



The banner features a blue background with a white house silhouette. On the left, there are three award logos: 'SALES ACHIEVEMENT AWARD 2006', 'SERVICE SINCE 2003', and 'ROYAL LePAGE Team Realty'. The name 'Howard Marling' is written in a large, stylized font, with 'Broker' underneath. The phone number '613 592 6400' is prominently displayed. At the bottom, the slogan 'Taking Real Estate Service To New Heights!' is written in white on a dark blue background, and the website 'www.Marling.ca' is on the right.

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How Much is that House Worth?

The following article, written by the Ottawa Real Estate board president Diane Hatfield, appeared in the October 23rd issue of the EMC community newspapers.

When you make an offer on a home, or put your home up for sale, one of the most important factors is price. How much are you willing to pay? How much should you ask for? These are questions that your REALTOR® can help you answer.

REALTORS® have experience and education that help them determine what the market value of a home should be. One of the biggest factors that affects the price of a home is the recent selling prices of other comparable homes in the neighbourhood. If there are three other four-bedroom bungalows the same size and age as your home, in similar condition, that have sold recently for around the same price, it's unlikely that you'll be able to get thousands more for your home unless there are other significant factors at play.

Renovations can help increase selling price, especially bathroom and kitchen renos – these can recoup anywhere between 50 and 100 per cent of their investment for a homeowner when it comes time to sell. Location and lot size can also make a difference, as can a wide range of other factors. Your REALTOR® will conduct a comparative analysis and advise you of an appropriate price range.

Similarly, if you're looking for a home in a particular neighbourhood, and want to know how much you should pay, your REALTOR® can show you what other, comparable homes in that area have been selling for, and he or she will advise you of where the home you're considering buying should fall in that price range, based on its features. That way, your REALTOR® can present your offer confident in the knowledge that both you and the seller know what the home is likely to sell for, and you can choose how much you're willing to pay, knowing the market value of the home.

Once you've come to an agreement to buy a home, your mortgage lender may require you to obtain a professional appraisal of the property before completing your financing arrangements. Whether or not an appraisal is required depends on the loan-to-value ratio of the mortgage you're hoping to obtain (the ratio of down payment to total purchase price). Your insurance broker may also request an appraisal before providing home insurance.

A professional home appraiser determines the current value of a property, using data from city archives, the MLS® system, the Municipal Property Assessment Corporation, land registry offices, and REALTORS®, among other sources, to complete their valuation of a property. Generally, in a residential real estate transaction, the appraiser uses a direct comparison approach based on the recent selling price of comparable properties. Mortgage lenders may also require a cost appraisal, which is an assessment of what it would cost to build a new home identical to the one being appraised.

Everyone wants good value for their money – working with a REALTOR® can help you come out of a real estate transaction feeling good about the price of a home.

The President's Pen column was prepared by the Ottawa Real Estate Board and first appeared in the October 23rd issue of the EMC community newspapers.