

A Suggested Format for Challenging Low Appraisals

(use and adapt as you see fit)

February 22, 2013

ATTN: XYZ Mortgage Company

Subject Property
123 Main Street
Sacramento, CA 95824
Appraised Value: \$220,000

[Opening Paragraph] After reviewing the appraisal for 123 Main Street by John Blacksmith, we would like to request further clarification and investigation by the appraiser. We would like to ask for a reconsideration of value based on the following points:

- **[Comp Critique]** Comp 1 was given a \$10,000 adjustment for condition. This property sold as an REO with a need for cosmetic repairs throughout, whereas the subject property had \$33,450 in recent improvements. A \$10,000 adjustment seems minimal when considering the substantial improvements given to the subject property. When looking at renovated properties (like Comp 3 and pending Comps 4-5), it seems like the market is willing to pay a much larger premium for upgrades.
- **[Comp Critique]** Comp 2 backs a commercial property and is located across the street from a gas station, but no adjustment was given for the adverse location. It may have been a clerical error on the part of the appraiser to have not given an adjustment. Why was an adjustment not given?
- **[Comp Critique]** Comp 3 is updated and the value adjusted well beyond the appraised value. Why was this property not given more weight in the appraisal report? It seems like Comp 1 is inferior in condition and Comp 2 has an inferior location, while Comp 3 is the most similar.
- **[Comp Critique]** Comps 4-5 are pending at \$242,000 and \$248,000. Comp 4 ended up closing 7 days after the appraiser's inspection at \$240,000. We know it cannot be used as a sale in the appraisal report, but on the inspection date it seems like this pending was still a strong indicator of value. Comps 4-5 seem to support a higher value. Why did the appraiser not give more weight to these listings?
- **[New Comps]** What does the appraiser think of 2462 Bono Street and 8629 Edge Way as comparable properties?

[Closing Paragraph] We would humbly ask the appraiser to take a second look at the information above as it relates to data and adjustments in the appraisal report. We appreciate your time and consideration, and please let us know if you have any further questions.

Respectfully,

Larry P. Flipitrealgood
TEL xxx-xxx-xxxx
larry@larryflipitrealgood.com

A Suggested Format for Challenging Low Appraisals

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[Date]

ATTN: [Name of Lender]

Subject Property

[Subject Property Address]

Appraised Value: \$ []

After reviewing the appraisal for [Address] by [Appraiser], we would like to request further clarification and investigation by the appraiser. We would like to ask for a reconsideration of value based on the following points:

- Critique Comp 1 if necessary and ask the appraiser to give an explanation for adjustments that were given or not given.
- Critique Comp 2 if necessary and ask the appraiser to give an explanation for adjustments that were given or not given.
- Critique Comp 3 if necessary and ask the appraiser to give an explanation for adjustments that were given or not given.
- Share any other relevant information here about the market, current listings or other information in the appraisal report that would be good to address. Focus
- What does the appraiser think of [address] and [address] as comparable properties?

We would humbly ask the appraiser to take a second look at the information above as it relates to data and adjustments in the appraisal report. We appreciate your time and consideration, and please let us know if you have any further questions.

Respectfully,

[Your Name & Contact Information]