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Phil McCollum's Real Estate Articles & Advice Newsletter

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Articles and Advice

Make your short sale shine

By Dian Hymer

Short sales, where the lender agrees to take less than amount due to them, have tended to sell for less than similar homes in the area. One reason for this is that short-sale listings usually don't look as good as the competition. Another reason is that short sales require lender approval.

Last year, lenders often took three to six months to respond to a short-sale offer. If the response was no, the buyer was out looking for another home after having wasted a lot of time. Many buyers who expected short sales to be good deals shied away from them altogether after having a few bad experiences.

Subsequently, the Obama administration put pressure on lenders to do more short sales and fewer foreclosures. Now a process that was laborious is much easier to navigate.

Before you put your house on the market, contact your lender or lenders to let them know you can no longer afford to keep the house and you will be selling it. Also tell your lender that due to the decline in property values in your area, you may not be able to sell for enough to pay off the mortgage.

HOUSE HUNTING TIP: Lenders usually won't work on a short sale until there is an accepted offer on the property. But doing a little ground work with your lender(s) can assist the process. Find out how long it will take them to process a short sale. This kind of information will be important to a prospective buyer. If buyers know they can expect a response from the lender in 30 to 45 days and not four to six months, they'll be more inclined to make an offer.

Try to work out a loan modification with your lender before you put your house on the market. If your lender agrees to lower the loan amount, your listing will be more attractive to buyers because the lender won't have to take as large a shortfall in order to approve the sale.

Most lenders won't allow credits from seller to buyer in a short-sale transaction. It's a good idea to have presale inspections done before you put your house on the market. The more information a buyer has about the property before an offer is made the better the chance that you won't end up in a situation where the buyer discovers defects that weren't previously disclosed and wants credits as compensation.

In most cases, it's worthwhile to make your house look as good as possible before putting it on the market. This will bring you a higher price, which reduces the amount you are short. This will make it easier for the lender to approve the sale.

You'll need broad marketing exposure to attract a wide range of buyers. It's important to hire an agent who is willing to put the time and effort in both marketing your property and dealing with your lenders. Your agent should be a good communicator who will keep all of the parties informed about the status of the sale.

It's important to consult with your attorney and accountant to review any documents that the lender requires before closing the transaction. Some lenders will require the seller to pay back the amount that the seller is short. A seller does not need to agree, but this could cause the transaction to fall apart.

You could owe tax on the amount of money the lender forgave, though the Internal Revenue Service does offer tax relief for those who lose their homes through foreclosure or short sales between 2007 and 2012.

It takes a lot of patience with him and perseverance to get through a short-sale transaction. However, a short sale might negatively impact your credit for two to three years; it would be five to seven years if you let the property go to foreclosure.

THE CLOSING: If possible, try to negotiate with the lender to salvage your good credit.

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

Southern California Home Buyer's Fair March 13 and March 14

With interest rates at historic lows, home prices at affordable levels, and a wide range of homes from which to choose, now is an ideal time to buy a home. Chances are you have many questions, ranging from how to find and qualify for a mortgage loan, to what steps are required to get from finding a home to closing escrow and moving in.

The answers to these and many other crucial questions about the home-buying process will be the subject of more than 60 educational seminars presented in English and Spanish by a wide variety of real estate experts at the Southern California Home Buyer's Fair on Saturday and Sunday, March 13 and 14, at the Los Angeles Convention Center in downtown Los Angeles.

The Southern California Home Buyer's Fair is being co-sponsored by the CALIFORNIA ASSOCIATION OF REALTORS® and the *Los Angeles Times*. This free, two-day trade show and educational forum was expressly created to give you all of the information you need to successfully navigate the road to homeownership -- whether you're a first-time buyer, investor, or existing homeowner looking for the most up-to-date information about today's real estate market.

The Southern California Home Buyer's Fair also will feature more than 70 exhibit booths where visitors can obtain information from industry experts about a vast range of programs pertaining to homeownership and the home-buying process.

For more information about the Southern California Home Buyer's Fair, please visit www.homebuyersfair.com.

Not all woods absorb stain the same

By Paul Bianchina

Q: First-time homeowner and first-time stainer here! I had a small porch made out of untreated wood built last summer that I would now like to stain. I like the redwood look I see throughout the neighborhood, what I think of as the most common color of stain around!

