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Phil McCollum's Real Estate Articles & Advice Newsletter

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Articles and Advice

Green apps on the run

By Elyse Umlauf-Garneau

Many people want to do a good turn for the environment but simply are overwhelmed by the flood of green data, products and services.

Download some iPhone apps and those daily decisions become simpler.

Here are some picks to help you sniff out green businesses and restaurants, cut the impact of commuting, and track home energy consumption:

Household: • Recycled Tissue and Toilet Paper Guide (http://www.greenpeace.org/usa/campaigns/forests/tissueguide) -- Who knew that picking the right toilet paper could be fraught with trouble? Greenpeace comes to the rescue with an app to choose the greenest brand of paper towels, toilet tissue, and napkins. • **iRecycle** (http://earth911.com/iphone/) -- Search among 110,000 recycling centers to dispose of everything from oil and paper to electronics. • **CouponSherpa** (http://www.couponsherpa.com/mobile-coupons/) and Youza (http://www.getyowza.com/) -- Delete the paper from coupon clipping by downloading coupons and present them digitally upon check out. • **GoodGuide**(http://www.goodguide.com/about/mobile) --Scan bars codes at the store and instantly find out how green products are before making a purchase. The application rates 50,000 products in multiple categories, including food, household chemicals and toys.

Dining: • **VeganXpress** (http://www.branberger.com/Branberger_Apps/VeganXpress.html)-- Hunt down vegan fare at well-known restaurants. And VegOut (http://vegoutapp.com/) zeros in on vegan restaurants based on a person's location. Its reach is international. • Cana**da's Seafood Guide** (http://www.seachoice.org/page/guides) -- Assuage your guilt about eating seafood by opting for the most sustainable fish at the fish counter or at your favorite sushi spot.

Commuting: • **Bike Your Drive** (http://www.rei.com/bikeyourdrive) --Find an incentive beyond gas savings to swap four wheels for two. The app calculates routes and your average speed, along with the calories you're burning. You also can geotag photos you shoot en route to your destination. • **iTrans** (http://itrans.info/) -- Find train stations, look at maps, and keep up with delays and other needs associated with public transit. In addition to San Francisco and Los Angeles, the app covers other major cities, including New York, Chicago, and Washington. A similar app, **Next Train** (http://thenexttrain.com/iphone#marc_schedules) brings up train schedules 14 days in advance for 16 agencies, including BART and Caltrain. • **Carticipate** (http://www.carticipate.com/) -- Connect with folks driving your way so you can coordinate plans and share your rides. • **AccuFuel** (http://www.appigo.com/accufuel/) -- Monitor fuel efficiency and zero in on the driving habits that affect your fuel efficiency. And **GreenMeter** (http://hunter.pairsite.com/greenmeter/) evaluates driving habits, along with computing gas and power use and the effect of things like speed, acceleration, and aerodynamic drag on your efficiency. • **AroundMe** (http://www.tweakersoft.com/mobile/aroundme.html) and **Nearby** (http://platial.com/iphone/nearby) -- Locate venues around you. For example, find a movie, a sushi joint, or an emergency room close to where you're standing, rather than driving around randomly. • Hunt down other travel app that best fits your needs at http://www.apple.com/iphone/apps-for-everything/traveling.html

Home energy: • **Kill-O-Watts** (http://appadvice.com/app/330311949) -- Measure various appliances to see how much electricity they're consuming. Based on those figures, you can decide when and how much to use a given appliance. • **Green Charging** (http://appshopper.com/utilities/green-charging) -- Save power and energy by making sure you don't overcharge your mobile phone.

Resources: Research and shop for green apps that best fit your needs at: • http://appadvice.com/ • http://www.apple.com/iphone/apps-for-iphone/ • http://www.appstorehq.com/

Divorce leads to default

By Benny Kass

DEAR BENNY: I bought a home with my husband in 2002. We are both on the mortgage. When we got divorced in 2006, he bought me out and I signed over the quitclaim deed of the house to him.

He was to pay me $50,000, of which I've collected only $25,000. We continue to remain in contact for the sake of our son. I decided to leave my name on the mortgage loan because his income alone would not qualify him to refinance on his own.

