

### STATE OF IOWA

### Department of Administrative Services

### Calculation of Market Value Differential

This calculation computes the payment for market value differential. The payment is made when the actual sale price obtained for the former residence is less than its estimated market value. The amount of payment is 50% of the difference between the actual sale price and the estimated market value.

Estimated market value is the average of two independent appraisals prepared by independent appraisers licensed in the state of residence. However, if the appraiser’s opinions of market value differ by more than 5%, a third appraisal will be obtained. The market value estimate will then be the average of the three opinions.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | |  | **EXAMPLE** |  | **ACTUAL** |  |
|  | | |  |  |  |  |  |
| **Appraisal #1** | | |  | **$110,000** |  | $ |  |
|  | | |  |  |  |  |  |
| **Appraisal #2** | | |  | **$100,000** |  | $ |  |
|  | | |  |  |  |  |  |
| **Difference** | | |  | **$10,000** |  | $ |  |
|  | | |  |  |  |  |  |
| PercentDifference | **$10,000**  **$100,000** | **X 100 =** |  | **10% (exceeds 5%)** |  | % |  |
|  |
|  | | |  |  |  |  |  |
| **Appraisal #3**  **(since % difference exceeds 5%)** | | |  | **$103,000** |  | $ |  |
|  | | |  |  |  |  |  |
| **Estimated Market Value**  **(average of appraisals)** | | |  | **$104,333** |  | $ |  |
|  | | |  |  |  |  |  |
| **Actual Sale Price** | | |  | **$97,000** |  | $ |  |
|  | | |  |  |  |  |  |
| **Market Value Differential**  **($104,333 - $97,000)** | | |  | **$7,333** |  | $ |  |
|  | | |  |  |  |  |  |
| **Payment for Market Value Differential**  **($7,333 X 50%)** | | |  | **$3,666** |  | $ |  |

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