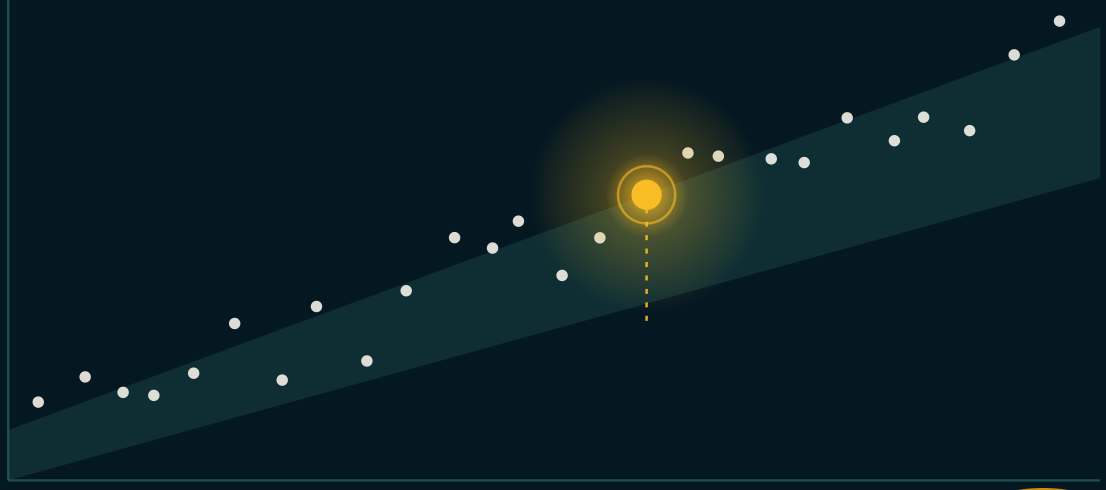
Joal Henke's
CREATIVITY TEAM



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STEPS TO CHECK THE PRICE

HOME DECISIONS SERIES

Is This Home Worth the Asking Price?

How Buyers Check the Number

Sold comps, condition and the appraisal: what to review before you make an offer.

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Prepared by Joal Henke's Creativity Team | Chattanooga, Tennessee | creativityteam.org

General information only. Not legal, tax, lending or appraisal advice. Contracts, loan programs and costs differ. Ask your lender, attorney and tax advisor about your situation.

SHORT ANSWER **Sold homes tell you where the price should be. The appraisal tells you if the lender agrees.**

Pricing a home is a science. It is not an exact science. Two experts can look at the same home and land a little apart. Your job is to gather the evidence, not to guess.

STEP 1

Learn the home

Look at the home's background and condition. How long has it been listed? What has changed? What does the inspection show?

STEP 2

Pull sold comparables

Look at homes that sold, not homes that are for sale. Sold homes show what buyers paid. Joal runs these before any offer.

STEP 3

Adjust for differences

Compare size, bedrooms, baths, condition and updates. A home with granite counters and new floors may be worth more than comps that have neither.

STEP 4

Decide your number

Choose a price you can defend. Joal works to land the price where the comps are.

STEP 5

Let the appraisal confirm it

Your offer will usually depend on an appraisal. The appraiser works for the lender. They are careful with value.

Active listings are asking prices. They show the competition. They do not show what people paid.

How to read comparable sales

BOTTOM LINE **Compare like with like. Then adjust for what is different.**

An appraiser and an agent do the same basic work. They look at nearby homes that sold and they adjust up or down for differences. Appraisers often use sales from about the last six months and stay near the home, often within a mile. This changes in places with few sales.

A simple illustration

Item	Comparable sale	Home you want
Sold price	$400,000	Asking $425,000
Size	2,000 sq ft	2,100 sq ft
Price per sq ft	$200	Not applicable
Size adjustment	None	About +$20,000 (100 sq ft x $200)
Updates	Standard counters	Granite counters and new floors. Possible extra adjustment.
Indicated range		About $420,000 plus updates

Illustration only. Appraisers use local data, several sales and their own adjustments. Real numbers differ.

Why appraisers differ

Each appraiser follows standards and works a little differently. One may measure the home 25 to 50 square feet different from another. That can change the value. This is why the process is not exact.

When a home is an outlier

A home with features no comp has, like a pool in a neighborhood with one pool, is harder to price. You may want a second opinion or an appraisal.

Condition changes the number

BOTTOM LINE **Price the home as it is, not as it could be.**

- Get the inspection results. Ask for quotes from the right specialists.
- Compare repair costs to the price gap. A $50,000 repair list matters at any price.
- Ask whether the seller did repairs with pros or by themselves.
- Check the crawl space, roof and heating and cooling systems. These can be costly.
- Look at what the home has that comps do not, and what the comps have that it does not.

Example. A buyer found a beautiful home with strong updates. Inspections showed long-term moisture in the crawl space and rotted floor joists. The buyer's agent brought in experts, collected quotes and negotiated roughly $55,000 in repairs and a lower price. The home was worth the number only after the problem was priced in.

Is it overpriced?

- It sits above recent sold comps with no clear reason.
- It has been on the market a long time. Joal watches for 45 days or more.
- Similar homes nearby cost less or sold for less.

An overpriced home can still be a fit. You can offer less, ask for repairs or credits or move on. It is your call.

The appraisal contingency

BOTTOM LINE **This clause protects you if the lender's appraisal comes in low.**

Once you and the seller agree, the lender orders an appraisal. The appraiser works for the lender, not for the seller or for you. Appraisers do not give value away. That is why many buyers rely on them to confirm the price.

If the appraisal is	What it means
At value	Most common. The deal moves forward.
Above value	Nothing changes. You still pay the contract price. You got a good deal.
Below value	You can ask the seller to lower the price, pay more cash down or leave the deal, based on your contract.

If you love the home

You may choose to pay the difference with more cash down. Do this only when you can afford it and the home is worth it to you.

Read your contract. Terms differ. Some buyers remove the appraisal contingency to win a competitive offer. Know how much cash you could add and what other contingencies you still have.

Property comparison and offer worksheet

FILL IN Do this for every home you are serious about.

Sold comparable	Address	Sold date	Sold price	Sq ft	Notes
Comp 1					
Comp 2					
Comp 3					
Comp 4					

Your offer plan

Item	Your numbers
Asking price	
Comp range I trust	
Cost of repairs or updates I expect	
Highest price I would pay	
Cash I could add if the appraisal is low	
Contingencies I want to keep	
Next step	

Want a second set of eyes on a price?

BOTTOM LINE **Send us the address. We will pull sold comps and talk it through.**

We work the numbers with you before you make an offer.

What we do

- Pull sold comps and adjust for differences
- Read inspection findings with you
- Plan for a low appraisal
- Write an offer you can defend

Where we work

- We are licensed in Tennessee and Georgia. Outside those states, we introduce you to a vetted local agent and stay in the conversation.

Bring to your first call

- The listing link
- Your price ceiling
- Your cash on hand

Send us the address.

We will help you check the number.

(423) 664-1900 | creativityteam.org/contact

Sources and notes. Based on a conversation with Joal Henke, Keller Williams Realty, Greater Downtown, about how she advises clients. Examples are anonymized and rounded. Dollar figures in examples are illustrations, not quotes or promises.

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HELPING YOU MAKE CHATTANOOGA HOME

Pay a price you can defend.

SCAN FOR MORE FREE GUIDES

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