He has been good in keeping up with the mortgage payment until six months ago, when he defaulted on the home loan due to an unforeseen financial hardship. The house is upside down and three years of unpaid property taxes are due. I've made a big mistake in helping him and now my credit is ruined. The bank refused to remove me from the mortgage loan.

I know I wasn't very smart in handling this situation and now I'm paying the price. What can I do at this point to protect myself? I've gone on to purchase a home with my boyfriend. I don't want to drag him down with me, but I know he will be affected one way or another when it comes time for us to refinance our home. My credit score has always been 700-plus. Is there a way for me to get out of this with my credit intact? --Amie

DEAR AMIE: It will not be a consolation to you, but many former spouses are in the same boat. But we should never look back. There are many options available to you if your ex will cooperate. Both of you should first talk with the lender. I know this often is difficult, but most lenders have "remediation" departments that are created to try to resolve situations such as yours.

Next, look at all of the various state and federal government programs designed to assist homeowners like you. These programs can be located on the Internet, or by contacting your elected officials.

Explore such avenues as short sales, and deed-in-lieu of foreclosure. While either of these two programs will, unfortunately, impact your credit rating, it should not be as disastrous as filing for bankruptcy relief -- or letting the house go to foreclosure.

Ultimately, you may not have any alternative but to let the lender foreclose. Keep in mind, however, that legitimate lenders have so many foreclosed houses in their portfolio that they don't want any more foreclosures.

There are housing counseling services that can also try to assist you. Contact your local U.S. Housing and Urban Development Dept. office or your U.S. senator or congressman for more details.

DEAR BENNY: I live in Phoenix, Ariz., and found a great short-sale condo. The bank accepted my offer and I had a home inspection. Everything was going fine until the lender got a copy of the association accounts. These condos were sold at the height of the housing bubble, which means that a good number of them are "underwater." Nearly everything offered for sale in the complex is either a short sale or property foreclosed by the lender.

My lender backed out of the purchase and said nobody is going to lend money on these units under these circumstances. The association is about $350,000 underreserved. It's too bad because I already spent the money for an inspection. My REALTOR® also says that nearly all the condo complexes in Phoenix are either in or are going to be in that position. She tells me that when the association runs out of money, the pools will be empty, the grounds won't be maintained, etc.

My next foray into condo sales will begin with a reading of the association balance sheet and reserves balances.

I also own a condo in Florida where there are strict laws regarding funding reserves. I don't know what Arizona laws are, but you can't squeeze money where there is none to be had (special assessments, increased dues, etc.).

Do you have any advice in terms of what I should look for when shopping for a condo? Should I give up on buying a condo in Phoenix? --Patty

DEAR PATTY: I normally do not tell readers where the question came from. However, since you presented a comparison between Arizona and Florida laws, I thought it would be good material for my column.

I can't comment on the financial situation in Arizona, but can tell you that many communities throughout the country are facing similar situations. There are lots of delinquencies, which means that associations do not have enough money to properly operate the association. As a result, many areas find themselves in a downward spiral, with property values plummeting.

I also cannot confirm the laws in either state. However, quite recently several of the major secondary mortgage lenders -- Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA) -- have imposed very strict reserve requirements in order for homebuyers to get a mortgage. For example, on Nov. 6, 2009, FHA issued a guidance letter requiring associations to have reserve accounts equal to at least 10 percent of the association's annual budget.

Accordingly, if you plan to buy a condominium unit -- either directly from the owner, by a short sale or at a foreclosure sale -- you must read and carefully analyze the association's budget. If it's not up to date, I would look for another association.

DEAR BENNY: Our home borders a 3/4-acre lot owned by the corporation that also owns the private neighborhood swimming pool. The land around the pool is not being mowed. When I called the president of the pool, he said we were more than welcome to maintain the property, as most of the other neighbors whose property borders the "commons" do just that.

I attended a couple of meetings and suggested several ideas. Could they give us a pool membership? Could our 13-year-old son get paid $20 per week to mow? Could we find additional volunteers and we would gladly be in a rotation say once a month? All of our ideas were shot down and they would just like us to mow it and be done with it.

