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Phil McCollum's Real Estate Articles & Advice Newsletter



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Articles and Advice

Got workbench?

By Paul Bianchina

Workbenches are one of those staples of the home workshop. They can take any number of forms, from the very basic to the very ornate, and there is no right or wrong way to set one up. The main thing is that the workbench be sturdy and solid, and that it achieves what you need it to achieve.

BUILT-IN WORKBENCHES

A built-in workbench is a simple thing to construct. First, you want to give some thought to where it will go, what purpose it will serve, and how large it needs to be. For most people, the home workbench takes the form of a basic platform that is attached to the wall in the garage or basement, or sometimes in an interior room such as a hobby room, bonus room, or even a larger utility room.

Consider what you'll be doing on the workbench. Is it just a flat spot for the occasional repair project, or will it serve a specific purpose such as woodworking or auto repair? Will a small area in a corner work, or do you need a long or wide spot with lots of access for working on larger projects? Will the bench accommodate a couple of basic tools, or do you need lots of tool and supply storage? Working as much of this out early on will help you plan for a workbench that really suits your needs.

The easiest bench to build is one that attaches to the wall on one, two or even three sides, depending on where it will be located. Construct a sturdy frame of dry, straight 2x4 or 2x6 lumber attached directly to the wall studs with screws or lag bolts, add one or more 4x4 legs between the bench and the floor in front, and then add a 3/4-inch plywood top. Place the bench anywhere from 30 inches (normal table height) to 36 inches (normal kitchen counter height) or more off the floor, depending on your height and the types of projects you'll be working on.

Length and depth can be any dimension you want, but if you limit the length to 8 feet and the depth to 2 feet, you can cut the top from a half sheet of plywood. For extra stability and storage space, add a second 2x4 frame and a plywood shelf about 6 to 12 inches off the floor, utilizing the other half sheet of plywood. Some home centers and woodworking catalogs also offer steel leg sets and metal brackets that make bench construction even easier. The entire project takes only a couple of hours, and the result will be a sturdy bench that will last for years.




To increase the workbench's lifespan and usefulness, add a second top over the first one. If you do a lot of woodworking, painting, and other projects that scar or splatter the top, use a piece of 1/4-inch tempered hardboard that is screwed in place over the plywood top. Tempered hardboard is smooth, easy to clean, and inexpensive, and when it gets beat up you can simply unscrew it and replace it with a fresh sheet. If you do a lot of auto repair, consider having a local sheet metal shop make you up a secondary top out of galvanized sheet metal or stainless steel with rolled or bent edges that covers both the top and the exposed edges of the plywood. This creates a tough, wipe-clean surface that's impervious to the oil, grease, solvent and other materials commonly used with auto repair.

To complete the installation, check out the selection at your local home center or hardware store. A sheet of pegboard and some hooks, one or two add-on drawers or bin units, and maybe a simple upper cabinet or two and you've got a clean, organized, and highly useful work center for just about any project you're likely to encounter.

FREESTANDING WORKBENCHES

If you do a lot of woodworking, hobbies or smaller home repair projects, you might also consider a freestanding workbench. Freestanding workbenches, which typically range in size from about 18 inches by 60 inches to 24 inches by 96 inches and can weigh in at a hefty 300 pounds or more, are designed to be set up in a shop or garage in an area where there is access to the bench on all four sides.

Most freestanding workbenches are made of wood, utilizing hardwoods such as beech and maple, and some are absolute works of art costing thousands of dollars. The typical freestanding workbench has a thick, laminated wood top that is smooth and rock solid, and includes one or two woodworking vises mounted on the side and end. Some have built-in tool trays, drawers and shelves, and there are often other accessories that further increase the bench's usefulness.

If a dedicated woodworking-style workbench appeals to you but the price doesn't, there are several books and plan sets on the market that show how to build one of your own. You can also purchase just the laminated maple top, make your own legs, then add on the necessary bench vises and other accessories as need and budget permits. Three good sources of workbenches and workbench parts are Lee Valley,  (80... , www.leevalley.com; Rockler,  (800) 279-4441 , www.rockler.com; and Woodcraft,  (800) 225-1153 , www.woodcraft.com.

Going solar: Is it right for your home?

