

Policy: Appraisal Challenge

Purpose:

The purpose of this policy is to allow applicants to challenge the Appraisal value determined for their assigned house.

Policy:

1. A written challenge is needed to notify Habitat Buffalo that a challenge is being undertaken
2. The 2nd appraisal must be obtained in a timely way that does not impact closing
3. The 2nd appraisal must be done from a list of certified, approved appraisers
4. The applicant will pay for the 2nd appraisal
5. The rules for processing the response is:
 - a) If the 2nd appraisal is \geq to the 1st, use the 1st
 - b) If the 2nd appraisal is less than the 1st by $\leq 10\%$, then average the 1st and 2nd appraisal and use that in the pricing method and a 3rd appraisal will not be accepted
 - c) If the 2nd appraisal is less than the 1st by $> 10\%$ a third appraisal can be requested by either Habitat or the applicant
 - i) If neither party requests the 3rd appraisal, then average the 1st and 2nd appraisal and use that in the pricing method
 - ii) If either party requests the 3rd appraisal:
 - (1) The 3rd appraisal fee will be split between the applicant and HFHB
 - (2) The 3rd appraiser will be jointly selected by Habitat Buffalo's appraiser and by the applicant's appraiser, from the Habitat Buffalo list of certified, approved appraisers
 - (3) The two closest values from the three appraisals will be averaged together and used in the pricing method
 - (4) No additional challenge or appraisal will be allowed

Rationale:

Given the major role the appraisal plays in housing pricing, and that appraisals by their nature contain some level of subjectivity, a challenge process seems appropriate. The Policy should govern how the additional Appraisal is obtained, and just as importantly understand how to process the results under all scenarios.

It should be recognized that the appraisal industry generally utilizes the same base data and as such the expectation is that usually the additional appraisals will not generally vary from the first in a significant way.

Control Point:

All documentation from the challenge through the processing of the appraisals must be retained in the records for the home and applicant.