I purchased two sample packets of stain, both by Olympic. One was a toner and one was a semi-transparent version of the same redwood color. I applied them both to a piece of wood leftover from my porch and they both went on like a watercolor paint -- very thin, very clear and not deep colors at all. I feel it colored it maybe only a shade darker than what the natural wood is. I do realize this wood is not the optimal wood to build with, but it has got to be stainable! (Please tell me it is!) Do you have any suggestions as far as getting a deep red/brown coloring to soak in the wood and give it the rich look? Is there something I'm doing wrong? Is there a better stain for this type of wood, or do I just start considering paint? Any suggestions would be great.

A: No need to start considering paint just yet.

All wood is made up of fibers and cells in different degrees and configurations. The more "open" the cell structure, the more readily it will absorb liquids, such as stain. So all woods will accept stain to some degree, some more than others. Some woods -- pine and oak for example -- will even absorb stain very differently within the same piece. Other factors include how wet or dry the wood is, how weathered it is, how smoothly sanded, etc.

One of the first things you need to do is determine what type of wood was used to build the porch. You mentioned that it was not pressure-treated and it is apparently not redwood. Fir, hemlock, cedar, and pine would be some other common porch woods, but there are others as well. I would suggest that you either ask the person who built the porch, or take a sample down to your local lumberyard and ask one of the people there to identify it for you. Stick with a dedicated lumberyard, not a home center.

Armed with that knowledge, I want you to next go to a paint store -- again, a dedicated paint store, not a home center. Show them the type of wood you're working with and the color you're hoping to achieve, and they can work with you to select the proper type of stain and the proper color, as well as giving you tips on how to apply it. Bring the wood sample with you as well, and they may be able to test it for you to see if the color is going to come out the way you want.

Q: I am going to be building a cover over my deck. I am going to have to put it about 15-18 inches up on the existing roof (about the back of the eve) in order to get the slope needed for drainage. I have been looking for a bracket that will hold a ledger board up slightly off the roof, so water can go under and not rot the board. I have not found a bracket that will do this. The closest thing I have found is a basic 90-degree, one-inch-wide, angle bracket that you can find in any hardware store, but I do not think it will be strong enough. Any suggestions?

A: Because you are looking at a bracket that needs to have the proper slope to match both the house roof and the roof over the deck, you may not find a stock item that fits exactly. I would suggest you check out the Simpson Strong-Tie Web site at www.strongtie.com. Simpson is probably the largest manufacturer of metal hangers, brackets and connectors for the construction industry, and if anyone will have it they will. If you find something in their online catalog that will work, just jot down the stock number -- and if your local lumberyard or hardware store doesn't have it, they can order it for you.

If you can't find anything there, you'll have to have ones made. If you can make a simple sketch of what you need, any local welder will be able to weld or bend brackets to your specifications, and the cost should be pretty reasonable.

I'll also suggest another alternative. Install a ledger board flat on the roof, parallel with the eaves, and secure it to the roof by screwing it down into the rafters. Cut the ends of the deck covering rafters on an angle so that they lay down flat on the ledger and create the angle of slope you want for the roof over the deck, then fasten the rafters to the ledger board. Install your roofing on the deck cover, and then install a sheet metal flashing that tucks under the house roofing and goes over the deck cover roofing. Water coming down off the roof will be channeled up onto the deck cover, where it will then run off. Since the ledger is completely under cover, it won't get wet. For a little additional assurance, you can use pressure-treated lumber for the ledger.

Tips for avoiding surprise defects

By Dian Hymer

A homebuyer in the hills above Oakland, Calif., recently closed on a home that matched her wish list almost perfectly, which is as good as it gets. Before closing, the new home was inspected and no major defects were discovered.

The buyer had plans for upgrading, starting with removing all the wall-to-wall carpets. But when the carpets were pulled up, the house began to smell of cat urine.

The new owner called her agent, who recommended several people who have experience eradicating pet odor. Within a week, the odor was gone; the buyer was happy and continued renovating her new home.

Another homebuyer was not so lucky. She also bought a house where cats had urinated in virtually every room. The sheetrock and flooring had to be replaced. The remediation cost was in excess of $250,000. She hired a lawyer, went to arbitration, and won.

