

House Value is Big Question **The Baltimore Sun, June 15, 2003**

Realtor says one price, the appraiser another

Help on way for buyer and seller

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Valuing the price of a house is based on a variety of factors including what other homes in the neighborhood have been selling for lately.

Homeowners often get their initial figures from a Realtor, who provides a comparable market analysis by assessing a home's location, its amenities and the prices of similar properties sold during the past few months.

While this is a good place to start, said Steven VanGrack, outgoing chairman of the Maryland Real Estate Commission, a market analysis is nothing more than an educated estimate. A sale may not be approved without a formal appraisal since a bank isn't likely to grant a buyer the mortgage without it.

Members of the commission expect to reword state real estate regulations this summer to better clarify the difference between a Realtor's opinion and the formal document prepared by a licensed appraiser: Commission members have discussed the issue for several months after fielding various complaints about the confusion of the two documents from consumers and others.

"Everyone knows that the market is hot and wants to know 'what's my house worth?'" VanGrack said.

A market analysis is the result of looking at comparable prices of houses in a particular neighborhood. Real estate agents often provide that information to buyers and sellers who are making offers or considering listing their home for sale.

Appraisers often are hired by mortgage companies that are deciding whether to lend money to a homebuyer. The seller often hires an appraiser to be certain the house is priced correctly for the current market.

"We need the appraisal," said Bob Kaestner, vice president and sales manager with the consumer real estate division of Bank of America and an officer with the Maryland Mortgage Bankers Association.

"Whatever makes the consumer more comfortable, I feel that's more important," said Jan Hayden, president of the Greater Baltimore Board of Realtors.

"But it's a shame that some Realtors don't do a more thorough explanation about the differences. It's nothing secret. It's not rocket science.

" Not all appraisals are created equal, said Michael Cassell, an appraiser for 30 years. He also serves as president of the Maryland Chapter of the National Society of Appraisers and is the soon-to-be chairman of the state Real Estate Commission.

A full appraisal for most loans in the Baltimore area generally costs about \$300 to \$450, Cassell said.

That typically includes a description of the property, a detailed account of the sizes of rooms and features both inside and outside the property.

But for \$50 to \$100, a company can hire an appraiser to do what is referred to as a drive-by, which includes a cursory glance from the street. There's also the automatic valuation, which uses a database of nearby homes sold during the past year.

Lenders often decide on a less-expensive appraisal when the buyer is paying a large percentage of the sales price in cash.