

What is the MLS?

By ANNA CHANG-YEN | Green Shoot Media

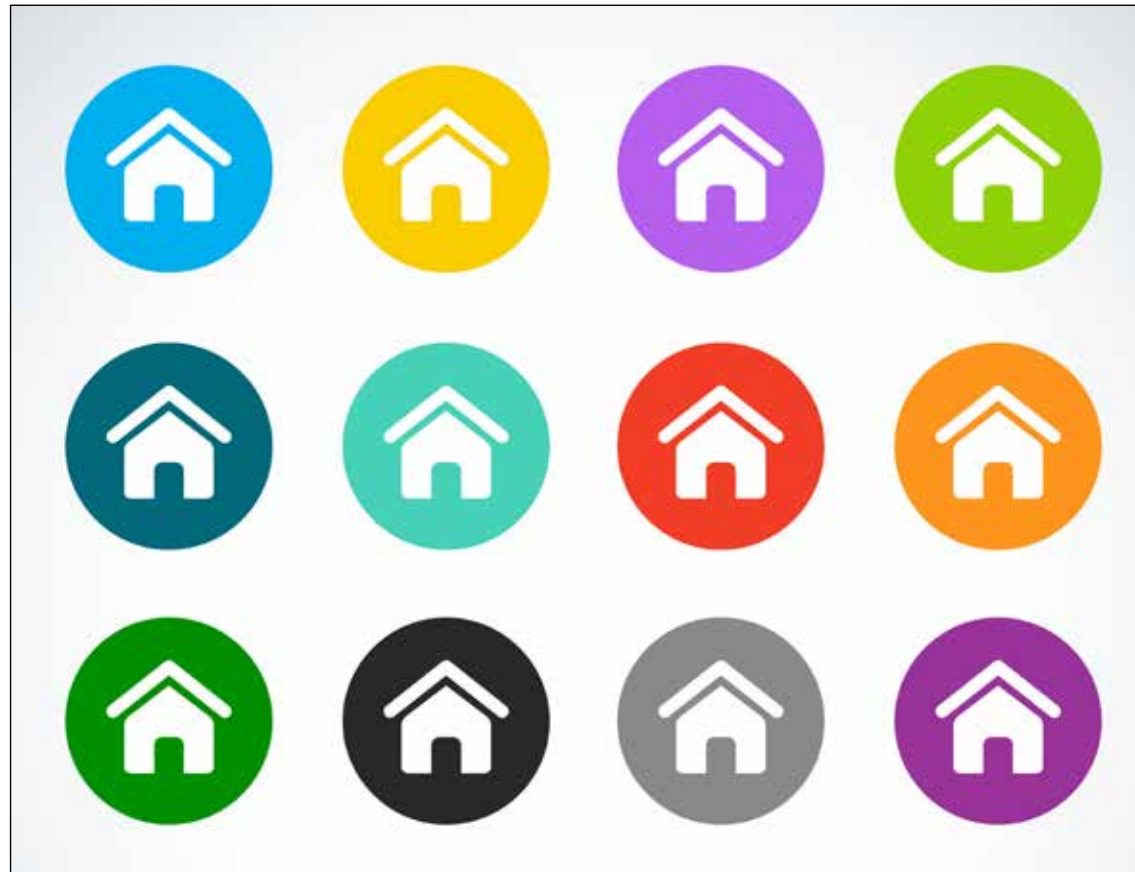
Multiple listing services are powerful tools. These databases provide a wealth of information about homes listed for sale, making them a first stop of many buyers in their home search and a vital marketplace for sellers.

First conceived as a way to help brokers representing buyers and sellers connect, today a network of private MLS systems are accessible online by brokers and other real estate professionals.

A LARGE MARKETPLACE

MLSs primarily are marketplaces where listing agents display their wares. Buyers and their agents can find photos, descriptions and specific information about properties for sale, including basics such as square footage, number of rooms and room measurements; particulars of the home such as the type of heating system it uses and included appliances; location information, such as the municipality and other public districts in which the home is located; price information including previous listing and purchase prices; and specifics about financial considerations such as previous years' property taxes and homeowner's association dues. This breadth of information makes the MLS a buyer's best friend when it comes to pinpointing properties of interest.

Many MLS systems allow buyers' agents to set up searches and notify buyers via email when a property meeting their requirements enters the market, or is sold or placed under contract. Real estate transactions can sometimes be fast-paced, so this feature gives buyers an edge by keeping



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Multiple listing services provide valuable information to help buyers find a home and get a good deal, and to help sellers advertise their property to a large marketplace.

them up-to-date on local inventory.

VALUATION

Because MLS systems offer comprehensive financial information, they assist buyers and sellers' agents in determining whether or not a listing price is fair. This can help make the difference between winning or losing at the negotiating table.

MLSs also are frequently used by appraisers looking to assign a value to a home. Appraisers look at the sale prices of similar homes on the MLS in the area of the home they are appraising —

also known as “comps” or “comparables” — in order to determine the home's value in the current real estate market. This can be a benefit and a disadvantage to buyers and sellers. For example, a home may be worth more than the sale prices of similar homes on the MLS, but favorable private, new-construction or for-sale-by-owner transactions will not appear in the MLS, which could result in a low appraisal. Appraisers can use listings other than those found on the MLS to arrive at their valuation, but these sales often must be brought to their attention.

REAL ESTATE 101

Help from Fannie Mae

Fannie Mae's HomePath website at www.homepath.com offers a wealth of information for new buyers. First-time buyers who complete Fannie Mae's homebuyer education course can get up to 3 percent closing cost assistance toward the purchase of a HomePath home. If you're looking for a great deal, read about Fannie Mae's FirstLook program, which allows people who intend to buy a home for themselves to see newly listed foreclosed houses up to 20 days before investors can buy.

RESEARCH

MLS systems are a fantastic resource for research. If you're interested in what your home's value on the market might be, contact a real estate agent who participates in the MLS and ask for a market analysis. You could soon be hanging a for-sale sign on your lawn.

If you're wondering whether your dream home can fit within your budget, or you saw a for-sale sign and might be persuaded to buy if the home is in your preferred school district, speak to an agent about your interest in the market. The MLS offers this data and more, and an experienced agent can help you put it to use.



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HOMESWISE GLOSSARY

Redlining: the practice of restricting or denying mortgage loans for certain areas in a discriminatory pattern.

Rescission: the cancellation or annulment of a transaction or contract by law or by mutual consent.

Settlement costs: money paid by borrowers and sellers to effect the closing of a mortgage loan. This normally includes an origination fee, discount points, title insurance, survey, attorney's fee and such prepaid items as taxes and insurance escrow payments.

SOURCE: Wisconsin Department of Financial Institutions

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