By Michelle D. Alderson

Just a short time ago, saving the planet took precedence over saving a dollar. Times have changed, but in today's economy homeowners are still trying to find ways to do both. Just ask John Shipman, an energy analyst at Energy Efficiency Management (<http://www.energyefficiencypro.com/>) and a green home performance contractor with Energy Star (<http://www.energystar.gov>). Shipman states that his company's "whole-house energy audits have increased three folds" since President Obama has taken office. The President's stimulus package has made energy conservation a priority with initiatives that focus on energy-efficiency upgrades to homes and businesses.

One of the most hyped government energy-conservation initiatives is the use of solar energy. In fact, the stimulus package was signed after the President visited the Denver Museum of Nature & Science, which boasts 465 solar panels on its rooftop. The federal government's stimulus package helps with the cost to install solar panels on existing homes, with the hope that this cost savings will help stimulate energy conservation and boost employment in the industry. With the new stimulus package, homeowners will receive a federal tax credit of 30 percent off the total cost of installing solar panels on their homes. According to the Energy Star Web site, the tax credit is also good for geothermal heat pumps, solar water heaters, small wind energy systems, and fuel cells.

This federal tax credit is in addition to any tax credits or discounts a homeowner might receive from the state. Each state has its own rebate programs, including California. If a homeowner in California wants to install solar panels, a good place to start is by checking out the website created by the California's Public Utilities Commission and Energy Commission. The California Solar Initiative Web site (<http://www.gosolarcalifornia.org>) "provides consumers a 'one-stop shop' for information on rebates, tax credits, and incentives for solar energy systems in California." In a nutshell, existing homeowners that choose to install solar panels would receive an up-front rebate from the state government. The rebate would be "based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading)."

What does that mean to the average homeowner? If you live in the Pacific Gas and Electric Co. (<http://www.pge.com/myhome/saveenergymoney/solarenergy/>) area, for example, the state rebate would be \$1.55 per watt for existing homeowners (you can check out your local electric company's Web site for their cost savings). According to Vote Solar (<http://www.votesolar.org>), a non-profit initiative, "a typical home solar system generates about 3 kilowatts of power." The installation cost in California averages roughly \$8.10 per watt. The state rebate is currently \$1.55 per watt for homeowners in Pacific Gas and Electric Co. territory. Therefore, the average state rebate is worth \$4,650, in addition to the 30 percent cost savings from the federal government. That means the original estimated cost would be around \$24,000, but after the rebates a homeowner could pay under \$14,000.

Shipman thinks homeowners need to go one step further before going solar. "Solar is a fantastic renewable energy and there are a lot of advantages to it, however you need to do the basics before you put solar panels on a house. It's like cooking the turkey with the oven half open." What he and others in the industry believe is the first step to energy conservation in existing homes is to consider the "whole house approach." For instance, installing energy-efficient windows is just one of the many ways a house can conserve energy before going solar. The effort to save money and the planet by a well-intentioned and discounted solar installation can be thwarted by old windows that leak heat and cool air.

If any homeowner is thinking about installing solar panels or doing any type of energy-efficiency upgrades, it is important to do the homework. There are several companies, both profit and non-profit that can do a home evaluation, as well as Web sites that discuss solar installation. For more information, visit the CALIFORNIA ASSOCIATION OF REALTORS® Green Web Site (<http://green.car.org/>).

Inherit home, refi immediately?

By Benny Kass

DEAR BENNY: My husband and I inherited a home from my husband's uncle who passed away a few weeks ago. Will the lender expect us to refinance the home or can we just assume it even if it is a conventional loan? --Karen

DEAR KAREN: Unless the existing loan was from a private person, it is most likely covered under the Garn-St. Germain Depository Institutions Act of 1982. This federal law puts restrictions on the ability of a lender to exercise the "due on sale" clause that exists in most mortgages (also called deeds of trust). One of these restrictions reads as follows: "With respect to a real property loan secured by a lien on residential real property containing less than five dwelling units, including a lien on the stock allocated to a dwelling unit in a cooperative housing corporation, or on a residential manufactured home, a lender may not exercise its option pursuant to a due-on-sale clause upon ... (5) a transfer to a relative resulting from the death of a borrower. ..."