As hard as you try to discover all defects before buying, it's impossible to know everything even if the seller is honest and the house is thoroughly inspected. This doesn't just apply to older homes. New homes sometimes have construction defects that aren't readily apparent.

What should you do to keep yourself from ending up in a situation like the two described above?

HOUSE HUNTING TIP: Make sure that you are involved in the inspection phase of your purchase. This includes attending inspections and asking the inspector questions. If you don't know what to ask, talk to friends who bought recently. Find out if they discovered unexpected surprises after they moved in.

Your real estate agent should be able to provide a list of red flags that could indicate serious problems. Ask your agent if he or she has been involved in any unpleasant after-closing situations, and if there could have been anything done before closing to prevent this.

Home inspection, engineering, drainage and termite reports often include recommendations for further inspections. And they note items that won't be inspected, like a sauna or irrigation system.

Real estate brokers often give buyers a disclosure document advising them to inspect the property carefully. The disclosure might also indicate important issues that agents will not be looking into, like checking the permit record.

Don't be fooled into thinking you don't need to follow up on these issues because the house looks fine. You could get lucky, but I wouldn't count on it. In fact, disclaimers detailing the limits of inspectors' and agents' responsibilities make a strong case for taking charge of your due diligence investigations.

Don't be shy about asking questions. For instance, if the sellers have pets, ask if there are, or have been, any odors or damage attributable to the pets. If you're concerned about drainage, ask the sellers if they've had any water problems. If so, what have they done to correct the situation?

Find out if the house has recently been carpeted or painted. Document your conversations. Better still, ask the sellers to put any pertinent disclosure in writing, even if it's just an e-mail. Keep this documentation in your transaction file.

The first thing to do if you discover a serious defect after closing is to review your transaction file and make sure this wasn't already discovered during inspections or disclosed to you by the sellers. If the documentation reveals nothing, make your agent aware of the problem and ask her to talk to the listing agent so that the sellers are aware of the situation. It will cost less time, money, and aggravation if you can resolve the issue without having to go to arbitration or court.

THE CLOSING: If this doesn't work, consult with a knowledgeable residential real estate attorney about how to proceed.

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

No benefit to refi with current lender?

By Benny Kass

DEAR BENNY: I am shopping for a new mortgage (I will refinance about $160,000 remaining on a condo worth about $300,000) and discovered my mortgage holder wants about $2,200 in closing costs. I just financed with this bank three years ago and have stellar credit. There seems to be no special benefit for refinancing with this lender. Their broker told me as much. I don't understand why they wouldn't want to keep a good customer. Any insight? --Janelle

DEAR JANELLE: I am not a defender of banks, but just because the bank performed a title search and a refinance three years ago does not mean that there are no clouds (i.e., impediments) on your title now. The bank must have clear title in order to make you a loan. Accordingly, it must again perform a title search. Additionally, there are administrative costs that have to be paid because the lender will have to look at your financial situation again.

There will also be closing (escrow) costs to the settlement attorney or title company.

My suggestion is to shop around. Rates are now quite low and mortgage money is becoming more available. Get some quotes from other lenders (including all costs), and then go back to your bank. Tell them you would like to work with them, but their costs are high, and you want them to give you a discount. If that works, go with your current lender. If not, you have the right to refinance with any lender of your choice.

DEAR BENNY: In addition to our primary residence, my husband and I own a commercial property that houses our business on the first floor and a residential apartment on the second floor. We currently rent out the apartment. The property is zoned commercial (C-4), dual use. Before selling this property, is there any advantage to selling our primary residence and moving into the second-floor apartment for two years to establish residency? Since each floor is 1,250-square feet, would we then be exempt from paying capital gains taxes on that portion of the profit from the sale that represents the residence? And if so, in determining what portion is considered residential use, would the land that surrounds the building (approximately 4,000 square feet of concrete driveway/parking lot) be considered part of the commercial property although part of this area would be used for parking our personal vehicles as well as customer parking? --Pauline

DEAR PAULINE: Excellent suggestion. The law that allows homeowners to exclude up to $500,000 of gain is not a "once-in-a-lifetime" situation. It can be used over and over again. The only conditions are that the property must be owned and lived in two out of the five years before it is sold.

