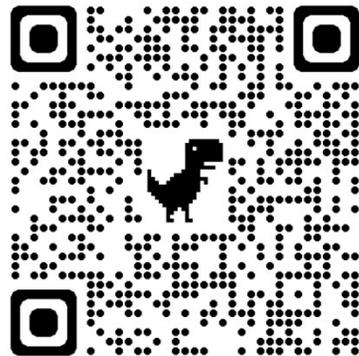




Prompt, Quality Real Estate Appraisals

408 363 8924

[www.abbahome.com/RealtorCorner](http://www.abbahome.com/RealtorCorner)



*Prompt, Quality Real Estate valuations made simple real since 1993 ..*



Home purchase in 1970 for \$25,000 ~ Inherit property 2024 value is \$2,525,000 ~ property 2029 \$3,000,000



\$2,525,000

\$3,000,000

If they were to sell this home at today's \$2,525,000 value they do have \$250K exception each resulting in a net taxable basis of \$2,000,000

Parents inherit the property which today is worth \$2,525,000. By using the 'new' step-up in basis valuation of \$2,525,000 they eliminate all taxes and establish a new basis of \$2,525,000

With the established \$2,525,000 basis if this property were sold or passed down the \$2,525,000 basis and tax exposure on \$3,000,000 sale would be \$500K minus any allowable deductions (commissions paid, updates or remodeling)

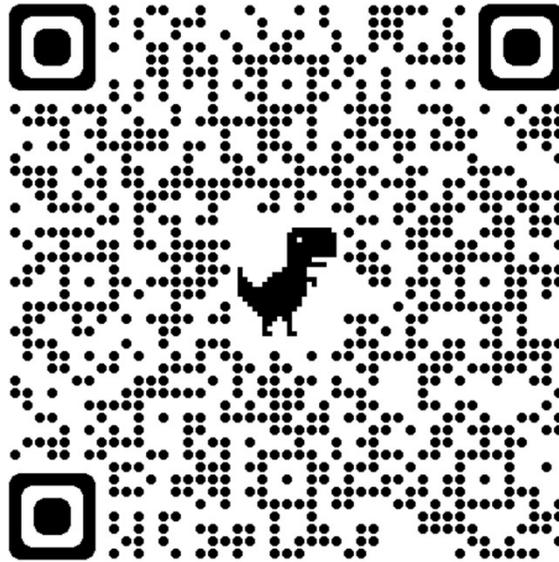
**About Stephen L. Varga, SRA aka 'Steve'** I began my journey as an appraiser in 1993 and have since appraised over 15,000 properties. In 1997, I met the requirements and upgraded to the 'certified' level. That same year I founded Abba Appraisal, LLC which has grown over the years to a staff of four appraisers, where we cover Santa Clara, San Mateo, Alameda and Santa Cruz Counties. In the early 2000s, I became a member of the Appraisal Institute which is largest & most prestigious organization on the globe; in 2008 earned the 'SRA' designation. I personally have trained a dozen appraisers over the years.

**There are four types of appraisal licenses in California;**

- **Trainee License** ( .5 - 1.5 years, lenders will not accept a solo trainee signature )
- **Licensed level** ( takes 2 - 3 years normally, transaction value < \$1,000,000 )
- **Certified Residential** ( takes 4 - 5 years normally; a residential real estate license no transaction limit )
- **Certified General** ( takes 4 - 5+ years; this is a commercial real estate license)
  
- **Please ask questions**
- **If I don't finish a thought or something doesn't make sense; ask for clarification**
- **Don't hesitate to contact me offline to delve into specific transactions thoroughly. Today we'll gently unpack a few factors that can result in certain outcomes, particularly regarding purchases.**



## Realtor Appraisal Inspection Checklist



## MAKE SURE YOUR APPRAISER HAS CORRECT COUNTER-OFFERS!

It is quite common for the loan officer to have the initial contract, but not the counter-offer. Having to reject the appraisal with the wrong sales price can setback the process with the loan agent, buyer and seller. Naturally, this can cause much difficulty and add additional time to the process...



