

Low Appraisal Therapy



What to Do When the Appraisal Comes in Low

If you get the news that your home appraised for less than the contract price, don't panic. You're not alone—and there are ways to navigate it. Here's what to keep in mind:



First, Take a Breath

- Low appraisals are frustrating, but they're not the end of the deal.
 - You chose your buyer for a reason—most likely because they had strong terms and motivation.
 - Many deals with low appraisals *still close*—sometimes even at the original price.
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What Happens Next

- Use the **Low Appraisal Checklist** to guide you through the entire process.
 - Use the **Low Appraisal email templates** provided and edit as needed.
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Cooling the Excitement

- Most buyers initially celebrate a low appraisal—they think they're getting a discount.
 - Part of your job is to gently temper that excitement and reopen negotiations based on the full picture.
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Plan Your Next Moves

Start thinking through these questions **before** you negotiate:

1.  *If the appraisal doesn't change, would you still move forward at the lower price?*
Example: If your new net is \$25,000 less than expected, are you willing to close?
 2.  *If not, is there a middle ground?*
What's the minimum net you're comfortable with if we can't recover the full amount?
 3.  *What "cards" can we play?*
Do you have upgrades or comps we can highlight? Any backup offers still interested?
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Low Appraisal Therapy



Time Is Usually On Your Side

- Buyers often don't want to lose the deal.
 - Agents and lenders never want to start over.
 - Agents and lenders don't get paid until and unless a deal closes.
 - You have leverage—but you need to be smart about how and when to use it.
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The Goal: Keep Your Net as Close to the Original as Possible

That's the mission. As you handle negotiations and work through each step, part of your job is to:

- Stay calm
 - Focus on the bottom line—not all the other numbers.
 - Work the process and when the dust settles, either you'll be moving forward or looking for your next buyer.
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What If The Deal Dies

- If you have a backup buyer, you may want to give them a heads up that they are on deck.
- Look for the “Rebound Playbook” if you have to get back out there.
- Remember...if it's not a good deal for everyone, including you, then it's not a good deal

Low Appraisal Checklist

◆ Phase 1: Confirm the Appraisal Details

- Ask the **buyer's agent** or **lender** for a copy of the appraisal report.
 - Make sure you understand the **exact value** and **why it came in low** (look for flagged issues or missing comps).
 - Get this in writing if possible—it's hard to dispute what you haven't seen.
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◆ Phase 2: Prepare a Response

- Review the appraisal carefully. Look for:
 - Missing upgrades, Square footage, Bedroom/bathroom count
 - Lot size, Garage facts, Basement/foundation type
 - Poor or irrelevant comps?
 - Find **better comps** in your area—within 1-3 miles, sold in the last 6-12 months.
 - Create a clean PDF combining:
 - The original appraisal
 - Your own comps and notes
 - If you had a bidding war, say, "We chose this offer over (#) others."
 - Send this to the **buyer's lender** as part of a **formal appeal**.
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◆ Phase 3: Explore Deal-Saving Options

While the appeal is pending:

- Talk to the **buyer or their agent** about creative solutions:
 - Can they bring extra cash?
 - Can anyone reduce or eliminate costs (concessions, commissions, taxes)?
 - Can the closing date be adjusted to help?
- Be honest with yourself:
 - Would you still sell at the lower net?
 - Is there a number between the appraised value and contract price you'd accept?

Low Appraisal Checklist

◆ Phase 4: If You Save the Deal...

- Put everything in writing! Use an **addendum** to update:
 - Final price
 - Any new terms, credits, or changes
 - Closing dates if needed
 - Share the signed addendum with:
 - Buyer
 - Lender
 - Title company
 - Thank everyone (seriously—it helps keep things smooth).
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◆ Phase 5: If the Deal Falls Apart...

- Request a **mutual release** signed by the buyers.
 - Don't disclose the appraisal value —just refer to it as a “buyer financing issue.”
 - Prepare to relaunch:
 - Make any listing changes (price, photos, description, etc.)
 - Consider refreshing the listing to attract fresh attention
 - If you have the inspection report, think about using it in the relaunch
 - Hold an **open house** the first weekend back on market, if possible
 - Keep it positive. You're back on the market—with momentum.
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💡 Final Tips:

- This process takes time. Don't rush into price cuts or panic decisions.
- Document everything—emails, texts, appraisal reports, and offers.
- If you're stuck or unsure what to do next, this is a good time to get expert advice.



