

Be informed before you buy

The following is the first in a series of articles designed to help you understand the complexities of the mortgage process. You will also discover how you can save money and enjoy extraordinary service when you finance your home through MTA Benefits-endorsed Berkshire Bank Home Lending.

What you should know about the appraisal process?

After almost a decade of lax lending standards that led to the collapse of the housing market, the mortgage industry underwent major changes in 2010 with passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Berkshire Bank Home Lending's long-term commitment to integrity

Although an art more than a science, today's appraisal process uses guidelines that are set to make an intelligent estimate. The first part of the process is to make a physical inspection of the home reflecting factors such as square footage, number of rooms (not including basements and attics), renovations, additions and needed repairs. The second is finding out what similar homes within a one-mile radius have sold for in the past six months, including short sales and foreclosures. Using all this information, together with general economic trends and other factors, the appraiser can accurately evaluate the home's worth at that point in time.

Appraisal myths and facts

Myth: If the appraisal is lower than the purchase price, the buyer won't be able to get a mortgage.

Fact: It is possible that the sale can still happen if the buyer makes a larger down payment.

Myth: The main purpose of an appraisal is to make sure the buyer doesn't pay too much for the house.

Fact: An appraisal provides valuable information for the buyer, but the primary mission is to protect the lender against taking ownership of overpriced property.

Myth: A specific formula, such as square footage, is used when appraising a home.

Fact: Appraisers weigh many factors to make an intelligent estimate, including home size, location, quality, lot size, proximity to desirable schools and other public facilities, and recent sales prices of comparable properties.

Advantages of the MTA-endorsed mortgage program

MTA members who get their financing through Berkshire Bank Home Lending can take advantage of a reliable appraisal at a reduced fee, capped legal fees, free mortgage seminars, free approval letters within 24 hours for new purchases, and other benefits.

For more information, call the home mortgage specialists at Berkshire Bank Home Lending, 866.475.HOME (4663).