Accordingly, you should advise the lender of the death, and just continue paying under the terms and conditions of the old mortgage. However, do you know what the interest rate is on that property? Rates are currently very low, and if you can get a better rate -- and assuming that you and your husband can qualify for a new loan -- you should consider refinancing.

DEAR BENNY: My father co-signed on my mortgage approximately 12 years ago. We are both listed on the title/loan papers, although I have been the only one actually paying the mortgage all this time. If one of us died would the property automatically go to the other party or do we need to make further arrangements for that to happen and stay out of the probate process? Any help that you could give me would be greatly appreciated. --Kimberly

DEAR KIMBERLY: The answer depends on how title is held. This answer must be general in nature, because different states have different procedures. If you were married, you and your spouse would generally hold title as tenants by the entireties; on the death of one, the survivor would own the entire house.

But clearly you are not married to your father. Thus, you can hold title as joint tenants with rights of survivorship -- which means that on the death of one joint owner, the survivor owns the entire property, and probate regarding the house is not necessary. However, if you and your dad hold title as tenants in common, on the death of one owner, his/her share of the property will have to go through probate. On the death of one tenant in common, his/her share is distributed according to the last will and testament, or if there is no such will, then according to the laws of intestacy in your state. But probate is required for this type of title.

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

Dos and don'ts of home selling

By Dian Hymer

An energetic real estate agent can have your home on the market in a day. However, to provide the kind of marketing exposure you need to sell in today's market takes a little longer, unless your home is photo-ready when you list.

Ideally, you should start planning for your home sale months before you want your home to be on the market. First, find an agent to represent you. Then, create a game plan together for the premarketing phase of the process.

Use your agent as a resource. Walk through your home with your agent to get feedback on work, decluttering, and rearranging that needs to be done before the house is photographed for advertising and shown to prospective buyers. If your agent doesn't have a good eye for design, ask for a recommendation of a staging decorator.

HOUSE HUNTING TIP: Preferably, your home should not be submitted to the multiple listing service (MLS) or home-sale Internet sites without photos. Studies have shown that many buyers don't consider a listing that doesn't have photos.

Some sellers have presale inspections done to find out if repairs should be made before the property goes on the market. This wasn't as important several years ago when buyers were enthusiastic about the prospect of making money in the residential real estate market. Now buyers are much more cautious, and property condition is a critical variable.

One seller did a beautiful job fixing up her house for sale. She ordered a termite report and had some of the work done. But she didn't hire a home inspector to inspect the house. The interior was top-notch. In fact, more money was spent on this than was necessary. The listing agent was hired after the work had been done so the seller didn't benefit from the agent's advice about how much to spend and on what.

The house sold with multiple offers. However, the buyer's home inspection report revealed that the house needed a new foundation. Fortunately, there was a backup buyer. But, the price was negotiated down significantly. In hindsight, it would have been better to have fixed the foundation and done a less expensive redo of the interior.

A couple sold a similar home. They worked with their agent for months before the house was

marketed. They did presale inspections and got estimates for painting, staging, furnace replacement, making necessary structural modifications and fixing miscellaneous defects referenced in the termite report.

Then, they prioritized, with input from their agent, and had the most critical repairs and enhancements done before the listing hit the MLS. There was no renegotiation necessary with the buyers after they completed their inspections.

Make sure buyers receive copies of proposals and paid invoices for work you did to your home so they know which items in your presale inspection reports have been repaired.

Another couple, who plan to move in a few years, decided to get their home ready to sell now. They put in a new master bathroom, refinished floors and plan to replace a dry-rotted deck. They will enjoy the improvements for the remaining years they stay in the house.

Most sellers wait until the last minute to get their house ready for sale. It can be very stressful trying to get all the work done in a short time frame. Doing work gradually over time is a saner approach. Sadly, most homes never look as good as they do when they're sold.

THE CLOSING: Now is a good time to have work done. A lot of contractors are looking for work. You might receive more competitive bids and be able to have the work done when you want.

Dian Hymer is a nationally syndicated real estate columnist

Roller covers key to great paint job

By Paul Bianchina

Painting is certainly one of the perennial favorite projects for do-it-yourselfers. You can transform a room in just a short time, and perhaps best of all, you need only a few basic tools.

