



THE STEEL CITY AGENT
AMANDA TIHEY | REALTOR®



A BUYER'S & SELLER'S REFERENCE GUIDE


Understanding & Reviewing Your Home Appraisal

An appraisal can make or break a real estate transaction. This guide breaks down exactly how appraisals work, what appraisers look for, and what to do if the number comes in low.



Amanda Tihey

REALTOR® | Keller Williams Exclusive

 412-852-7776 | thesteelcityagent@gmail.com

SERVING
Southwestern Pennsylvania

What Is an Appraisal & Why Does It Matter?

An appraisal is a lender's independent verification of value. It protects the bank — and ultimately, the buyer — from overpaying for a property.

"The appraisal is not about what you want the home to be worth — it's about what the market says it's worth."

Whenever a buyer uses financing to purchase a home, the lender requires an independent appraisal before approving the loan. The appraiser's job is to provide an unbiased opinion of the property's market value based on comparable sales, condition, and location. The lender will only lend up to the appraised value — so if the appraisal comes in low, it can directly affect the deal.

The Basics: Who, What, and When

Who Orders It?

The lender orders the appraisal through an Appraisal Management Company (AMC). Neither the buyer nor the agent selects the appraiser — this is by law (HVCC regulations) to ensure independence.

Who Pays for It?

The buyer pays for the appraisal, typically at closing or upfront at time of service. In the Pittsburgh area, expect to pay \$450–\$700 for a standard single-family appraisal.

When Does It Happen?

Typically ordered 1–2 weeks after contract execution and completed within 7–14 days. The appraisal must be completed and reviewed before the lender can issue a clear to close.

What the Appraiser Evaluates

The Property Itself

- Square footage and room count
- Lot size, shape, and topography
- Age and overall condition
- Construction quality and materials
- Updates, renovations, and improvements
- Basement finish (% of above-grade value)
- Garage type and size
- Functional and external obsolescence

The Market

- Recent comparable sales (comps) within 1 mile / 6 months
- Active listings and pending sales for market context
- Neighborhood trends — appreciating, stable, or declining
- Proximity to employment, schools, and amenities
- Distressed sales, foreclosures, and their market impact
- Days on market and absorption rate
- Local zoning and land use considerations

Common Appraisal Report Types

URAR (1004)

Uniform Residential Appraisal Report — the standard full appraisal used for most single-family home purchases. Interior and exterior inspection required.

Desktop / Hybrid

Appraiser uses MLS data and third-party inspection without a personal visit. Common for lower-risk refinances and some conforming loans.

Drive-By (2055)

Exterior-only inspection. Used for certain refinances and low-risk transactions. Less common for purchase loans but possible with strong equity.

How to Read the Appraisal Report

The standard URAR report is 6+ pages of data, adjustments, and opinions. Here's what to look at — and what it means for your transaction.

Section-by-Section Breakdown

Subject Property Information

Page 1

Address, legal description, owner, loan purpose, and property rights being appraised. Verify all details match your contract — errors here can delay closing.

Watch for: Make sure the square footage, lot size, and property type match what you agreed to purchase.

Neighborhood Analysis

Page 1

The appraiser describes market trends — is the neighborhood stable, growing, or declining? Includes price ranges, marketing times, and supply/demand indicators.

Watch for: A 'declining' neighborhood designation can affect your loan terms and down payment requirements.

Site Description

Page 1–2

Lot size, zoning, utilities, and site conditions. Any adverse site conditions (flood zone, environmental hazards, unusual topography) will be flagged here.

Watch for: Flood zone designations can require flood insurance — a significant ongoing cost to factor in.

Property Description

Page 2

Year built, GLA (gross living area), room count, condition ratings, and a description of all improvements. This is the core data that feeds the value conclusion.

Watch for: GLA is king — make sure the square footage matches what was advertised. Discrepancies here move the value.

Sales Comparison Grid (Comps)

Pages 2–3

The most important section. Three comparable sales are selected and adjusted line-by-line to account for differences in size, condition, age, garage, etc.

Watch for: Review each comp's address, sale date, and price. Comps over 6 months old or more than 1 mile away weaken the appraisal.

Reconciliation & Value Conclusion

Page 3

The appraiser weighs all approaches and arrives at a final opinion of value. The Market Approach (comps) is typically given the most weight for residential properties.

Watch for: This is the number that matters. If it's at or above contract price — you're clear. Below — see Chapter 03.

Condition & Quality Ratings (UAD)

Throughout

UAD standardizes condition (C1–C6) and quality (Q1–Q6) ratings. C1 is new, C6 is severely deteriorated. Q1 is luxury, Q6 is the lowest quality construction.

Watch for: A C4 condition rating is normal for a well-maintained resale. C5 or C6 may trigger required repairs before loan approval.

Appraiser Certifications & Addenda

Pages 5–6+

Required disclosures and any additional commentary the appraiser provides. Extra addendum pages address unusual conditions, limiting conditions, or required repairs.

Watch for: Read every addendum. Required repairs must typically be completed before the lender will close the loan.

