

The Difference Between an Inspection and an Appraisal



When you decide to buy your [first home](#), you may come across a number of terms and conditions you're not familiar with. While you may have a general idea of what an inspection is, maybe you're not sure why you need one or how it's different from an appraisal. To keep it simple, here's an explainer of each one and what they mean for you as a homebuyer.

Home Inspection

Once you're under contract on a home you'd like to buy, getting an inspection is a key part of the process. An inspection gives you a clear idea of the safety and overall

condition of the home – which is important for such a [big transaction](#). As a recent [Realtor.com](#) article explains:

“A home inspection is something that protects your financial interest in what will likely be the largest purchase you make in your life—one in which you need as much information as possible.”

If anything is questionable in the inspection process – like the age of the roof, the state of the HVAC system, or just about anything else – you have the option to discuss and negotiate any potential issues or repairs with the seller before the transaction is final. And don't worry – you don't have to go through that process alone. Your real estate agent will be your advocate and negotiate with the seller for you.

Home Appraisal

While the inspection tells you about the current state of the house, an appraisal gives you its value. [Bankrate](#) explains:

“When buying or selling a home, an appraisal verifies that the sale price of the home is in line with fair market value. This ensures the homebuyer doesn't pay more than the home is worth, and the mortgage lender doesn't lend more than it is worth.”

Regardless of what you're willing to pay for a house, if you'll be using a mortgage to fund your purchase, the

appraisal protects you from overpaying and the bank from lending you more than the home is worth.

And if there's ever any confusion or discrepancy between the appraisal and the agreed-upon price in your contract, your trusted real estate professional will help you navigate any additional negotiations to try to close the gap.

Bottom Line

The inspection and the appraisal are different but equally important steps when [buying a home](#) – and you don't need to manage them by yourself. Connect with an agent today so you have expert guidance from start to finish.