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

**BUYER COUNTER OFFER No. 1**  
(C.A.R. Form BCO, Revised 6/23)

COMPASS

Date March 19, 2024

This is a counter offer to the Seller Counter Offer No. \_\_\_\_, OR  Seller Multiple Counter Offer No. 1,  Other \_\_\_\_\_  
\_\_\_\_\_  
("Offer"),  
dated March 19, 2024, on property known as \_\_\_\_\_, Sunnyvale, CA 94087 ("Property"),  
between \_\_\_\_\_ ("Buyer")  
and Sk 3 Homes Inc ("Seller").

Buyer and Seller are referred to as the "Parties."

**D. OTHER TERMS: Purchase price shall be \$2,760,023**  
All other terms shall remain the same

## Realtor Appraisal Inspection Checklist – Updates & Remodeling

There are only 5 categories to classify updates & remodeling in the appraisal form.

< 1 year ago

1-5 years ago

6-10 years ago

11-15 years ago

Unknown

**How can this be important to me on my purchase?** By providing accurate details your home may be rated higher with the correct information.

## SOLAR SYSTEM DETAILS

If on listing side, it is helpful when solar details area on the MLS. When on the buyer side, please provide solar details if not otherwise available to your appraiser. When details are known it helps attribute value to the solar.

- Leased or Pay For Power (considered personal property)
- Owned – has value
- Cost new (after incentives)
- Kilowatts
- Total Number of Panels



## Checklist – Smoke & CO

Under the Safe Housing Act (Public Law 100-242, 02/05/1988), homes in the US are mandated to have Smoke & Carbon Monoxide Detectors. In the US, where litigation is common, lenders attempt to avoid the legal risks associated with financing homes that don't comply with mandated laws.

- Somehow the responsibility to confirm these items has fallen on the appraiser with many banks; and as a result, most appraisers include pictures of these items in the appraisal.
  - Anyone in the process; realtors, brokerage, inspectors, appraisers, & lending institutions can be defendants in wrongful death litigation. Thousands die each year due to no smoke or carbon monoxide detectors.
- ( appraisal is only required to show one smoke & one CO for lending purposes, county requirements do differ)



Kansas, Pregnant Mom & 2 boys Sept 2023



Philadelphia Feb 15, 2024

## HOA Details

Normally, the appraiser will call the HOA to obtain these details, so the phone to the HOA number helps. Inside the appraisal form it is required to provide the following;

- **Monthly HOA fee**
- **Rental Ratio**
- **Litigation**
- **Total number of units**
- **Number of homeowners past due**
- **Name of HOA**
- **Common area amenities (pool, tennis, maintenance, cable, water etc)**

Complex Name:	Villagio at River Oaks	Complex/HOA	
C. Amenities:	Pool, Sauna/ Spa/ Hot Tub	#Units N Com:	101
HOA Name:	Community Association Management	C. Restrictions:	Age - No Restrictions
HOA Fee:	\$410/Monthly	HOA Phone:	
		HOA Covers:	Common Area Electricity, Exterior Painting, Garbage, Insurance - Common Area, Landscaping/Gardening, Maintenance - Common Area, Pools, Spa, or Tennis, Roof
HOA Docs:	Articles of Incorporation, Bylaws, CC&RS, Minutes, Rules & Regulations	HOA Trsfr Fee\$:	295.00
HOA Doc Fee:		Trsf Fee Payee:	

# Can multiple offers factor into the appraisal process?

*~ this information comes best from the selling agent ~*

**Multiple offer details may influence appraisal considerations, but typically, appraisers require written documentation with specific details to include such information. In the modern context, it's impractical to rely solely on verbal communication in appraisal reports. While some appraisers might include verbal data, documented information is preferred for citation and reference purposes.**

