Listing Price, Tax Assessed Value and Appraised Value – What's the difference?

Debbie Siegel, *President*, WESTCHESTER MORTGAGE

What's a property worth? It's important to know when you buy or refinance. Three different numbers get tossed around - the **listing price**, the **tax assessed value** and the **appraised value**.

As a buyer, you zoom in on the **listing price determined by the realtor**. After all, that's how you figure out if the property is within your reach. Of the three numbers we're considering, it's also the figure with the least methodology behind it. Realtors research comparable prices on the Multiple Listing Service, but also listen to their instincts.

There's often a gap between listing price and **tax assessed value -- the dollar amount at which your municipality values your property for taxation**. That's to be expected in a rising market for real estate. Why? Because tax assessed values are based on old data. The tax assessed value of your house for fiscal 2006 may have been calculated from data collected during calendar year 2004.

Appraised value is typically the best researched and most current valuation of your property. Banks want to ensure that your property justifies the amount they're lending you. So their appraisers use comparable sales during the last six months. No other 4-bedroom, 11/2 bath properties sold nearby recently? No problem, they make adjustments vs. comparable 3-BR, 11/2 bath properties. The appraiser simply extrapolates the extra bedroom's worth from market data.

Ideally your appraised value should be close to your selling price. If not, you're overpaying or there's something odd about your transaction.

Got questions about real estate financing? Contact Debbie@westchester-mortgage.com or 617-965-1236. She'll consider them for inclusion in a future column. Debbie Siegel is president of Westchester Mortgage in Newton, Massachusetts. She is licensed in several Northeastern states.