



How to get your homes **REAL** value!

by
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How To Get Your Home's Real Value

The Best Way to Accurately Determine Your Home's Worth

If you haven't checked to see how much your home is worth lately, you might be in for a pleasant surprise. Nationally, the median list price of a single family home is \$189,900, up 5.6 percent compared to March 2011, according to Realtor.com. Here's another good-news statistic: Inventory of for-sale single family homes is down 21.5 percent on the national level.

But, the rule of thumb for real estate valuation, like the weather, is that all real estate is local.

In Phoenix, you could hear a collective sigh of relief sweep through the Valley after news that the median list price jumped a whopping 23.5 percent, to \$179,000. The inventory of total listings is down 48 percent. Scarcity helps increase the value of real estate.

Unfortunately for Chicagoans, median list price fell 9.5 percent there, to \$190,000, even though inventory also declined nearly 16 percent. For those who are going to buy or sell a home, knowing the right kind of information in their local market is crucial. Even if you're staying put, it's smart to know where you stand when it comes to your biggest investment.

What Should You Be Looking For?

The keys to establishing what your house is worth are finding the asking price of local comparable properties and the actual prices for recent sales. The real key is locating similar properties that have recently sold to help you compare prices. Comparing the listing price to actual sold price can give you the percentage trend in your local market of what people are actually offering and buying homes. There are additional data that is crucial when comparing home sales: DOM or Days On Market is a telling indicator of buyer activity and what you should expect, in addition you should review home site sizes and allow for adjustments.

The harder items to compare are finishes, upgrades, updates and additions. We will discuss the best way to determine this value later in this report.

Sold House Prices

Looking for a home in your dream location but not quite sure you can believe the prices? Maybe you are just curious about how much the house next door really sold for?

[See the latest sold house prices](#) straight from the Your local MLS.

Market Trends

If you are looking to sell, buy or just want to know what's happening in the property market in your area, then Bank of America is a trusted source and can help you.

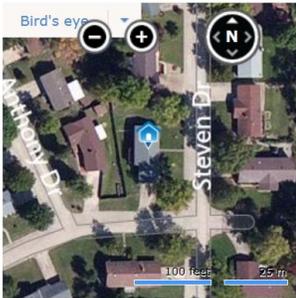
Enter an Address:
2025 steven dr cape girardeau mo 63701
Example: 530 Ruby St Laguna Beach CA 92651

[Get Trend Report](#)

Address: 2025 Steven Dr, Cape Girardeau, MO 63701-2544

Estimate Range

\$159,400 - \$172,600



Home Facts	
Bedrooms	3
Baths	3
Living Area	2,412
Lot Size	12,556.8
Type	Single Family Residential
Garage	
Parcel	156200009012000000
County	CAPE GIRARDEAU
Year Built	1972
Total Rooms	6
Heating	Central
Cooling	Central
Number of Stories	1
Legal Description	LOT 7 BLK 3 WOODLAND HILLS SUBD

Sales History	
Sales Date	Sales Price
03/01/1992	\$75,000

Value History	
Quarter	Value
2014 1st Qtr	\$166,000
2013 4th Qtr	\$186,738
2013 3rd Qtr	\$175,201
2013 2nd Qtr	\$171,881
2013 1st Qtr	\$153,867
2012 4th Qtr	\$167,864
2012 3rd Qtr	\$171,921

[Bank Of America Trends](#) uses the largest set of property data/information to provide you with a more accurate insight into market activity in your area. See how many properties there are available to buy, average prices paid and how many have sold. This website has a different motivation for providing accurate information and uses some of the same methods that help them verify values for mortgage loans. Consequently, you don't have to provide phone numbers and names of all family members to access the information.

What is Wrong With Online Value Providers

Automatic Valuation Model (AVMs) is best explained by this excerpt from a Wall Street Journal article:

"Zillow says my house is worth..."

"Ever since Zillow started providing "Zestimates" a few years ago, other websites have tried to automate the process of figuring out what your home is worth. And while it's not exactly rocket science – who uses a slide rule any more – the automated estimates remain remarkably Hit and Miss."

