



Can list price be increased to reflect contract price?

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QUESTION: One of the listings in the office I manage recently went under contract for more than the list price, which is not unusual in today's market. However, it came to my attention that the listing agent has increased the list price to an amount equal to the contract price. I asked him why he did that. He told me he'd heard that appraisers consider the history of a listing when they conduct an appraisal, and he thought that increasing the list price might have a positive effect on an appraisal of the property by the buyer's appraiser. He didn't think there was anything wrong with increasing the list price to an amount that a ready, willing, and able buyer had agreed to pay for the property and that the seller had agreed to accept. What do you think?

ANSWER: We think that increasing the list price to match the contract price could be a problem. [NC Real Estate Commission Rule 58A.0115](#) prohibits brokers from disclosing the price or other material terms contained in a party's offer to a competing party without authorization from the offering party. Although increasing the list price to an amount equal to the contract price isn't disclosing in a direct way the amount the buyer offered for the property, it's quite possible, perhaps even likely, that other MLS participants representing buyers who might be interested in making a back-up offer on the property will put two and two together and figure out that the new list price reflects the contract price. If that's the case, then your agent's change in the list price arguably constitutes a violation of the afore-mentioned Rule.

A possible Real Estate Commission Rule violation aside, we are also skeptical that increasing the list price to match the contract price will have the desired effect on the buyer's appraisal. We talked with an experienced appraiser about whether an increase in the list price might affect an appraisal of the property. He confirmed that appraisers do take into account the history of a listing; however, he said he would consider an increase in the list price to be an "oddity" since, in his experience, if the price of a listing changes, it typically goes down rather than up. He didn't think an increase in the list price under such circumstances would have any effect on any appraisal he performed, and he thought that the practice might potentially cause a problem if the appraiser or a representative of the lender reviewing the appraisal demands an explanation of the increase. He also expressed his view that a revision of the list price for the sole purpose of attempting to influence an appraisal might be considered a misrepresentation.

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