- \$1,995,000 no contingencies, 20% down
- \$1,975,000 30% down, contingencies
- \$1,950,000 all cash ( *~ we accepted this offer ~* )
- \$1,915,000 20% down, no contingencies
- \$1,900,000 all cash (two offers)
- \$1,889,000 no contingencies, 20% down
- \$1,850,000, 50% down no contingencies

**An appraiser's role is to emulate as best as possible typical buyer behavior. Multiple offer information can play a role in displaying to the bank underwriter actual data-points & feedback from actual buyers is 'real-time'.**



**Not understanding banking guidelines can result in what seems like the system is working against you, and or that certain outcomes are unfair, this can be confusing and frustrating.**

*If you purchase is based on a 'language' that is entirely different or apposed to banking guidelines, then this can significantly influence the outcome – in some situations understanding the banking underwriting process can make all the difference.*

A great way to communicate with a real estate appraiser is to understand the language of banking institutions. Ultimately your purchase will have to conform to banking guidelines through a quality control and vetting process.



## DEFINITION OF GROSS LIVING AREA (GLA)

The definition of gross living area is **continuous heated air space**. “Appraisers must follow the Square Footage-Method for calculating ANSI Z765-2021”

Example : If you have a 4,000 SF house with a 1,000 SF guest house or ADU for lending purposes the house is 4,000 SF. (these are separately heated air spaces)

<https://selling-guide.fanniemae.com/Underwriting-Property-Projects/Appraisal-Requirements/Appraisal-Report-Assessment/Improvements/1069008161/What-is-included-in-the-square-footage-calculation-for-gross-living-area.htm>





On the MLS some homes combine 3 or more categories in the living area, these areas are converted to conform to banking guidelines (Fannie Mae Selling Guide)

### LOCAL MLS



**MLS #:** ML81922046  
 Beds: 7  
 Baths (F/P): 8 (7/1)  
 Primary SqFt 4,864 SqFt (Other)  
 Addt'l SqFt 601  
 Total SqFt 5,465 SqFt  
 Add'l Type ADU  
 Apprx Lot: 8,400 SqFt (Realist\*)  
 Apprx Acr: 0.193 Acres  
 Age/Yr Blt: 1/2022 (Other)  
 Parcel#: 071-431-100

#### What is the point for my purchase transaction!

It is a lot easier for an appraiser to support the sales price.

Not supporting sales price requires providing more supportive data in the initial report, and potential appraisal appeals result - *according to NAR; 7-10% of the time appraisals are not supportive*)

Not understanding banking guidelines can feel like the system is working against us, and or that certain outcomes are unfair, this can be confusing and frustrating. *'If you purchase is based on a 'language' that is entirely different to banks guidelines, then this can significantly influence the outcome – it helps to understand the process'*



On the MLS some homes combine 3 or more categories in the living area, these areas are converted to conform to banking guidelines (Fannie Mae Selling Guide)

### LOCAL MLS

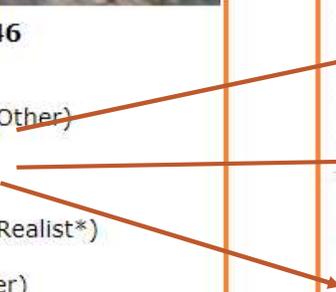


**MLS #:** ML81922046  
Beds: 7  
Baths (F/P): 8 (7/1)  
Primary SqFt 4,864 SqFt (Other)  
Addt'l SqFt 601  
Total SqFt 5,465 SqFt  
Add'l Type ADU  
Apprx Lot: 8,400 SqFt (Realist\*)  
Apprx Acr: 0.193 Acres  
Age/Yr Blt: 1/2022 (Other)  
Parcel#: 071-431-100

### PUBLIC RECORDS

Characteristics	
Land Use - CoreLogic	SFR
Land Use - County	1 Family Residence
Lot Frontage	60
Lot Depth	140
Lot Acres	0.1928
Lot Area	8,400
Year Built	Tax: 2023 MLS: 2022
Gross Area	Tax: 5,225 MLS: 4,864
Building Sq Ft	Tax: 4,865 MLS: 4,864
Above Gnd Sq Ft	3,150
Ground Floor Area	1,906
2nd Floor Area	1,244
Stories	Tax: 2 MLS: 3
Basement Sq Feet	1,715