So, you can sell your current home and if you have owned and lived there for the requisite period of time, you can exclude up to $500,000 of your profit. In fact, if you have lived in that property for a long time, you can even move into the upstairs apartment now, so as to start the clock running on the second exclusion. However, be careful --if you cannot sell your current house within the next three years, you will lose the right to exclude the profit.

And here's another suggestion: When you sell the second property, you have the right to do a 1031 "like-kind" exchange on the first-floor business, and at the same time take the exclusion for the upstairs apartment. This would mean, however, that you will have to be a landlord for at least one or two years on the replacement property that you obtain through the exchange. Talk with your financial advisers about this.

As for allocation of the parking area, I really don't know how the IRS would treat this. I suspect, however, that if you carefully allocate the square footage for your personal usage as compared to the business operation, that calculation would be acceptable.

DEAR BENNY: Can you tell me what steps a board of directors/management company should take in the event a water-damage claim against the master policy is made by a condo owner? Should the board/management company investigate, take pictures of the damage, and stay actively involved throughout the claims process or merely turn the whole matter over to the insurance company and, in the event of litigation, its attorney? --Paul

DEAR PAUL: That's a very good question. On the one hand, the board -- which has a fiduciary duty to the owners -- must make sure that the claim is being processed correctly and honestly. On the other hand, boards of directors are volunteers, and must be able to rely on the professionals who are paid to assist, including management.

I think the answer lies somewhere in between doing nothing and being too proactive. Management should monitor the progress of the claim and make sure that the insurance carrier has taken pictures of the water damage. Management should also confirm with outside consultants that the amount of money the carrier is prepared to pay is sufficient to make the repairs. And since insurance companies usually have their own contractors to do the repair work, management should also periodically monitor the work to determine whether it is being done correctly.

And management should submit a status report to the board on a monthly basis.

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

What makes food "organic"?

By Charly Papp

Organic food is hot and with good reason -- current research shows that it does indeed live up to the hype. Recent studies at UC Davis and the Danish Institute for Agricultural Research have detected higher levels of antioxidants, vitamins, and minerals in organically farmed foods than in their conventionally produced counterparts. While this news makes their often-higher price tag easier to swallow, navigating the organic options at Whole Foods can be anything but simple. Here, a run-down of the terms so you're ready to face the aisles:

Organic – farmed without the use of chemical pesticides, fertilizers, sewage sludge, and—in the case of livestock—antibiotics and growth hormones. While the jury's still out on whether these things are actually harmful to your health, it sure makes non-organic foods a lot less appetizing.

When the term is used on packaged food labels, it ensures that at least 95 percent of the ingredients are USDA-approved organic. Those labeled made with organic ingredients must contain at least 70 percent organic components. For more information on USDA's certification system, visit their website: http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateA&navID=NationalOrganicProgram&leftNav=NationalOrganicProgram&page=NOPNationalOrganicProgramHome&acct=AMSPW.

Conventional – foods not otherwise distinguished as organic. These foods may or may not be farmed with the use of chemicals, antibiotics, and hormones.

Natural – a distinction used for foods that have been minimally processed and contain no preservatives. However, the definition is not a legal one, so watch out for imposters. And remember—just because a food is natural doesn't necessarily mean it's healthy. Super-premium ice cream that is made with all-natural ingredients still packs a whopping 240 percent of your daily saturated fat intake per pint!

Sustainable Agriculture – farming that favors more natural practices to harvest a crop, which in turn creates a system wherein food can be produced indefinitely.

Transitional – food produced by a farmer that is transitioning from conventional to organic—a process that takes at least three chemical-free years to certify.

Fair Trade – farmed by workers who receive a living wage and work under safe conditions. To learn more about fair trade, visit the International Federation for Alternative Trade's website: www.ifat.org.

Recombinant Bovine Growth Hormone (rbST or rBGH) – a genetically engineered hormone given to cows to boost milk production. Many claim that consumption of this hormone —which is banned in Canada and Europe—contributes to elevated cancer risk, though clinical studies have yielded somewhat conflicting results.