While we don't want to cause a disturbance in the neighborhood, we also do not want to spend two hours a week maintaining the property. What are our options? --Kathy

DEAR KATHY: I understand your concerns. The private corporation does not take care of its property, and leaves an eyesore that you have to look at on a daily basis. One suggestion: Have you contacted your local city or county government? Perhaps they can put some pressure on the company to take care of its own property.

Additionally, while I know it is distasteful for you to have to mow someone else's lawn, what is stopping you from pursuing your suggestion that you recruit volunteers from surrounding properties to rotate mowing the property?

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

Backup offers give sellers a Plan B

By Dian Hymer

Every seller's dream is to receive offers from more than one buyer. Although multiple offers were scarce last year, in some markets and price ranges listings that are priced right are receiving multiple offers, particularly in the low-end foreclosure markets.

Most sellers are inclined to accept the highest-priced offer, but this isn't always the best offer. For example, a seller of a hot property in the hills above Oakland, Calif., received six offers. The two highest offers were close in price, but the seller decided to accept the higher of the two. Fortunately, the seller's agent suggested countering the next best offer for backup position.

The buyer in primary position had 10 percent cash for a downpayment. Some issues came up during inspections that were going to be costly to repair. The buyer didn't have more cash to pay for the repairs, so he asked the seller to lower the price. The seller said no and the backup offer became the primary offer.

The backup buyer made a large cash downpayment; he wasn't cash-strapped like the first buyer. He had enough cash to pay for the repairs. In this case, the backup offer, which wasn't originally the highest offer, turned out to be the best offer both in terms of price and financing.

Before making a decision about which offer to accept, it's important to review all of the terms and conditions of the contracts, not just the price. In another case, a seller received two offers. One was quite a bit higher than the other. After reviewing the highest-priced offer, it turned out that the price wasn't as high as it seemed.

The agent representing the buyers was from out of the area and didn't know how fees associated with a home sale were customarily shared between the buyer and seller. In terms of net proceeds to the seller, the offer price was $10,000 less than it would have been if the offer included an allocation of fees that was according to local custom.

HOUSE HUNTINTG TIP: Sellers who receive multiple offers often are tempted to counter for a higher price, even when the offer prices are for more than the list price. This is risky. In one case, a seller received two offers. The highest-priced offer was for more than the list price. The seller countered this offer at an even higher price. The buyer thought the seller was unreasonable and withdrew his offer. The seller ended up selling for much less. Don't let greed rule your decision-making.

The financing proposed in the offers should be scrutinized carefully. In general, the more cash a buyer puts down, the better. Recently a seller reviewed two offers on her house. One of the buyers offered to make a 40 percent cash downpayment. The other was putting five percent down. It's far easier for a buyer to get loan approval in the current market place if the downpayment is 20 percent or more of the purchase price.

Close of escrow can be an important factor for some sellers. It can be beneficial for a seller to accept a lower price if the buyer can close quickly. This is particularly so, if the sellers have already purchased and closed on another home.

An offer made contingent on the buyers' home selling is riskier than an offer from a buyer who doesn't need to sell in order to buy. Depending on the seller's situation, it might be wise to consider a lower-priced offer that is not contingent on a sale.

THE CLOSING: It's a good idea to counter the next-best offer for backup position in case the first deal falls apart.

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

Best payback on remodel

By Paul Bianchina

Q: In your opinion, what home improvements (kitchen remodel, new front door, or wood floors) offer the best payback on investment when you are trying to sell?

A: It really depends on the condition of the house, what existing problems it might have, what your competition is in the neighborhood, what the price range is, and several other factors.

First and foremost, I always recommend that people fix what's broken. Today's buyers are very savvy about maintenance issues, and anything that obviously needs repair is going to jump out at most people. Also, when a potential buyer sees the first defect, he or she tends to start being more aware of others. So take care of all those loose screws and broken window screens and sticking doors and towel bars that are hanging on by a thread.