**1,906 + 1,244 = 3,150 sf**  
**601 SF ADU (1/1)**





On the MLS some homes combine 3 or more categories in the living area, these areas are converted to conform to banking guidelines (Fannie Mae Selling Guide)

**LOCAL MLS**

**PUBLIC RECORDS**

**APPRAISAL FORM (URAR 1004)**



**MLS #:** ML81922046  
 Beds: 7  
 Baths (F/P): 8 (7/1)  
 Primary SqFt: 4,864 SqFt (Other)  
 Addt'l SqFt: 601  
 Total SqFt: 5,465 SqFt  
 Addt'l Type: ADU  
 Apprx Lot: 8,400 SqFt (Realist\*)  
 Apprx Acr: 0.193 Acres  
 Age/Yr Blt: 1/2022 (Other)  
 Parcel#: 071-431-100



Characteristics	
Land Use - CoreLogic	SFR
Land Use - County	1 Family Residence
Lot Frontage	60
Lot Depth	140
Lot Acres	0.1928
Lot Area	8,400
Year Built	Tax: 2023 MLS: 2022
Gross Area	Tax: 5,225 MLS: 4,864
Building Sq Ft	Tax: 4,865 MLS: 4,864
Above Gnd Sq Ft	3,150
Ground Floor Area	1,906
2nd Floor Area	1,244
Stories	Tax: 2 MLS: 3
Basement Sq Feet	1,715

**1.906 + 1.244 = 3.150 sf**  
**601 sf ADU (1/1)**



	Total	Bdrms.	Baths
Above Grade Room Count	8	5	5.1
Gross Living Area	3,150 sq.ft		
Basement & Finished Rooms Below Grade	1715sf	1715sf	w0
	1rr	1br	1.0ba
Functional Utility			
Heating/Cooling			
Energy Efficient Items	Standard Eff		
Garage/Carport			
Porch/Patio/Deck			
Guest or ADU	ADU 601sf(1/1)		



Salient feature information shown on the local MLS is converted so it conforms to Fannie Mae Selling Guide, with local trends and exceptions to apply. In this way your purchase can pass through the quality control process at the bank underwriting dept.



**MLS #:** ML81920186  
**Beds:** 5  
**Baths (F/P):** 5 (4/1)  
**Primary SqFt:** 4,660 SqFt (Other)  
**Apprx Lot:** 88,072 SqFt (Realist<sup>®</sup>)  
**Apprx Acr:** 2.022 Acres  
**Age/Yr Blt:** 4/2019 (Other)  
**Parcel#:** 517-18-060  
**DOM:** 164



Characteristics	
Land Use - CoreLogic	SFR
Land Use - County	Resid Single Family
Lot Acres	1.43
Lot Area	62,291
Style	H-Shape
Year Built	Tax: 1969 MLS: 2019
Effective Year Built	2019
Gross Area	Tax: 4,137 MLS: 4,660
Building Sq Ft	Tax: 4,137 MLS: 4,660
Ground Floor Area	3,167
Stories	1
Basement Sq Feet	970
Basement Type	MLS: Concrete Slab
Total Rooms	10



	Total	Bdrms.	Baths
Above Grade Room Count	7	3	2.1
Gross Living Area	3,167 sq.ft.		
Basement & Finished Rooms Below Grade	970sf	970sf	wu
Functional Utility			
Heating/Cooling			
Energy Efficient Items	Standard Eff		
Garage/Carport			
Deck/Patio/Pool			

Some listings may unknowingly, or intentionally misstate the living area, this can be common in certain microclimates; especially higher-dollar environments.



