APPRAISAL REQUIREMENTS
Per national or federal guidelines by Fannie Mae, Freddie Mac and the Federal Housing Administration/Veterans Administration, appraisers are typically required by lenders to use the sales comparison approach using uniform forms to estimate market value for property. The sales comparison approach analyzes recent sales data from similar properties in the same area.

SECURING AN APPRAISER
Typically, appraisals and appraiser contracts are initiated by a lender as a part of a potential or pending home purchase, sale or refinance. Many consumers directly seek out and hire appraisers for home valuation or pre-listing information, but federal lending requirements prohibit borrower-ordered appraisals for mortgage purposes.

NON-DISCRIMINATION REQUIREMENTS
Appraisers are prohibited from basing opinions on the sex, race, color, religion, handicap, national origin, familial status, or other protected classes of either the prospective owners or occupants of the subject property or the present owners or occupants of the properties in the vicinity of the subject property.

MORTGAGE LENDER APPRAISAL MANAGEMENT
Mortgage lenders (e.g., banks) are the ultimate arbiter of any loan needed to support a home purchase, sale or refinance. They will typically initiate an appraisal to determine the property’s value. Some lenders manage the appraisal process using third party appraisal management companies (AMCs) and others manage the process internally.

APPRAISERS WITH VARYING CREDENTIALS
States issue several types of licenses and certifications for appraisers, and private organizations may confer professional designations that exceed these requirements. It’s important to work with the most highly qualified appraisers such as Appraisal Institute Designated Members who have completed more rigorous training and are bound by a higher Code of Professional Ethics.

CONSUMERS RIGHTS DURING APPRAISAL
You have the option to attend the appraiser inspection of your home or prospective home. Federal law requires mortgage lenders to provide copies of all written appraisals or valuations used in a credit decision at least three business days prior to closing. Be sure to ask questions of your lender about the appraiser to ensure the person is the most highly qualified to conduct the appraisal and that the person has local market expertise. Once completed, request and review a copy of your home appraisal report.

RECONSIDERATION OF VALUE (ROV)
Lenders may have a ROV process to correct factual errors and/or accept additional information or comparable sales from the borrower. Recent fair housing complaints and enforcement actions have highlighted the importance of lenders maintaining a credible dispute process that should include appraisal review and that adequately communicates the results to the borrower.

CONSUMER RIGHTS TO APPEAL
While the process can vary across the industry, if you disagree with the value opinion in an appraisal, you have several options, such as: Ask for and review your report from the lender and/or appeal the appraisal with your lender using their dispute process (reconsideration of value or second appraisal).

COMPLAINTS AND CONCERNS
If you feel discrimination played a factor in the appraisal, file a complaint with the appropriate fair housing agency (HUD Office of Fair Housing and Equal Opportunity or state fair housing agency). If your complaint involves unprofessional conduct or a potential violation of the Uniform Standards of Professional Appraisal Practice, file a complaint with the appropriate state appraisal board or professional appraisal organizations.