Low Appraisal Playbook

[First email to Lender]

Hi [Lender Name] ,

We are hearing that the appraisal is coming in below the contract price, which is unfortunate since this was going to be pretty tight as things were.

In order to move ahead and see if we can save this deal, please send a copy of the appraisal along with the specific steps for appealing the value.

Once we have these things, we work through them and get back to everyone. If we can somehow find a way to make this work, I'll let you know.

As always, let me know if you have any questions.

Thanks!

[Signature]



Low Appraisal Playbook

[First email to Lender]

Hi [Lender Name] ,

We are hearing that the appraisal is coming in below the contract price, which is unfortunate since this was going to be pretty tight as things were.

In order to move ahead and see if we can save this deal, please send a copy of the appraisal along with the specific steps for appealing the value.

Once we have these things, we work through them and get back to everyone. If we can somehow find a way to make this work, I'll let you know.

As always, let me know if you have any questions.

Thanks!

[Signature]



Low Appraisal Playbook

[First email to Buyer's Agent - At/Below list price]

Hi [AgentName],

We understand that the appraisal is coming in low, which is unfortunate since this was going to be pretty tight as things were.

In order to move ahead and see if we can save this deal, I've already requested a copy of the appraisal along with the specific steps for appealing the value. Once we have these things, we can work together on a possible way out and get back to everyone.

At this point, I don't see how we can make it work with the numbers we are now facing. The bottom line for the deal we have was already a stretch. Do you or the buyers see any areas where we can trim things and hopefully stay on track?

Naturally, we want to keep moving toward closing if possible, and I'm sure nobody wants to start over. That said, we will need to tighten the expenses on this deal if we are going to avoid a mutual release. Any dollar we can eliminate will be enormously helpful and we are open to all suggestions.

Let me know what you come up with, and I'll keep you posted. If we can somehow find a way to make this work, I'll let you know. As always, let me know if you have any questions.

Thanks!

[Signature]



Low Appraisal Playbook

[First email to Buyer's Agent - Above list price]

Hi [AgentName],

We understand the appraisal came in low, which is disappointing given that we chose your client's offer over several others based on its strong terms and financing.

To keep things moving, I've already asked the lender for a copy of the appraisal along with the process for appealing the value. Once we have those details, we will review our options and choose the best path forward.

In the meantime, I think we'd all prefer to find a way to keep this deal alive. Given the strength of the backup offers, we aren't it doesn't make sense to simply lower the price to meet the appraised value—but we are open to creative solutions.

Are there any areas where your buyers would be willing to trim costs or make adjustments to help close the gap? Any amount we can cut will help us avoid a mutual release and keep this on track for closing.

Let me know what ideas you and your buyers come up with. I'll keep you posted as we learn more on our end. Hopefully we can work together to find a win-win.

As always, let me know if you have any questions.

Thanks!

[Signature]



Low Appraisal Playbook

[Second email to Buyer's Agent]

Hi [[Greeting]] ,

It looks like the appeal is not going to help us on this deal. Unfortunately, we may not be able to bridge the gap without a miracle.

Have you or the buyers come up with any way for us to keep this closing alive? We are open to just about any solution. We'd love to continue as long as we can make the bottom-line numbers work.

Here are the major expenses attached to this deal. Would the buyer object to creatively reducing some of the costs?

- Seller concessions:
- Commission:
- Home Warranty:
- Property Tax Proration:
- Utility hold:
- Title Insurance:

Alternatively, is there any way they can bring more cash to close the gap? Let us know what you come up with.

If the buyers are in the same "rock and a hard place" as we are, then it looks like this one wasn't meant to be. If that's the case, please put together a mutual release, and we can all get back to the starting lines.

Thank you for all your hard work on this transaction. As always, let me know if you have any questions.

Thanks!