In addition to a good paint brush, a quality roller cover is one of the essentials. And as with brushes, professional-quality equipment costs only a few dollars more than the low-end stuff, and the difference in ease of use and the quality of the finished product makes the small additional expense well worth it!

ROLLER COVERS

A roller cover is basically a long, hollow tube covered with fabric, foam or other material. It fits over the cage on the roller frame, and is what actually holds and applies the paint. There is a huge selection of roller covers available, but you need only a couple of them and they are interchangeable on the roller frame, so you can mix and match the covers to suit just about any painting situation. There are several different types of fabrics and other materials that are used to make roller covers, and choosing the right one can sometimes be a little confusing. Which type you select is dependent on the type of paint or other finish you're applying, the type of surface you're painting, and the type of finish you want to achieve (for example, smooth or textured).

Synthetic Fabrics: Many roller covers are covered with fabrics that are made from a blend of synthetic fibers. Often, these are proprietary blends developed by specific manufacturers to meet specific painting needs, so follow what that particular manufacturer lists as being acceptable uses for any given roller cover.

In general, synthetic fabric covers are suitable for most types of latex and oil-based paints, making them good all-purpose covers. They are typically not rated for use with such coatings as polyurethane and epoxy.

Lamb's Wool and Lamb's Wool Blends: Lamb's wool covers are generally softer and more dense than synthetic fabric covers, so they hold more paint with less spatter. They tend to roll out the paint a little faster and smoother as well, creating a very uniform finish. The 100 percent natural lamb's wool covers are typically suitable for all paints, including latex, but they actually work best with oil-based products. There are also lamb's wool and synthetic fiber blends, which take some of the best characteristics of each material and are better suited for use with water-based products.

Mohair and Mohair Blends: Mohair covers are very good on smooth surfaces, such as interior and exterior wood and metal doors. They have virtually no shedding problems, and leave a very nice, texture-free finish. The 100 percent mohair covers are intended for use with oil-based paints, epoxies, varnishes and urethanes. There are also some mohair/synthetic blends that will work with latex paints. Because they are intended for smooth surfaces, you will find mohair covers only in short naps.

Foam and Slit-Foam Covers: Roller covers made from 1/4-inch foam are generally best suited for smooth surfaces and the application of enamel, varnish and similar materials. They leave no lint behind and also do not impart any texture to the material being applied, and the fact that they don't hold much material helps keep you from overcoating the surface.

Longer, slit-foam rollers are great for painting uneven surfaces such as masonry and stucco, and they are definitely the best choice for painting acoustic ("popcorn") ceilings. They can be used with all types of paints, including latex.

Specialty Covers: There are also a number of roller covers that are manufactured to accomplish very specific tasks.

Stipple: "Stippling" is a form of texture painting, in which the paint is rolled on so that it produces small bumps as opposed to going on completely smooth. This is accomplished through the use of specialty stipple roller covers that utilize a twisted fabric similar to low-nap carpet. They can be used with most kinds of paints, but are typically most effective when used with thicker texture paints. These covers also work well for applying anti-skid paints.

Texture: With the popularity of faux finishes, there are now a number of roller covers on the market that utilize a covering of looped or twisted plastic to apply paint while leaving a very distinct texture. They are designed for use with thicker texture paints, and also work well for applying certain types of masonry sealers on medium to coarse aggregate surfaces.

Epoxy: These are special plastic or fabric-blend covers that are intended for use with difficult to apply coatings such as epoxy and urethane. Coatings such as these are sticky, and specialty epoxy roller covers allow the coatings to release more quickly from the fabric for smoother application.

NAP LENGTH

The nap length refers to how long the fibers on the roller cover are. Naps range in length from 1/8 inch to 1 1/4 inches, and regardless of what type of fabric you are using, there are two simple rules of thumb to remember when selecting a nap length:

Shorter naps hold less paint and leave less texture on the surface, while longer naps hold more paint and leave more texture behind.

The smoother the surface you're painting, the shorter the nap should be; the rougher the surface, the longer the nap should be.

Features

Are home warranties a good deal?