Genetically-Modified Foods (GMOs) – crops that have been scientifically manipulated to enhance some trait, be it longevity or nutrition. Critics attest that their use is altering our environment in a host of unhealthful ways and add that their effect on humans is not yet known. For a fair look at the issue, see http://www.csa.com/discoveryguides/gmfood/overview.php

You can safely assume that a food labeled "organic" is certified so—the fine for false claims can reach upwards of $10,000—but beware of the greenwash that is lending its ghoulish hue to many a not-so-virtuous product. Due to the monumental success of organic foods, many manufactures are jumping onto the green bandwagon if for nothing else than packaging, favoring designs that present a more wholesome image to the consumer. This means you'll see more earth-toned exteriors, rustic fonts, fruits and vegetables figuring prominently… don't be fooled. Look for key words like organic or no GMOs and check the ingredients and nutrition facts for the stats.

Though the range of organic products is ever evolving and expanding, with a little bit of knowledge, you and your family can grow with the trend—without the use of chemical fertilizers and pesticides.

Features

Get real with unrealistic sellers

By Dian Hymer

In some areas there is a shortage of desirable, well-priced listings. Sellers who don't need to sell now are waiting for a better market. Many sellers who would like to sell now have unrealistic expectations about what a buyer would be willing to pay for their home.

If you like a listing that is overpriced for the market, one approach is to keep your eye on it and wait for a price reduction. The risk of this approach is that another buyer might come along and start a negotiation with the seller. It would be unfortunate if you were to find out later that the listing sold for a price that you would have been willing to pay.

A better approach would be to start the negotiation process and hope to find a price that is mutually acceptable to both you and the seller. Be prepared for a protracted negotiation if the property is listed considerably over a fair market price.

Recently, a pair of buyers made a very low offer on a listing that was priced a little higher than market price. The sellers wouldn't even respond to the buyers' initial offer. The buyers waited a week or so and offered a higher price, but one that was still unacceptable to the seller. Finally, after six weeks the buyers and sellers came to a mutually agreeable price and the sale closed.

HOUSE HUNTING TIP: When you are dealing with an unrealistic seller, don't play all your cards at once. If you offer your best price initially, and it's quite a bit lower than the asking price, you have no room to move up pricewise.

The purchase price isn't the only item to consider when negotiating. For example, if you don't need to take possession of the property right away, you might offer the seller the option to rent back after closing. This would be particularly attractive to sellers who can't get into their next home right away and would have to rent elsewhere for a while.

In a case like this, consider not including this perk in your initial offer. You can add this benefit in future rounds of negation to sweeten your offer.

For example, recently sellers of a home in the hills above Oakland, Calif., received an offer that didn't meet their expectations. It was a clean offer and not contingent on the sale of another property. The sellers wanted a higher price.

The buyers were willing to accept a higher price but only if their offer was made contingent on the sale of their current home. The sellers, who were in contract to buy another house, decided to accept the offer with the lower price that was not contingent on the sale of the buyers' home. Presenting sellers with an either/or option can bring positive results.

The closing date can be used as a bargaining chip. A seller who has already closed on another home and is now paying mortgages on two properties would benefit financially from a relatively short closing. If you have this flexibility, you might offer to close in 60 days or so, but agree to a shorter close in exchange for a price reduction.

It's always a good idea to be preapproved by a lender before you make an offer. If you include a preapproval letter with your low-priced offer, at least the seller knows he is dealing with someone who is qualified to buy.

THE CLOSING: It is a good idea to find out as much about the sellers' situation as possible so that you can tailor your offer and subsequent counteroffers to your best advantage.

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

Refinance home to pay off credit card?

By Benny Kass

DEAR BENNY: We will soon have our mortgage paid off. Our home is valued at $120,000. Unfortunately, we owe about $50,000 in credit-card debt. I took early Social Security and work part time. My husband will take full Social Security next March and continue to work full time. So we had planned to pay extra on the debt with his Social Security check and the fact that we will no longer have a house payment. This will likely take at least two years. However, we wonder if it would be more beneficial to re-mortgage the house for the $50,000 to pay off all the credit-card debt. Obviously it would be a lower interest rate and would be an income tax deduction. What do you think? --Jean

DEAR JEAN: No one wants to have mortgage debt, but sometimes you have no alternative. On the other hand, no one wants to be "house rich and cash poor."

Interest rates are indeed quite low now, although there is no guarantee how long they will stay this way. While the interest you pay on your credit card is not deductible, mortgage interest up to a $1 million loan limit is. So it definitely makes sense to consider refinancing.

