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Phil McCollum's Real Estate Articles & Advice Newsletter



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Articles and Advice

Buying an existing home that's "green"

By Michelle D. Alderson

With rising energy costs and growing awareness – and availability – of environmentally friendly products, it's no wonder that interest in purchasing green homes is rising. Green remodels on existing homes both save the environment and save homeowners money on monthly bills. As green home remodeling becomes more abundant, so does the demand to purchase these homes. This increased interest in existing green homes has created a need to educate buyers on what is really considered "green."

Over the past several years, many organizations such as Build It Green, (<http://www.builditgreen.org>), an independent nonprofit organization, have been created to offer a third-party unbiased evaluation. Because of the growing desire to purchase existing green homes, states Bruce Mast, development director at Build it Green, "the Real Estate Council has been setting the stage to incorporate GreenPoint Rated results into MLS listings in several areas." What is GreenPoint Rated? Mast explains that, "GreenPoint Rated provides an independent assessment of a home across five categories: community design, energy efficiency, indoor air quality/health, resource conservation, and water conservation."

Other organizations that have similar rating systems for homebuyers include the U.S. Green Building Council (<http://www.usgbc.org>), a non-profit community; and Green Globes (<http://www.greenglobes.com>), an assessment and rating system. The USGBC has created the REGREEN (http://www.greenhomeguide.org/guide_for_green_renovation/index.html) program in partnership with the American Society of Interior Designers' Foundation. Working with LEEDs for Homes, a LEED (Leadership in Energy and Environmental Design) certification offers an unbiased green home inspection for possible buyers. In addition, Green Globes boasts a rating system that has an easy-to-use online questionnaire for a minimal cost. Once the questionnaire is completed, the user automatically receives a report. All three organizations have online tools to answer questions and guide interested parties through the certification process.

Part of this process includes understanding what different elements make a home green. The elements can range from simple re-landscaping to more complicated structure updates. But all share a common goal: to help preserve the planet and save on energy costs. The following are just a few examples of "greening" a home:

- Buying ENERGY STAR (<http://www.energystar.gov>) appliances is the most popular way to go green. These EPA- and Department of Energy- approved appliances use less energy than conventional appliances.
- Another easy way to green a home is by replacing standard light bulbs with energy-saving CFLs (Compact Fluorescent Light Bulbs), (http://www.energystar.gov/index.cfm?c=cfls.pr_cfls) which can be found at most supermarkets and drugstores.
- Using VOC (volatile organic compounds) (<http://www.epa.gov/iaq/voc.html>) also receives green certification recognition. VOC paint is just one example of how this compound is used.
- Installing low-flush toilets, solar paneling, and low-emittance windows helps lower water and energy bills.
- Planting native vegetation and drought-resistant landscaping can save on water usage as well.

When thinking about purchasing a green home, a buyer might wonder if it's really worth all the effort and cost. Aside from saving the planet, green remodels on existing homes have proven to be cost-efficient. Veronica Cortes, a homeowner in Northern California recently did an entire green remodel on her 1957 ranch-style home. Currently she pays \$30 per month on average for her energy bill after installing solar paneling. In the winter months, her neighbors pay anywhere from \$276 to \$500. Cortes says all the heartaches of a remodel were worth it: "Our house nurtures us in ways that it never did before: ... the place is flexible and its spaces can accommodate different uses depending on our needs, [and] it's cheap to run."

Appraisal rules tough on additions

By Dian Hymer

Recently a homeowner in the hills above Oakland, Calif., applied for a refinance. An appraiser visited the property and measured both levels of the house. The appraiser called the homeowner a few days later to find out if the lower level had been added with a permit. The public record indicated the house had three bedrooms, two bathrooms, and 1,513-square feet.

The actual house in its current configuration has four bedrooms, three baths and a recreation room, giving it considerably more square feet than the public record indicates. The owner didn't know if the lower level had been added legally, claiming the house was in its present configuration when he bought it about 30 years ago.

Due to changes in appraisal guidelines for residential properties that took effect in 2009, appraisers usually don't give livable square footage credit for work that was done without building permits. Without the extra square footage, the appraised value will be less than it would have been if the work were done legally.

This doesn't mean that the lender won't grant a loan. But, if your house appraises low and you were expecting a loan amount based on a higher figure, you'll be disappointed and perhaps

unable to complete the refinance -- or, if you're a buyer, you may be unable to purchase.

