 6 months -

Bruce Gustafson  
Crestline Mortgage Bankers  
(303) 596-0780