

# COMMON MYTHS ABOUT THE HOME BUYING PROCESS



## BORROWERS

**MYTH** AN APPRAISER IS HIRED BY THE BORROWER.

**FACT** Even though the borrower may be responsible for the cost of an appraisal, **appraisers are hired by lenders.** Appraisers provide an analysis of the collateral so that lenders understand the value of a property when making the loan decision.

**MYTH** THE MONEY PUT INTO A HOME TRANSLATES DOLLAR-FOR-DOLLAR INTO A HIGHER APPRAISAL.

**FACT** The cost put into a home improvement project may very well add value to a home; however, the value of any improvements are based on what the market is willing to pay for them, and may not necessarily correlate to the cost. Not all renovations positively impact property values.

**MYTH** APPRAISERS SET THE VALUE OF A HOME.

**FACT** Appraisers don't set the value of a home, nor do they confirm a home's sale price. Their role is to produce a credible opinion of value which reflects the current market.

**MYTH** APPRAISERS AND HOME INSPECTORS PERFORM THE SAME FUNCTION.

**FACT** Though both provide crucial information, their roles are very different. An appraiser provides an objective, unbiased analysis so the lender can better understand the value of a property. An inspector is typically hired by the borrower and performs an objective visual examination of the physical structure and systems of a house to ensure the structural integrity of the property.

**MYTH** THE MOST IMPORTANT FACTOR OF AN APPRAISAL IS THE SQUARE FOOTAGE OF A HOME.

**FACT** An appraisal is based on a number of considerations, including a house's size, location, condition, age, quality, and more. Such characteristics are analyzed in relation to recent sales of comparable properties.



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications*