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Phil McCollum's Real Estate Articles & Advice Newsletter



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Articles and Advice

Green TV

By Elyse Umlauf-Garneau

The June transition to digital TV promises improved viewing, but it also could trigger a wave of abandoned TV sets as people use the opportunity to upgrade to bigger, sleeker TVs. If you're committed to making green choices, there are several topics to consider. They include:

Energy -- Visit <http://mygreenelectronics.com/EnergyCalculator.aspx> to see how much energy your TV, DVD players and satellite boxes are chewing up. The EPA estimates that such gear represents about 10 percent of a household's annual electricity bill. If you decide that reuse is the best approach and now isn't the time for upgrades, you'll need a converter box to allow old analog TVs to work. Consider energy efficient digital converter boxes, such as those offered by ENERGY STAR. They consume no more than eight watts in the on mode.

New TVs -- Energy efficiency standards have been toughened in recent years. The simplest approach, according to Rozanne Weissman, senior director of consumer campaigns for the Washington, D.C.-based Alliance to Save Energy, is to buy ENERGY STAR -qualified TVs. "They use less energy in both the stand-by and on/off modes and they're available in every price category." According to ENERGY STAR, TVs with such labels consume about 30 percent less energy than standard units. As you're shopping, however, keep in mind that the bigger the TV is, the more energy it will consume. **Ditching old TVs** -- Because they're loaded with environmental dangers, including lead, it's not safe to simply dump old TVs into the trash. Thus, part of the equation in getting a new TV involves finding new homes for old sets. After all, TVs contain resources—metal and glass, for example--that use energy for their mining and manufacturing. By recycling you do a good turn for Mother Nature by allowing recyclers to extract reusable materials, dispose of hazardous materials safely, and cut greenhouse gas emissions that stem from manufacturing processes.

It may not seem like tossing one TV would be too treacherous, but when multiple TVs reach the end of their life, the amount of e-waste generated can be staggering. According to the Environmental Protection Agency, consumer electronics, such as TVs, computers, phones, and so forth, comprise two percent of the municipal solid waste stream. Though it seems like a small figure, such waste added up to about 2.5 million tons in 2007. **Ancillary products** -- Check with cable and satellite TV providers to see whether they offer energy efficient equipment. Again, when shopping for new DVD players or other add-ons, seek out the ENERGY STAR label.

Phantom power -- Be wary of power usage of add-ons like satellite dishes, TIVO, and gaming products, even when they're off.

Resources:

ENERGY STAR TVs -- Locate efficient TVs, DVDs by brand and type at: http://www.energystar.gov/index.cfm?fuseaction=find_a_product.showProductGroup&pgw_code=TV

ENERGY STAR Labels -- When shopping, compare savings by interpreting the information on the energy labels properly. Consumer Reports offers a quick guide at <http://www.consumerreports.org/cro/home-garden/resource-center/energy-star-has-lost-some-luster/how-to-interpret-the-energyguide-label/energy-star-interpreting-energyguide-label.htm>

Recyclers -- Punch in your ZIP code www.earth911.com to find charities and recycling centers that accept TVs or locate California e-recyclers at www.ecycle.org. -Digital TV—Questions about DTV are answered at <http://www.dtvanswers.com/>

TV manufacturers -- Several companies, including Sony, and Panasonic, Sharp, and Toshiba are participating in an Environmental Protection Agency program <http://www.epa.gov/epawaste/conservation/materials/recycling/tv-challenge.htm> to increase e-waste recycling and they've established centers to collect their brands for free and the recycling of other brands for a small fee.

Homeowners find it pays to go green

By Dian Hymer

The green revolution is spreading as the public becomes aware of the need to reduce dependence on foreign oil and improve the environment through conservation and recycling. Today's recession-wary homeowners are reluctant to spend a penny on home improvements. However, some effective energy-saving home improvements don't cost much and can save you money in the long run.

For example, a tight house prevents heat loss. To keep your home from leaking, weatherstrip by sealing voids around windows, doors, vents, cables, electrical outlets, and switches and electrical wires.

HOUSE HUNTING TIP: Some utility companies offer rebates for weatherstripping. Visit the Database of State Incentives for Renewables and Efficiency on line at www.dsireusa.org. Then click on your state to find a list of incentives offered in your area. Be aware that incentives may be taxable.

Another inexpensive way to save money by adding green features to your home is by changing light bulbs from incandescent to fluorescent. Replacing five heavy-use bulbs will save you about \$100 per year on your electric bill, according to the U.S. Green Building Council.

Using a programmable thermostat and setting it to reduce output when you are sleeping or are out of the house will save another \$100 or more per year. Have your furnace and cooling system checked regularly to keep it running efficiently. Insulate your hot water heater. When you buy new appliances, buy ENERGY STAR appliances that meet high-level energy efficiency. Rebates are available for purchasing some energy-efficient appliances.

It will cost you nothing, just discipline, to break old habits that will save you money and conserve resources. Take shorter showers. Wash only full loads of dishes and clothes. Turn off lights when you leave a room.

According to Kerry Mitchell, Green Real Estate Education, you can reduce your energy bill by 9-10 percent by unplugging electronics when they're not in use. A TV uses 25 percent of its energy when it's plugged in but not on, according to Mitchell. Plug infrequently used electronics into a power strip. Leave the power strip off when the electronics are not in use.

There are also incentives available to help offset the cost of installing more expensive energy savers such as solar systems, home insulation, dual-pane windows, and graywater systems that use waste water from washers, showers, tubs and sinks to water landscaping.

Will green features pay off when you sell your home? If buyers had a choice between a house whose owners pay low water and energy bills and one where the bills are high, they'd probably choose the home with lower operating costs.

Recently a home with large single-paned windows sold in the hills of Oakland, Calif. Three buyers seriously considered buying it. All three factored the cost of installing dual-pane windows into the price they would pay.

According to the "2008 Remodeling Cost vs. Value Report" from the NATIONAL ASSOCIATION OF REALTORS® and "Remodeling" magazine, on a nationwide basis window replacements returned more than 76 percent of the cost when the home sold. Combine this with a possible incentive, lower energy bills during your ownership and the appeal to buyers when you sell, and it's worth the investment.

Homebuyers should be skeptical of green advertising. Some agents advertise that a house is green when in fact the home might have only one green feature, like a solar hot water heater.

The city of Berkeley, Calif., has had a modest energy retrofit ordinance for years. Recently, there was an attempt at the state level to require California homeowners to comply with a more stringent energy retrofit at the time of sale.

THE CLOSING: It's quite likely that energy retrofit requirements for older homes will be required at some point in the future.

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

Attic overdue for re-insulation

By Paul Bianchina

Q: I would like to re-insulate my attic because the second floor is always warm in the summers and cold in the winters. There is currently loose fill insulation in there, but it barely comes halfway up the joist. I am not sure what would be the best option to re-insulate: adding more loose insulation or removing the old insulation and applying new batts?

A: I've always been a fan of loose fill insulation in attics. It does a better job of covering all the joists without gaps or cold spots, and correctly applied the loose fill material traps a lot of air in it, and it's actually all those millions of tiny air pockets that do the insulating.

New fiberglass insulation should be able to be blown right over the old material with no problems, which saves you the time, mess and expense of removing the old stuff. Blown fiberglass is a professional installation only, and the contractor will evaluate the condition of the attic, the old material that's there, any heat-producing vents or lights that need to be protected, etc.

The only real drawback is if you were hoping to do this project yourself. The only blown-in material you can do yourself is cellulose -- you can purchase the bags of material from a home center, and then you can rent the blower from them for a nominal cost (sometimes free). I'm not a big fan of cellulose in attics, however, because it's heavier than fiberglass and tends to settle more, and the blower you're provided with doesn't have the pressure to really "loft" the material and create a lot of air space. You can also do batts yourself, either with or without removing the old material.

A call to your local building department will tell you what the current code is for your area as far as R-value is concerned, and that's the level you want to shoot for. Before you undertake this, I would also suggest that you talk with your local utility company about an energy audit. This is a free service, and they can offer advice on other areas in your home where you can save energy. There are sometimes rebates and other financial incentives available as well.

By the way, you should see a big difference in both your comfort levels and your energy bills, so this is a great project to be undertaking.

Q: We had our basement finished, which included installing a bathroom. The ceiling fan is vented into the crawl space, which does not seem like a good idea, either for odors or moisture. Where is the proper place to vent a ceiling fan in a basement bathroom? I do not think that there is easy access to the roof or other vents that go to the roof.

A: Your best bet is going to be to vent the fan out horizontally through the stemwall that encloses the crawl space. If you have a sufficient number of crawl space vents for proper underfloor ventilation, then you can run the duct out through one of the vents without having to cut into the foundation. If not, you can hire a concrete cutting company to come out and drill a hole through the concrete stemwall, which is not a particularly difficult thing to do. After you have directed the vent pipe to the outside, finish off the installation with a vent cap that has a damper to prevent cold air from coming in and a rain hood to keep the rain out of the vent opening. All of the parts you need are commonly available at home centers or any retailer that has sheet metal fittings.

Incidentally, most building codes require that ventilation fans be taken all the way to the outside of the structure, for just the reasons you mention (particularly moisture). You said that you just had the basement finished, and in my opinion it is definitely the contractor's responsibility to have vented the fan correctly in the first place. I would talk with the contractor about remedying the situation before you undertake any of the expense yourself.

Q: My bathroom basins consist of a white plastic or fiberglass shell that fits over the metal bowl. The white shell on one basin chipped and the dark metal shows through. Is there a white-colored patch I can apply to the shell that will cover the exposed metal and not wash away when the basin is used?

A: Most home centers and paint stores sell small bottles of appliance and fixture touchup paint that is specially formulated for this use. All you need to do is clean and dry the chipped area, then brush on the repair paint -- it usually comes in a bottle with a brush attached to the cap. Allow it to dry, and you'll have a completely waterproof and chip-resistant patch. Complete instructions are included with the product.

Seller financing without hiccups

By Benny Kass

DEAR BENNY: We are in our late 70s and have moved out of our house. We are selling the house to our daughter for approximately \$338,000 and we are taking back the mortgage. We have been told the minimal interest rate we can charge her is 1.61 percent without getting in trouble with the IRS. And, it must be renewed each year. Is this correct? Please advise.
--Louise

DEAR LOUISE: You are referring to what the IRS calls the "applicable federal rate" (AFR). This is the rate that is a safe-harbor. If you go below the stated rate, you will be hit with imputed interest. The IRS breaks this down into three categories: (1) short-term -- loans no longer than three years; (2) mid-term -- loans over three years but not over nine, and (3) long-term -- loans over nine years.

Let me provide you with an example. The long-term rate for February 2009 was 2.96 percent. If this will be the term of your daughter's loan, you can safely lend the money to her at 2.96 percent annual interest. (Of course, she can always pay it off sooner, and you have the right to gift her a portion of the loan on an annual basis).

If you were to lend at 2 percent, the IRS will require you to declare -- and pay -- as if you

actually received the full 2.96 percent of interest. This is known as an "imputed interest."

You can find the applicable AFR on the IRS Web site (www.irs.gov) for the month in which you will be making the loan.

DEAR BENNY: In a Bob Bruss article years ago, he stated that if you have an undated IRS Form 4506 in the file with no lender's name on it, that is a virtual invitation to the eventual loan owner to pry into your private tax returns.

I called my loan company and they sent back this response: "As for the 4506 form, I have spoken with our legal department. The reason the 4506 form remains blank is if we sell your loan. If the page is not signed, we would not be able to provide the loan to you. They have told me that the privacy statement (opt-out document) you signed does not extend to providing information to our investors, and the privacy statement explains if and when we will disclose nonpublic personal information. We can disclose information to an investor at any time because it is part of providing the loan for which you applied."

My question: We did sign and date the Form 4506, but they left the lender name off. Is this a normal practice? --Dean

DEAR DEAN: In my opinion, there are just too many legal forms that potential homebuyers (and refinancers) have to sign in order to get a mortgage loan. And, in my opinion, the most objectionable is IRS Form 4506, entitled "Request for Copy of Tax Return."

You -- and Bob Bruss, my predecessor -- are correct. By signing this form, you have given a blank check to the holder of the document to have complete access to your federal income tax return(s).

Which year? Well, paragraph 7 of the form specifically asks the signer to list the tax years. But most mortgage lenders want you to leave this blank so that they can fill in the years if they ever want -- or need -- to have access to your tax returns.

In fact, the IRS specifically states on the form that "if you are requesting more than eight years or periods, you must attach another Form 4506." The IRS makes it clear on the top of the form that you must "not sign this form unless all applicable lines have been completed." Once again, lenders want you to leave this form blank and just write your Social Security number and sign your name.

I understand the reason why lenders insist that you sign the form. There are fraud cases, and lenders want to be able to investigate your situation if they feel that you have misled them about your income, assets and expenses. When I conduct real estate closings, I generally fill in the year that settlement takes place in paragraph 7. Thus far, no lender has ever challenged this.

But the bottom line is that if you want that mortgage loan, you have to comply with all of the lender's requirements, be they reasonable or not.

DEAR BENNY: Your most recent article on creating LLCs for rental properties raised a number of questions. You stated "do not commingle your own funds." What if I set up checking accounts for each of my LLCs, but want to transfer the monthly "leftover" into my personal investments or into my personal checking account where I can use as I please? I have a bank debit card in which I extract funds from for my personal use. They are my investments and I need to have access to the LLC bank accounts to live and enjoy life. That's the dream.

Further on you stated that as sole member, I should sign papers as "member." Why not owner, president, chairman, janitor, et al., as I am the only person who is named in the LLC? If I am the only member, my signature should be all that is needed.

The problem that I find cumbersome in LLCs is that I have to set up bank accounts for every one of them and thus, I run around with three to four checkbooks. In one LLC, I have several duplexes and triplexes because of the bookkeeping excesses and I would hope that my insurance umbrella of \$2 million would cover any law suit. --Bill

DEAR BILL: Your "dream" may also be the dream of a creditor who wants to get at all of your assets. If you commingle funds -- i.e. use the funds from one or more of your LLCs as your personal funds -- you open yourself up to creditors who will argue that your LLC is only a sham -- a paper tiger.

Furthermore, in your single-member LLC, you are the sole member. You are not the janitor, chairman of the board or anyone else. If you do not add the word "member" after your name, once again, a creditor could argue that you did not sign in your capacity as a member of the LLC but in your personal capacity, and thus you subject yourself to potential liability.

A limited liability company (LLC) is a creature of state statute, and all technicalities must be followed very carefully. Yes, it is a pain to have to carry three to four checkbooks around, but it would be more of a pain should you lose all of your investments.

Your \$2 million umbrella insurance coverage may -- I repeat may -- be adequate protection, but if someone gets seriously injured or killed in one of your properties, it may not be enough.

For maximum protection, set up a separate LLC for each of your properties and follow the rules. Ask your attorney for assistance.

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

Homeowner's insurance hang-ups

By Dian Hymer

After paying out huge settlements to clean up mold damage, homeowner insurers pulled back from issuing new policies on homes where a water damage claim had been made within the last five years.

They also minimized their exposure to mold claims by excluding mold coverage altogether or limiting their coverage. Currently a common cap on such claims is \$5,000, although this can vary from one company to the next.

Some insurers are less concerned about water damage claims today. However, they are concerned about the profile of the insured. Homeowner insurers want to insure people who don't have a history of making claims. Some companies won't write a new insurance policy for someone who made a claim within the last three years.

Insurer guidelines for coverage vary from company to company. And, individual companies' policies change over time depending on their loss history and the marketplace. Some homeowner's insurance companies may cease writing policies altogether for new customers in certain states or in specific areas within states.

However, those companies may write new policies for current policyholders. If your house is insured with one of the companies that is not writing new policies, and you sell it and buy another home in the area, that company may write a homeowner's policy for you on your next home as long as the house meets certain criteria, for example.

HOUSE HUNTING TIP: More and more homeowners are selling first and renting for a time before buying their next home. In this case, if the homeowner is insured with a company that isn't writing new business in your state, it would be prudent to carry renter's insurance through this company. The company would then be likely to cover your next home because you have been a continuous client. For this strategy to work there can't be a break in coverage.

Renters who have never owned a home and who are having trouble finding homeowner's insurance should check with their renter's insurance company. This company will often write a homeowner's policy for an existing renter's insurance customer.

If you made a claim within the last three years with your existing company and you buy another house, that company will probably insure you on the new home as long as coverage is continuous.

However, if you made two or more claims during the last three years, you could be denied coverage. Or, there might be a surcharge. This is usually determined on a case-by-case basis, with leeway given to long-term customers.

Even though you're gold-plated in terms of insurability, an insurer might turn you down because of the property. For example, it can be difficult to insure older homes with some companies. Outdated plumbing, electrical, heating and roof are red flags. Some companies won't insure houses with wood siding in fire-prone areas.

There is flexibility with some insurers who will insure a home with older wiring as long as the buyer agrees to upgrade the electrical within a month or so of closing.

When you're shopping for homeowner's insurance, make sure to compare like-kind coverage. Some companies will pay only 100 percent of the coverage amount in the case of a total loss. Others will pay 120 to 200 percent of the coverage amount.

Find out what's excluded from coverage. With older homes, it's a good idea to pay for a code upgrade rider. This doesn't cost much when you consider what it would cost to upgrade an older home to meet current code requirements in case of a catastrophic loss.

THE CLOSING: Because it's risky to make a lot of claims, consider increasing the deductible. This will reduce your annual insurance premiums.

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

Features

Smart buyers put on reporter's hat

By Dian Hymer

It's risky to buy a home in an area you know nothing about. Plan to investigate the neighborhood before you buy to make sure you'll like living there. Buyers who know homeowners in the neighborhood have a ready source of information. Buyers transferring from out of the area face a bigger challenge.

Your future employer can recommend neighborhoods, and may know people living there that you can contact. Subscribing to a local newspaper will give you access to local news and events.

There is some neighborhood information online. Check REALTOR.com, the NATIONAL ASSOCIATION OF REALTORS® national Web site. Go to "Find Neighborhood" on the home page. You might also find information by using your search engine to find a certain neighborhood.

Good public schools are a priority with most homebuyers, even if they don't have school-age children. Housing demand and property values tend to be higher in areas that have good school systems. These neighborhoods may hold up better during down cycles in the housing market.

Due to overcrowding in some areas, you might not be able to send your child to the school closest to your home. If a local school is important to you, plan to visit the school to find pertinent details. In areas where the public schools don't live up to your expectations, make sure that there are good alternate private schools that have space available for new students. It's difficult to get in to the best private schools in places where demand is high.

Good public transit and easy access to urban centers are key attributes of sought-after neighborhoods. An increasing number of homebuyers want to become less dependent on using a car. Investors who are buying foreclosure properties at discounted prices should keep this in mind. Tenants also favor housing that's close to public transportation.

Today's buyers favor convenience to shopping, cafés and entertainment. Neighborhoods that are within walking distance of an attractive commercial center are in high demand. Houses in such neighborhoods may command a premium price.

