

# Land Loan Appraisals Are They All The Same?

## **Question:**

Is every land loan appraisal the same and are they all similar in cost?

## **Answer:**

NO! Every lender has a certain required form of appraisal that must be preformed for a land loan. The more detailed the land appraisal is, the more it will cost. An appraisal is a very important entity of a land loan. Just as in buying a car, one always checks or should always check the bluebook value before purchasing. This gives you a detailed summary of options, mileage, and age and then creates a value one can expect. Land also has many different variables and is typically a much higher priced purchase. So why would you not try and get the most detailed value available?

Because land has such diversity from area to area in quality, use, and availability, a quality certified land and rural appraiser should be used. A specific certification to look for would be ARA (American Rural Appraisers). A list of appraisers certified as ARA can be found at [www.asfmra.org](http://www.asfmra.org). They typically will give you what is called a narrative summary report that lists all 3 forms of approaches when creating a value. These three approaches are cost, income, and sales comparison. Narrative appraisals give you the most accurate value of your land. Ultimately, you then know a true value and lenders know they have a quality value to determine an acceptable land loan amount.

This type of appraisal will be more costly. The cost can range from \$1,000 up to \$6,000 depending on location, improvement, and number of acres being appraised. Yes, some appraisers are much less in price but the end product can be inferior. The extra amount you spend on an appraisal could save you thousands in the end. You will know what you are buying and from the beginning know if it is a good investment. Don't sell yourself short when finding an appraisal. Protect your land investment with a quality narrative land appraisal from a trained and certified appraiser specific to land.

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