Let's say you wanted a loan for 70 percent of an \$800,000 value, or \$560,000. The appraisal comes in at \$600,000. On a refinance, the lender probably won't lend more than 70 percent of \$600,000, or \$420,000, which is \$140,000 less than what you requested.

HOUSE HUNTING TIP: What can you do in a situation like this to increase the appraised value of your home? The first thing to do is go to the local planning department and request copies of all permits on the house going back to the original building permit. If you can find a permit for the additional work that was done, give a copy to the appraiser. The appraiser will have measured the unpermitted square footage. With confirmation that this space is legal, the appraiser will be able to include the additional square feet and increase the appraised value.

Take a copy of the permit that confirms more rooms than is reflected in the public record to the county assessor's office and have them update their records. You may be reassessed based on the fact that your house has a legal addition, so your property taxes could increase. However, your house will appraise and sell for more if you can substantiate that the additional space was added with permits.

If you discover that the work was done without permits, you can attempt to have the work legalized after the fact. This can be a complicated and expensive project, depending on when the work was done and how many square feet were added. If the addition is 10-20 percent of the size of the house, the permitting process will be less onerous than if the illegal space equaled 50 percent of the entire house.

You will need to meet certain code requirements. For example, if a stairway leads to the unpermitted space, it must be 36 inches wide. Replacing an entire staircase can be prohibitively expensive.

Walls may have to be opened to inspect the plumbing and electrical. If something doesn't meet current code requirements, it will probably have to be brought into compliance. You might have to add or change windows. Plus, if the building inspector discovers other items in the house that do not comply with current code requirements, you might have to correct these in order to receive final approval of the project.

THE CLOSING: Sometimes contractors take out permits for work, but don't take the time to have the final inspection done. In this case, call the contractor and have him finish his job.

Dian Hymer, a real estate broker with more than 30 years' experience, is a nationally syndicated real estate columnist and author.

Is security sign advertising?

By Benny Kass

DEAR BENNY: I am an 81-year-old widow who bought a townhouse four years ago. There were some odd things going on here so I installed a security system. I have been told that the security sign I have in front of the townhouse is considered advertising and I have to take it down. There are three other areas in town that have townhouses and none of them have a problem with this. What happens if I refuse to take the sign down? --Lillian

DEAR LILLIAN: Different associations have different rules and regulations, and all homeowners are legally obligated to follow those rules. If your association does not permit signs to be posted outside your home and you refuse to remove your sign, the board of directors could fine you and/or ask a court to require you to honor and follow those rules.

That's a general answer as to the things that association boards of directors can do if a unit owner fails to comply with the rules. However, in your case, you should meet personally and talk with the president of the association. Explain your situation and ask for a waiver of the rules. Point out that your sign really is not advertising.

If the board refuses, I suggest that you contact an attorney to assist you. I am sure you can find a lawyer who will take your case on a no-fee basis called "pro bono." Also, AARP may be able to assist you.

However, let me ask this question. While I understand that you want the outside world to know that you have a security system in your house, do you really need that outside sign? Isn't it sufficient that you have the actual system installed in your house? Perhaps you and the board can reach some kind of compromise -- such as having a sign in your window so that outsiders will be on notice of that system.

DEAR BENNY: Could you please give me the IRS citation number of the repeat credit. I cannot find it on the IRS Web site. --Richard

DEAR RICHARD: I received a number of questions about the "repeat credit," but did not know what they were asking about. I e-mailed one of my readers, who explained this was the new law that allows present homeowners -- under certain conditions -- to claim a tax credit previously available only to first-time homebuyers.

You can get information on both credits on the IRS Web site at www.irs.gov, or by typing in "first-time homebuyer credit" in the search box in the upper right corner of the home page.

Last November, Congress enacted the Worker, Homeownership and Business Assistance Act of 2009. It extended the time that first-time homebuyers could get an existing tax credit of up to \$8,000 beyond the previous Nov. 30, 2009, deadline. Now, in order to be eligible for the credit, you must have a binding sales contract signed by April 30, 2010, and must actually go to closing (also called "escrow") before July 1, 2010.

There are a number of restrictions, including income limitations, and you should consult with your own tax advisors to make sure that you are eligible.