You may also want to consider getting a home equity loan. This is a line of credit, which is why it is referred to as a HELOC (home equity line of credit). With a HELOC, you pay interest only on the amount of money you actually borrow; the rest of the money is available -- all you have to do is write a check.

But many HELOC loans carry a variable interest rate. This means that the rate is not fixed, but will vary (i.e., change) as the money market fluctuates. You should discuss such a loan with your local banker and see if this meets your needs.

One other suggestion: I have consistently maintained that a reverse mortgage should be considered as a last resort, but perhaps this is the time for you to consider such a loan. Talk with a financial advisor to get specific answers to your specific needs.

DEAR BENNY: What is a "reverse mortgage" and how does it work? I will be 62 in December and my wife is 58. Our home was built in 1992. We currently have a 30-year fixed-rate mortgage with a balance of $145,000. The monthly payment is $900, and the current market value is approximately $300,000. I am retired and my wife works for the local school system.

What are the advantages and disadvantages of a reverse mortgage? Who owns the house? Who gets the house if we should both die? If it goes to our beneficiaries (children), what are the tax issues? If we had a reverse mortgage could we still sell the house and downsize? Who gets proceeds from the sale? Where can one get a reverse mortgage? --Milan

DEAR MILAN: Unfortunately, I have some bad news for you. In order to be eligible for such a mortgage, you and your wife must both be at least 62 years old. Because your wife is a young 58, you will have to wait four more years.

A reverse mortgage is a loan to you based on the equity in your house. You can take the money out in one of three ways: (1) a lump sum, (2) monthly payments, or (3) a line of credit -- which gives you a checkbook on which you can write any amount, up to the loan limit.

You and your wife would continue to own the house. When you sell it, move out or die, the house will have to be sold so that the loan will be paid.

Alternatively, your heirs can keep the property if they are able to find other sources for this payoff. Any surplus over and above the amount of the mortgage is yours (or your heirs) to keep.

Space in this column does not permit a full explanation. You will find a lot of helpful information on the Web, just by typing in "reverse mortgages" at your favorite search engine. I suggest, however, that you start with the AARP Web site for basic, impartial information.

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

Downside to high-efficiency furnace?

By Paul Bianchina

Q: Is a high-efficiency furnace more likely to break down compared to a mid- or low-efficiency one?

A: High-efficiency furnaces, those with a rating of 82 percent to more than 96 percent efficiency, are designed to extract and utilize some of the waste heat that would otherwise be exhausted out through the flue.

Accomplishing this task requires additional fans, valves and electronic controls within the furnace, and with more moving parts you have more things that can go wrong and therefore additional potential for breakdowns. However, I'm not aware of any substantial reliability issues that would cause me to shy away from purchasing a high-efficiency unit.

I would get at least two bids from licensed, experienced HVAC contractors, and have each contractor bid both a mid-and a high-efficiency furnace that is correctly sized to your home. Look at the cost difference between the two efficiencies, and ask each contractor to calculate how long it will take for the energy savings from the more expensive high-efficiency unit to pay back its higher cost. You may find that the investment doesn't make financial sense for you.

You also want to ask each contractor for reliability data for the brands of furnaces they carry, and also look at what the warranty is on the heat exchanger. The heat exchanger is the most expensive part of the furnace, and a long warranty -- say 20 years or more -- is often also a good indicator of how reliable the manufacturer feels the furnace is in general.

Q: We have a two-story house that is about 12 years old that has had squeaky floors for nearly the whole time we've owned it. We are considering selling and would like to correct this problem before we start go to market. It seems that the two general contractors that we have talked to didn't sound confident they could correct the problem. I am sure the carpeting would have to come up. Do you have any suggestions?

A: Floor squeaks, as you might imagine, are caused by two pieces of wood rubbing against each other, or by the wood rubbing against a fastener. The noise can actually come from a number of different sources, but since you mention that your house is fairly new and has carpeted floors, I'll stick with that scenario.

First of all, you need to do a little more research. Walk around on the floor, locate as many of the squeaks as possible, and mark them on the floor with pieces of masking tape.

If the squeaks are all occurring near walls, it is probably due to lumber shrinkage around the nails that hold the wall to the floor. This can usually be fixed by simply driving wooden shims between the top of the subfloor and the underside of the wall plate, which can be done without disturbing the floor covering or the trim.

