

Appraisal Myths

MYTH: Assessed value should equal market value.

REALITY: Tax Assessments differ from State—State, but in Nebraska, Housing is generally Assessed at 95% of market value and Agricultural Land is assessed at 75% of Market Value. Tax Assessments are evaluated yearly, but the different counties do not go out to the municipality each year to re-evaluate each home. For these reason, the Tax assessed value rarely equals market value, although in regards to homes, many counties are often quite close.

MYTH: The appraised value of the property will vary depending on whether the appraisal is conducted for the Buyer or Seller.

REALITY: The appraiser has no vested interest in the outcome of the appraisal and therefore should not be affected by whom the appraisal is for. An appraisal is, however, and opinion of value and value will differ somewhat between one appraiser and another.

MYTH: Market Value should approximate replacement cost

REALITY: Replacement Cost does not take into account market trends and even with a new home, will not necessarily equal market value.

MYTH: Because the Borrower pays for the appraisal, they own the appraisal.

REALITY: The appraisal is, in fact, legally owned by the Client stated in the appraisal (generally the lender). However, the Borrower must be given a copy of the appraisal under the Equal Credit Opportunity Act.

