

SOUND OFF *Patty McManus*

Why the appraisal matters for the seller and buyer?



The appraisal is an unbiased estimate of the fair market value of a home. Every lender will require an appraisal to ensure that the amount of money requested by the buyer is appropriate for that particular home. The appraisal is ordered by the buyer's lender and usually occurs after contracts have been signed and the inspections are complete. An appraisal is ordered on all transactions that require financing and the results of the appraisal can greatly impact the sale of the property.

For the seller, the appraised value will be important and should be taken in to consideration sooner rather than later. Prior to the property being listed, the seller's agent will provide a comparative market analysis, or CMA, to determine the list price and the expected sale price of the property.

The anticipated sale price is an important component of the transaction because the property must appraise at or above the sales price in order for the purchaser to obtain their financing.

The seller should pay close attention to the comparable properties provided to them by their real estate agent. The comparable properties are those that have sold in the past six months and will be used by both the real estate agent and the appraiser to determine the value of the property.

On the buyer's side, the bank appraisal is for the protection of the buyer and, of course, the lender. If the appraisal falls short of the sales price, the transaction goes back to the negotiating table. The seller may have to come down

in price or the buyer may have to come up with more money to put down. If the parties cannot agree, the transaction is in jeopardy. Understandably, this doesn't make either party happy.

The moral of the story is, if the seller prices their property correctly, they will attract more buyer attention and get an offer sooner. Most importantly, they will not have to contend with a low appraised value that could cost them the sale of their property.

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