If the squeaks are not near walls, they are probably coming from movement between the subfloor and the floor joists below, which could come from inadequate nailing or insufficient or improperly applied adhesive.

If the floor of the house was framed with solid lumber as opposed to I-joists, the noise can also be coming from wood that has dried out and twisted or pulled away from the wood or supports adjacent to it, causing movement -- and noise -- between the two pieces.

For these squeaks, one of you will need to go under the house with a strong light and tape measure while the other one stays up top. Using measurements and pressure on the floor from walking, try to locate from underneath where the squeaks are coming from, and what -- if anything -- is going on in those areas.

You may see the floor joists deflecting up and down; you may see them rubbing against other wood, or against ducts or pipes; or you may see that some of the supports under the joists are not fully touching one another.

In the event of gaps between pieces of wood, you may be able to solve the problem by taking wooden shims, coating them with woodworker's glue, and driving them into the gaps with a hammer. If the wood is moving against a pipe or duct, you can correct that through the use of additional strapping to stop the movement.

If you find a lot of areas where the subfloor seems to be moving up and down on the joists -- as opposed to them moving up and down together -- then the answer is probably going to be to drive screws down through the subfloor (from above) and into the joists. The best way to do this is to roll back the carpet and pad to access the subfloor underneath.

There are also some products on the market that allow you to drive the screws down through the carpet itself and then snap them off below the carpet, but these are only effective if you have one or two squeaks in a confined area. Be aware also that driving anything down through the carpet may void the carpet manufacturer's warranty.

Tips for handling contingent offers

By Dian Hymer

Financing a trade-up move is far more difficult now than it was before the economic meltdown of fall 2007. Today's guidelines require such buyers to qualify to carry two mortgages, to have verifiable income, and have enough cash for a downpayment.

Most of today's repeat buyers can't qualify to carry two mortgages at one time. And they can't come up with a cash downpayment without liquidating the equity in their current home. In most cases, this means they need to sell that home before they can buy the next one.

Offers contingent on the sale of another property haven't been popular in many markets because they're riskier than sales that don't hinge on the successful close of another transaction. Even so, considering current financing constraints, sellers who don't receive offers should consider a contingent-sale offer, but only under the right conditions.

From the seller standpoint, you want to make sure that the buyers are qualified to purchase your home and that they properly prepare and price their home to sell. If you receive an offer that is contingent on a home selling that is in a lower price range than your home, it might be worth the risk. Lower-priced homes have been selling more quickly than the upper-end homes.

HOUSE HUNTING TIP: Sellers need to take an active role in the sale of the buyers' property to ensure that both transactions close. This means making sure that the buyers' home is in good condition, shows well and is priced right for the current market. If the buyers need to sell their home for a certain price in order to buy yours and their price is higher than what the market will support, it's a waste of everyone's time to move forward.

Recently, the seller of a home in San Carlos, Calif., received a contingent-sale offer that was acceptable, but only if she and her listing agent had a say in list price of the buyers' home. The buyers agreed and ended up listing their home at a lower price than they had been planned to ask. The buyers' home sold quickly and both transactions closed.

It's more difficult when you're dealing with out-of-area buyers. The buyers in the above example lived relatively close to the house they wanted to buy. It was easy for the seller to get information about an appropriate list price for the buyers' house.

If the buyers are moving from another area, your listing agent needs to contact the listing agent of their home and obtain pertinent information before you accept the offer. The buyers' listing agent should provide recent comparable sales justifying their list price.

Find how long the listing has been on the market at the current price. How long has it taken similar listings to sell? Are there recent comparable sales that closed in the last three months that an appraiser can use to affirm the price when the listing sells? How much competition is there on the market? Are the buyers flexible on the sale price of their home?

Sellers can protect themselves to some extent when they accept a contingent-sale offer by including a release in the contract that allows them to continue to market the home for backup offers. If they accept a backup, they then notify the primary buyers that they need to remove their contingent-sale contingency or withdraw from the contract.

A contingent sale, even with a release clause, can slow down the marketing activity of your home, unless the inventory of similar homes in your area is very low.

THE CLOSING: That's why you need to make sure the buyers' home is salable before you accept an offer.

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