



Rels Valuation

Our Lenders are committed to helping their customers understand the loan approval process, and also strive to make this process as simple and painless as possible. As part of the loan approval process, our Lenders have hired Rels Valuation to appraise the properties that are being pledged as collateral. In order to give everyone a better understanding of this appraisal process, we are providing you with this information. This will give you a more clear understanding of what an appraisal is, and also will explain how the process works from start to finish.

What is an appraisal?

An appraisal is an opinion of market value for a specific property that is supportable and defensible, and is developed by following procedures that have been established by state and federal regulatory agencies. This opinion of market value is utilized by Wells Fargo Home Mortgage, Inc. to assist in the underwriting of the loan and to aid in risk management decisions.

Here is the process:

Once Rels Valuation has received a request to do an appraisal, the order is assigned to the appraiser that is most capable of completing the assignment based on their familiarity of the subject market area and their ability to meet completion time requirements. Once the appraiser receives the order, an appointment is set to view/inspect the "subject" property.

Upon arriving at the "subject" property, and identifying ourselves as the appraiser, we then conduct exterior and interior inspections. The exterior portion of the inspection includes the following: Photos are taken of the front of the home, a street scene showing the neighborhood, and the rear of the home. Additional photos may also be taken if there are extraordinary views (i.e. golf course, lake, mountains, pool, etc.). Information about the construction quality, property condition, and external influences are identified. A visual inspection of the lot is performed, and measurement of the home and adjacent structures taken.

The interior inspection includes the following: All amenities are viewed, room sketches are drawn, and appliances, utilities, and room counts are identified. The appraiser will note any recent improvements or upgrades to the property, and will make an assessment as to overall condition of the home. Special features and amenities will be noted along with any required repairs or additional inspections (roof, foundation, furnace, etc.), which may be needed.

Once the appraiser is comfortable that the property has been thoroughly inspected, questions may be asked about improvements or other items that were observed. The appraiser may now be familiar with the property, but is still not ready to conclude a value estimate.

Most people realize that an appraisal includes the inspection of the property, but may not realize the amount of research, analysis, and "back room" work that is performed. County/city records are pulled to determine taxes, year built, assessed value, prior transfers and other pertinent information. Plat maps are reviewed to determine lot size and easements, and to determine if any encroachments exist. Flood zone information is also obtained.

Once all the "subject" property information has been researched, we begin the search for comparable sales, listings, pending sales, and even expired listings from the area. The Multiple Listing Service (MLS) from the local board of realtors is one source for this information. MLS also provides the identity of people involved with the sales. The listing broker can be a valuable source of information regarding property condition and amenities, and can also provide information about seller motivation and financing details. Since not all sales are in the MLS database, we also access public records through national data providers and county assessor/recorders office. Every avenue is explored regarding sold property information to assure an accurate opinion of market value.

The appraiser will then drive to each of the potential comparable sales to determine if they are "truly" comparable to the subject. If the sale is similar, they will photograph the property and take field notes regarding the properties exterior condition, view, street appeal, design, and anything, which might have affected the sales price. Many times 4-8 sales will be viewed to determine which 3 or 4 sales best resemble the subject.

Once the home has been inspected, the comparable sales/listings have been viewed, and the general area has been driven, its back to the office to fill out the form and complete the report. The comparable sales are included on a grid so adjustments can be made for any differences. The cost and income approaches will also be completed if deemed applicable for the type of property being appraised. Once the analysis is completed, a range of value is determined and a final opinion of market value can be reached.

It is our hope that this brief description of the appraisal process will prepare you for what to expect, and will also provide you with an overview of what goes on behind the scenes.