The Appraisal: How It Works and What to Do When It Comes In Low

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The appraisal is the lender's independent answer to one question: is this house worth what you agreed to pay? A licensed appraiser inspects the property, compares it against recent nearby sales, and delivers a number. When that number matches or beats your price, nothing happens and nobody mentions it again. When it comes in low, the deal enters its most negotiable moment, and both sides have more options than they think.

HOW THE NUMBER GETS MADE

The appraiser starts from recent comparable sales, then adjusts for differences: square footage, condition, lot, garage, views, systems. In a small market like the Rogue Valley, comps can be scarce, and rural or unusual properties (acreage, shops, ADUs, solar) are exactly where appraisals get volatile, because the adjustment grid strains to price what rarely trades. The appraisal protects the lender, not you; it caps what they will lend against the house.

WHEN IT COMES IN LOW: THE BUYER'S FIVE OPTIONS

- **Renegotiate the price.** The most common outcome. The appraisal is leverage in writing; many sellers meet it or close to it, because the next buyer's appraisal will likely say the same thing.
- **Split the difference.** Seller drops some, buyer brings some extra cash. The workhorse compromise.
- **Pay the gap.** You can pay above appraised value with additional down payment cash. Sensible occasionally, dangerous as a habit: you are choosing to be underwater on day one.
- **Challenge it.** A reconsideration of value with better comps sometimes works, especially where the appraiser missed a relevant sale or a feature like water rights or a permitted ADU. Your agent builds this case.
- **Walk.** With an appraisal contingency in your offer, a low appraisal releases you with your earnest money.

FOR SELLERS

The appraisal argument for honest pricing is simple: an inflated contract price that cannot appraise is a deal that falls apart in week four instead of week one, after your listing has gone stale. Price to what the comp math supports. On appraisal day, meet the appraiser with a one-page packet: recent comps that support the price, and a list of improvements with dates and costs, plus anything invisible from the street (new roof, new septic, solar owned outright). Appraisers can use information they are handed; they cannot use information they never see.

Jamie's flat-fee **Pricing Session** runs the same comp-by-comp math an appraiser runs, before you list: jamie-the-realtor.com/the-pricing-session.

This guide describes common practice as of mid-2026. Appraisal requirements vary by loan type and lender, and contract terms control in any transaction. General information, not financial advice.