Kitchens are always one of the primary selling features for a home in just about any price range. If you have an outdated kitchen with dark wood cabinets, outdated appliances, older counters, a poor work flow, or other problems that could be solved by a partial or complete remodeling, you will generally see more of a return on the home's selling price than the amount of money you invested in the remodel.

Bathrooms are another area of the house that returns well on selling. If the home has only one bathroom, the addition of a second one is generally a huge return. Adding a bathroom to a master bedroom to create a master suite is typically another good return, as is remodeling outdated bathrooms.

You also want to take a good look at your home from a curb appeal standpoint. Updating old, single-pane windows is a big feature, as is a new roof if your old one is on its last legs. You will probably see only an even-money return or even a slight negative on these big expenditures, but in my opinion they make the home easier to sell.

A new front door might be a good investment if the other one is damaged or worn out. Also look at exterior paint, landscaping, fences, walkways and other outside areas -- especially in the front -- that could use repair, replacement or just a sprucing up.

Another big thing is interior paint, which is a fairly minimal investment if you do the work yourself. Paint that is old, faded, dirty, or otherwise doesn't show well is another one of the maintenance things that make a positive or negative impression on people. I would also suggest painting over walls that are red, hot pink, bright yellow, or other colors that might have a limited appeal -- you don't need to paint everything white (in fact, I'd recommend against it), but go with colors that are more neutral.

As to wood floors, they are definitely a hot feature at the moment. Replacing old flooring with new hardwood is a selling feature, but I couldn't say how much of a payback you would see on the investment, other than making the home easier to sell. Also, in my experience true hardwood flooring -- either prefinished or finish-in-place -- is a better selling feature than laminate flooring.

Finally, be sure you don't overbuild for your neighborhood. Sinking $40,000 into a major kitchen remodel in an area of starter homes is not going to pay back very well, so keep the general price range of homes in your area in mind as you do your planning. An experienced real estate agent can help you in that regard as well.

Home prices put to ZIP code test

By Dian Hymer

The wealth created by the housing bubble has been wiped out, according to Lawrence Yun, chief economist for the NATIONAL ASSOCIATION OF REALTORS®, who spoke at the group's annual conference in November 2009. Does this mean that if you bought your home in 2005 in an area that experienced rapid appreciation from 2004-2007, you'll lose money if you sell today?

NAR tracks home-sale price trends nationally and by regions. Relying on national, regional, or even statewide home-sale price data to determine home values in a given micro market could lead to misleading conclusions.

Norm Miller, director of the Real Estate Academic Program at the University of San Diego, analyzes several factors to determine the health of housing markets. During a presentation at the UC Berkeley Haas Business School Real Estate and Economics Symposium, Miller advocated a ZIP code analysis to get an accurate picture of the local market.

A ZIP code approach can reveal that home-sale price trends in a given ZIP code could be higher or lower than what the widely used S&P/Case-Shiller Home Price Index indicates for the entire city. For example, the Case-Shiller index for Los Angeles in January 2009 was quite a bit lower than it was in Pacific Palisades, a high-demand district in Los Angeles.

In addition to other factors, Miller looks at foreclosure sales (REOs) in an area. He believes that foreclosure sales need to be tracked separately from regular sales. The price discounts on REOs in relation to regular sales can run from 25 to 50 percent or more. An abundance of REOs have a big affect on local sale prices. A low number of REOs will have very little, if any, price impact.

Although Miller's approach to assessing current home values and where they might be headed is more informative than broader indices currently used, a ZIP code analysis may not be narrow enough to give an accurate picture of a niche market where you are considering buying or selling.

It wouldn't work well for large cities like Oakland or San Francisco, where there is significant price variability between neighborhoods and within price ranges. There are micro markets within ZIP codes.