**MLS #:** ML81950064  
 Beds: 5  
 Baths (F/P): 5 (4/1)  
 Primary SqFt: 3,751 SqFt (Other)  
 Addt'l SqFt: 723  
 Total SqFt: 4,474 SqFt  
 Addt'l Type: ADU  
 Apprx Lot: 8,470 SqFt (Other)  
 Apprx Acr: 0.194 Acres  
 Age/Yr Blt: 0/2023 (Realist\*)  
 Parcel#: 003-21-032

Characteristics	
Land Use - CoreLogic	SFR
Land Use - County	Resid Single Family
Lot Frontage	50
Lot Depth	171
Lot Acres	0.19
Lot Area	8,276
Style	H-Shape
Year Built	2023
Effective Year Built	2023
Gross Area	Tax: 3,731 MLS: 3,751
Building Sq Ft	Tax: 3,731 MLS: 3,751
Ground Floor Area	1,796
2nd Floor Area	1,212
Stories	2
Basement Type	MLS: Concrete Perimeter
Total Rooms	12
Bedrooms	5

**1.796 + 1.212 = 3.008 sf**

	Total	Bdrms.	Baths
Above Grade Room Count	8	4	3.1
Gross Living Area	3,008 sq.ft.		
Basement & Finished Rooms Below Grade			
Functional Utility			
Heating/Cooling			
Energy Efficient Items	Standard Eff		
Garage/Carport			
Porch/Patio/Deck			
Guest or ADU			ADU 723 sf(1/1)



Lower dollar example of same dynamic, two separately heated air spaces.

**LOCAL MLS**

**PUBLIC RECORDS**

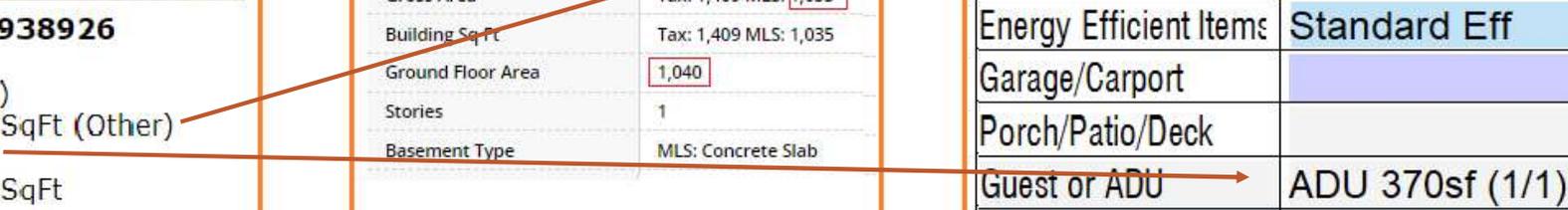
**APPRAISAL FORM (URAR 1004)**



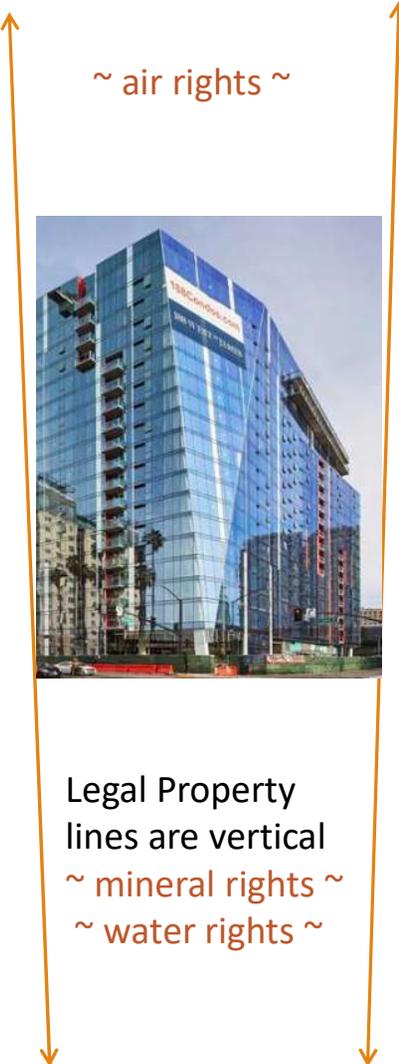
**MLS #:** ML81938926  
 Beds: 4  
 Baths (F/P): 3 (3/0)  
 Primary SqFt: 1,035 SqFt (Other)  
 Addt'l SqFt: 374  
 Total SqFt: 1,409 SqFt  
 Addt'l Type: ADU  
 Apprx Lot: 5,113 SqFt (Realist\*)  
 Apprx Acr: 0.117 Acres

