# What to Do When Your VA Appraisal Comes in Low

## Understanding a Low VA Appraisal

When you are buying a home with a VA loan, the appraisal serves two purposes. It confirms that the property meets the VA's minimum property requirements, and it establishes the appraised value. If that number comes in lower than the purchase price you agreed on, the deal can feel like it is falling apart. But a low appraisal does not have to end the transaction. There are practical steps you can take to keep your purchase on track.

First, it helps to understand why the appraisal came in low. The appraiser looks at recent sales of similar homes, the condition of the property, and local market trends. Sometimes the market has shifted since the seller set their price. Other times the appraiser spots issues that affect the value, such as needed repairs or outdated systems. Whatever the reason, the key is to stay calm and look at your options.




## Step 1: Review the Appraisal Report Carefully

You and your real estate agent should get a copy of the full appraisal report. Look at the comparable sales the appraiser used. Are they truly similar to the home you are buying? Sometimes an appraiser picks comps that are not a good match, such as homes in different neighborhoods or with different square footage. If you spot a problem, your agent can request a reconsideration of value from the lender. That request asks the appraiser to consider additional comps that might support a higher value.

Watch for errors in the report as well. A wrong bedroom count, an incorrect lot size, or a missed upgrade can drag the value down. If you find a factual mistake, point it out to your loan officer. The appraiser can issue a correction, and that may raise the value enough to save the deal.

## Step 2: Talk to the Seller About Reducing the Price

The most straightforward fix is to ask the seller to lower the price to match the appraised value. In many markets, sellers understand that the appraisal sets a ceiling on what the lender will finance. If the seller agrees, you simply move forward with the lower price. Your loan amount stays the same, and your down payment does not change.

Some sellers may resist, especially if they think the market is strong. Your agent can present the appraisal as an objective third-party opinion. If the seller still says no, you have other options.

## Step 3: Negotiate Repairs or a Credit

If the low value comes from needed repairs, you can ask the seller to fix them or to give you a credit at closing. The VA's appraisal guidelines require the property to meet the VA minimum property requirements. This means the home must be safe, structurally sound, and free from health hazards. Issues like peeling lead-based paint, broken windows, or a damaged roof can trigger a requirement for repairs before the loan closes.

You can negotiate who pays for those repairs. The seller might agree to complete the work before closing, or they might offer a credit that lets you handle the repairs after you move in. In some cases, a repair escrow can be set up. The lender holds a portion of the loan funds to pay for the repairs once they are done. This lets you close on time and fix the issues shortly after.

Watch out for repairs that affect safety or structural integrity. The VA will not close the loan until those items are resolved. If the seller refuses to address them, you may need to walk away or find another way to cover the cost.

## Step 4: Challenge the Appraisal if You Have Good Reason

If the comps look wrong or the appraiser missed something, you can formally challenge the appraisal. This is not about arguing with the appraiser. It is about providing new information. Your agent should gather recent sales that are more comparable and present them to the lender. The lender can then ask the appraiser to reconsider.

Keep in mind that challenging an appraisal takes time. If your contract has a tight closing date, you may need an extension from the seller. Most sellers will grant a short extension if they want the deal to go through.



## Step 5: Bring Additional Cash to the Table

Another option is to make up the difference yourself. If the appraisal is $10,000 below the purchase price, you can put an extra $10,000 into the deal. For a VA loan, you are not required to make a down payment, but you can choose to bring cash to cover the gap. This keeps the purchase price the same and the seller gets their original amount.

Before you go this route, check your budget. Bringing extra cash means you have less for closing costs, moving expenses, and emergency repairs after you move in. It is a good idea to talk to your lender about how much you can safely put in without stretching yourself too thin.

## Step 6: Walk Away if the Numbers Do Not Work

Sometimes a low appraisal reveals that the home is simply overpriced. If the seller will not budge and you cannot or do not want to bring extra cash, walking away may be the smart move. Your earnest money deposit should be protected if your contract includes an appraisal contingency. Most VA loan contracts do include one, so you can back out and get your deposit back.

Walking away is not a failure. It frees you up to find a home that appraises at its purchase price. The VA loan program is designed to protect you from overpaying. A low appraisal can be a sign that the home is not worth what the seller is asking.

## What to Watch For Throughout the Process

Throughout these steps, keep communication open with your lender and agent. They have seen low appraisals before and know what works. Also, stay realistic about the condition of the home. The VA minimum property requirements are there to protect your safety and the value of the property. If the home has serious issues, it may not be worth pushing the deal through.

Pay attention to the timeline. Some options, like challenging the appraisal or negotiating repairs, can take weeks. If your contract is about to expire, ask for an extension in writing. Most sellers will agree if they see you are working in good faith.

Finally, remember that a low appraisal does not reflect on you as a buyer. It is a market reality. With the right steps, you can often keep the deal alive and move into a home that meets your needs and your budget.