In extending the first-time homebuyer tax credit, Congress also allowed some existing homeowners to claim a smaller credit, which some of you have labeled as a repeat credit. If you currently own a home that you have used as your principal residence for any consecutive five-year period during the eight-year period that ended on the date that the replacement home is purchased, you may be eligible for a \$6,500 credit. Once again, your sales contract must be signed by April 30 and in settlement before July 1, 2010.

DEAR BENNY: You recently wrote about how "limited common elements" can include a person's patio. I haven't heard the term "limited" before relative to common elements. In the case you cited, I understand you to mean that the condominium association has the right to have its architectural review committee set some standards for limited common elements, such as patios. I presume this also pertains to wooden decks and balconies that are accessible only from the inside of the unit. If so, does this mean that the association is liable for the repair of cracked decks or deteriorating external rear wooden decks/balconies as they

would be if these were deemed to be common elements? --Lew

DEAR LEW: Every condominium contains three basic elements: the common elements (such as the roof, elevator or main entrance); units (the place in which owners physically reside, usually described as wall-to-wall and ceiling-to-floor); and limited common elements. The latter is a common element but is not accessible to every unit owner. Typically, a limited common element (LCE) is a patio, a deck and even a mailbox. Some parking spots are also LCEs although they could also be a separate unit or merely a space in a general common element.

Why are they called limited common elements? Because they are not within the physical unit itself.

Most legal documents in a condominium association (usually the bylaws) give guidance as to who is responsible for the maintenance and repair of units and common elements. And from my experience, the association is usually responsible for the LCEs.

This makes sense. The condo board (and indeed a majority of unit owners) wants some kind of uniformity in their community. They do not want unit owners placing gas grills, for example, on their balconies, or anything else that may become a health hazard. Recently, I represented a condominium association that had to take a unit owner to court because she had a hot tub on her balcony.

But there is a more basic reason why the association must have the authority to control these LCEs. If, for example, a unit owner has a defective balcony and decided not to repair it, it could collapse and cause damage to someone walking down the street.

So, yes, the association could be legally responsible for any damage or injury to property and person caused by a limited common element.

However, that does not mean that the owner who has exclusive access to the limited common element is always off the hook for the costs involved in repairing those areas. Clearly, it would be unfair if the owners who do not have balconies have to pay for those repairs. Accordingly, some association documents -- while reserving the repair and maintenance responsibility to the association -- have the payment assigned to those who have such LCEs.

Read your own legal documents and talk with the association's legal counsel.

Benny L. Kass is a practicing attorney in Washington, D.C., and Maryland. No legal relationship is created by this column.

Window trim: from boring to bold

By Paul Bianchina

If you look closely at homes with beautiful windows, you'll typically find one thing in common: wood trim. No matter what the style of the window is or what material it's made out of, a painted or stained wood surround enhances the beauty of the window far more than the inexpensive "drywall wrap" that's common on a lot of today's homes.

Creating wooden surrounds for your windows is enjoyable, fairly inexpensive, and can be done by anyone with a few finish carpentry skills. And you can do one or two windows at a time, which is a lot less invasive to your home life than a lot of remodeling projects.

First, a couple of definitions

In the world of finish carpentry, there are a couple of terms that are helpful to know:

Window surround: A window surround consists of the four pieces that wrap the inside of the window frame, between the face of the window and the face of the wall.

Stool and apron: A window stool is the same as a window sill. It's the horizontal board at the bottom of the window surround. The trim board beneath the stool, which covers the joint between the bottom of the stool and the face of the wall, is the apron.

Drywall wrap: A type of surround in which all four sides of the surround are done with drywall instead of wood.

Three ways to trim the window

There are basically three options for how you can trim out a window with wood. The simplest is to wrap the two sides and top of the window surround with drywall, and then install a stool and apron at the bottom. The drywall pieces are installed first and finished, prior to installation of the stool. If you already have drywall-wrapped windows, all you need to do is remove the bottom piece of drywall from the surround, to expose the rough framing underneath.

The stool is cut from finish-grade lumber. You can use oak, maple, fir, or other clear grades of wood if the wood is to be stained. If you'll be painting the stool, consider poplar or medium-density fiberboard (MDF), both of which paint out very nicely. The stool is typically ripped to a width that's one inch wider than the distance from the face of the window to the face of the wall, and one inch longer than the distance between the two side pieces of the surround.