By Dian Hymer

When something malfunctions in your home, wouldn't it be wonderful if you could pick up the phone, request a service call, pay a nominal service charge and have the problem fixed? In theory, this is how a home protection plan works.

A home protection plan--also called a home warranty--is an insurance policy that insures homeowners against defects in the major systems of their home. Precisely what is covered will vary from one company to the next. Most policies cover the heating, plumbing and electrical systems as well as built-in appliances like the stove, dishwasher and garbage disposal. Some companies will cover movable appliances like the refrigerator, washer and dryer for an extra charge. And some policies even include roof coverage-if you pay an additional fee.

Policy terms are usually for one year and they are renewable. The annual cost of a policy varies but you might expect to pay about \$250 for a moderate-size home. Protection plans are available for both single-family residences and condominiums. The plans are offered in most states.

Home protection plans are popular in the home sale industry because they provide a relatively inexpensive way to take care of home defects that develop soon after the home sale closes. For example, let's say the water heater quits working the day after closing. Depending on the terms of the purchase agreement, the seller may be responsible for replacing the water heater. A new hot water heater can cost several hundred dollars. However, if there is a home protection plan in place at closing, the hot water heater will probably be replaced for the nominal cost of a service charge. Home warranty service charges vary but they are often in the range of \$30-35 per call.

Some sellers offer to pay for a home protection plan to cover the home for the buyer for one year. If problems arise during that year, the buyers simply call the warranty company and pay the service charge. The warranty company pays for the repair or replacement.

FIRST-TIME TIP: Be sure to read the policy carefully because there are exclusions from coverage. For example, pre-existing conditions are not usually covered. So if the furnace hasn't worked properly for years, it probably won't be covered by the buyer's home protection plan. Also, there are limitations on coverage. For instance, some policies offer roof coverage, but only up to \$1,000 of work.

Seller coverage is also available to cover the home during the listing and sale period. Seller coverage works the same as buyer coverage except that there are usually more limitations on the coverage. For example, the furnace is usually covered under both buyer and seller coverage. But, the amount of coverage offered under seller coverage is often less than the amount that's available to the buyer if the furnace breaks down after closing.

One seller who had signed up for seller coverage was able to have some of the defects that were discovered during the buyer's inspections fixed by the home protection plan company for the cost of a service charge. This was a great deal for the seller because it saved him money and he didn't have to pay the policy premium until closing. Seller coverage is usually charged

by the day. The cost varies, but it can run about 75 to 85 cents a day.

THE CLOSING: If the seller of a home you're buying does not offer to pay for a home protection plan, you can pay for one. Be sure to order it before the closing date.

Dian Hymer is a nationally syndicated real estate columnist.

Appraisals killing deals in many markets

By Dian Hymer

Finding the right house to buy is never easy; selling a home today is also challenge. It's best to prepare yourself for obstacles that could cross your path so that you're prepared should they arise.

In some markets, one in three transactions doesn't close. This is a high ratio compared to the fallout ratio in previous years when the housing market was stronger and financing options were plentiful. In past years, most transactions fell apart over inspection issues. The biggest hitch today is financing, which is not to say that property defects don't come into play.

For some time, lenders have tightened up on their qualifying criteria, making it more difficult for buyers to obtain the financing they need to close a sale. Recently, appraisals have become problematic, particularly in low-inventory, higher-priced neighborhoods.

There are three components to lender approval. The borrower must be financially qualified. This requires a good credit score, sufficient cash for a down payment and closing costs, as well as verifiable income. The lender also needs to approve a title report on the property to confirm that the seller has marketable title to the property. And, the lender needs an appraisal of the property to confirm that the buyer is not overpaying.

Previously, lenders' underwriters required three comparable sales in the area that occurred within the last six months to validate the purchase price. Due to the soft housing market, lenders now want to see comparable sales information on listings that sold and closed within the last three months. The listing inventory in some areas was very low from December 2008 through March 2009, making it difficult for appraisers to come up with enough comparable sales information to satisfy the lenders.

To complicate matters, some appraisers and lenders automatically lower the appraised value by a certain amount if the property is in an area that is deemed as a declining market. This can result in an appraised value that is lower than the price the buyer and seller agreed to in the purchase contract.