Understanding Adjustments in the Comp Grid

Appraisers adjust comparable sales up or down to account for differences with the subject property. For example, if a comp has a 2-car garage and your home has none, the appraiser subtracts the value of that garage from the comp's price. If your home has an extra bathroom the comp doesn't, they add value. These adjustments are how appraisers "equalize" all the comps to your specific property.

Positive Adjustment (+)

Comp is inferior to subject — appraiser adds value to the comp's price to make them equivalent.

Negative Adjustment (–)

Comp is superior to subject — appraiser subtracts value from the comp's price to equalize.

Net Adjustment

The total of all additions and subtractions. Large net adjustments weaken the reliability of a comp.



When the Appraisal Comes in Low

A low appraisal doesn't automatically kill a deal — but it requires a clear-headed strategy and swift action. Here are your options.

Why Appraisals Come in Below Contract Price

Rising Market Lag

In fast-appreciating markets, comps can be 60–90 days old. Recent sale prices may outpace what the data supports.

Poor Comp Selection

The appraiser may not have selected the best or most relevant comparable sales. This is the most common challenge.

Overpriced Contract

Buyers and sellers sometimes agree to a price the market doesn't support. The appraisal reflects market reality.

Condition Issues

Deferred maintenance, safety deficiencies, or functional problems reduce value below expectations.

Unique Property

Unusual layouts, acreage, or custom features are hard to comp accurately — appraisers may undervalue them.

Appraiser Unfamiliarity

An out-of-area appraiser assigned by the AMC may not understand the local sub-market nuances.

Your Options When the Appraisal Comes in Low

01 — Negotiate a Price Reduction

BEST FOR: BUYERS

Ask the seller to reduce the purchase price to the appraised value. The seller avoids losing the deal; the buyer avoids bringing extra cash to the table. This is the most common resolution.

→ Deal proceeds at appraised value — lender is satisfied.

02 — Pay the Difference in Cash

BEST FOR: BUYERS WITH RESERVES

The buyer covers the gap between appraised value and contract price out of pocket. The lender still only finances based on the appraised value — buyer brings additional cash at closing.

→ Deal proceeds at contract price — buyer takes on extra cash outlay.

03 — Request a Reconsideration of Value (ROV)

BEST FOR: BOTH PARTIES

Submit a formal challenge to the appraisal with additional comps, factual errors, or missing data. Amanda provides a comp package and written rebuttal directly to the lender. Success rate varies — but often worth attempting.

→ Value may be revised upward — deal proceeds if lender accepts.

04 — Meet in the Middle

BEST FOR: BOTH PARTIES

Seller reduces price partway; buyer covers the remaining gap in cash. A negotiated split that keeps both parties in the deal when the full gap is too large for either party to absorb alone.

→ Compromise — deal proceeds with shared concession.

05 — Order a Second Appraisal

BEST FOR: UNIQUE OR COMPLEX PROPERTIES

If the first appraisal is clearly flawed or the property is genuinely hard to comp, a second appraisal through the lender or a different lender may produce a different result.

→ Variable — lender will typically use the lower of two values.

06 — Walk Away

BEST FOR: BUYERS WITH APPRAISAL CONTINGENCY

If the appraisal contingency is in the contract and the gap cannot be resolved, the buyer can terminate and recover their earnest money deposit — no penalty.

→ Deal terminates — buyer recovers earnest money per contract terms.

How to Build a Strong Reconsideration of Value

- Identify 2–3 better comps the appraiser did not use — same size, age, and condition
- Highlight recent improvements or updates not reflected in the report
- Note superior location factors — school district, walkability, proximity to amenities
- Request the lender formally submit to the AMC — not all lenders offer this, ask upfront
- Document factual errors — wrong square footage, missing rooms, incorrect condition rating
- Provide MLS data showing active listings at or above contract price
- Submit everything in writing through the lender — never contact the appraiser directly
- Be realistic — ROVs succeed when there's a clear factual error or missed comp, not just 'we disagree'

QUESTIONS ABOUT YOUR APPRAISAL?

Let's Protect Your Transaction.

Whether you're a buyer facing a low appraisal or a seller concerned about value, Amanda knows how to navigate the process, build a strong reconsideration package, and keep your deal on track.

Contact Amanda Directly



CELL / TEXT

412-852-7776



OFFICE

412-682-0120



EMAIL

thesteelcityagent@gmail.com



WEBSITE

TheSteelCityAgent.Com



FACEBOOK

Amanda Tihey



INSTAGRAM

@thesteelcityagent



TIKTOK

@thesteelcityagent

Amanda Helps You:

- ✓ Review your appraisal report line by line
- ✓ Identify factual errors or missed comps for an ROV
- ✓ Build a comp package to challenge a low value
- ✓ Negotiate a price reduction or split with the seller
- ✓ Coordinate with your lender on the ROV submission
- ✓ Decide when to walk and when to push — with no pressure



Amanda Tihey

REALTOR® | Keller Williams Exclusive
The Steel City Agent



KW EXCLUSIVE
KELLER WILLIAMS

AMANDA TIHEY | KELLER WILLIAMS EXCLUSIVE | SOUTHWESTERN PENNSYLVANIA

Moving you from where you are now... to where you want to be!™

© 2026 Amanda Tihey | The Steel City Agent | All Rights Reserved. This guide is provided for informational purposes only and does not constitute legal or financial advice.