The stool is then simply notched on each end to fit into the opening in the window surround. It will overlap the wall face by an inch, and there will be two "ears" that extend past the edge of the surround by one-half inch on each side. The apron, which is a piece of trim of any desired size and style, is cut one-half inch shorter than the overall length of the stool, and is installed below the stool to finish things off.

Method No. 2 is to make a wooden surround with no stool, which is done by building a box. You need four pieces of lumber ripped to the same width as the distance from the face of the window to the face of the wall, then cut and assembled into a simple box that's slightly smaller than the inside dimensions of the window frame opening. Slip the box into the opening, shim it until it's centered, then nail it in place. The installation is completed by installing four pieces of matching trim on face of the wall, sized so as to cover most of the edge of the wooden box and mitered at the four corners.

The third method is a combination of the first two. In this case, you would construct a three-sided box -- two sides and a top -- then cut a stool as described above and use it as the fourth side (the bottom) of the wooden box.

Install the box in the opening and shim it into place. Now install three pieces of trim on the face of the wall -- a top piece and two sides. The trim is mitered at the two top corners, and extends down on the two sides to rest on top of the stool. An apron, installed below the stool as described above, completes the installation.

There are dozens upon dozens of variations on these three basic themes. Before you get started, take some time to peruse a few architectural and carpentry magazines and books and you're sure to find a look that's perfect for your home.

Sizing up purchase deposits

By Dian Hymer

In most states, it's customary, or required by law, for the buyers to include a good faith deposit when they make an offer to purchase a home. The deposit should not be given directly to the seller, but held by a trustworthy third party that maintains a trust account specifically for home purchase deposits, such as an escrow or title company, real estate firm, or real estate broker.

The deposit can be in the form of a check made out to the third-party company or it can be wired into the appropriate account. The size of the deposit you make is usually determined by market conditions and local custom, except for specific types of sales, such as probate sales or sales of homes in a housing development where a minimum deposit is required.

HOUSE HUNTING TIP: Your deposit will become part of your downpayment if the sale goes through. Depending on how your contract is written, your deposit should be refundable if you are unable to satisfy a contingency, after exercising due diligence to do so. Your contract should include contingencies for inspections, satisfactory condition of title to the property, your ability to line up financing, and the lender's approval of an appraisal of the property.

For example, if your inspections reveal defects that can't be satisfactorily negotiated with the seller, your deposit should be returnable if your contract provides for this. However, the deposit won't be released by the holder to either the buyers or sellers without a release signed by both parties indicating how to disperse the funds.

Be sure to check with a knowledgeable real estate attorney to determine who is entitled to the deposit if you back out for a reason that's not provided for in the contract. Real estate agents who also are not attorneys cannot advise you on this issue. If you end up in a dispute, the deposit holder won't release the money to either party until the dispute is resolved.

How large a good faith, or earnest money, deposit you make will depend on several factors. In any case, your deposit should indicate your intent to abide by the terms of the contract and close the sale. There is usually no set amount required by law.

In California, where home purchase contracts can include a liquidated damages clause, deposits are often 3 percent of the purchase price. This clause puts a limit on damages that could be awarded to the sellers if the buyers don't close the sale.

If buyers and sellers agree to include this clause in the contract, state law limits the amount that can be awarded to the seller to 3 percent of the purchase price. In many areas of California, deposits tend to be 3 percent of the offer price, even if the contract doesn't include a liquidated damages clause.

Like most elements of a purchase contract, the amount of the deposit is negotiable. So, if you offer a \$10,000 deposit on a \$500,000 house, the seller might counter your offer and ask for a deposit of \$15,000, which is 3 percent of the purchase price.

The deposit can be made in two steps. You could offer \$5,000 as an initial deposit, and increase that amount to a total of \$15,000 upon removal of contingencies.

In a hot seller's market, you might want to offer the full amount up front, or make a larger deposit than you would if you weren't potentially competing, to show your sincerity to the seller.

THE CLOSING: If you're buying a short-sale listing that might take two or three months for lender approval, you might want to keep the deposit to a lower amount so that you don't tie up more money than necessary for a long time period.

Dian Hymer, a real estate broker with more than 30 years' experience, is a nationally syndicated real estate columnist and author.

