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Phil McCollum's Real Estate Articles & Advice Newsletter



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Articles and Advice

Final walkthrough a buyer's best friend

By Dian Hymer

Imagine this. You move into your new home for the first time after closing and, although you transferred the utilities into your name, the lights don't turn on. There isn't a single light bulb left in the house, the yard is overgrown, and the leaky faucets the sellers were to have fixed still leak.

Most homebuyers aren't faced with such an unpleasant surprise. You can gain some degree of control over the situation by completing a walkthrough inspection of the property within five days of closing.

Your purchase contract should include a clause that grants the buyers permission to do a final walkthrough inspection sometime close to the closing date. A final walkthrough provides the buyers an opportunity to verify that the property is in substantially the same condition it was when the sellers accepted their offer. The walkthrough is not a contingency of the contract that gives the buyers the right of approval or disapproval.

Your purchase contract should require the sellers to maintain the property in its present condition until closing. So, if a window breaks before closing, the sellers would be responsible for fixing it, depending on the verbiage in the contract.

During the walkthrough, the buyers can also confirm the completion of any work the seller agreed to do before closing. Ask the sellers to provide you copies of invoices for work done before closing. Keep these documents in your house file for future reference. If sellers make repairs themselves, they should provide an itemization of work completed that describes what they did.

HOUSE HUNTING TIP: It's a good idea to have your REALTOR® accompany you on the final walkthrough and take notes as necessary. If the property isn't in the same condition it was when you agreed to buy it, put this in writing and have your REALTOR® contact the sellers' agent to inform them of the items remaining to be done before closing.

Your purchase contract should include a provision for the sellers to deliver the property to the buyers free of personal property and debris, unless otherwise agreed to in writing. For example, the sellers might have agreed to leave the washer, dryer, and refrigerator with the house, and the buyers accepted the offer.

These items are usually considered personal property, unless they're built in. If the sellers moved these items out or the movers did by mistake, they would need to be returned by closing unless you make other arrangements with the sellers.

It can be very helpful if the sellers agree to do a walkthrough with the buyers to show them things about the home that the buyers would have difficulty figuring out on their own, like the location of obscure light switches or how to operate retractable skylights.

If something is disclosed about the property that should have been disclosed earlier, put it in writing. If it's something significant, talk to your real estate agent or attorney about how best to resolve the issue. Keep in mind that most real estate agents are not licensed to practice law. Also, seller disclosure laws vary by state.

Doing a final walkthrough to verify the condition of your new home can be complicated if it's tenant-occupied. If you are buying a tenant-occupied property to live in, your contract should provide for the property to be vacant several days before closing.

THE CLOSING: That way you can walk through the property free of tenants' belongings before you close the deal.

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

Five ways to cut heating costs

By Paul Bianchina

If you're thinking it's time to do something about your cold house and your high heating bills, here are five win-win suggestions that will help you do both. **1. REPLACE YOUR FURNACE**

FILTER A clogged filter makes your furnace work harder to deliver the same amount of heat, which wastes energy by keeping the furnace on for a longer period in order to bring the house up to the requested temperature.

If you have a central heating system (used for heat only), replace the filter once a year, at the start of the heating season. If you have a heat pump or a furnace with central air conditioning, replace it twice a year, at the start of the heating season and at the start of the cooling season. While replacing the filter, always use a shop vacuum to clean up as much dust and debris within the filter cavity as you can reach.

2. INSTALL A PROGRAMMABLE THERMOSTAT Programmable thermostats work a whole lot better than your memory. They give you the ability to have a lot more control over your heating and cooling systems, and they will add both convenience and energy savings by raising and lowering the heat at preset times so you don't have to remember to do it. A programmable thermostat will bring the system on and shut it off based not only on temperature, but on time as well. For example, the thermostat can be programmed to turn on the heat to a certain level at 6 a.m. when you get up, and turn it down again at 8 a.m. when you leave for work. It also can be set for different cycles on different days of the week, and can be overridden with the touch of a single button to temporarily raise or lower the heat. **3. INSULATE DUCTWORK** Since the ducts are running through an unheated space, whether in your attic, crawlspace, basement, or garage, duct insulation is a huge part of the system's ability to retain heated air within the ducts until it gets delivered into the house. All of the ducts in unheated spaces should be completely wrapped without any gaps, and the insulation should be of sufficient thickness to provide good insulating value -- typically around R-8, which is approximately 2 1/2 inches of fiberglass.