HOUSE HUNTING TIP: The most accurate appraisals are done by appraisers who know the local market well. Unfortunately, changes in the lender's practices are resulting in more appraisals done by appraisers from outside the local area. Many lenders no longer have their own, in-house appraisers; many are relying on large nationwide appraisal services to provide appraisal services.

Let's say a listing sold for \$1 million, but appraised for only \$950,000. One way to resolve the problem is for the buyers and sellers to split the difference. In this case, the sellers lower their price by \$25,000 and the buyers put an additional \$25,000 cash down.

For the cash-strapped, this is not an option. In this case, the sellers would have to lower the price by \$50,000 to keep the deal together. Some sellers might be willing to carry a second mortgage as long as it doesn't exceed the lender's loan-to-value (LTV) limit and the loan isn't due for at least five years.

THE CLOSING: Check with your lender before attempting to negotiate a seller carry-back; some lenders won't allow it.

Dian Hymer is a nationally syndicated real estate columnist and author.

Shower doors offer choices galore

By Paul Bianchina

Tired of your ragged old shower curtain? Sick of hassling with that old shower door with the worn track and the missing rollers? If it's time to start thinking about a new door for your shower, you'll find a wide and beautiful assortment of options awaiting you.

Whether you have a tub/shower combination or a dedicated stall shower, there are essentially three different types of doors available:

Horizontal sliding doors: By far the most popular of the door styles is the horizontal slider, which can be used with either tub/shower combinations or with wide stall showers. A horizontal overhead track is supported by two vertical frame pieces at either side of the opening. A pair of doors then hangs from the overhead track on nylon rollers. Both of the doors are operable, with one door sliding horizontally past the other door.

Swinging doors: Swinging doors are designed specifically for use with stall showers of virtually any width. The door is mounted onto a vertical frame using a continuous hinge and swings out away from the shower (shower doors never swing into the shower stall because of the difficulty in opening it to get to a person who has fallen or otherwise become trapped

inside the stall). Swinging doors can be hinged to swing in either direction, and for showers over about 3 feet in width, there is typically one or more fixed panels next to the swinging door so that the door doesn't have to be as wide and heavy. Swinging doors are also used in combination with glass panels and a metal framework to make up a corner shower unit.

Accordion doors: Designed for both tub/shower combinations and stall showers, vinyl accordion doors hang on a track and fold up against one wall in small sections. This particular door style is no longer particularly popular, given the difficulty in cleaning all of its multiple panels and parts.

KNOWING WHAT TO LOOK FOR

When shopping for a new door, you have more options than you probably realize, primarily in color and style. Your first priority is to look for a door with a good solid frame and heavy-duty rollers, hinges and other hardware. The glass is required by law to be tempered, and doors with acrylic panels are no longer allowed in most areas. Be sure and look at a full-size, operable example of the door you're interested in before you buy it.

The basics aside, the choice comes down to one of appearance. For the frame color, you'll have a choice of chrome -- typically the least expensive -- gold-tone, white, almond and a variety of other colors. For the glass, the least expensive option is opaque or frosted, but you'll also have a choice of clear, smoked, bronze-tinted, or clear or frosted glass panels with any of a variety of etched pictures. If you opt for clear glass, there are little shower squeegees you can use to quickly remove water from the glass after your shower, which helps greatly in preventing a buildup of water spots.

Some glass shops also offer doors with custom etching. You can bring them a picture, message, logo, or other artwork, and they can have the art etched into one or more of the doors or panels. This will obviously add to both the cost and the ordering time.

THE INSTALLATION OPTIONS

You've got two options here -- do it yourself or hire it out -- and the choice is directly influenced by your level of patience. Installation of a sliding or swinging shower door set requires the assembly of the frame and its installation in the shower, followed by the hanging and adjustment of the door(s), sealing of the frame, and installation of the weatherstripping.

Most shower doors are available in kits for the do-it-yourselfer, and contain all of the necessary hardware and instructions, usually with the exception of caulking or sealant for sealing the frame in the opening. Typical tools you'll need include a screw gun, hack saw, level, caulking gun, and a couple of different sizes of drill bits -- including masonry bits if you're installing the frame against ceramic tile.