Characteristics	
Land Use - CoreLogic	SFR
Land Use - County	Resid Single Family
Lot Frontage	50
Lot Depth	103
Lot Acres	0.11
Lot Area	4,792
Style	Rectangular Design
Year Built	1959
Effective Year Built	1959
Gross Area	Tax: 1,409 MLS: 1,035
Building Sq Ft	Tax: 1,409 MLS: 1,035
Ground Floor Area	1,040
Stories	1
Basement Type	MLS: Concrete Slab

	Total	Bdrms.	Baths
Above Grade Room Count	7	3	2.0
Gross Living Area	1,035 sq.ft.		
Basement & Finished Rooms Below Grade			
Functional Utility			
Heating/Cooling			
Energy Efficient Items	Standard Eff		
Garage/Carport			
Porch/Patio/Deck			
Guest or ADU	ADU 370sf (1/1)		



Definition of Stacked condos; one unit is on top of another, and, or a portion of the property is on top of the garage another unit or common area.



~ air rights ~

Legal Property lines are vertical  
~ mineral rights ~  
~ water rights ~

SFR & townhome (both) absolutely cannot 'share' the same vertical space. Any property that shares the same vertical property 'space' is a condo; no exceptions.

A SFR, and townhome can, and often is under legal ownership as a condominium

Legal ownership 'rules-the-day', if the construction is entirely that of a townhome or SFR, and the legal ownership is that of a condo – it's a condo.

Often structures are that of a townhome construction, but due to density or other factors are under condo ownership. Often one document or MLS says one thing and other documents say differently. It can be confusing at times.

Type	Condominium	Townhome	Single Family
Condominium Stacked units	X	NA	NA
Townhome Or townhome style 'construction'	X under legal ownership as condominium	X	NA
Single Family 'construction'	X SFR under legal ownership as condominium	X SFR under legal ownership as townhome	X

638 Middlefield Road, Palo Alto, California 94301

[View Comparable Properties](#)

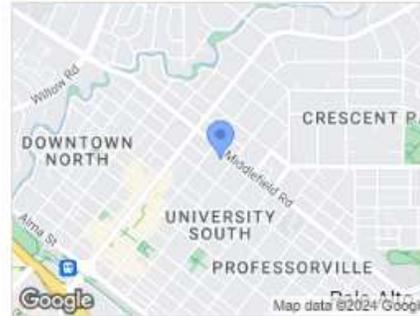
[Listing](#) [Tax](#) [Photos](#) [History](#) [Parcel Map](#) [Flood Map](#) [Foreclosure](#)

□

[Report Listing](#)



1 / 22



**MLS #:** ML81789160  
**Beds:** 4  
**Baths (F/P):** 4 (3/1)  
**Primary SqFt:** 1,925 SqFt (Other)  
**Apprx Lot:** 1,120 SqFt (Realist\*)  
**Apprx Acr:** 0.026 Acres  
**Age/Yr Blt:** 5/2015 (Realist\*)  
**Parcel#:** 120-04-116  
**DOM:** 395  
**LA:** [Hugh Cornish](#)  
**LA Ph:** (650) 566-5353  
**BA:** [DeLeon Team](#)  
**Walk Score:** 90

[SYMBIUM ADU options](#)