4. CLEAN WALL AND BASEBOARD HEATERS As with a central furnace, it's very important that wall heaters and baseboard heaters be cleaned at the start of every heating season. Before cleaning, however, first try to minimize the potential for dust buildup in the heaters. This might be done by rearranging furniture, increasing fresh air in the room, or increasing air flow in front of the heaters.

To clean baseboard heaters, first shut off the circuit breaker that supplies power to the heater. To be certain you have the correct breaker, turn the thermostat up to high for 30 seconds or so and make sure that the heater does not come on. Remove the front cover and use a vacuum to clean out the inside of the heater, being careful not to damage the aluminum fins inside the heater. If you notice that the fins are bent, you can use a fin comb, available through many heating contractors and other retailers of heating equipment, to straighten them out again.

For wall heaters, shut off the circuit breaker for the heater, and verify that it's off as described above. Remove the screws that hold the grill in place, and remove the grill. Wash the grill in hot soapy water, dry it, and set it aside. You can then clean the inside of the heater using a vacuum, taking care not to touch the heating elements, or you can blow out dust using the blower side of your shop vacuum.

Note: Be sure to refer to the instruction book that came with the heater, or check with the manufacturer's Web site for specific cleaning instructions and safety precautions.

5. COVER AND WEATHERSTRIP ROOM AIR CONDITIONERS If you have a room air conditioner that sits in a window or mounts into an opening in the exterior wall, they have the potential to leak a lot of air. If the air conditioner is in a window and is easy to remove, your best bet is to remove it, clean it, and then store it for next summer.

If it's not easily removed, then examine the unit carefully to see if there is any daylight coming in around it. You can use foam tape, expandable spray foam, or other weatherstripping materials to close up the gaps around the case. Finally, buy or build a cover that will slip over the unit from the outside and prevent cold air from coming through it and into the house.

Dial down holiday excess

By Ellyse Umlauf-Gameau

Fiscal, nutritional and environmental excess. Such is the dark side of the holiday season. But by adopting a greener approach to festivities, that gluttony can be pared back. Here are some strategies: **Plant greetings** -- Abandon snail-mail cards in favor of online greetings, which eliminate paper waste and requires no fuel for delivery. But if sending cards is something you still wish to do, opt for recycled paper and cards that get second lives in the garden. Some are infused with seeds, and recipients plant the cards and later watch flowers bloom. One source is Greenfield Paper at <http://www.greenfieldpaper.com/asccustompages/categories.asp?categoryid=3>.

Sustainable sleeps -- If you're traveling, consider staying at green hotels. Hunt for green lodging at <http://www.istaygreen.org/>. **Treehugging** -- Don't cut a tree. Plant one. Buy a live Christmas tree that you can later plant outside. Or eliminate the indoor tree entirely and decorate one outside your window. If you do have a tree, give it a second life as mulch by recycling it. Go to <http://www.ciwmb.ca.gov/Organics/EventsInfo/XmasRecycle/Default.htm> for more information.

Green light -- Opt for LED Christmas lights and swap traditional candles for a green menorah. Check out http://www.moderntribe.com/judaica/Jewish_Holidays/Hanukkah/led_menorah. Be sure to have a plan for turning lights off with a processor, time clock, or photocell.

