

June 4

# FIRST WEDNESDAY

## *MLS Rule Changes & Impact on Appraisals*



# Welcome!

Today's panel will cover:

- *How appraisers evaluate a property — beyond just the basics*
- *The impact of MLS data accuracy on property valuation*
- *Ways Brokers can collaborate better with appraisers*

## **Brandon Talley** / *Certified Residential Appraiser*

- Brandon began his appraisal career in 2005 & has been a certified residential appraiser since 2010. This includes appraising in the Albuquerque & Rio Rancho area, as far South as Belen, as far East as Estancia & as far North As Santa Fe.



# Who am I

Tego Venturi - REALTOR®



- REALTOR® and Co-Founder of Venturi Realty Group
- Over 4,000 home buyers and sellers served
- 2024 REALTOR® of the Year - Greater Albuquerque Association of REALTORS®
- 2014 Salesperson of the Year - GAAR
- Southwest MLS Board of Directors since 2013 (2x President)
- Expert on MLS systems, rules, and policy
- Host of Albuquerque Real Estate Talk - 500+ episodes since 2014
- Regular speaker and educator on housing market trends
- Passionate advocate for housing affordability and homeownership
- Known for data-driven insights, systems thinking, and innovative marketing

## **Randy Pratt** / *Certified Residential Appraiser*

- Prior to becoming an appraiser, Randy was in the Air Force, retiring as a Lieutenant Colonel. He has 1900 hours of flight time as an instructor navigator and weapons officer in F-111 and B-1 aircraft including 100 hours of combat flight time over Iraq in Desert Storm. After finishing his flying career, he was commander of the Personnel squadron for a year and then commander of the Logistics squadron for 2 and a half years before retiring.
- He began training as an appraiser in 2015 working with Bonsal Henry and Michael Hamilton. Randy has been a certified residential appraiser since April 2019 and the chair of the Appraiser Committee at GAAR since 2020. He is qualified as an FHA appraiser and has conducted VA appraisals during training.

## Market Value Vs. Appraised Value

### *Market Value:*

- Defined as the most probable price a property should sell for under typical conditions. This price assumes a reasonable exposure time on the market, with both buyer and seller acting prudently and without duress.

### *Appraised Value:*

- A professional estimate of a property's worth, determined by a licensed appraiser.

## **Difference Between Market Value & Appraised Value**

Market value is subjective, influenced by buyer preferences & market trends, while the appraised value is more objective based on data & analysis.

## Appraisal Process

- Receipt of the engagement letter from lender/client
- Schedule the appraisal observation within 24 hours of receipt
- Pull all data the day of the scheduled observation
  - Pull all comparable sales from the MLS
  - All data regarding the current market conditions for that specific market area
  - Take all photos of comparable sales



- Complete the observation of the subject property
  - Measure the entire exterior for GLA as well as any patios, decks & additional structures
  - Take photos of the entire exterior including front, rear, all sides, patios, decks & additional structures
  - Go room to room taking photos & notes of each room. This includes condition, quality of materials & any possible deferred maintenance that could affect the livability or value.

- Photos are required of all rooms other than closets
- Take photos of the interior of the garage, sunrooms & non-living spaces
- Take photos of water heaters, heating source & smoke/carbon monoxide detectors

- If FHA, it is required to check all appliances, faucets & anything that could affect the livability.
- If FHA, a head & shoulder observation is required of the attic or crawl space if there is one
- The appointment is called an observation & not an inspection as appraisers are not home inspectors & we are required to call them observations to lessen liability

- Write the report
  - Completing each section of the report
    - Subject Section
    - Contract section requiring the fully executed contract

- Neighborhood section describing the neighborhood & market area along with current market trends
- Site section describing the subject exterior site including size, utilities (public or private) along with any flood zone information
- Improvements section describing the subject itself including all materials & their condition as of the observation



- Sales Comparison Approach
  - Determining necessary adjustments
    - Paired Sales Analysis
    - Market Based/Extraction Method
    - Cost Related Analysis
    - Regression Analysis

- Reconciliation explaining how we arrived at the value & support for any & all adjustments



# The MLS: Foundation for Accurate Valuations

*From List Price to Appraised Value—How Your Data Tells the Story*

# The WHY

Your listing today is someone's comp tomorrow

*“An appraisal is only as good as the data behind it—and that often starts with your MLS input.”*

Appraisers rely on the MLS as their primary data source.

Your listing data becomes tomorrow's comp.

Incomplete or vague listings can distort appraisals and harm trust.

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# What Is the MLS?

It's not a platform, it's the foundation of the market.

*"The MLS isn't just about data, it creates the conditions for agents to sell, appraisers to value, and the housing market to work."*

The MLS is a broker-created **cooperative** system.

It ensures fair access to listing information and market transparency.

The MLS maintains order in the market, not just access to listings.

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# What Appraisers Need From the MLS

They don't need fluff—they need  
facts

*“Every field you skip is a detail the  
appraiser has to guess.”*

- Descriptive features and material details.
  - Accurate and defined square footage data.
  - High-quality photos and floor plans.
  - Clear notes on recent renovations.
  - Seller Concessions clearly noted.
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# Best Practice: Be Descriptive

Generic descriptions lead to  
generic appraisals

“Appraisers can’t adjust for what  
they don’t know. Your listing  
should tell the full story.”

- Say “quartz countertops, 2023 remodel” instead of “updated kitchen.”
  - List brand names, install years, and material types. Be specific.
  - Think like an appraiser: would it justify a higher comp?
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# Best Practice: Accuracy Matters

Give great details, but don't guess.