*The Wall Street Journal best explained the dangers of relying on questionable sources for such an important financial decision. In an article by Alyssa Abkowitz from November 2011 **The WSJ and Smart Money Magazine explains why using Zillow, Trulia and online estimates of home values can be up to 50% off (high and Low) even by their own admission.** Despite this reality, these websites have become almost the first stop for sellers and buyers to determine home values.*

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"WSJ says " Right or wrong, they're the numbers millions of consumers are clamoring for. In a housing market that's been mostly a cause for gloom, so-called home-valuation technology has become one of the few sources of excitement. After years of real estate pros holding all the informational cards in the home-sale game, Web-driven companies like Zillow, Homes.com and Realtor.com are offering to reshuffle the deck. They've rolled out at-your-fingertips technology via laptop and smartphone to give shoppers and owners an estimate of what almost any home is worth. And people have flocked to the data in startling numbers: Together, four of the biggest websites that offer home-value estimates get 100 million visits a month, and one, Homes.com, saw traffic jump 25 percent in the three months after it launched a value estimator in May."

*They continue: "But for figures that carry such weight, critics say, the estimates can be far rougher than most consumers realize. Indeed, if the websites were dart throwers, they'd seldom hit the bull's-eye, and they'd sometimes miss the board entirely: Valuations that are 20, 30 or even 50 percent higher or lower than a property's eventual sale price are not uncommon. The estimates frequently change, too, for reasons that aren't always easy for homeowners to discern. According to the companies themselves, some quotes have swung by hundreds of thousands of dollars in as little as a month as new data gets plugged into the algorithms the sites rely on. (Those algorithms also change, as happened this summer when Zillow made adjustments that affected all of the 100 million homes in its database.) And while the sites say it's probably rare that individual homeowners (or real estate agents, for that matter) game the system, they do acknowledge that people can enter information that might push estimates higher. Put it all together, say pros, and you've got numbers that have become head-scratching legends in one community after another: a Hollywood Hills aerie losing 47 percent of its value in one month (with no earthquakes or mud slides to explain the drop); a century-old home in Louisville, Ky., that, according to local lore, served as the inspiration for Daisy's home in *The Great Gatsby*, quadrupling in value over 30 days; and one townhouse in Brooklyn, N.Y., listed now for \$5 million, valued at a whopping \$31 million in the midst of the real estate crash -- at least according to Zillow."*

*" And make no mistake, all of the competitors go out of their way to make it clear their numbers are guesstimates, not gospel. "A Trulia estimate is just that -- an estimate," says a disclaimer on that site's new home-value tool. Zillow deploys similar language and goes a step further, publishing precise numbers about how imprecise its estimates can be. **And every major site urges home-price hunters to "always consult with a real estate agent or house appraisal specialist,"** in the words of Homes.com."*

"Consumer-oriented sites, meanwhile, rely on disclaimers, some of which are eye-opening. Zillow surfers who read the "About Zestimates" page find out that the site's overall error rate—the amount its estimates vary from a homes' actual value—is 8.5%, and that about one-fourth of the estimates are at least 20% off the eventual sale price. In some places, the numbers are far more dramatic: In Hamilton County, Ohio, which includes Cincinnati, it's 82%"

Read the complete article here:

<http://online.wsj.com/news/articles/SB10001424052970204554204577026131448329006>

It's definitely important to know that those numbers are a computer generated estimate and can't be taken at face value. For Your reference Zillow's disclaimer link to their disclaimer page page:

<http://www.zillow.com/howto/DataCoverageZestimateAccuracy.htm>

An appraiser commented: "As a RE appraiser, I treat AVM's like Zillow same as I would the horoscope. When agents hand over print outs like these to "help" me get the value, I rarely use any of the sales they've suggested because they are so different from the home I'm appraising. Zillow averages out the sales price of homes that have sold your neighborhood, including the crappy ones. It will never take into consideration any updating you have done, upgrades or special features included with your property."

Realtors who generate leads, providing online valuations

Agents are used to pulling online CMAs for folks since they are viewed as potential clients, it is a primary lead generation for many realtors and they don't have to leave the office. They will not even step foot in your house. They may not even know or have ever been in your market, but they can provide you with a value estimate. And probably, no more accurate than Zillow or Trulia (but without the accuracy disclosures). Once you give them your address, they can create a new potential client to call.

The accuracy of these type of CMAs is questionable at best. Better than Zillow or Trulia, but still not the best to base important financial issues upon. It is no better than a "drive by appraisal".

Of Course, You could just order an Appraisal

If you really need extra assurance, hire a professional [appraiser](#). Appraisals typically cost anywhere from \$350-\$450?, depending on your home size and uniqueness of the property. \$350 to \$400. However, if your home is gigantic, multi-unit, several buildings or in the boondocks, it could run more. The cost varies on property type, location and square footage.