HOUSE HUNTING TIP: To obtain an accurate micro-market assessment on which to base a decision about buying or selling at a point in time, you need to find out the following information about home-sale activity in the local neighborhood: • Look at the sales of listings that are similar to one you'd consider buying or selling that closed within the last three months. Did the listings sell close to the asking price or were they discounted? How long did they take to sell? How much inventory is there on the market now? Is the market dominated by REOs and short sales? Your real estate agent can help you with this analysis. • You also need data on pending sales. These are listings that are under contract but have not yet closed. Were there multiple offers? Were they priced higher or lower than the sold listings? If lower, this indicates a declining market. • How much standing inventory of unsold homes is there in the area? More standing inventory gives buyers an advantage because they have a lot to choose from. They can afford to be picky, and they will negotiate for the lowest price possible. Low-inventory, high-demand markets tend to favor sellers, and may have a positive impact on home prices.

THE CLOSING: Supply and demand of homes for sale in the area, along with the state of the local economy, have a profound effect on local home prices.

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

Southern California Home Buyer's Fair two weeks away

March 13 and March 14 at L.A. Convention Center

With interest rates at historic lows and home prices at affordable levels, 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 closing escrow and moving in. The Southern California Home Buyer's Fair, March 13 and March 14 at the L.A. Convention Center, is the place to go for answers.

The Southern California Home Buyer’s Fair is 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 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.

Features

Double the escrow, double the pain

By Benny Kass

DEAR BENNY: I own a house worth approximately $400,000. The current mortgage is $25,000. A company in Florida took over the mortgage about six months ago. The mortgage company handles the tax and insurance payments through an escrow account. Given the current schedule of payments, the account will have a positive balance all next year. The mortgage company now wants to double the escrow payments.

What, short of paying off the mortgage, are my options? Can the mortgage company legally demand such payments? I have owned a number of homes, vacation homes, and rental homes over the years and never experienced anything this outrageous. --John

DEAR JOHN: Lenders throughout this country usually demand that their borrowers pay money monthly into escrow so that the lender will pay the annual (or semi-annual) real estate tax and the home insurance. Most lenders are conscientious about making timely payments out of the escrow funds. But over the years, many of my clients have encountered such problems as nonpayment or late payment.

I have never liked the concept of escrow for taxes and insurance. As far as I am concerned, it is basically a means of giving the lender some extra dollars.

Many years ago, when Congress learned of the many abuses involved with real estate, it enacted the Real Estate Settlement Procedures Act -- commonly known as RESPA.

One aspect of RESPA deals with these escrow accounts. Under the law, unless local law requires otherwise, a lender has the right to require a borrower to deposit into an escrow account for property taxes and insurance a sum not to exceed the amount of these actual charges, plus one-sixth of the estimated total amount of these taxes or insurance premiums. In other words, the lender cannot require more than approximately two months of escrow payments.

Do your calculations. If the required escrow exceeds the limits described above, contact the lender to complain. If that does not work, you should file a formal complaint with your state's attorney general or banking commission. You should also file a complaint with the Federal Trade Commission, the U.S. Dept. of Housing and Urban Development (HUD), and if the financial institution is a national bank, with the Office of the Comptroller of the Currency.

DEAR BENNY: My six-unit condominium (with three owners renting their units) is attempting to change our bylaws to prevent any other owners from renting. It has something to do with FHA not approving loans for condo buildings with more than 50 percent rental units. This gives these owners (one of whom plans to sell) a virtual monopoly!

My question: Can bylaws be changed to affect owners who have purchased units under the current bylaws -- ergo, we would never be able to rent our units?

I am 81 and would like to rent out my home if I should need to go to a nursing home or assisted living. With no income from my home, this would be impossible. Or, on my death, I wish my daughter to have the option of renting out the unit if she cannot move here.

Do I understand correctly that the bylaws cannot be changed to affect current owners of the units? --Lois

DEAR LOIS: Unfortunately, bylaws can be changed. You are correct that the legal documents in a condominium (declaration and bylaws) are carved in stone. This means that the board of directors (or a small minority of owners) cannot suddenly decide to change them.

It takes a supermajority of all owners (usually based on their percentage ownership interest) to amend the legal documents. You (or your attorney) should read your bylaws carefully. Near the end of that document, you will find a section entitled "Amendments." (Sometimes the rules for amending documents will be found only in the declaration).

The law is very clear. A condominium unit owner is legally bound by the existing documents when he or she first bought into the complex, and as those documents are legally amended from time to time.