Features

Death of a real estate deal

By Dian Hymer

Take a proactive approach to buying or selling a home. By anticipating what could go wrong with your real estate transaction, you can take care of potential problems before they derail the deal.

Years ago, inspection issues were the likely culprit if a home sale fell apart. Defects were uncovered during the buyers' inspections that weren't known to them before they went into contract to buy the property. Sellers can reduce their exposure to transaction failure by ordering presale inspections before the property goes on the market.

Many of today's buyers use FHA financing, backed by the Federal Housing Administration. If your home is in great shape, there is a lower probability that FHA will require that work be done before closing. In one case, the work required by FHA couldn't be done in time and the sale failed.

HOUSE HUNTING TIP: Financing has become the biggest headache in the current market. Lender tightening on buyers' qualifying criteria and on appraisals continues to stymie many deals. And, the tightening isn't over yet. FHA is popular with low-cash-down buyers. The default rate on these 3-5 percent cash downpayment loans is rising. It's almost certain that FHA will modify their qualifying requirements this year.

Buyers can save themselves a lot of grief by making sure they're qualified for the financing they need before making an offer. Have your credit checked. Credit reports often contain erroneous information. This can keep you from qualifying for the best mortgage at the lowest interest rate. Repair your blemished credit report before your application goes to underwriting.

Expect the unexpected. Recently, homebuyers received underwriting approval and were told their loan documents would be ready to sign in a few days. Next, they were told that one more piece of information was needed before their loan documents would be drawn. This is not uncommon.

You can reduce the chance of this happening by working with a good loan agent or mortgage broker who has a lot of experience working with today's mortgage lenders, and who can anticipate what underwriting will require. Make this documentation available as soon as possible.

An offer made contingent on the sale of the buyers' home is riskier than one that's not contingent. Before sellers accept a contingent-sale offer, they should make sure the buyers have a salable home that's priced right for the market. If the buyers' home doesn't sell, it could waste a lot of time for nothing.

Low appraisals are common in the current market and can make a transaction unworkable. Lenders want to make sure there's enough equity in the property in case home prices drop further. Buyers and sellers should be aware of the fact that the appraisal on the property may come in low, even if there are multiple offers at a higher price. It doesn't mean the property isn't worth the higher number.

In this market, market value won't necessarily match the appraised value due to lender's cautiousness about lending. Buyers and sellers should be prepared to renegotiate if the appraisal comes in low and the lender won't lend the buyers the amount they need to close. This could involve the seller accepting a lower price and the buyers putting additional cash down. If they can't come to agreement, the deal is off.

About one in three short-sale transactions don't close. These are sales where the lenders agree to accept less than the balance owed. The sales are subject to lender approval and lenders may reject the buyer's purchase contract.

THE CLOSING: It's a good idea for buyers and sellers involved in a short sale to keep a cash reserve that can be offered to the lender as a last-ditch effort to obtain lender approval.

Dian Hymer, a real estate broker with more than 30 years' experience, is a nationally syndicated real estate columnist and author of "House Hunting: The Take-Along Workbook for Home Buyers" and "Starting Out, The Complete Home Buyer's Guide."

Home improvement you can trust

By Paul Bianchina

The Internet certainly has revolutionized the way we gather information. From remodeling our homes to protecting ourselves from fraud, there's an incredible wealth of product and technical information that's just a mouse-click away.

As you've no doubt already learned in your wanderings about the Web, some of what's out there is extremely useful, and some of it's not. In fact, some of it borders on the downright dangerous.

So when you're surfing, know your sources. As you find sites that you know have practical and reliable content, bookmark them for use in the future. Beware of sites that are obviously just passing along information from other sites, often word for word and without regard for copyrights.

Here's a random sampling of interesting Web sites that are full of useable information you can rely on. Some of these are government sites, some are nonprofit organizations, and some are commercial sites. But even the commercial sites are ones that have reputable products:

APA --The Engineered Wood Association (<http://www.apawood.org>): Formerly the American Plywood Association, this group now oversees just about anything having to do with engineered lumber and sheet goods. There's a wealth of information here about plywood, OSB, engineered beams, you name it -- and lots of free publications available for download or by mail.

National Wood Flooring Association (<http://www.woodfloors.org>): This is a very nice site on wood flooring. It offers a lot of information about different types of wood floors, wood floor maintenance and repair, wood floor design, and even reclaiming and recycling wood flooring materials. It's designed to promote wood flooring, so it's slanted in that direction, but it's still a good source of information.