*"If you don't know it, don't enter it.  
Accuracy isn't optional; it's foundational  
and required."*

## Why It's Important

- Your MLS entry becomes part of the **Property Record**.
- Appraisers, agents, and clients rely on your data to make real decisions.
- Inaccurate info can lead to **valuation problems, compliance issues, or legal risk**.

## What to Do

- Be specific, but only when you know it's accurate.
  - If you don't know, don't *guesstimate*.
  - Verify key facts like Living Area and Year Built before making listing Active.
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# Best Practice: Photos to Tell the Story

Pictures don't just sell homes - they  
support value

*"A labeled photo of a tankless water heater  
or backyard view might justify thousands in  
value."*

- High-quality photos
- SWMLS Photo Requirements  
(Living room, Kitchen, All  
bathrooms, Exterior front,  
Exterior Back).
- Label special features
- Include views, mechanicals,  
garages
- Upload a floor plan if available  
- helpful for appraisers

# Living Area vs. GLA?

Square footage sells—but GLA  
appraises

*“Not all square footage is created equal—  
and appraisers know the difference.”*

MLS “Living Area” = All Finished,  
Heated Living Space

GLA (Gross Living Area) = ANSI  
standard. Basements, sunrooms,  
casitas are excluded in GLA and  
reported separately.

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# Understanding Seller Concessions

What they are, why they matter, and  
how they affect appraisals

*"It's more than a gift - it's a value  
adjustment"*

A seller concession is a cost the seller pays on behalf of the buyer that reduces the buyer's out-of-pocket costs.

They directly affect the net sale price and can impact an appraiser's opinion of value.

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# Is it a Concession?

“If it lowers buyer closing costs, it’s a concession. If it doesn’t, it’s not.”



## Is a Seller Concession

- Seller-paid buyer closing costs
- Rate buydown
- Repair credit (in lieu of repairs)
- Prepaid taxes/insurance



## Is NOT a Seller Concession

- Buyer agent commission (even if paid by seller)
- Personal property (TVs, furniture)
- Already completed repairs
- Marketing incentives



Remember: For seller concessions to be considered by appraisers, they must appear on the Settlement Statement as a credit to the buyer and a matching debit to the seller. (Credit to Buyer / Debit to Seller)

# Buyer Agent Commission $\neq$ Seller Concession

“Not all seller-paid costs change value”

## Seller-Paid Buyer Broker Commissions

**Not a concession:** Commissions are compensation for services, not a cost that directly reduces buyer closing expenses.

**Usually considered customary:** Appraisers typically don't adjust for them unless they are *non-customary* or structured in a way that affects the buyer's net cost.

**Clarification:** Post-2024 NAR settlement changes made buyer agent commissions a point of negotiation. While still not typically a concession, appraisers may scrutinize any non-customary commission structures that appear to manipulate the net sale price.

# How to Document Concessions

Make it easy for appraisers to see what was paid and why

*Yes means nothing—details matter*

Use the concessions field when closing out the listing.

Be specific: “Seller paid \$7,000 toward buyer’s closing costs.”

Don’t say: “Yes” or “Buyer received help” - too vague.

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# Off-MLS Sales

Invisible deals distort the market

*"If it closes get it in the system, even if a  
off market sale."*

- Enter as "Comp-Only" Listing
  - Written permission is required from both the buyer and seller before entering a non-MLS transaction into the system.
  - Why it matters:
    - Strengthens market data
    - Preserves comp accuracy for future listings
    - Supports fair appraisals
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# In Summary

## ◆ **The MLS is a Cooperative**

Work together. Accurate data helps everyone—buyers, sellers, appraisers, and brokers.

## ◆ **Be Specific, Honest, and Accurate**

Use clear, detailed feature descriptions. Avoid guessing. If you don't know, verify.

## ◆ **Use High-Quality Visuals**

Include crisp photos, floor plans, and virtual tours when possible. Presentation matters.

## ◆ **Report Concessions Clearly**

If the seller paid buyer costs, document the amount and purpose.

## ◆ **Capture Off-MLS Sales (with Permission)**

If you know of a sale that happened off the MLS, document it.

# Final Takeaways

How Real Estate Agents and Brokers can help the Appraisal Process

✓ Appraisers *are* **REALTORS**.

✓ You can provide any information you want to an appraiser.

✓ You are welcome to be at the home during the measurement and walk-through.

- ✓ You are welcome to be at the home during the measurement and walk through.
- ✓ Your seller is welcome to be at their home during the measurement and walk through.

- ✓ Please put information in the SWMLS.
- ✓ The more information the better.
- ✓ Appraisers won't have to call and ask questions if the information is in the SWMLS.
- ✓ I know the roof is flat, does the roof have TPO or tar and gravel?

Appraisers *love* floor plans.

We have to measure the home anyway, but a floor plan is helpful.

- ✓ Include basements and ADUs in the living area.
  - Tell us about the basement and/or ADU, is it included in living area?
  - Your client wants to know total living area.
  - We are required to report it on a separate line.



- ✓ Provide all the information about solar.
  - Seller owned (paid off), separate loan, third-party owned
  - What is the size of the system?

*We know the size of the subject's solar system, but not the comps.*

✓ Tell us about updates.

- We see the subject, but not all the comps.
- Photos can be misleading.

Q & A



# Driving Value Forward

*Your commitment to data  
integrity strengthens every  
appraisal.*

*Thank you!*