

Comparison Chart Explanation

The goal of the chart is to compare each property to see what each property's value or sales price would have been if the 3 comparables were identical to the property you are considering purchasing.

To do this, an amount is added to each aspect of each property being compared with the property being considered to make those two properties identical. Or as identical as possible.

This also means that if the property being compared to the property you are considering is better in some aspect, that amount of money has to be subtracted from that aspect in order to make that aspect equal to the aspect of the property being considered.

This adjustment is necessary to arrive at what the sales price of each comparable would be if it was identical to the property you are considering buying.

Example: Using Comparable #1 we find it would take the addition of the following:

\$3,500 because the house is only 2300 square foot instead of 2500 square foot.

\$2,000 because it only has a 1 car garage, not a 2 car garage like the property being considered has.

\$25,000 because it is on a north facing slope, the worst location for a garden and solar panels in the northern hemisphere, instead of a south facing slope like the property being considered is on.

\$950 because there is no chicken coop like the property being considered has.

\$2,000 because the well's output is not as good as the well on the property being considered.

\$10,000 because there is no pond like there is on the property being considered.

\$5,000 because there is only a 5 acre timber lot instead of a 10 acre timber lot like there is on the property being considered.

\$5,000 because the access road is a private dirt road instead of a county gravel road like on the property being considered.

The total is: \$53,450.00.

Example: Using Comparable #1 we have to subtract the following from the aspects that are better than the aspects in the property being considered;

\$3,000 for being a year newer construction house than the house on the property being considered.

\$200 for a potentially greater harvest from the orchard each year than the orchard on the property being considered.

\$4,500 for a larger fenced in pasture than the one on the property being considered.

The total is: \$7,700.00.

Add the total necessary to make those aspects less than the property being considered to the Sales price of Comparable #1.

Sales Price was \$220,000.00 plus \$53,450.00 = \$273,450.00.

Next subtract from the \$273,450 the amounts needed to bring down the aspects better than the same aspects on the property being considered.
\$273,450 minus \$7,700 = \$265,450.00

Adjusted Sale Price of Comparable #1 = \$265,450.00

This figure goes into the *Adjusted Sales Price under Comparable #1*.

Now use this same method to find the Adjusted Sales price of Comparable #2 and #3.

The final result is a Sales Price Range of \$265,450.00 to \$271,650.00.

Adjusted Sale price of #1=\$265,450; #2=\$271,750; #3=\$268,000.

The FMV price of the property being considered should be within this price range and not the Asking Price of \$315,000.00.

Using this method you will always end up with a range instead of one number that you can say is the actual value of the property being considered.

If you want a professional opinion of the actual value of the property being considered, you can always pay to have the property professionally appraised.

A professional appraisal is usually required if you are conventionally financing the property.

Explanation Of Terms On The Comparison Chart:

Sale Date: Recent would be within the last 6 months. Considered property has not been sold so this box is left blank.

Home Condition: Good Repair means nothing needs fixing

Year Built: Differences in dollar amounts reflect an estimate of the difference in construction costs for different years.

Square footage: Dollar amounts reflect the differences in size as an estimate by a General Contractor for non-custom home square footage.

Baths: Estimate for adding a bath is \$12,000 for a simple bath with tub/shower, sink, and toilet.

Garage: Difference was estimated by a General Contractor.

Barn: Estimate to roof an average barn, metal only.

Out Buildings: Coop = Chicken Coop. Estimate for a Chicken Coop for 24 chickens.

Water Source: GPM = gallons per minute flow of water. Dollar differences reflect an educated guess by a well pump repairman.

Surface Water: Dollar Figures represent an estimate of the cost of developing a pond on suitable property.

Difference between pond and creek reflects the fact that a pond is better as a source of water for large stock than a creek which could get easily damaged by cows or horses.

Orchard: There are no clear guidelines on the differences in production of fruit from the different trees. Depends on the soil, water, and other factors.

A rough gauge that I was given when I ordered fruit trees several years ago was 1 full size tree = 2 Semi-dwarf or 4 Dwarf Trees in fruit production.

Dollar Amounts chosen = estimated difference in fruit production.

Pasture: Estimate of costs for fencing of \$900/acre for stock fence and T-Posts.

Timber: Estimated value for fire wood only. Not for logging!

Access Road: Estimated additional cost of maintenance/year to have private road in same condition as county road/year, including snow plowing in snow country.

The actual costs/year to maintain a private road may be less due to less traffic on the private road and thus less *wear and tear* on the road's surface.

View: Actually a nice view can add as much as \$50,000 to a property's value depending on the beauty of the view.

The dollar values listed in this example are values for my area only.

The values for your part of the country will probably be different because materials and labor costs are different in different parts of the country.

To get a true picture of the Adjusted Sales Price, you will need to research the costs in your part of the country.