Save your sink -- Recycling cooking grease, especially if you're a fan of those giant turkey fryers, is a better option than clogging sinks and sewers. One use for the goo is powering biodiesel vehicles, which is San Francisco's plan (http://www.sfgov.org/site/mayor_index.asp?id=98045) for recycled restaurant grease. Type in "cooking oils" at www.earth911.com to find recycling centers. **Green geek** -- Use a GPS device (<http://www8.garmin.com/buzz/ecomoute/>) to calculate the most efficient route to your holiday destination or download an iPhone app (<http://www.carticpate.com>) to find carpools. Before taking off, determine whether public transportation is an option to reach long-distance destinations. And plan shopping excursions to make the most efficient use of fuel by, for example, walking to stores during lunch or stopping along your commute route. **Recycled boxes** -- Store holiday gear in recycled boxes or bins. No more stuff--Ask family and friends to

identify favorite charities to which you can make donations in their name. Or rather than giving stuff, provide experiences by buying museum memberships, symphony tickets, or by paying for art classes or music lessons. Support artisans--Handmade items, be it jewelry, knitted sweaters, or pottery, often bring greater joy than generic mall objects. Find unique items at museum shops, art fairs and online at places like www.etsy.com and www.artfire.com.

Sustainable eats -- Consider organic ingredients for holiday meals. Better yet, take a 100-mile diet approach (www.100milediet.org) by featuring foods grown within 100 miles of home. Dining out or giving the gift of a meal? Find green restaurants at www.dinegreen.com.

Slash consumption -- Help friends and family slash energy bills and conserve resources by introducing them to CFL bulbs, water-saving gadgets, energy monitors and composting devices. **Keep on giving** -- Look for things that eliminate waste and bring pleasure year-round. The most obvious examples are reusable grocery bags and coffee cups. But consider that wireless reading devices (one example is the Kindle--www.amazon.com/kindle) save trees by allowing recipients to download books instead of reading hard copies. Gadgets that create seltzer water (<http://www.sodastreamusa.com>) eliminate bottles among fans of sparkling drinks. And the gift of a bike (for the ultimate commuter bribe, check out Dutch bikes at <http://dutchbikesseattle.com/html/bikes/index.html>) or scooter can bring years of pleasure--and fat burning--to loved ones. Enjoying greener holidays doesn't necessarily entail sacrifice or the overhauling of your life. Implementing a few changes can have an impact. For sustainability ideas specific to your community, interests or lifestyle, conduct an online search.

Don't skimp on title insurance

By Dian Hymer

Most people are trying to cut costs these days. Some even wonder if it's necessary to pay for title insurance when they buy or sell a home. Skipping here could end up costing plenty if you discover a title defect after you own the property.

Title insurance is paid for once at closing and covers the property for as long as you own it. It protects the purchaser from financial loss deriving from defects in the title to the property. The premium cost varies depending on the title insurance company, and is usually based on the purchase price.

Who pays the title insurance premium often depends on local custom and can vary from one county to the next. For instance, if you were to sell a home in Los Angeles County, where the seller usually pays for title insurance, and buy in Alameda County, where the buyers usually pay, you'll pay for title insurance twice during one move. Buyers typically pay the premium to cover their lender's interest in the property.

The payment of title insurance is not set by law and can be negotiated between the buyer and seller, although local custom usually prevails. Whatever is agreed to in the purchase agreement will dictate who pays the premium.

A buyer who was an attorney thought title insurance was expensive and a waste of money. Given his legal expertise, he decided he'd search the title record himself to avoid paying the title premium. In the end, his agent talked him out of the do-it-yourself approach based on the risks involved.

Title insurance companies search the title to a property to make sure that there aren't any defects in the chain of title. They also look for liens and easements recorded against the property, as well as establish who has marketable title to the property.

In one case, the title company discovered when searching the chain of title that when the property sold to the current owner, an heir to the estate had not signed the deed transferring title. This meant that person still had rights to the property.

Fortunately, the title company located the heir, who was reputable. She relinquished any interest she had in the property. If the heir hadn't been cooperative, the current owner could have made a claim against the title insurance company that issued title insurance to him when he bought the property.

