

Suggestions and Questions Loan Officers can ask Potential Borrowers to Avoid Unforeseen Surprises

Getting a surprise about the subject property after the appraisal is completed is something no loan officer (LO) wants! Below is a suggestion as well as a list of questions LO's can ask potential borrowers before taking on a loan.

Suggestion: If you know the property address, before contacting the potential borrower, **GOOGLE** the address. Today's internet provides a significant amount of property data, aerial images, street views, and listing-sales history. Reviewing online property information can supply a LO with a solid base of understanding of the subject property and any potential issues they may face during the mortgage process.

Caveat: Many online sites such as Zillow.com, Redfin.com, etc., will provide an "estimate of value" for the property. Users need to understand those "estimates of value" are based on rudimentary AVMs, are not qualified, reliable or reconciled, and should be considered for "entertainment purposes" only.

Here is a **list** of questions to go over with a potential borrower to help eliminate any unwanted surprises that can affect the loan down the road:

1. What type of property are you requesting financing for? Is it a one family, multi-unit, condo, or manufactured home?
2. Is the property currently listed for sale or has it been listed for sale in the past year, if so at what price?
3. How long have you owned the property?
4. What did you pay for it?
5. Have you had the property appraised recently? If so, what was the appraiser's opinion of value and is a copy of that report available?

6. Have you made any improvements since the purchase, such as remodeling or additions?
 - a. Did you obtain Building Permits and Certificate of Occupancy from your Municipality for those improvements?
 - b. If so, do you have copies of these documents available?
7. Are there any special features included, such as 2nd house, accessory unit, pool, storage building, farm or commercial use, solar or other special energy efficient system, etc.?
8. Are there any locational factors that may affect marketability, such as nearby busy road, commercial property, train tracks, airport, high tension power line, etc.?
9. Is the property zoned for something other than its current use (i.e. Commercial zoning with residential use, single family zoning with multi-family use, etc.)?
10. Are there any known adverse factors with the property, such as deferred maintenance, termites, roof leaks, faulty equipment, etc.?

Following the above suggestion, caveat, and list of questions will help eliminate surprises in the appraisal process.

AAA-AMC requires our appraisers attempt to contact the point of access for the property within 24 hours, and schedule the inspection at the borrower's earliest convenience. Our internal support staff personally follows up on each assignment to make sure the appraiser has accepted it, has reached out to the point of contact, and has scheduled the inspection. We also personally follow up with the appraiser throughout the appraisal process to make sure the property was inspected as scheduled and the appraisal will be delivered on time. That "personal touch" allows AAA-AMC to keep our Lender and Clients informed of the progress of the assignment throughout the entire appraisal process.