

Five Tips For Getting Your Home Appraised Before You Sell

Determining the price of your home is crucial to the sale. Wrong pricing could either cause your house to stay longer on the market or could mean getting less than the actual value of your home. This is why sellers opt to pay \$300 to \$400 to have their homes appraised before putting it on the market, says Alan Hummel, past president of the Appraisal Institute and chief appraiser for St. Paul, Minn.-based Forsythe Appraisals LLC. He said presale consultations in their firm increased in the first quarter while the real estate market for residential properties slowed down and properties in the market increased.

Real estate agents can also do the appraisal for you. But going to an appraiser will give a more accurate and unbiased assessment. Usually, agents also turn to appraisers or suggest this to their clients especially if the house has stayed on the market for quite some time.

The appreciation for a more accurate pricing came just a few years ago. Gone are the days when you can just quote a price and see how it goes. "Now you've got to be competitive and you have to know that the offers coming in are reasonable," Hummel said.

He adds, if a property spends too much time on the market, the price it will be able to command often decreases, some buyers will question the reasons for the property's inability to sell.

An appraiser will assess your home from an objective view, based on several factors like its location and the condition of the house. "We're trying to react the way a typical purchaser would," he said. The appraisal also will analyze the health of the local real estate market, giving homeowners more personalized expectations for selling their home—a feature especially important with the plethora of national news stories generalizing the real estate market, Hummel pointed out.

Appraisers sometimes use a cost approach where they determine the price of the house by comparing it to a new house with similar specifications. This approach is beneficial to sellers with newer homes because this gives them an idea of where their home stands in the new-construction front.

It will also be a good idea to look for the appraisal report before you bought your home, says Michael H. Evans, president of Evans Appraisal Service Inc. in Chico, Calif., and a fellow of the American Society of Appraisers. According to him, only a few people actually take time to review the paperwork when it's done. Most buyers are just focused on buying the house. "They don't go back and review that paperwork unless there's a significant issue that needs to be addressed," says Evans.

But reading through the report can save you from problems. It's also a good idea for sellers to address this before putting the house on the market. The American Society of Appraisers shares with us some things you should know about home appraisals.



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The appraisal report includes the following information

- The appraisal. It will give details about the house, a description of the neighborhood and comparison with other similar properties in the area.
- Evaluation of the area's real-estate market;
- Major damage or possible problems that will affect the value of the house;
- An estimate of the length of time that the house will stay on the market

An appraisal report versus a home inspection

An appraisal is an opinion of the value of the house. It compares your house with similar houses that were sold. A home inspection report on the other hand, is on the lookout for flaws and damages in the structure.

Securing a copy of the appraisal

It is your right under federal law to have a copy. When you bought your home, you paid for an appraisal. If you don't have a copy, you can ask for it from your lender.

What to look for in the report

Pay attention to items on the report that have a negative adjustment. Those are the things you'll need to change or replace to get a good offer. It could be an outdated kitchen or bathroom; adding another bathroom; or adding more space in the garage to fit another car.

The value of getting an appraisal before entering the market

The appraisal will help you price your house more accurately. If a seller's asking price is more than the actual value of the house, it will cause the house to stay long on the market, which will eventually force the seller to sell their home at a very low cost just so they can sell it already.



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