You are correct that FHA (as well as VA, Fannie Mae, and Freddie Mac) have lender requirements that no more than 50 percent of the owners can be investors (the percentage varies slightly between these various secondary mortgage organizations).

However, your three investor-owners on their own will not be able to amend your bylaws. You should talk to the other two owners who live in your complex and try to convince them not to vote for the amendment.

And if the investor-owners pursue the amendment anyway, have a lawyer review the process to determine if it was done legally.

DEAR BENNY: I entered into a contract to buy a house built in 1908 that was refurbished by a local company that had partnered with a city redevelopment group to restore an old neighborhood. Shortly before closing, a title search showed that the house was still owned by the estate of the family who purchased the house back in 1908. We cannot buy the home.

After paying for an inspection fee and an appraisal to get the loan, I am now out of pocket and feel the developer should reimburse me. Had they researched the title they would have found what I did and not done the renovation and put the house on the market.

I have asked for reimbursement of the money I paid out, but am getting the runaround. Is this a reasonable request? --Brit

DEAR BRIT: It is more than reasonable. Have you discussed this with a lawyer? Is there any way that the purchase can be salvaged? Perhaps the estate will be happy to sell the house to you -- although the estate should get the sales proceeds and not the developer.

Assuming that you have a valid contract, you have the right to sue the "seller" for breach of that contract. Depending on the laws in your state, you may be entitled not only to be reimbursed for your out-of-pocket expenses, but for the loss of that house. For example, if you subsequently buy another house, which costs more than the other house -- or if you have to pay a higher rate of interest for your new mortgage -- these are damages that a court may give you in a lawsuit.

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

Insulation job hits peculiar snag

By Paul Bianchina

Q: We are currently having fiberglass insulation blown into our 1850s house. So far they have completed the attic and the second floor. They have drilled the holes in the first floor. Now they are telling us that they cannot find the rubber hose they need to complete the project and it is too cold for them to complete the project and we need to wait until spring. I would like to know if the cold weather is a factor and if you know what the rubber hose is called, which they claim they cannot find.

A: It depends somewhat on exactly what they are blowing into the cavities. Some wall-cavity insulation has a binder or an adhesive additive that might be affected by cold weather, but in my opinion that would be only during prolonged periods of extreme cold. As to the rubber hose they're referring to, I would have no idea what that could be. Even the most specialized parts for insulation-blowing equipment should be readily available from the manufacturer, and I could see no reason why it should delay a project by several months.

It sounds to me like the contractor (I assume you are dealing with a licensed contractor!!) is stalling you, and it could be for any number of reasons. My suggestion would be to first find out what material they're using, and then contact the manufacturer to confirm that there are no specific cold-weather restrictions on the application of their product.

After that, I would talk to the contractor and insist that the job be completed by or very close to whatever date is specified in your contract. I would then withhold any payment to the contractor until the job is completed to your satisfaction. If you have doubts about the quality of workmanship, or if you're unsure if the job has been completed to industry standards, you can also talk with the manufacturer of the insulation products -- the same one you contact about the cold-weather issues -- and ask them to send a product representative out to inspect.

Q: I was wondering if you could answer a question for me. We had a new furnace and central air installed three years ago. The house is cooler now than it was with the old furnace and costs us more on our gas bill. The furnace company installed our heat vents on inside walls and our cold-air returns near the ceiling. Should we move these? Web sites that I see say to place heat registers on outside walls and cold-air returns near the floor to pull cold -- not hot -- air near the ceiling.

A: Here's the general rule of thumb for the placement of heating registers and cold-air returns, and why it's done that way:

Heat registers are typically placed on exterior walls, below windows. That's the point in any given room where the greatest amount of cold air will be present, so that's also the point where you want the heated air from the duct to be, in order to be the most effective at keeping the room comfortable. When registers are placed on inside walls, the heating system has to work harder to circulate the heated air and counteract the cold air coming off the windows.