An appraiser will come to your home and itemize the number of rooms and amenities (e.g., swimming pool, fireplace, etc.) and will pull comparables from other nearby homes that sold recently. Once they have completed their review of your home, the comparables, and the market, they will furnish you with an [appraisal](#). This will be an estimation of your property's fair market value with adjustments and allowances to equalize the comparable properties.

The downside to this approach is that there is not a contract offer for the appraiser to access what someone is willing to pay and the details of a complete transaction. It can make a difference. How much difference is difficult to say but generally the appraisal will be lower than if a contract offer is in play.

The other negative to ordering an appraisal is that the appraisal is not usable by the majority of lenders. You have a vested interest in getting an appraisal from a friend or relative, the lender doesn't know. Mortgage lenders vet and certify the approved list of appraisers that they hire. The

investors who buy the mortgages want to know it is a valid true third party appraisal. So this appraisal is only good for your personal use.

The Best Method for Value Accuracy and Trusted Market Advice

Get a Comparative Market Analysis (CMA)

If you've used the three strategies noted above of (1) Doing it yourself, (2) Utilizing online Automatic Valuation Models which are agent lead generators, or (3) Agents who exclusively provide an online CMA with actually knowing the property, and still need reassurance, go to a real estate agent -- or, two or three -- and ask them for a [CMA](#). Whether you use the agent to sell your house or not, they will be more than willing to provide a CMA in hopes of getting your listing. It shouldn't cost you any money to get one.

Reviewing Comparables

After the landscape, comparables play the biggest role in setting the price. Considered part art, part science, "comps" are regarded as the single-best tool in determining a home's value. There are some tricks determining which comps are the best; see the Zillow article on [Picking the Best Comps](#) for help in understanding how a Realtors expertise can zero in on the best comparables.

Accessing Unsold Homes

Homes on the market that haven't sold yet are also a consideration, although not a strong one, since it's unproven whether the house will bring the money it's asking. But, assessing the active competition is a critical component and that is specific information with which a neighborhood expert will be very familiar. Your local neighborhood expert will find a home most similar to yours and find out how many days it has been on the market . If the house has been sitting for a while (more than 30 days), you will see the market is not convinced that is the correct price for *that* home. Once you see the "Sold" sign, Your Realtor will have access to find out how much above or below the list price it sold for. This will give you a good idea of how the market is behaving and how aggressive you can be in setting a price.

Use Square Foot Pricing

Some neighborhoods are a mixed bag of architecture, style, and size, which means if you can't find another home similar to yours, you can use square foot pricing. How? Take 3-5 homes *as similar to yours as possible*, add up the square footage, and divide by the number of homes. This will give you an average per square foot for your comps. Then, add up the sold price of each home, divide by the number of homes to get the average. Lastly, divide the average sold price by the average square foot to get the average price per square foot. Once you have the average price per square foot, multiply it by your home's square footage. This is just another tool to help you price your home.

Example:

Step 1: Find the average sq. ft. of comps

Home 1 -- 1,950 square feet
Home 2 -- 2,400 square feet
Home 3 -- 1,800 square feet
Home 4 -- 2,050 square feet
Total -- 8,200 square feet

$$8,200 / 4 = 2,050 \text{ sq. ft.}$$

2,050 is the average sq. ft. of your comps

Step 2: Find the average price of comps

Home 1 -- \$310,000
Home 2 -- \$410,000
Home 3 -- \$299,000
Home 4 -- \$325,000
Total -- \$1,344,000

$$\$1,344,000 / 4 = \$336,000$$

\$336,000 is the average price of your comps

Step 3: Divide the average price by the average sq. ft.:

$$\$336,000 / 2,050 = \$164/\text{per sq. ft.}$$

\$164 is the average price per sq. ft. of your comps

What Your Local Realtor provides to Establish Your Home Value

A professional and accurate CMA begins with an inspection of the home under consideration. It is not possible to provide a credible value without inspecting the property. Otherwise, it is simply a computer Virtual Marketing Analysis (VMA), or what appraisers call "A Drive-By Appraisal". a good agent who knows your neighborhood will most likely give you a better price analysis than an appraiser who is forced to cover a larger area for economic reasons. Local knowledge and a good understanding of what's going on in the active market, supported by comparable sales with adjustments for your specific features or missing features, makes the science of determining a price into an "art".

