

WSRAR Appraisal Task Force

As an appraiser, I know that REALTORS® don't need to be reminded that the information they provide to clients and the public needs to be accurate, complete and timely. However, as a heavy user of Multiple Listing Service data I am often surprised how much information is omitted from Multiple Listing Service data inputs and how much misleading information may be included. Does this really matter? Well let's consider the following story of how one cold day can cause a lot of folks to get hot under the collar.

Bob Broker has been working with Mr. and Mrs. Homeowner for months trying to list their well-kept 1,500 square-foot brick rancher with a basement that is partially finished. In the middle of January, Bob Broker gets the listing agreement and he heads out to the property to gather information including measurements, room counts, etc. However, the day Bob Broker visits the property it is bitter cold and tax records look mighty accurate. Taking a shortcut Bob does not bother measuring the basement or the amount of finished area in the basement. Once back at the office, Bob Broker's conscience starts to bother him so instead of providing square footages for the basement area, or any room counts for the basement, he only checks yes that the dwelling does have a basement.

Sue REALTOR® has been working with a buyer for months and has shown her buyer numerous houses. The buyer has one specific requirement; the house must have a room in the basement for their child's use. After another full Saturday showing houses in ninety degree heat to her buyer, Sue is about to give up when she decides to show Bob Broker's listing even though Multiple Listing Service data indicates it does not have a room in its basement. Within hours Sue REALTOR® hands Bob Broker an offer to purchase Bob's listing with the comment that this house could have sold months ago if she would have known it had a room in the basement. To say the least Sue is happy to have the offer to present but she is a little irritated that she used so much of her and her buyer's time when the perfect house was right there but Bob's limited Multiple Listing Service data input prevented her from knowing that this listing was the perfect house.

Is every one happy? No, because Sue's buyer must get a mortgage to purchase Bob's listing and that requires an appraisal. The appraiser does his due diligence on the property and then relies on other data from the Multiple Listing Service which might be accurate or not, but he does the best he can by comparing Multiple Listing Service records, tax records and information obtained from multiple telephone calls. Fortunately, everything works out and the property closes so Bob and Sue can collect their commissions.

Does the story end here? No, because two weeks later Bob Broker sells the house right next door to his previous listing. This house is identical to his former listing. However, when the appraisal comes back for this transaction the opinion of value is way off. This is because the appraiser for the current transaction relied heavily on the information from Bob's prior listing for the house next door that just closed a couple of week ago. As is usually the case, Bob Broker never has the privilege to see the appraisal for his current sale and therefore he is never afforded the opportunity to let the appraiser know that the square footage for the basement was incomplete. Furthermore, tax data is surprisingly way off the mark which further compounds the errors and inaccuracies. Bob Broker's sale falls through and he is left scratching his head why!

Now - is this the end of the story? No. For the next couple of years Bob Broker's original listing information is left unchanged because Bob did not realize how it is affecting other transactions. Yes, other transactions. This is because appraisers are relying on Bob's inaccurate inputs into the Multiple Listing Service from a couple of years before.

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Are you the broker that is now scratching your head and saying to yourself that appraisers do not use data that is a couple of years old? Well you are right in some instances but you are also wrong in other instances. We all know that appraisers try to use the most recent and relevant data available. However, to complete some portions of an appraisal, such as, Form 1004MC, an appraiser may have to rely on older market data to determine value and marketing period trends in a neighborhood.

As illustrated, we see how inaccurate and incomplete data not only does a disservice to a seller because his property may not be shown and sold but it also disappoints fellow REALTORS® because they can not find the perfect house for their buyer. Inaccurate data may also affect appraisals on properties in the surrounding area for months or years to come. Our worst fear may also come to light when the local tax department uses Bob Broker's information in the Multiple Listing Service to determine assessed values for the area.

The long and short of it is to represent your clients and their properties with the most accurate information you can gather and provide it through every means necessary. You may also want to keep in mind that your listing data is not limited to the local market but anyone around the world with an internet connection who may be using the data for a variety of purposes.

It is my belief that if we all do our little bit to provide accurate information for our peers in the real estate world, our world will turn a little smoother and quicker.

Brian Davidson / NC Certified General Appraiser / REALTOR®/Broker



Save The Date

Friday, October 23, 2009

6:30 p.m.-10:00 p.m.

Habitat ReStore
341 Witt Street

Winston-Salem, NC 27103

- * Food
- * Spirits
- * Dancing
- * Prizes

The Winston-Salem Regional Association of REALTORS® is teaming up with local interior designers again for the 4th Annual ReStore Spaces Event. They will be designing various rooms utilizing Habitat for Humanity's ReStore items. The rooms will highlight the endless possibilities that ReStore has to offer. If you missed this event last year, mark your calendars NOW!

For more information contact Heather Miller at (336) 768-5560 or hmiller@wsrar.com



All proceeds benefit Habitat for Humanity of Forsyth