Shower doors are sold through most glass shops, as well as home centers and larger hardware stores. Given the number of options, you'll probably only find the most common sizes and colors in stock; others will typically require a special order and, depending on the style and color, will take anywhere from a couple of days to several weeks for delivery.

Don't tap that HELOC

By Benny Kass

DEAR BENNY: We have a HELOC (home equity line of credit) at a current interest rate of 4.75 percent. We have not drawn on the account. We are 20 years into a 30-year home mortgage with a fixed rate of 8.75 percent and owe about \$32,000. Our home is listed on the appraisal rolls at \$306,000. We would like to draw on our HELOC to pay off our first mortgage. We understand that the 4.75 percent is not a fixed rate and will be adjusted monthly depending on the prime rate. We also understand that we must pay interest on it monthly and in nine years will have to begin repaying principal. There are no prepayment penalties. It sounds too good to be true that we could pay off our 8.75 percent mortgage loan with a HELOC at a current rate of 4.75 percent. Are we missing something? --Barbara

DEAR BARBARA: You raise an interesting issue, one with a number of caveats. As you have indicated, your HELOC has a floating and not a fixed interest rate. Most of these loans have rates that actually change on a daily basis. There is no guarantee what the rate of interest will be one year, two years or eight years from now. I vividly remember back in the early 1980s when interest rates were hovering close to 20 percent. You run a serious risk that one day in the future you may have to start paying more than 8.75 percent interest.

A second issue to consider relates to the tax deductions that you get from your mortgage interest payments. While this should not be a major deterrent in your thinking, you do have to recognize that you will get fewer deductions under your plan.

Another issue involves the terms and conditions of your HELOC. Unless you plan to pay off the entire first trust (mortgage) immediately, you run the risk that your lender may put restrictions on your HELOC in the future. I have a number of clients who have just received letters from their HELOC lender that their account has been frozen (or else the amount they can borrow has been reduced) based on the lower appraisal of their property.

Yet another concern is the fact that I believe that a HELOC should be used for that "rainy day." It's nice to have a checkbook in your desk drawer that you can use, if you suddenly are in need of additional cash. If you use your HELOC to pay down your mortgage, what will you do

if you are suddenly confronted with that "rainy day"?

You have a very high-interest first mortgage. Currently, interest rates are very low -- in fact, almost at an all-time low. Instead of paying off the mortgage using your HELOC, why not consider refinancing and keep the HELOC as is? (The HELOC lender must agree to allow you to subordinate that loan to the new first, but usually that is not a problem.)

You have considerable equity in your house, and assuming that you have good credit, you should not have too much trouble refinancing, even in today's tight money market.

DEAR BENNY: I own the second floor of a duplex condominium. I pay 60 percent of the common expenses because my unit is bigger, while the owner of the first-floor unit pays 40 percent. Our building needs a new roof because shingles are blowing off, the remaining shingles are flaking and curling, and I had a leak in my unit.

I have gotten three estimates on reroofing (putting shingles over the existing shingles). The owner below me does not feel the building needs a new roof. She insists on seeing damage to my unit before she will agree to a new roof.

The previous leak has dried up, and there is no present evidence that there ever was a leak. Do I have to have damage to my unit before she has to agree to a new roof? How can I go about getting a new roof? --Carolyn

DEAR CAROLYN: The first thing that anyone who has a problem in a condominium must do is to review the legal documents, which are typically the bylaws and declaration.

What do the bylaws say about repairs? Are there any provisions for resolving disputes between the two of you?

I assume that you did not take pictures of the damage before it dried up. I would have the contractors that gave you estimates meet with the owner and explain the situation. I recognize that your co-owner will consider this just a "marketing" spiel from the contractors, but hopefully they can convince her to approve the repair work.

You may also want to get your insurance companies involved. I suspect that if you currently know that the roof is leaking and take no immediate action, any future damage claims may be rejected by those companies. This fact should be made known to your co-owner. You should put her on notice that if there is another leak, and if it is not covered by insurance, you will try to hold her personally responsible for your loss.

Finally, as a last resort, unless there is a dispute resolution program in your area, you may have to go to court and seek a declaratory judgment, whereby the court -- if satisfied that there really is a problem -- will order the condominium to make the repairs.

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