Unfortunately, a convenient location can also be one where the crime rate is higher due to easy access. Check with the local precinct for information about crime in the neighborhood. Ask local homeowners if they have experienced criminal activity locally.

Is there a neighborhood watch group? If there is a neighborhood homeowner association, either mandatory or voluntary, ask to see copies of minutes from recent board meetings. This will give you an insight into homeowners' concerns.

Plan to visit the neighborhood several times at different hours of the day and night. Talk to residents to find out what they like and don't like about where they live. A good way to find local homeowners to talk to is to attend Sunday open houses in the neighborhood.

It's important to find out if there are any planned changes in or around the neighborhood that could impact the quality of your life. For example, a new public transit station or freeway close by could boost property values. However, if a freeway will run directly behind the house you're considering, this could negatively impact its value.

Pay attention to the consistency of the housing in the area. Are the homes well-maintained, or are they run-down? A low number of "For Sale" signs can be a good indicator that homeowners move in to the neighborhood and stay put. Evidence of remodeling is also a good sign.

A lot of "For Sale" signs can signal a problem. Surplus inventory might not diminish quickly or easily if job growth in the area is low or diminishing.

THE CLOSING: This would lead to a decline in property values.

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Intrafamily refi forgoes costs, hassle

By Benny Kass

DEAR BENNY: I am looking into refinancing my Texas home from a 5/1 adjustable-rate mortgage to a fixed-rate. During this process my mother stated that she would lend me the \$150,000 to pay off my existing loan and I would pay her back at the current market rate for a 30-year fixed. This would provide her a stable investment, and I can forgo the closing costs, paperwork, appraisal, etc., associated with a refi.

What are the legal implications of this transaction? If I pay off my current loan do I assume title? What paperwork do I have to sign with my mom to validate the transaction and where do we file it? She would have to claim the income; can I still write off the interest as I would do with any other home loan? Is this transaction as simple as it sounds? —Craig

DEAR CRAIG: Actually, it's simpler than it sounds.

First, let me respond to your question about title. You still own the property, even though there is a mortgage with a commercial lender. All the lender has is security -- protected by recording the mortgage (or deed on trust) on land records in the county where your property is located. When you pay off that loan, the lender will either arrange to release the lien from land records, or send you the appropriate papers for recording.

I suggest that your mother retain legal counsel -- at your expense -- to assist her. The current lender needs to be paid off; this is what the attorney will do. The lawyer will also prepare the appropriate legal documents -- the promissory note and the deed of trust (or mortgage in some states) -- which you will sign and notarize.

Once you start sending your monthly payments to your mother, she will have to declare the interest received as income on her annual income tax return. And so long as the new deed of trust (mortgage) is recorded among land records, you will be able to deduct for tax purposes the interest you have paid her each year.

DEAR BENNY: I live in a large condominium complex, with an outdoor swimming pool. There are occasions when someone sits around the pool smoking. The problem is that when I come up for a breath of air, I get a lungful of smoke, anywhere in the pool. It's hard to believe smoke travels as far as it does.

I've appealed to our board to prohibit smoking in the pool area, or at least for a specified hour. Their response is that the city will not allow such a restriction in the outdoors. Do I have a remedy? --B.H.

DEAR B.H.: In today's world, it is hard for me to believe that the city does not allow such a restriction. More and more cities are enacting anti-smoking regulations, so the board's answer is, at best, disingenuous.

More importantly, however, there is what I call "public and private zoning." This means that while a city may or may not have a particular rule in effect, it does not mean that your condominium board of directors cannot impose such a smoking ban. Unless there is a specific regulation in the city that states "no smoking restrictions may be imposed in public property" -- which I seriously doubt -- your board has the authority to pass such a rule.

Landlords all over this country have imposed "no smoking" rules in their buildings. More and more condos have enacted similar rules. In fact, some associations are even banning smoking within individual units, which will have to be tested in the courts before it becomes widespread.

