

TOP TIPS

COMPARATIVE MARKET ANALYSIS EXPLAINED

(Team Perspective)

- A CMA is a report provided by a licensed broker or agent to evaluate a property, based on data from the MLS.
- These CMAs are generally done for sellers, to establish a list price and marketing strategy. They are also done for buyers, to help arrive at an offer price.
- Brokers and agents are not allowed to give an opinion of value. Only an opinion of market, as it relates to a specific property.
- An appraisal is a comprehensive analysis and formal document issued by a licensed appraiser. It gives an opinion of value for a specific property.
- An appraisal is generally ordered by a mortgage lender, to verify that an asset is enough collateral for a loan.
- The CMA is used to help estimate market value. The appraisal is designed to give an opinion of value. The market itself will determine the actual value.
- The borrower / buyer's CMA can be used to establish an offer price, when purchasing. It should also be presented to the lender, when asking for a loan.
- The private lender's CMA is an attempt to measure and establish the lenders protective equity, based on the borrower's exit strategy.
- Protective equity, loan-to-value ratio, property salability, physical condition and location are all elements of the collateral that should be examined.

