

What Happens if Your Home Appraisal Is Too Low During the Sale?



A low appraisal is when the appraiser's opinion of market value is less than the price agreed upon in the purchase contract. This can create a gap that must be resolved before closing.



EXAMPLE:

Contract Price: \$850,000

Appraised Value: \$825,000

Appraisal Gap: \$25,000

WHY WOULD AN APPRAISAL COME IN LOW?



Rapidly Changing Market

Home prices may be rising faster than recent sales can support.



Limited Comparable Sales

Unique or upgraded homes may have fewer comparable sales available.



Overpricing

The home may be priced based on emotion, online estimates, or peak market conditions.



Condition Issues

Deferred maintenance or needed repairs may impact value.



Buyer Competition

Buyers may offer more than market value in competitive situations.

WHAT YOU CAN DO

When a low appraisal occurs, buyers and sellers usually have several options.

1



BUYER PAYS THE DIFFERENCE

The buyer brings additional cash to closing to cover the appraisal gap.

2



SELLER LOWERS THE PRICE

The seller reduces the purchase price to match the appraised value.

3



BOTH PARTIES NEGOTIATE

Buyer and seller agree to share the difference.

4



RECONSIDERATION OF VALUE

The lender may allow a reconsideration if important information was missed.

5



THE DEAL FALLS APART

If no agreement can be reached, the buyer may cancel the contract.

CAN YOU PREVENT A LOW APPRAISAL?



Price the home appropriately



Provide a detailed upgrade list



Complete repairs before listing



Keep the home clean and presentable



Work with experienced real estate professionals



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Questions about your home's value or need an appraisal? Contact Niño Appraisal Group today. We're here to help!