Building Online (<http://www.buildingonline.com>): This is a big commercial site that's been around for quite some time. It's basically a search engine, which connects you to just about any type of home improvement material or information source that you're likely to need. It's a great place to find the names, addresses, phone numbers and Web sites of companies and organizations for a wide variety of different building materials.

Federal Citizen Information Center (<http://www.pueblo.gsa.gov>): This is a very large site, full of an amazing array of information published by the federal government. At the left of the opening page, there's a menu of choices. Click on "Housing," then "Home Maintenance" to get to an area full of brochures and other information. The 36-page booklet called Energy Savers, about weatherization and other energy-saving tips, is one good example that's free for downloading.

Quikrete (<http://www.quikrete.com>): Walk into any home improvement store or lumberyard and you're almost sure to see sacks of Quikrete cement, concrete, sand, asphalt and other products. Their Web site has a lot of good information about what the different products are used for, how to work with them, and how to calculate the quantities that you'll need.

Wolman Products (<http://www.wolman.com>): There's always a lot of confusion about deck-cleaning products, and I always get a lot of questions about this subject. In my opinion, Wolman has some of the most reliable deck-cleaning products available. And their Web site has a wealth of information about selecting the best products for different decks and different applications.

U.S. Green Building Council (<http://www.usgbc.org>): The Green Building Council is a nonprofit organization that has established the Leadership in Energy and Environmental Design (LEED) program to help train builders in green design and construction practices. They've also devolved a Green Building Rating System. If you're interested in green building, this is a good site to visit for more information.

Purdy Paint Brushes (<http://www.purdycorp.com>): If you need advice on selecting or using paint brushes, in my opinion this is a site with some worthwhile information. These are some of the finest paint brushes out there, and this commercial site is a good place to learn about brushes and get some great painting tips as well. **State Contractor's Boards:** You'll need to search for this one on your own. In Google or whatever search engine you prefer, just type in "(your state name) contractors board" and it'll take you where you need to go. I can't emphasize strongly enough how important this is.

If you're having any kind of work done on your home, you need to find out the contractor's laws for your state, then verify that the person working on your home is properly licensed, bonded and insured!

Find the right real estate stager

By Dian Hymer

Buyers in some areas complain about walking into an open house and finding dirty laundry in bedrooms. In places like the San Francisco Bay Area, so many listings are well presented for sale that sellers who don't stage their homes are at a disadvantage.

Occasionally, a home shows beautifully as is and needs little work to get it ready to sell. A listing in the hills above Oakland, Calif., came on the market last year without the aid of a professional stager and sold for the asking price within a week. The house had just been renovated and the sellers had great taste. Their furnishings and paint colors were perfect for the house.

Most sellers need to put more effort into preparing their homes for sale if they want to sell successfully. Some of this work can be done on their own, like decluttering, painting and sprucing up the yard, if they have the skills, time, and are so inclined.

Many sellers benefit from hiring a stager, which is a decorator who specializes in preparing homes for sale. Finding the right stager is important. You want to hire someone who will give your home a look that will sell it for the highest price possible.

HOUSE HUNTING TIP: One way to get familiar with different stagers' work and style is to visit Sunday open houses. Usually stagers display their business cards at the property. If not, ask the agent holding the house open if it was staged. If so, ask for the stager's name.

Most professional stagers have Web sites where you can find out more about them and preview samples of past staging jobs. Your real estate agent is a good resource. Some real estate agents have a favorite stager. If your agent has had success working with that stager, that could be an obvious choice. You're looking for results. A stager who has a good track record in your area is someone to seriously consider.

If you live in an area where staging is not popular, ask your agent for the name of an interior decorator to consult with about how best to arrange your furniture and artwork. Make sure, before you pay for a consultation, that this person also can select colors for you if your home needs painting.

Some sellers talk to several stagers before deciding on one. Each stager should meet with you at the property. Try to arrange for your agent to attend the meeting to give input on how the house should be staged to appeal to the most buyers. For example, should a bonus room be staged as a den or home office?

Find out if the stager can use some of your personal possessions -- those that are appropriate for selling the house. The staging cost should be less if the stager doesn't have to bring in as much furniture and accessories. Ask if the stager will select paint colors. If not, there might be an additional cost for hiring a colorist.