I suggest that you ask the board for a legal opinion on whether it can enact such a smoking ban in its common elements.

DEAR BENNY: I owned and lived in a house for six years, and then bought a fixer-upper. I restored the fixer-upper and moved into it. In the meantime, a friend who wanted to buy my first house has rented it from me for nine months while she works on her credit score. She has now been approved for a loan. We plan to close in about three weeks. Will I have to pay the capital gains tax because I rented it to her? --Beth

DEAR BETH: So long as you have owned and lived in your house for a minimum of two years before it is sold, you are eligible for the up-to-\$250,000 exclusion of gain (or up to \$500,000 if you are married and file a joint tax return). You will have to pay income on your rental, which may be offset by your expenses (mortgage, insurance and taxes for the period of the rental), but unless your profit exceeds the dollar exclusion amounts, you will not have to pay any capital gains tax.

DEAR BENNY: I have purchased an investment property and am looking into property management companies. What are questions I should ask them, and what should I be aware of before hiring a property management company? --Ryan

DEAR RYAN: First, does your state require property managers to be licensed? If so, confirm that the manager you select is properly and currently licensed. Get at least three references, and contact each of them personally. Keep in mind, however, that no one gives bad references.

Visit other properties that the prospective manager has in its portfolio. Get a copy of a sample financial report that the manager uses, and ask how often you as landlord will get such a report. I believe that since most of the rental information is put on computers, you should receive a financial status report on a monthly basis.

What fees will you be charged? Are there any extra charges that will apply, such as postage, travel or telephone/fax?

Finally, get a list in writing as to what services will be performed for your monthly fee, and what services will not be done.

This is a very basic response. If you interview three or four different management companies, you will get a flavor of what they do, how they operate and how much they charge.

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

Top mistakes today's sellers make

By Dian Hymer

Low interest rates could spark a pickup in the home-sale market in some areas. If you're inclined to sell, here are some mistakes you'll want to avoid. The biggest mistake sellers make

is listing at an unrealistic price. If you want or need to sell, your home must be priced at or under current market value, particularly in places where prices are declining.

To avoid pricing too high or too low, carefully research your local market before selling. If you can't get the price you want, and you don't have an urgent need to sell, wait for a better market.

Some sellers want to price under the market to stimulate multiple offers. In some price ranges, such as low-end foreclosures, this can be an effective strategy. However, in higher price ranges, this approach could boomerang. It's not a good idea to list your home for a lower price than you're willing to accept.

HOUSE HUNTING TIP: Sellers who need to sell because they can no longer afford their mortgage payment should check with their lender about reworking the loan to make it more affordable. It could be fruitless to put your home on the market for the price you need in order to pay off your mortgage if that price is above market value.

Consider the benefit of having presale inspections done on your home. It can be beneficial to the sale process if buyers know as much as possible about the property's condition before they make an offer.

Recently, a home seller in the hills of Oakland, Calif., decided not to have a presale home inspection done. The house was priced right and beautifully prepared for sale. It sold for more than the asking price with multiple offers. Then the buyer's home inspection revealed a problem with the foundation. This started a round of renegotiation that ultimately resulted in a canceled sale.

It's a mistake to refuse to entertain any offer from a qualified buyer. In a soft market, it's natural for buyers to make low offers. Many sellers would rather set a price and say take it or leave it. But, you'll never know what price the buyer will pay unless you negotiate. Make sure to select a listing agent who has good negotiation and communication skills. A lot can be accomplished through verbal communication between the buyer's and seller's agents, even though a real estate agreement is not binding unless written.

Be wary of working with an out-of-the-area agent. Especially in the current market, you need an agent who specializes in your local market. The status of the housing market varies significantly from one niche market to the next. An agent who works in an area with a high percentage of foreclosures will have a very different opinion of the market than one who works in an area that is low on inventory.