The purpose of the return-air duct is to gather air from the house and return it to the furnace, hence its name. That returning air is then reheated by the furnace and recirculated back into the duct system and back into the house. Whenever possible, return-air ducts are typically placed high on a wall, or in a ceiling, simply because that's where the air in the room is the warmest. By gathering warm air instead of cold air, the furnace doesn't have to work as hard to reheat the air before recirculating it.

Q: I have two bow windows, each with four windows in each bow. I have a problem though. The wood piece below the windows I think is rotted. Do I need to replace both bows? That's kind of expensive. Can the bows come out and be replaced and the rotted wood be replaced with something that doesn't rot, or is it not worth it? The windows are nearly 35-years old. I can't ask a window guy that sells windows and don't know who else to call to figure it out.

A: A wooden bow window such as the one you describe is basically four individual windows attached to a wide top board called a headboard and a matching bottom board called a foot board. Various pieces of trim finish off the assembly. The entire window is factory assembled, and is installed into the wall opening as one piece. After that, the installation is completed by putting trim between the window and the siding.

If what you are describing are the exterior trim pieces, those can be replaced relatively easily in most cases. If, on the other hand, you are talking about the footboard itself, that's more difficult. In the bow windows I've worked with, the way all the parts are connected means that the entire window unit would need to come out in order to remove the footboard and install a new one. If that's the case, it will probably be more cost effective to install a complete new unit than to try and repair one that is 35-years old. You also will end up with a much more energy-efficient window.

That's about all I can tell you without actually seeing the window. You mentioned that you can't ask a window guy -- I assume that's because you're afraid he's going to sell you a new window no matter what. So I would suggest that you call a local glass company, explain the situation, and see if they have a carpenter they can recommend. He or she can come out, take a look at the actual problem, and make some repair or replacement recommendations from there.

Doing double take on condo privacy

By Benny Kass

DEAR BENNY: I own a condo that has a property management company with an active board and bylaws. Each individual unit has a cement patio with a privacy fence (approximately six feet high) around it. The bylaws regulate what you can have on your private patio. There are a few things that I do not understand in this situation.

First of all, how can this private area off each unit be considered "common area"? Next question, is what right does the property management have to look over the fence to see what you have on your patio? While I can understand receiving a letter of violation if something is sticking out above the fence, I regularly get violation letters regarding items they have seen on my private patio that can be seen only by opening my gate or looking over the fence. I am very frustrated and feel my rights are violated. --Maureen

DEAR MAUREEN: I appreciate your frustration, and agree that property managers should not be spies. Years ago, I wrote an article entitled "I spy." It started off as follows: "There are three people outside my unit wearing trench coats and holding binoculars. No, it's not the KGB, but your local architectural committee checking that you are in full compliance with the association's rules and regulations."

First, however, you should learn what your patio really is. In a condominium, there are three parts: (1) your unit, (2) common elements, and (3) limited common elements (LCE). Your patio is an LCE. That means that it is outside your unit, but is not accessible to every owner.

Typically, LCEs are under the control of the board of directors. Why? It's because your patio is not in your unit, and there could be potential liability for the association should someone get injured on your patio.

I could go on with my description of LCEs, but it really is not necessary. I am sure that your legal documents (declaration, bylaws, and plats and plans) clearly depict your patio as an LCE. So there is nothing you can do about it; you should have understood this before you took title to your unit.

I do, however, agree that management should not be spying on you. Even on a limited common element, you should have a degree of privacy. Of course, if someone complains about something (or some activity) that takes place on that LCE, then in my opinion management should get involved. What can you do about it? Unfortunately, you have only three choices: (1) try to get on the board and correct the problem; (2) put up with the situation; or (3) sell and move out.

DEAR BENNY: I live in a condominium. Two years ago, while investigating the source of a leak from my upstairs neighbor, our management company and general contractor discovered that, through neglect and abuse, my upstairs neighbor's bathroom floor had become seriously *dry-rotted. He was told that he would need to replace the floor lest it, as well as his tub, toilet and sink, come crashing down on our heads.*

Not only has our neighbor been utterly uncooperative, but he lied to us, saying that the management company and contractor later reversed themselves, stating that he wouldn't need to repair the floor as long as he kept it dry.