Title companies usually issue a preliminary title report, which is an offer to provide title insurance on the property. It is not the insurance policy, but it shows the results of the title search.

You and your real estate agent or real estate attorney should examine the preliminary report carefully to make sure the person who has marketable title to the property is the person who signed the purchase agreement. Also check for liens secured against the property.

Easements grant the right to use the property to someone other than the owner. Common easements are for utilities, sewer, and drainage. Ask the title company to provide written copies of any easement and CC&Rs (covenants, conditions and restrictions), and to locate the easements in color on a copy of the parcel map. You can't build over an easement.

Both CC&Rs, typically found in condominiums and planned-use developments, and easements restrict your use of the property. Make sure you understand how these will affect your ownership interests before you complete a purchase.

If you find defects in the title, make it a condition of the purchase that the seller cures the defects before closing. Make sure that your purchase agreement includes a clause that gives you that right.

THE CLOSING: Ask your title officer, REALTOR® or attorney for answers to any title-related questions. *Dian Hymer is a nationally syndicated real estate columnist and author.*

Need fencing? Think vinyl

By Paul Bianchina

If you're exploring the different options for new or replacement fencing, one material to be sure to have on your list of possibilities is vinyl. Vinyl fencing manufacturers have made great strides in recent years, offering a tremendous array of sizes, styles and options to choose

from. The overall quality is up; the prices have come down; and competition among the growing number of manufacturers makes it a good time to consider vinyl for your next fence project.

Vinyl fencing is manufactured from polyvinyl chloride (PVC), blended with other chemical additives that add strength and protection from ultraviolet (UV) rays. Unlike wood, vinyl fencing is completely weather-resistant and virtually impervious to rot, insects, or other environmental damage. Another advantage to vinyl is that the color of the fence is created by the color of the vinyl itself -- it is completely through the vinyl, as opposed to a surface layer like paint that can chip, peel or wear off.

Vinyl fencing still is more expensive than wood, but the lower maintenance expense typically makes the lifecycle cost considerably lower. Vinyl also compares very favorably to aluminum -- vinyl has similar durability properties with a lower initial cost -- and is typically considerably cheaper than wrought iron. However, you have to want the look of a painted fence, since vinyl fencing materials are currently available only in white, tan and gray.

When shopping for vinyl fencing materials, remember that not all fences are created equal, and you typically get what you pay for. Carefully compare the manufacturer's specifications for the thickness of the vinyl, and look at how the components are constructed and structurally reinforced. Also, compare the length of the manufacturer's warranties, as well as how complete they are and what they cover.

STYLES AND OPTIONS In a sure indicator of the rapidly growing popularity of vinyl fencing, there are an amazing number of styles and options now on the market to choose from. From traditional pickets to horse fencing to privacy enclosures, you will probably find a material available to match just about any style of fencing your imagination can conjure up. Some examples include:

•**Rail:** This is the style that pretty much launched the vinyl fencing industry. Rail fences consist of upright posts that are either square or round, with two, three or four horizontal rails between them. A variation of this style is the cross-buck, which has a horizontal top and bottom rail and two angled rails between them in an X configuration. Standard rails are rectangular in section, matching standard 2x6 lumber, but there are also round rails available that offer the look of a welded iron fence and provide additional protection for horses and other animals that may rub against the rails.

•**Picket:** Picture any variation of Tom Sawyer's famous fence, and you've got it. You can get picket fences in a variety of heights, and with pickets that are square, rectangular, round or octagonal, or that duplicate Victorian lathe-turned spindles. The tops of the pickets may be straight-cut, pointed, dog-eared, or rounded on top, or you may choose to cap them with any of a variety of caps from fleur de leis to balls. •**Privacy:** Privacy fences are typically 5 or 6 feet in height, and consist of solid panels that mimic the look of individual fence boards. Here again, there are dozens of board configurations that include traditional board fencing, good-neighbor styles, interlocking tongue and groove, and board-on-board styles. •**Combinations:** If you're looking to match a particular fence style or trying to create a unique one of your own, you can combine many types of vinyl fencing. For example, you can top a privacy panel with lattice, or combine two different sizes or styles of pickets.