Don't get into contract with a buyer who isn't financially qualified. A prequalification letter isn't enough. You need to know who the lender is. The buyer should have underwriting approval within a number of days of acceptance. Make sure this is written into your purchase contract if the buyer isn't already lender approved.

Sellers who are fortunate enough to receive more than one offer usually go with the highest price. But, the highest-priced offer isn't always the best offer. The turmoil in the home mortgage business has resulted in an increase in failed home-sale contracts due to financing issues. Consider accepting an offer in backup position in case the first deal falls apart.

THE CLOSING: An offer from a buyer with a large down payment but a lower price is often a more solid deal than one with a higher price and a 10 percent cash down payment.

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

Spring into home maintenance

By Paul Bianchina

Spring is always an ideal time to be checking the exterior of your home and catching up on any maintenance items that have come to light since last summer. As always, maintenance begins with a stroll around the house and a careful examination of its condition. Take a tablet with you, make some notes as you go, and then sit down and work up a list of things to take care of -- sort the list in order of the most pressing items first -- and then list the tools and materials you'll need for each task. By sorting and organizing your list in this manner, you can take what may sometimes be a long list of projects and make it a lot easier to undertake.

THE ROOF

Roof damage is an obvious area of concern. You'll want to actually go up on the roof so that you can make a thorough and careful inspection of several different things, so if you're not comfortable with the height or steepness of your roof, consider hiring an experienced, licensed roofing company to do the inspection for you.

As you walk around the roof, look for missing or loose shingles, including ridge cap shingles. Examine the condition of the flashings around chimneys, flue pipes, vent caps, and anyplace where the roof and walls intersect. Look also for areas of overhanging trees that could damage the roof in a wind storm, as well as buildups of leaves, pine needles, and other debris. If you have roof damage in a number of areas, or if the shingles are of an age and condition that makes patching impractical, now may be the time to consider having the entire roof redone. Also, remember that if the shingles have been damaged by wind or by impact from falling tree limbs or other items, repair of the damage may be covered by your homeowner's

insurance.

SIDING

Siding can suffer damage from exposure to sun, wind and rain. As you work your way around the house, you'll want to look for areas of siding that may be loose, cracked or sagging. In the case of plywood siding, look for areas of delamination -- separation of the layers of plywood -- or for an overlap seam that may be working loose.

In addition to examining the siding, check the condition of any wood trim, and the condition of both paint and caulking. Peeling or missing paint will need to be spot primed and painted, and the caulking around windows, doors, and trim may need to be cleaned out and replaced to prevent moisture and air from creeping into open gaps.

GRADE

Heavy snow and rain can often cause the soil around your home to move -- washing away in some areas and piling up in others. This type of alteration in the grade levels around your home can result in drainage problems and potential damage to your home, so look for areas of water staining on the concrete, or dirt or water stain patterns on siding -- if they're present, plan on moving and contouring some soil to redistribute the drainage patterns.

FENCES

Ground water can play havoc with fences and gates as well -- soft, wet soil allows fence posts to loosen up and eventually sag or fall over. Check fences by wiggling the posts to see if there is movement -- if there is, plan on removing soil around the base of the posts and pouring additional concrete to reinforce them. This is also the time to check the condition of fence boards and the condition and operation of gates.

SPRING CLEANING

Once you've completed your examination of these and other areas of your home's exterior and completed any necessary repairs, spring is also the ideal time to undertake a good exterior cleaning. In addition to gutters and roof, remove and store your storm windows and clean your windows; use a broom or water to remove cobwebs and dirt from under eaves, as well as on siding and exterior doors; pressure wash patios and walkways (pressure washers can be purchased or rented); and care for exterior wood decks.

SMOKE DETECTORS

Every spring and fall, you want to check your smoke detectors. Replace the batteries, clean the covers, and test the detector's operation before it's too late. If you have gas-fired appliances in the house, including a water heater, now is also a great time to consider adding a carbon monoxide detector. CO2 detectors are inexpensive and easy to install, and are available at most home centers and other retailers of electrical parts and supplies.

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