Brokerage IQ

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THE APPRAISAL FILE

The appraisal is about to say *a great deal more.*

On November 2 the residential appraisal is replaced. One guide for sellers, buyers, and agents in the Coachella Valley, because all three are about to be handed the same document.

LIVE NOW	THE REAL DATE	LAST WINDOW	MANDATE
Aug 6, 2026 Warning messages begin on old-format submissions	**Mid-September** A 45-day escrow written now appraises under the new report	**Oct 1, 2026** Practical end of the old format	**Nov 2, 2026** Old-format appraisals rejected outright

FROM THE DESK OF JOEY DOMINGUEZ

The largest change to the residential appraisal in a generation, and almost nobody is explaining it.

On November 2, eight appraisal forms collapse into one report built on a new national data standard. It arrives in an industry already absorbing a settlement, a commission restructuring, and an MLS rulebook still in motion, which is exactly why it has gone quiet.

I wrote three guides on this, one each for sellers, buyers, and agents. This is all three in one place, because the three audiences end up looking at the same piece of paper and it helps to know what everyone else is seeing.

Nothing here is a reason for alarm. Most of it is a reason to gather a few documents earlier than you otherwise would. Surfacing it now is simply part of what I owe you.

> THE DATE THAT ACTUALLY MATTERS
>
> November 2 is the mandate. It is the wrong date to plan around. Appraisals are ordered early in escrow, so the question is which contracts are still open when the rule changes.
>
> A 45-day escrow written on September 15 closes near the end of October and is likely fine. **From mid-September forward, assume the new report.** Anything written after October 1 almost certainly gets it.

Joey Dominguez

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THE WHOLE CHANGE IN ONE LINE

Prose fades into a file. Data does not.

Eight forms are being retired. The 1004, 1073, 1025, 1004C, 2055, 1075, 2090 and 2095 all collapse into a single report, and the new report has no form number at all.

Under the old system the appraiser chose a form and the form decided what got reported. Under the new one **the property data decides the report.** The appraiser enters what the property actually is, and the report assembles itself around those answers.

Two consequences reach everyone in the transaction. Properties that never fit a form now fit: site condos, condops, manufactured homes inside a co-op, homes with more than one accessory dwelling unit. And free-text narrative is replaced by discrete fields. Condition commentary, kitchen and bath detail, defects. Things that used to live in an addendum are now structured data attached to the property record.

Information that used to be a paragraph is becoming a permanent, comparable record.

THREE AREAS EXPANDED

What the appraiser now writes down about a house.

Quality and condition, rated three times

Each used to be a single rating. The new report captures both at the overall, interior, and exterior level, on published Q1 to Q6 and C1 to C6 scales. The definitions are absolute: a home is rated on its own characteristics, not against the neighbors.

Every kitchen and bathroom, individually

Each is recorded on its own with an update status, roughly when the work happened, and comments on quality and condition. A remodel with an invoice and a date is a documentable fact. "Beautifully updated" is not.

Defects, itemized and priced

The largest single change. The report carries a structured defect table, broken out by site, exterior, and interior. From the published training material:

FIELD	WHAT IT SAYS
Feature	Roof
Location	Section of roof
Description	Damaged flashing, leaving the roof permeable to water intrusion
Affects structural integrity	**Yes**
Recommended action	**Repair**
Estimated cost to repair	**$1,500**

The first page carries the total, a **Market Value Condition** field reading either As Is or Subject to Repair, and an as-is rating recording the home's state before any required repairs.

An appraiser is not a home inspector and this is not an inspection. It is still a licensed professional putting findings and dollar figures in writing about a house.

SIX NUMBERS, ONE MLS FIELD

A house no longer has a square footage. It has six.

- Finished above grade
- Finished above grade, nonstandard
- Unfinished above grade
- Finished below grade
- Finished below grade, nonstandard
- Unfinished below grade

Nonstandard means a ceiling under seven feet. Where more than half a level sits below seven feet, that whole area is reported as nonstandard and does not count toward the standard finished total. An accessory dwelling unit gets its own complete set of six.

Most homes have been marketed for years on one number, often from the county assessor. The MLS has a field for roughly one of these six. That gap is the most likely place for a problem to start this fall.

> HOW THIS BROKERAGE HANDLES IT
>
> Our agents do not measure to a national standard and do not state square footage as fact. What we do instead is **state the source, never the conclusion**. "1,842 square feet per county assessor." "2,100 per 2019 appraisal, copy available." "Measurement not verified by broker."
>
> If a seller wants an accurate, defensible reading, that measurement is **ordered by the seller, at the seller's expense**. We are not a party to the transaction, we facilitate it as representation, and the cost of measuring a principal's own property is a principal's cost. We will refer a qualified service and document that we offered it.

