

Title:

The Difference Between Appraisals and Assessments

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Summary:

Many people think appraisals and assessments are the same thing or at least that they should be.

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Article Body:

Many people think appraisals and assessments are the same thing or at least that they should be.

Appraisals

An appraisal is an estimate of market value. An appraiser can use many methods for coming up with a value.

Appraisers usually use "comparable sales" when evaluating the market value of a home. They look for homes that are similar in size, location, and features.

Buyers and sellers generally encounter appraisals when the buyer's lender has an appraiser make an appraisal.

Assessments

An assessment is the value your local government puts on your property for the purpose of taxing it.

I was once a partner in an investment property that we were offering for sale at the time the local government reassessed the property.

On another occasion I helped some elderly people sell a farm they'd lived in all their adult lives. The local government reassessed the property.

I believe the two examples are fairly typical. Many jurisdictions will "puff up" assessments for tax purposes.

For these reasons, it is usually not a good idea to put too much credence in the assessed value of a property.

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