Installation of any type of vinyl fencing is pretty straightforward and requires only basic carpentry skills, but proper alignment of the posts is critical. Full installation instructions are provided from the manufacturer, so follow them carefully. Also, remember that there are building codes that apply to fences in certain applications, which may include such things as impact resistance and weight ratings -- be sure and discuss this with your fencing dealer and your local building department, and verify that the material you're using is correct for your particular application.

Features

Winterize your home

By Paul Bianchina

Hard to believe it's that time again! Fall is here, and you need to start getting your home ready for the winter months to come. To help get you started, here's a checklist of some of the projects that you need to consider:

Indoors

Check the fireplace: It's about time to get those logs burning, so get the fireplace ready! Clean the fireplace chimney or wood stove flue using brushes approved for the size and type of flue you have. If you're not partial to ladders, roofs and soot, this is a good project to leave to an experienced chimney sweep company. A good chimney sweep will also inspect the fireplace from top to bottom, and talk to you about any repairs that need doing. Clean out the firebox, making sure you place the ashes in a fireproof container with a tight lid for proper disposal. If you have an airtight wood stove or fireplace insert, check the door-seal gasket, and clean the glass on the door.

Change your furnace filters: Replace your old furnace filter with a new one. While you're at it, check the furnace for worn belts, lubrication needs or other servicing that might be required; refer to your owner's manual for specific suggestions, and follow any manufacturer safety instructions for shutting the power and fuel to the furnace before servicing.

Change smoke detector batteries: Replace the batteries in each of your smoke detectors with a fresh one. When you're done, take a moment to test each detector and make sure it's operating correctly.

Install a carbon monoxide detector: As houses get closed up for winter, the chances of carbon monoxide poisoning from malfunctioning gas appliances increases substantially. If you have a furnace, fireplace, water heater or other appliance that is fueled by propane or natural gas, now is the ideal time to install a carbon monoxide detector. They're available inexpensively from many home centers and retailers of heating system supplies.

Outdoors

Check the gutters: Fall is the ideal time to check your gutter and downspout systems. Clear the gutters of leaf and pine needle debris, and check that the opening between the gutter and the downspout is unobstructed. Look for loose joints or other structural problems with the system, and repair them as needed using pop rivets. Use a gutter sealant to seal any connections where leaks may be occurring. **Drain sprinkler systems:** In colder areas, now is the time to be thinking about having your sprinkler and irrigation systems blown out. You can rent a compressor and do this yourself, or contact a landscape or irrigation system installer and them handle this for you. This is also the time to shut off outdoor faucets and install freeze-proof faucet covers as needed.

Handle those yard chores: Many plants require pruning this time of year, and lawns should be fertilized with a fall/winter fertilizer to feed them through the winter and get them ready for a fast green-up when spring returns. Clean up all your yard tools and put them away for the season.

Close off foundation vents: Depending on the winter climate in your area, you'll want to be thinking about closing off your foundation vents to help prevent pipe freezes. You can leave the foundation open for as many months as the weather remains mild, but close them off when the local forecasts begin calling for freezing temperatures. Once closed, you can leave them that way until it warms up again in the spring.

Pack up the patio: Check and clean patio furniture and put them away for the winter. Clean and cover removable furniture cushions to protect them from dust and dirt, but be sure the cushions are dry before storing in order to prevent mildew growth.

Check weatherstripping: Air leaks around doors and windows can rob your home of expensive heated air and create uncomfortable drafts that keep you feeling chilly. Check the weatherstripping around doors and windows, and replace any that are worn -- retailers who specialize in doors and windows can fix you up with the proper replacement type for your situation. Now is also a good time to close up a few more air leaks by checking the condition of caulking around exterior door and window frames.