For buyers, the question on any listing is simply where the number came from. Pay particular attention to casitas and guest houses. The report records the unit's own square footage and whether it is reachable from inside the main house.

FOR SELLERS

The appraisal does not create the defect. It creates your knowledge of it.

California asks sellers to disclose what they know about their own property, specifically known facts that would matter to a buyer's view of value or desirability. That obligation has existed for decades. Nothing about it is new.

What is new is **how much you are about to know.** Before the appraiser arrives, understand that the report will contain a written, itemized, priced list of defects with a yes or no finding on structural integrity for each item.

> REPAIRS MAY STOP BEING A NEGOTIATION
>
> Under California practice a seller has no obligation to agree to a Request for Repairs. That does not change. What changes is that when a report comes back **Subject to Repair**, the item becomes a condition of the buyer's loan, and a seller who could decline a buyer cannot decline a lender and still close.

Not every appraisal will do this and plenty will still come back As Is. The response is not to worry about it. It is to **find these items before an appraiser does**, while you still control the timing, the contractor, and the cost.

THE PART THAT MATTERS MOST

The trigger is knowledge, not cancellation.

Here is the piece sellers and agents most often get wrong, so it is worth being direct about.

People assume that if a sale falls apart, the appraisal goes with it. It does not. A condition identified in that report is a condition of **the property itself**. It attaches to the house and travels with it. A cancelled escrow does not erase it, and you cannot un-know it.

So the obligation does not wait for the deal to die. Any condition surfaced in the appraisal that was not already disclosed generally has to be added to the seller's disclosures, typically by amendment or supplement to the Transfer Disclosure Statement, with the other disclosure forms reviewed at the same time.

PLEASE READ THIS ONE TWICE

Disclosure is not the risk. **Undisclosed knowledge is the risk.**

If an appraisal turns up something unexpected, raise it the same week, whether or not the deal is still alive. It is a fifteen-minute conversation now and a very different conversation eighteen months from now.

One clarification, because it matters. Neither your agent nor your broker can give legal advice, and this guide is not legal advice. What we can do is recognize the moment, hand you accurate information, and say plainly when a question belongs with a California real estate attorney. On disclosure questions with real money attached, that referral is the right answer and we will make it.

BEFORE YOU LIST

Find it early. Write it down. Hand it over.

WORTH DOING FOR ANY HOME

- [ ] **Consider a pre-listing inspection.** Finding items on your own timeline is materially better than an appraiser finding them inside someone else's escrow. Anything found gets disclosed, which is the point
- [ ] **Gather your improvement history.** What was done, when, by whom, with invoices where you have them
- [ ] **Find your permits** for any addition, conversion, casita, or pool. An honest unknown beats an assumption
- [ ] **Locate any prior appraisal, survey, or measurement.** Even an old one is useful context
- [ ] **Address the obvious small repairs.** A $400 fix now beats a $1,500 line item with your address attached to it

ADD IF IT APPLIES

- [ ] **Condo, co-op, or PUD**: HOA budget, current reserve study, CC&Rs, and any assessment under discussion
- [ ] **Leased land**: lease documentation and remaining term
- [ ] **Casita or guest house**: permits, and whether it is reachable from inside the main house
- [ ] **Architecturally significant home**: architect, build year, historic designation, publications, restoration records

AN HONEST LIMIT ON INSPECTIONS

A general inspection is **visual and non-invasive**. An inspector does not open walls, pull finished ceilings, or take apart framing. Work done by an earlier trade and covered over, a roof truss cut for a duct run and then drywalled, can pass more than one inspection and still surface later.

That is not an argument against inspections. It is an argument for the right ones. Where something structural is flagged, a specialist is money well spent.

FOR BUYERS

The appraisal protects the loan. Your inspection protects you.

Most buyers assume the appraisal is done for them. It is not. It is ordered by your lender, paid through your loan costs, and performed to answer the lender's question about whether the property is adequate collateral. You benefit from the answer. You are not the client.

That has always been true. It matters more now, because the new report contains so much more about condition that it is easy to mistake for something it is not.

> YOU ARE ENTITLED TO A COPY
>
> For most home loans, lenders are generally required to give you a copy of the appraisal and any other written valuation, promptly once complete and in any case before closing. Ask your loan officer for it **the moment it exists**, not at the closing table, while your contingencies are still alive. Confirm timing for your specific loan with your lender.

Then read it. There is real information in the new report, and if something in that defect table surprises you, that is a conversation to have the same day, while your contingencies still mean something.

THE MISTAKE TO AVOID

A better appraisal is not a substitute for your inspection.

If you take one thing from this guide, take this. The new report says so much more about condition that some buyers will conclude they can economize on their own inspection. That reasoning is wrong and it will cost somebody a great deal of money this fall.

