

Dear Henrietta House

Recently my wife and I were reviewing our investments, including our home, trying to determine our net worth. We had a Comparative Market Analysis prepared for us by our REALTOR®. It has been suggested by a family member that an appraisal may be a more precise way to determine the value of our home. Can you tell me a bit about what an appraiser does, whether they are governed by anyone, and what type of education is required of appraisers? We would really like sell our current home and purchase a retirement home. But, we want to ensure our net worth is what we actually think it is, and get the best sales and purchase prices possible.

Sincerely,

Ready to Retire

Dear Ready to Retire,

Good for you for being pro-active with your investments and considering the net value of your real estate.

A real estate appraisal is the practice of developing an opinion to help establish a property's market value; that is, the most probable selling price it would bring if offered in an open and competitive real estate market. Remember price is a fact, value is an opinion.

Don't confuse a comparative market analysis, or CMA, with an appraisal. Real estate agents use CMAs to help home sellers determine a realistic asking price. Price can also impact Marketing Time based on where it is along the value continuum. Experienced agents often come very close to an appraisal price with their CMAs, but an appraiser's report is much more detailed—and is the only valuation report a bank will consider when making a lending decision.

Lenders will require an appraisal when a home or other real estate is used as security for a loan, because they want an independent opinion to make sure that the property will sell for at least the amount of money it is lending.

Although some states do not require a license or certification, the Maryland Department of Labor, Licensing, and Regulation (DLLR) does require that real estate appraisers be licensed to conduct business in the state. Maryland regulates individuals who provide appraisal services pursuant to the provisions of Business Occupations and Professions Article, Annotated Code of Maryland. The Commission protects the public by ensuring professional competence of its licensees through enforcement of the statutes and regulations.

All licensed appraisers in Maryland are required to complete coursework and internship hours that familiarize them with their real estate markets. For more information you may visit the Maryland Commission of Real Estate Appraisers and Home Inspectors website at <http://www.dllr.state.md.us/license/reahi/>.

I hope this information leads you in the right direction. Remember: if you decide to sell your property and buy a retirement home, contact a local REALTOR® to help guide you through the entire process.

Henrietta House



Ask Henrietta! Send your question via e-mail to info@coastalrealtors.org

Information deemed reliable and accurate and for education purposes only and is not considered legal or financial advice.

For more information go to <http://www.dllr.state.md.us>