

STANDARD OF PRACTICE 11-1

This month I would like to bring to your attention a standard of practice of which very few of us are aware. It is important that you know about this because the Colorado Real Estate Commission has also made a ruling on this subject. Before you read this standard of practice be aware that NAR is telling us “don’t let your CMA be confused with an appraisal.” As the standard of practice says, this does not apply to you when you are doing a CMA in order to get a listing or when you are helping a buyer arrive at an asking price. The purpose here is to alert anyone who may be using your CMA to value the property that it is NOT an appraisal. If a friend asks you to do a CMA on a deceased relative’s house this would apply.

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When REALTORS prepare opinions of real property value or price, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, such opinions shall include the following:

1. identification of the subject property
- 2 date prepared
- 3 defined value or price
- 4 limiting conditions, including statements of purpose(s) and intended user(s)
- 5 any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
- 6 basis for the opinion, including applicable market data
- 7 if the opinion is not an appraisal, a statement to that effect

I would suggest that instead of number seven you include a statement the Colorado Real Estate Commission requires in this situation. Rule E-42 says you must include the following language in your CMA “The preparer of this evaluation is not registered, licensed, or certified as a real estate appraiser by the state of Colorado. E-42 and number seven above are so similar that I think you kill two birds with the same stone when you delete NAR’s number seven and include Rule E-42 as number seven.

If you have any ethical questions you can contact Steve at stazels@msn.com