> AN APPRAISER IS NOT A HOME INSPECTOR
>
> An appraiser visits to value the property. They are not engaged to examine the systems of the house and they do not carry an inspector's training, scope, or responsibility to you. What lands in that defect table is what was **apparent** during a valuation visit, not the result of a systematic inspection.
>
> Your own inspection remains the only examination performed for you, by someone you hired, who answers to you.

Where your leverage moves

When you submit a Request for Repairs, the seller has no obligation to agree to any of it. That does not change. But when an appraisal comes back **Subject to Repair**, that item is no longer a request from you. It becomes a condition of your loan funding, and a seller who can comfortably decline a buyer cannot decline a lender and still close.

Keep it in proportion. You do not choose what the appraiser flags, and **plenty of reports will still come back As Is with nothing required at all.** Treat it as a possibility that makes your appraisal and loan contingency periods more valuable, not as a guarantee of concessions.

IF IT COMES IN LOW, OR WITH CONDITIONS

Five doors, and one of them stays closed.

It happens and it is not the end of the transaction. Your options depend on your contract and your contingencies, so this is a conversation with your agent. Broadly, here is the landscape.

01 **Ask for a reconsideration of value.** If relevant comparable sales were missed, your lender has a formal process. The new report tracks revisions and reconsiderations in detail. Support it with documented sales, not opinion and not pressure.

02 **Renegotiate the price.** A low appraisal is information the seller now has too. Many transactions resolve somewhere between contract price and appraised value.

03 **Cover the difference.** Your lender lends against the appraised value. Nothing stops you from paying more than that if you have the funds and you want the house.

04 **Address the required repairs.** Where the report comes back Subject to Repair, the work generally has to happen for the loan to fund. Who pays is a negotiation. The work itself has become a condition.

05 **Exercise your contingency.** If your appraisal or loan contingency is still in place and the numbers do not work, you have the right to cancel per your contract. That is precisely what those contingencies are for.

THE DOOR THAT STAYS CLOSED

Do not contact the appraiser directly, and do not ask anyone to tell an appraiser what number is needed. Beyond being ineffective, attempting to influence an appraisal is treated seriously by regulators and can damage your position badly. Everything goes through the lender's formal process.

BROKERAGE POLICY

Supply the facts. Do not render the opinion.

This page is brokerage policy for our agents, and it is printed here so our clients can see the standard they are being held to.

The new report asks for far more detail about a property than the old one did. There will be pressure to supply that detail, and some of it should be supplied. A fact is something you can document and attribute. An opinion is a conclusion we as a brokerage are not licensed, trained, or insured to reach.

SUPPLY	NEVER ASSERT
Access, lockbox, and a phone that gets answered	Square footage as fact. Cite the source instead
Plans, permits, and certificates of occupancy	"Excellent condition," "no known issues," "move-in ready"
Prior appraisals, surveys, professional measurements	"High-end," "custom," "designer," "top-of-the-line"
Improvement history with dates and invoices	Any estimate of repair cost
HOA budget, reserve study, and CC&Rs	Any number the appraisal needs to come in at
Comparables considered, with sources	Whether an addition was permitted, without the permit
Architect, build year, historic designation	Which measurement category an area falls into
The existence and location of an ADU or casita	Any characterization of structural soundness

WHY THE RIGHT COLUMN MATTERS MORE THAN IT USED TO

Before, a loose adjective in a listing was puffery. Now the appraiser records quality, condition, and defects as structured findings against published definitions. If the marketing said "excellent condition" and the report says C5 with a priced defect list, those two statements sit side by side in the file, and one of them has an agent's name on it.

WHAT WE WILL AND WILL NOT DO

Part of representing you well is being clear about what a license does not cover.

WE WILL	WE WILL NOT
Provide a comparative market analysis if an appraiser requests one, and only if asked	Measure a home or state its square footage as fact
Tell you the source of every number we publish about a home	Characterize a home's condition or structural soundness
Get you your appraisal copy as soon as it exists	Estimate repair costs or future assessments
Suggest when a specialist inspection is warranted	Interpret an engineering report. That belongs to the engineer
Build a contingency timeline for this fall's actual pace	Advise you on your disclosure obligations. We refer you to an attorney
Refer you to counsel when a question is legal, and say so plainly	**Ever suggest you can skip or economize on an inspection**
	Contact an appraiser to argue for a number

That second column is not us holding back. It is us staying inside what a real estate license actually covers, which is exactly what protects you if anything is ever questioned.

THE WHOLE GUIDE IN SEVEN WORDS

Supply the facts. *Don't render the opinion.*

If anything here raises a question about your home or a home you are considering, bring it to me. None of this is a reason to wait and none of it is a reason to worry. It is a reason to gather a few things early, because early is when it is easy.

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AN AI-POWERED CALIFORNIA REAL ESTATE PLATFORM · GREATER PALM SPRINGS AND THE COACHELLA VALLEY

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