**638 Middlefield Road, Palo Alto 94301**

County: Santa Clara  
 Area: 242 - Downtown Palo Alto  
 Class: **Res. Condominium /**  
 Land Use: SFK  
 Comm: 2.5%  
 L.Type/Service: Exclusive Right to Sell,  
 Special Info: Not Applicable  
 Ownership: Common Interest Development  
 Fin Terms:  
 Public:

**Status:** **Sold**  
**Orig Price:** \$3,349,500  
**List Price:** **\$2,645,000**  
**Sale Price:** **\$2,506,000**  
**\$/Primary SqFt:** \$1,301.82  
**\$/Total SqFt:**  
**Zoning:** RM2

**Dates**  
**Original:** 04/11/2019  
**List:** 04/11/2020  
**Sale:** 08/06/2020  
**COE:** 09/08/2020  
**Expires:** 09/16/2020  
**Off Mrkt:**  
**LOE:** 33  
**Incorp:**  
**City Limit:**  
**Possession:**

**Private:** Steps away from vibrant Downtown Palo Alto, this chic contemporary 4-bedroom, 3.5 bath home awaits you. The main level features an open floor plan with a living room, dining nook, and a kitchen/family room which opens to an outdoor entertaining area and private rear yard. The upper level is dedicated to personal accommodations with a spacious master suite, three additional bedrooms, and two full hall baths. Boasting 1,925 square feet, the property was built new in 2016. Finished with eco-friendly amenities and energy-efficient appliances, the property provides a modern retreat with secure gated access, just moments from the shops and restaurants of University Avenue. Excellent Palo Alto Schools. Home has 2 dedicated garage spaces. [www.638Middlefield.com](http://www.638Middlefield.com)  
 Home has 2 dedicated garage spaces; the seller will include an additional parking space in the adjacent courtyard or will reduce the selling price by \$150,000 (for a new price of \$2,645,000). CB COVID Prevention Plan: <https://www.dropbox.com/sh/s27405n9rpbzso/AACKsUYMvY24aPp2UQh8P9Oba?dl=0>

This home is entirely a detached 'SFR' construction, however, is legally is under condominium ownership (along with three other units which share the same site).

This type of construction is a newer trend allowing cities to install higher density while maintaining legal zoning. This is a way around the 'rules'. This allows the city to have a better score with HUD (local, county & state levels), showing efforts towards affordable housing mandates and goals for municipalities.

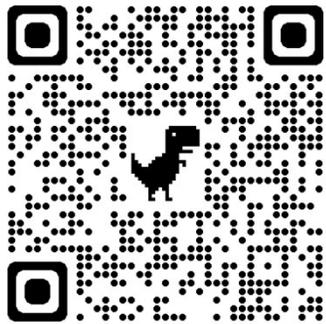




(408) 363 8924

[stephen@abbahome.com](mailto:stephen@abbahome.com)

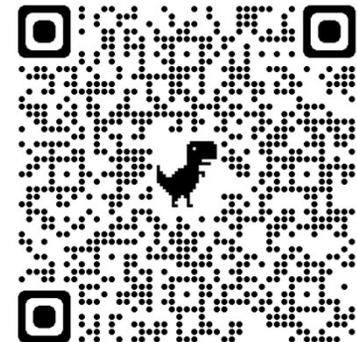
[Abbahome.com/realtor corner](http://Abbahome.com/realtor%20corner)



[Abbahome.com](http://Abbahome.com)



[Realtor Appraisal Inspection check sheet](#)





## ~ BONUS SCREENS ~

The pages that follow are worthy of note but not likely covered in the presentation.