There's not an easy way to quantify local knowledge and experience. In this area, as in many others, the houses vary dramatically one to the next. So it's far more art, and far less science. While, communities with a large new home subdivisions, offer some many homes with all the same features and comparables are literally everywhere, it is much easier to ascertain a value. That is not the case in Bergen County New Jersey.

It's necessary to really "think" like a buyer... would the buyer like this floor plan, over another offering? Would the buyer prefer this location, or this school district? Is the curb appeal as cute, charming or impressive as the other, and if not, how much would/should the value be adjusted? Does the lack of a basement in this property really hurt the appeal of an otherwise terrific home, vs. the house with a great basement, but so-so 1st and 2nd floor? Value is determined by market demand and product availability and comparable features.

Let me be Clear! If any Real Estate Agent presents a Competitive Market Analysis without the agent's prior home inspection, Then you risk being scammed or the loss of hard earned home value.

Questions to Ask Before Pricing Your Home

1. **How much is my home worth?** If you've been hitting open houses and keeping an eye on home values in your neighborhood, chances are you probably have a pretty fair idea and could land within a range of 10% of what you'll eventually ask for your home.
2. **How did you determine the value of my home?** Your local Neighborhood expert will be happy to show you exactly how he/she has determined the price range for your specific property. But in a nutshell, it's a combination of exclusive MLS online tools, diligent neighborhood homework, and the expertise of listing and selling in your marketplace to understand and explain updated market trends.
3. **When I sell, what will I clear?** Call your lender or check your monthly statement to find out how much you owe on your current mortgage. Also, if you have a home equity loan, find out the exact remaining debt. Figure in any taxes that you owe as well. Add these together and subtract from your home's estimated value to get a good ballpark figure. But the best way for accuracy is to ask your Realtor for an estimated Net Sheet. The Realtor will work with the local Title or closing agent with the information you provide, to estimate the net proceeds from your real estate transaction.
4. **Will I have enough for a down payment on my next home?** Obviously, this would only apply to people who are selling one home and buying another. But, you will need to figure out your net proceeds and figure out how much you want to put down on your new home.
5. **Do I have the knowledge to price my home?** Right now, maybe not. But, like learning the prices of cars, TV sets and just about anything else you've purchased, you've become a knowledgeable consumer by reading, researching and accessing the best financial advice and real estate expertise of a Realtor who is a Local Neighborhood Expert.
6. **Am I in a hurry to sell my home?** If so, what kind of strategies should I use? If you're in a hurry, it is all the more important to assess the market and its moods with your expert Realtor. But, if you have time, review the Real Estate Pricing Checklist to learn how to use time to your advantage. Just ask your Realtor for the opportunity to review with you.
7. **Should I get a CMA from a real estate agent?** Yes. A CMA – [Comparative Market Analysis](#) – is a slam-dunk for a real estate agent since the information is literally at their fingertips through a couple clicks on a computer. Tell the Realtor that you're thinking of selling your home and would like to know its market value. They won't mind helping you since they will want your business,

8. **Should I get a professional appraisal?** If you do your own research and solicit the help of real estate agents and you're still not absolutely sure, then hire a professional appraiser. However, they will charge you about \$350-\$450 for their services.
9. **What are the risks if I price it incorrectly?** There's no doubt that it could happen and the result of an overpriced home is that it could sit and lose value; the risk for under pricing is you're leaving money on the table. The best tactic in this situation is to eliminate the emotion that naturally comes from homeownership and trust the expert.
10. **What about capital gains and taxes?** Since the Taxpayer Relief Act of 1997 (oh, what a relief it was!), there are two basic rules:
 - If you're a single person and you sold a home for a gain up to \$250,000, you don't have to pay taxes on it. The money is yours free and clear. However, if you cleared \$270,000 on your home, you would have to pay taxes on the difference, which would be \$20,000. Or, for certain married couples filing a joint tax return, this figure goes up to \$500,000.
 - The home you sold must have been your principal residence that you lived in for at least two years out of five years prior to the sale.

I hope this gives you a better understanding of the process of pricing your home and determining "What's your is Worth" and how easy and accurate it can be by using the real estate expertise available to you. It is important to find the right agent for this important task and that is what I can provide for you.

Call me 201-774-3216 or use www.FindMyHomesWorth.com to get started

Stephanie Knight