Recently, during the caulking of his bathroom, yet another contractor confirmed the sorry condition of his bathroom floor, emphasizing that now the situation had grown dire and was in need of immediate attention. Needless to say, this has been an ongoing concern. I am also concerned about such issues as moisture and mold and their deleterious effect on the integrity of the building as a whole. What legal recourse do I, as an individual homeowner, the homeowners association and/or board have to compel our neighbor to behave like a neighbor? --Peggy DEAR PEGGY: You have several options, but first, why isn't your association taking action? Every association's board of directors does have the authority to insist -- indeed force -- a unit owner to correct matters that impact on the structural integrity of the association.

The board -- preferably their attorney -- should send a strong letter demanding that the upstairs owner immediately take corrective action. Alternatively, if the owner refuses to do so, the board should advise him that the association will pay for the repairs, and will bill that owner for this work.

I am curious why the board is not acting. You should threaten the board by telling them that they have a fiduciary duty to insist that the unit be repaired -- especially since that owner apparently lied to you.

What rights do you have? Have you talked with that owner? That would be your first approach. If he refuses to take any action, you can (1) contact your association's master insurance company and tell them about the problem; perhaps they will want to cut their losses and pay for the damage; (2) you can sue the board for failing to act; and/or (3) you can try to get the local county (or city) housing inspectors to inspect his unit.

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Buyers master contingent-sale offers

By Dian Hymer

Most repeat homebuyers don't like selling their current home until they know where they're going. However, most repeat homebuyers can't qualify to buy before selling. So, how do you structure a contingent-sale offer so you get what you want without being homeless?

Sellers prefer offers that aren't contingent on the sale of another property. If the buyers' home doesn't sell, they can't buy the sellers' home -- and the sellers are stuck looking for another buyer.

As buyers, you should structure your offer so that it is both attractive to the sellers and accomplishes your goals. In some cases, this may mean paying a higher price than you would if your offer wasn't contingent on your home selling.

Recently, buyers from San Francisco wanted to buy a house across the bay in Piedmont that had been on the market for several months. They made an offer contingent on the sale of their San Francisco home. The seller accepted but insisted that the buyers pay the list price. The buyers agreed, their home sold, and both transactions closed.

Most sellers want a release clause included in a contingent-sale contract. This enables the sellers to continue offering their listing for sale. If they accept a backup offer, they can notify the contingent-sale buyers that they must remove their contingent-sale contingency and provide verification that they can close the transaction without having to sell their home. If the contingent-sale buyers are unwilling or unable to do so, the contract is canceled and the backup buyers move into primary position.

You could do a lot of work getting your home on the market and be bumped out of contract on the house you want to buy because you don't have the funds from the sale of your house to close the transaction. There are a couple of ways to avoid this situation.

HOUSE HUNTING TIP: Put your home on the market and find a buyer for it before you make an offer on your replacement home. Sellers are more receptive to offers made contingent on the closing of the sale of the buyers' home than they are on offers contingent on the buyers receiving an acceptable offer on their home.

If you find a seller that's receptive to an offer contingent on the close, negotiate to keep a release clause out of the contract. If all contingencies have been removed from the contract to sell your home, the seller will be more inclined to agree.

When you list your home for sale, it's a good idea to retain the right to rent back at your current home for a while after closing. This could keep you from having to make an interim move to a rental until you find a replacement home.

Another option to keep from having to move twice is to negotiate an arrangement where the seller won't invoke a release clause for a certain number of days after acceptance of your offer. Recently, buyers in Oakland, Calif., used this approach.

The buyers asked for 30 days from acceptance before the seller could invoke a release clause to give them time to find a buyer for their home. The sellers wanted 14 days. They settled on 21 days. The buyers' home was in contract in nine days.

Ideally, once you've found a buyer for your home, the seller should not be able to invoke the release clause. You should be willing to inform the seller immediately if that transaction fails and the sellers should the right to cancel your contract, if they want to.

THE CLOSING: Don't be surprised if the sellers want their listing agent to approve your home and list price. The sellers need to know that it's worth the risk to accept your contingent sale offer.

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