A stager should provide you with a written proposal, including the scope and price of the job, the term of the contract, and the cost to extend, if you need it. In this market, it could take months to sell your home. Staging contracts usually run for two to three months from the date the house is staged. Extensions are usually 10 percent to 25 percent of the original fee for each additional month.

Deciding who should stage your home shouldn't be based on price alone. A cheap look is not going to generate an enthusiastic response. Go with the best stager you can afford.

THE CLOSING: You want your home to look amazingly good so that it creates a buzz among buyers and their agents.

Dian Hymer, a real estate broker with more than 30 years' experience, is a nationally syndicated real estate columnist and author.

Short-sale buyers seek closure

By Benny Kass

DEAR BENNY: *Almost six months ago, we made an offer to buy a condominium, under a short-sale arrangement. Our real estate agent called it a clean deal, as we are paying cash and all closing costs.*

Our agent has called the listing agent and I have called the bank that holds the current mortgage (although they say they cannot discuss this with me for legal reasons) to try to learn why we cannot get an answer to our offer. My wife and I are anxious because we want to resolve this one way or the other. Didn't our president get a new law enacted that is forcing the banks to respond promptly? We need some help, and the bank is dragging its feet. --Bob

DEAR BOB: Although the federal government is attempting to get lenders to shorten the time they have in which to respond to short-sale proposals, there currently is no federal law on this subject.

However, on Nov. 30, 2009, the U.S. Treasury Department issued guidelines that lenders are encouraged to follow. It is a complex process. Homeowners who are underwater can request that their lender preapprove short-sale terms.

Although it is not clear how long the lender (or the servicer of the mortgage) has to respond, once the lender determines the amount it will be willing to accept from a short sale, the borrower has 120 days in which to find a buyer for the property.

When the homeowner enters into a sales contract with a potential buyer, and assuming that the lender has already preapproved the terms and conditions for a short sale, the lender must approve or disapprove the short sale within 10 business days after receiving the sales contract.

Accordingly, if you are a homeowner in financial trouble, talk with a real estate agent to start the preapproval process. This will take the most time, so you should begin this as soon as possible. There is a lot of paperwork involved that has to be presented to the lender.

The Treasury directive requires that once the short sale takes place, the homeowner/seller must be fully released from future liability. This has been a real problem in the past, since many lenders -- after allowing a short sale -- were still going after their borrowers for the deficiency -- the difference between the net sales proceeds and the outstanding balance of the loan.

You can access this directive from the Web site of the Home Affordable Modification Program (<https://www.hmpadmin.com/portal/index.html>). Although lenders are encouraged to follow the guidelines now, technically they do not take effect until April 5, 2010, and will sunset Dec. 31, 2012.

DEAR BENNY: I am the president of a condominium association. We are presently experiencing a roof leak from a limited common element (patio over an area of the roof). This area can be accessed only through the owner's unit, as it is on the top floor of the building and is for the owner's use only.

Who has the responsibility to repair these leaks: the board or the unit owner? This has not become an issue to date with the owner, but it could in the future and I was wondering how the board should proceed on this matter if it does become an issue. --Dan

DEAR DAN: You have called this a patio, and I call it a "roof deck." Either way, it is a limited common element, which means that although it is not within a unit (it is technically located in common area) not all owners have access to that area.

You have to review your association's legal documents and especially the bylaws. Most documents I have seen place the maintenance responsibility on the association. Why? Because if someone were injured or the property were damaged as a result of a problem coming from a limited common element, the association would be sued (as well as the unit owner who owned the limited common element), and could be found liable and required to pay a lot of money. Additionally, the unit owner may decide not to do the repairs, and further damage would result.

Access to the roof should not be a problem. If the unit owner refuses to allow a contractor access through his unit so as to get to the roof, the board can file suit asking a judge to force the owner to provide access.

Indeed, I suspect there is language to that effect in your legal documents. The real question is "Who pays for the repair?" Again, your bylaws may be helpful. Some require that the limited common element unit owner reimburse the association for any such repair costs. Unfortunately, many legal documents are silent on this issue.

And while it is clearly unfair for owners who do not have access to the roof deck to have to pay for any maintenance and repair costs, since it is a common element, all owners may have to share in these expenses.

Your state may have some court decisions on this issue, so talk with the association's attorney for specifics.

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