

# VALUING YOUR HOME AND PROPERTY

## Consider...

Determining the value of a home or property can be tricky business. Whether you are buying or selling, there are numerous methods to help you establish the market value.

## Appraisals of Your Home

If you are considering buying or refinancing a home, ordering an appraisal is a must. The appraiser's report will offer a close estimate of a property's true value. Homebuyers must be aware the final approval of their home loan will depend on a satisfactory appraisal of the real estate they are purchasing. Also, to achieve this, the buyer must be conscious there are different types of appraisal methods used in the buying and selling of property.

## Property Tax Assessment

A tool in determining your home's value is a property tax assessment. It can be complicated to figure out exactly how the value is determined, but here are few of the components.

### How is your property assessed?

- the selling price of similar properties
- the cost to replace the property today
- how much it takes to keep it in repair
- what rent it may earn
- current rate of interest charged if needed to replace

### What causes property values to change?

- the owner makes changes to the property such as additions or improvements
- rise and fall in the market

### What Causes Changes in Property Taxes?

- The millage rate (also known as the tax rate) is a figure applied to the value of your property to calculate your property tax liability.
- The real property includes the land, improvements, and buildings.
- Different rates of taxation apply differently when it comes to business or commercial properties.
- States establish their own guidelines, procedures, rules, staffing requirements, and performance standards to ensure consistent assessments. Check your state's guidelines for more specific details.
- Property owners, who disagree with the assessed value of their property, can appeal the decision to local or state agencies.



## Golden Chili Chicken

- 2 tablespoons vegetable oil
- 1 (2 to 3 pound) whole chicken, cut into pieces
- 1 large onion, cut into 1/2-inch wide slices
- 3/4 cup orange juice
- 1 tablespoon dried parsley
- 1 teaspoon salt
- 1 tablespoon chili powder

*In a small bowl, mix together orange juice, parsley, salt, and chili powder.*

*Heat oil until hot in a 12-inch skillet over medium-high heat. Cook chicken pieces until browned on all sides. Remove excess fat from skillet.*

*Add sliced onions and orange juice mixture to chicken in skillet. Heat to boiling, and then reduce heat to low. Cover. Simmer for 30 minutes, or until chicken is tender. Stir occasionally.*



## Home Valuing

As the biggest investment most Americans will make, knowing the value of your home is important.

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## Other Events Causing Changes in Value

### Market Fluctuations

Homeowners should be aware when a credit crisis arises in mortgage lending. The result is an ailing housing market. In these times, real estate professionals say sellers should only put their homes on the market when they must. Sellers need to be sensible when pricing their homes to sell. Don't overprice!

On the other hand, market values rise when the mortgage industry is healthy and lending is high. Remember to take this into consideration when pricing your home to sell.

### Foreclosures

When homeowners (or investors) realize they are about to lose their homes through foreclosure, it is not uncommon for them to stop caring for their home. When a buyer purchases a foreclosed property, many times all the equity has been eaten up in the process by the neglect. The buyer needs all the cash up front to buy the foreclosure, making it impossible for the average person to repair the house to its former status. Thus the neighborhood has to deal with an eyesore that does not have resources for completion.

### Flipping

The art of flipping a house is to pick up homes with deep discounts, before going into foreclosure, and then turning them for quick profits. Buying a home at a lower price and renovating it may allow for more profit when selling it at a higher price. However, this can be risky and may take a large investment with no guarantee of a profit. Profit comes from improving the home and market appreciation for the surrounding properties. If a home in your neighborhood were flipped, and as part of that process the investor/flipper pays a highly discounted price, that sale price could negatively affect the value of your home.

### Schools

Desirability of a particular area depends on the quality of the local school district. Homeowners demand a competent staff of educators. Because of these high standards, school districts affect home buying decisions. Typically, the higher the property taxes, the higher the revenue to help fund exceptional programs. In addition, not having to pay for a private school can justify buying a higher priced home.

### Crime

High crime rates do affect housing prices and can add to insurance costs. The factors that lower house prices are threats to public safety, violent crimes, and criminal damage to property. Research shows those areas with low crime rates and high police presence have increased home values.



## COMPARATIVE MARKET ANALYSIS

A comparative market analysis is an informal assessment of a property's market value and is used to establish a reasonable listing price. A real estate agent conducts a comparative market analysis when putting a home on the market using information acquired from public records. The price is established by comparing the seller's property to similar properties recently listed or sold in the last six months. Buyers can also use a comparative market analysis to decide on an offer price. Homeowners can use it to help them dispute tax assessments. It benefits the seller and buyer to work with a Realtor to find the latest neighborhood information.

## SOME THINGS TO KEEP IN MIND

Before you start looking for a home to buy, look at neighborhoods. Services play a large part in making a neighborhood attractive. Be sure to inspect schools, crime rates, taxes, and home values carefully. Look for a neighborhood where prices are increasing. As prices of better homes rise, values of lesser homes may increase as well. If you buy a less expensive home in a good neighborhood, consider in the cost of repairs or upgrades that such a house may need.