Change light timers: If you have exterior lights that are controlled by timers, including low-voltage ones, check the timer settings. Change the "on" times to an earlier hour to reflect the earlier winter darkness, so that you always have adequate outside light available.

Beware of 'wraparound' mortgage

By Benny Kass

DEAR BENNY: I have a full-price offer on my duplex that involves a wraparound mortgage. I am a little leery of a small down payment with high-interest payments for a few years with a balloon at the buyer's refinance later. I'm told they are quite legal, but I really need to know the pros and cons. Can you enlighten me please? --Bobbie

DEAR BOBBIE: Here's how a wraparound mortgage works. Let's say that you sell your house for \$500,000, and have an existing mortgage (deed of trust) on the property for \$300,000. Title is transferred to your buyer, who pays you \$10,000 in cash, and you take back a mortgage in the amount of \$490,000. This is a second mortgage, because your existing mortgage is not paid off at the closing (escrow).

Your first mortgage carries an interest rate of 6 percent and the new second trust will be paid at 8 percent. Each month, your buyer sends you a check based on the 8 percent interest rate, and you send your current lender the regular monthly payment you have always made.

There is a monetary advantage to you. You receive a 2 percent differential on your existing \$300,000 (because your buyer is paying you 8 percent) and you also receive the full 8 percent on the remaining \$190,000 (\$490,000 minus \$300,000).

But there is also a disadvantage. Your buyer has put up only \$10,000 and can easily decide to walk away from the deal, leaving you (1) stuck with your existing mortgage and (2) having to foreclose on the property.

Additionally, because your buyer is taking title "subject to" the existing mortgage, you (and your buyer) run the risk that the lender could exercise the "due on sale" clause and call the entire mortgage due and payable.

We used these wraparounds in the early 1980s, when interest rates were very high and buyers wanted to take advantage of the existing lower rates that were already on the property.

Yes, the transaction is legal, but there are too many risks. Unless your buyer puts up a lot of money -- say 20 percent or 25 percent of the purchase price -- I cannot recommend that you pursue this further.

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

Appraisal rules tangle with home values

By Dian Hymer

How much your home is worth depends on who's looking at it. Your home insurer will value your home in terms of the cost to rebuild it. A mortgage lender's appraiser will value your property in terms of the sale prices of similar homes in your neighborhood that sold recently. The property tax assessor may have a different set of criteria.

Due to recent changes in the economy, the market value of your home could be considerably less than it was a few years ago. However, don't be too quick to ask your insurance carrier to drop the valuation on your homeowner's insurance. This would save you money but could leave you underinsured.

Replacement cost and market value aren't necessarily the same. When home prices peaked in 2006, the market value of your home might have been much higher than the replacement cost

value. Today, the sale price of your home could be a lot less than the cost to rebuild.

Talk to your insurance agent about how much coverage you need. This will depend on the square footage of your home, upgrades and amenities, and the price per square foot to rebuild in your area.

HOUSE HUNTING TIP: Most states levy property taxes, and the property tax structure and rate varies from state to state. In California, your initial property tax assessment is based on the purchase price. If you purchased your home in 2006, your property tax base could be higher than your home's current market value. In this case, you can appeal to the assessor's office for a reduction in your property taxes.

The current appraised value of your home, or one you want to buy, may be lower than you expected due to changes brought about by the Fannie Mae Home Valuation Code of Conduct that took effect May 1, 2009. One of the major changes is that loan originators -- mortgage brokers and loan agents -- can no longer talk directly to the appraiser.

This new restriction, while intended to be in the consumer's best interest by keeping loan originators from pressuring appraisers, is resulting in misleading valuations -- not in every case, but in enough cases to raise concern.

Many loan originators now order arm's-length appraisals from third-party appraisal services. Some of the appraisers who work for these companies are hired to appraise properties outside their area of expertise. In one case, an out-of-area appraiser used a property in East Oakland, Calif., as a comparable for a home in Albany, Calif., a much pricier community located 15 miles away.

