DIVORCE REAL ESTATE

NEWS LETTER

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LISTING PRICE IN COURT ORDERS

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A house's list price is often a point of contention between the parties in a divorce. When there is conflict, it can be tempting to name a specific price in the court order to solve that issue once and for all.

However, this strategy has massive risks. When that list price migrates to a listing agreement, it can hinder or hurt the sale.

Here's why:

- **Prices are fluid**. A value that was established last month could be obsolete, especially in an increasing or a decreasing market. Maybe there was an appraisal done a month ago indicating a $500,000 value. And then last week, three comparable houses on the block sold for about $550,000. Worse yet, maybe the market takes an abrupt downward turn and the comparable houses sold for less than $500,000, leaving the subject property overpriced, which is the kiss of death in maximizing value. With new stats coming out daily, we need to have the flexibility to keep up with the market on a real-time basis, or we get left behind. Fixed prices can't keep up with the market.
- **Lifestyle and intangibles affect the value.** Have you ever walked into a house with an overwhelming pet odor? Perhaps the downstairs has been turned into an at-home daycare center. Or tenants living in the house are rude and off-putting, making buyers want to turn around and leave the moment they step inside.

When buyers are house-shopping and looking at 5 to 10 houses per day, these factors all of a sudden put our house at the bottom of the list — and diminish the value significantly. We need the latitude to adjust the price accordingly.

- **List prices are strategic**. Most buyers search on consumer sites like Zillow and Redfin. As they search, there are ranges of prices to select; for example, they might select from $600,000 - $650,000, based on what they qualify for and can afford. If a property is listed for $599,000, the property does not appear in their results and we eliminate the entire buyer pool who's searching for $600,000 and above. A fixed price in an order can hamper exposure, and a good Realtor knows what the neighborhood "caps" are for these brackets.

Mandating a price is one issue. Mandating built-in price reductions in the order is another. An order might say, "The price is to be reduced by 5% every 90 days." When the average days on market is fewer than 10, an overpriced house that sits for 90 brings out the vultures, and barrel-bottom, low-ball offers are all we are left with. Terms like this can plummet a value by tens of thousands of dollars.

The best practice is to either leave the list price up to the recommendation of the Realtor or consult with the Realtor before creating the order so that the price is relevant and allows flexibility. Unfortunately, we cannot order the market to comply with the sale of the house.

What Is a CDRE™?

A CDRE™ handles the sale of real property in family law cases as a neutral expert. They have knowledge and special skills to handle the effects of the family law process on divorce listings.

Services:

- Title Documents: legal descriptions, deeds, property profiles
- Values: sight unseen and full reports, supported by expert testimony
- Challenges: forecolsures, equity buyout questions, liens, creative settlement structures

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