- **I am often asked “what will the appraiser do on this property on this item or that issue?”** - Appraisers, realtors, underwriters (at Banks) don't think alike, also remember different banks do have different guidelines. (*example: one underwriter may focus in on a bathroom photo that suggests there may be mold!, another bank will focus on certain type of foundations or construction, empty pools, no fencing...*)
- **Rules** - There are two types of Federal rules for appraisals, a) guidelines, and b) mandates
- **Appraisal Language** – “Bank Underwriter language” is the only acceptable method of communicating, any other method is un-useful, the bank will kick back, and require revisions.
- **Definition of gross living area** – ‘Continuous heated air space within a home, encompassing all habitable areas that are connected and heated by one continuous heating system or dual heating system’  
Appraisers are mandated to use the ANSI standard.  
<https://singlefamily.fanniemae.com/media/30266/display>
- **Bracketing** – ALL appraisals must have bracketing with essentially all lenders. (1 higher & 1 lower sale)
- **Across the board adjustments** – comps **cannot ALL** be adjusted downward or upward.
- **Single line adjustments** – adjustments should be <10%, those above 10% requires a detailed explanation.



**Doing it backwards** : When estimating value especially complex homes with uncertainty. STOP trying to figure out what it is worth, **FIRST** try to figure out what it is not worth, it is a great place to start.

**Every appraisal problem is most professionally solved by not answering the ?** Regarding items such as spectacular views, traffic, guest house, or pool. Using Comps with the same attribute is the best approach.

**Municipal Zoning** – local municipality or county are the authority on designating areas as living area, basement, ADU, or guest quarters. *(it is not the role of the appraiser to ‘rezone’ at will, typically the municipality zoning applies, if you have zoning documents or permits for areas that is helpful)*

**Parameters** - (Comps ideally are within 10-15% of living area size, and share same schools, zip, city and boundaries), ideally when available use **SAME TYPE** of structure (1e; one story for one story, 2 for 2).

**‘Coming in at value’** – It is far simpler for the appraiser to support the value than to not. Banks require additional work or ‘proof’ when this occurs, and it causes appraisal appeals. Most banks are very purchase friendly, and they do not want STOP, nor do they want the appraiser to STOP the market from being the market. Unless of course essential supportive data-points are simply not available.

**Twin sisters** – Ideally, we use identical Comps; Eichler = Eichler, 2-story attached townhome=same

**Realtor providing Comps** – It is best to only provide Comps that are helpful *(now that you know what is needed and the guidelines)*. Ideally, at least for me keep it to no more than 4 or 5, and just provide the MLS #'s. (although notes can be helpful for example privy details on pending sales) – more on next slide

## Identifying comparable data

---

As professionals in our respective fields, it's crucial to recognize the distinct contexts within which realtors and appraisers operate. Not understanding this separate context impacting transaction outcome can be frustrating and confusing. Understanding the intricacies of the appraisal process requires realtors to consider the nuances of banking guidelines to which the appraisal report adheres. Each appraisal must undergo the bank's rigorous quality control or underwriting process, ensuring adherence to mandated standards. By understanding of these dynamics, realtors can serve as effective liaisons for their clients facilitating informed decisions and ensuring seamless transactions.

Let's unpack and observe the some of the factors that appraisers deal with when interacting for you at the bank. This will help you manage effective communication with buyer, seller, and or other agents, and avoid common pitfalls.



**Two Story**



**Two Story**



**Two Story**



**One Story Custom**



**One Story Custom**



**One Story Custom**



**Eichler**



**Eichler**



**Eichler**



**Stacked Condo**



**Stacked Condo**



**Stacked Condo**



**3-Story Twnhm Attached**



**3-Story Twnhm Attached**



**3-Story Twnhm Attached**



**3-Story Twnhm Attached**



**3-Story Twnhm Attached**



**3-Story Twnhm Attached**

## ~ ARMS LENGTH TRANSACTION ~

An **arms-length transaction** in real estate refers to a transaction between two unrelated parties who are acting independently and in their own best interests.

- The buyer and seller have no prior relationship and are not affiliated in any way (e.g. family members, business partners, etc.).

In contrast, a **non-arms length transaction** involves a buyer and seller who have a personal or business relationship. (Sale may or may not reflect the true market value of a property)

- A family member buying a property from a relative
- A company buying a property from one of its subsidiaries
- A real estate agent buying a property they are also selling