Appraisers used to appraising homes in planned-unit developments where there is uniformity in the housing stock often have a hard time making sense of market value in areas with a lot of diversity.

For example, some older neighborhoods were developed over several decades. Some homes have been remodeled and some not. House size can differ significantly. A 1,500-square-foot home could be next door to one with 2,400 or 3,000 square feet.

Another negative repercussion of the new code of conduct is that there are more inexperienced appraisers doing appraisals. Many of the experienced appraisers, who have plenty of work, won't work for fees offered by the third-party appraisal companies, which may take a big chunk of the fee to run their companies.

Homebuyers or homeowners trying to refinance who receive a low appraisal should ask to see the comparable sales used by the appraiser. Even though your mortgage originator can't talk to the appraiser, a homeowner or real estate agent can.

THE CLOSING: Ask your real estate agent to provide you with recent comparable sales that closed within the last three months. Then, ask the appraiser to consider these.

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

Facing neighbor complaints on eve of sale

By Dian Hymer

When the for-sale sign goes up, it's not uncommon for a neighbor to come forth with a complaint -- perhaps about an issue that has never been mentioned to the seller before.

The complaint is often addressed to the seller's agent, either in the form of a letter or phone call. In one instance, a seller's next-door neighbor contacted the listing agent to find out if she knew there was a lawsuit pending against the listing.

The listing agent knew nothing about this. But she was sure, given California's mandatory seller disclosure requirements, that if there was a lawsuit involving the property, it needed to be disclosed to buyers -- there were already several buyers who wanted to make offers.

The dispute centered on a possible encroachment involving a sliver of land. The seller's and neighbor's attorneys worked out a resolution regarding the encroachment. The seller's attorney prepared a detailed disclosure package explaining the issues involved for prospective buyers to review before they made offers.

The offer date was postponed to give time for the issues to be cleared up and for interested buyers to have the opportunity to review the attorney's disclosures. A couple of buyers dropped out of the competition. However, the seller received multiple offers and the listing sold in excess of the asking price.

HOUSE HUNTING TIP: If an issue with a neighbor arises during the course of a home sale or transaction, it's best to deal with it promptly. In the example above, the seller lost a little time getting his home under contract, but wasn't damaged in terms of the sale price. It could have been a different story if the dispute hadn't been revealed to the buyers until after an offer was accepted. It could have killed the deal.

More recently, a neighbor walked into a Sunday open house of a listing in the hills above Oakland, Calif., and presented the agent hosting the open house with a letter. The letter was addressed to the listing agent and referenced a possible drainage problem that might involve the listed property. The listing agent informed the sellers immediately. They had no knowledge of any such problem. The agent and sellers quickly developed a game plan. The listing agent wrote to the neighbor who complained and acknowledged receipt of the letter.

The neighbor's letter arrived just after the sellers accepted an offer. The listing agent immediately forwarded a copy of the letter to the buyers' agent. Without delay, the buyers, sellers and their agents investigated to see if there was a water problem at the neighboring property that might emanate from the listed property.

The house and yard of the listed property were tested for leaks, but none were found. The

sellers checked with the local water company to see if their consumption was out of line. It was not. The buyer talked directly with the neighbor and consulted with his home inspector. It was concluded that the yard of the listed property was being overwatered, which was easy to correct.

Not all neighbor complaints are legitimate, and some that are can be difficult to resolve. A Piedmont, Calif., seller had to pay \$20,000 to a neighbor for a drainage easement that had never been recorded. If there is a problem that needs to be corrected in order for the buyer to feel comfortable moving forward with the transaction, consult with knowledgeable professionals and get several estimates.

THE CLOSING: Be sure to consult with a top-notch real estate attorney -- preferably one who specialized in residential real estate -- if you have any questions about your rights and responsibilities.

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