



# Homing in on Housing

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## Special points of interest:

- Dangers in home buying and selling.
- Are you offering too much for the home you want to buy?
- Finding the right home for your family.

## Inside this issue:

**Changing Homes? Buy first of Sell First?** 2

**Home inspections** 3

**Are you paying too much for you** 3

**Is my realtor really representing me?** 4

## Realtor® VS. For Sale by Owner

"Why do we need a real estate agent? After all, an agent will charge thousands of dollars to sell even an average home, and that commission comes right off the top! Heck, with the Internet and all, we can do practically everything that an agent would do, so why should we pay out all that money?"

Many home sellers have similar thoughts, and because so much money is at stake, these questions deserve some serious thought.

In today's world, the sale of real property is not just a marketing exercise; there are many legal issues involved which can create liability in the sellers. Of all the things you want and expect from selling your home, a lawsuit is probably not one of them.

Unfortunately, residential transactions have seen an alarming increase in the number of claims

and lawsuits. Of these claims, the majority are filed against sellers, by their buyers. Home sellers who think they can "go it



**FSBO woes?**

alone" might want to seriously ponder the observations of a lawyer who has defended many sellers and real estate agents against claims made by "the Buyers from Hell."

In most states, the process by

which title to real property is transferred is rather complicated, and the typical home seller is not familiar with the many legal issues that can and do arise, even in a fairly simple transaction. Important decisions must be made concerning contract terms, escrow matters, transfer of title, apportionment of costs and any number of other matters. Also, bear in mind that a simple missing word, or a mistake in grammar can create a dispute which, in turn, can give rise to a lawsuit. Aside from the problem of drafting the contract language itself, sellers can face other dangers as well. For example, did you know:

- that buyers who look for "FSBOs" usually offer 6-10% below the price of comparable properties because they know you are not paying a commission?

Cont. pg. 4

## Helpful Hints for Home Searches

Once you know what area you'd like to live in and have an idea of how much house you can afford, its time to start checking out actual properties. Beginning this search online can help save you time since it can help you target homes that meet your search criteria. A great site for online Southeast real estate is: [www.yourjuneauhome.com](http://www.yourjuneauhome.com) Our home notifier can even email you when properties come on the market that meet your search criteria.

When you actually start tour-

ing homes, bring a notebook and a digital or Polaroid camera to help you remember details. Your real estate agent should supply you with a description of each house and the lot it sits on, the property tax assessment, the asking price, and sometimes a diagram of the rooms. Your camera and notebook are there to record other details, ranging from the cost of heating to the view out the rear window.

One note: Don't automatically reject a house just because it doesn't measure up to your

desires, either in features or price. You can always add a deck, for instance, or update a kitchen. Since the asking price is just a starting point for negotiation, you will be making offers and counteroffers as both parties seek an acceptable price.



## Best bet when changing homes: Sell first



**Dear Steve,**

What's the best thing to do first -- sell your existing home or buy your new home? I hate to purchase a home without knowing that I can sell my existing house. What do you recommend?  
-- Kris

**Dear Kris,**

I think you may have answered your own question with your legitimate concern about the salability of your current home. The "pros" for selling first, and then buying your new home later, outnumber the "cons," I believe.

The one real advantage of buying first is that you can shop for your dream home deliberately and conscientiously over an unlimited period, and feel fully comfortable with your buying decision before placing your old homestead on the market. If money is less of an issue for you, and you can afford two mortgage payments for awhile if your current home is slow to sell, this approach may be for you.

The big advantage of selling first is you'll know just how much equity you'll have to invest in that new castle. You

also won't have to saddle your purchase contract with one of those "subject-to-the-sale-of-my-home" caveats, and may attain additional bargaining power as a result. Sellers in especially hot real estate markets are less apt to accept "subject-to" offers because there may be more expedient buyers in line.

Also, if you resign yourself to timing your buy with your sale, you might be setting yourself up for a let-down. You could locate your dream home but not be able to sell yours fast enough to grab it.

There is an interim option. You could always try to market your home on the contingency, "subject to seller finding suitable housing." This strategy works best if your home is in a seller's market and is especially desirable to a relatively patient buyer. But also consider that most buyers will have a time limit on just how long they'll wait for any place, because many are in the same position as you.

In any situation, you don't want to be forced to buy a home quickly that may not meet all your wants and needs -- and end up moving again

soon as a result.

Of course, if you do sell and must vacate before you find a place, the big negative is that you'll have to figure out what to do with yourself -- and your belongings -- during this interim period. That's one reason so many extended-stay hotels and self-storage units were built in the last decade. America is more transient than ever and there's been a lot of churning of homes. Also consider a short-term apartment lease or staying with benevolent/tolerant relatives, if you have any. Even if you're faced with the prospect of moving your stuff twice before you get into that new house, you might want to hold out for that perfect house, especially if you plan to stay there for a long time.

Of course, only you can make that call. In any real estate deal, however, it's usually best to fortify your bargaining stance and not be forced into rash buying decisions. Happy selling -- and hunting!

By Steve McLinden  
Real Estate Adviser



**Suzan Schultz**

Realtor®

I believe that your choice of what type of representation you receive is the single most important choice you'll make in the entire process. I work hard not only in finding you potential new homes to see, but also in keeping you informed of everything that takes place. As your agent, my focus will be on getting you the best possible home at the best possible price.

Search the all the multiple listings in Southeast Alaska by visiting my website at: [www.yourjuneauhome.com](http://www.yourjuneauhome.com)

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owned and operated.



## Do I Need a Home Inspection?

Don't sign away your rights to inspect your new home prior to closing, even if you know the seller won't agree to make repairs. Inspection contingencies should always give you the option of backing out of a contract if you find that the

house needs more repairs than you are willing to deal with. A whole house inspection is important, but so are checks for water damage, pest, code violations, molds, and other potential problems.

The purchase of a home is probably the largest single investment you will ever make. You should learn as much as you can about the condition of the property and the need for any major repairs before you buy, so that you can minimize unpleasant surprises and diffi-

culties afterwards.

Of course, a home inspection will also point out the positive aspects of a home, as well as the maintenance that will be necessary to keep it in good shape. After the inspection, you will have a much clearer understanding of the property you are about to purchase, and will be able to make a confident buying decision.

Top 7 Mistakes Home Buyers Make

By Janet Wickell

**“The purchase of a home is probably the largest single investment you will ever make.”**

## How Much to Offer?

When you prepare an offer to purchase a home, you already know the seller's asking price. But what price are you going to offer and how do you come up with that figure?

Determining your offer price is a three-step process.

First, you look at recent sales of similar properties to come up with a price range. Then, you analyze additional data, such as the condition of the home, improvements made to the property, current market conditions, and the circumstances of the seller. This will help you settle on a price you think would be fair to pay for the home. Finally, depending on your negotiating style, you adjust your "fair" price and come up with what you want to put in your offer.

### Comparable Sales in the Public Record

The most accessible source of information on comparable sales is the public record. When someone buys a home the property is deeded from the seller to the buyer. In most circumstances, this deed is recorded at the local county recorder's office. They combine sales data with information already known about the property so they can assess property taxes correctly.

Provided there have been no additions to the property, the information available from the public record is usually correct regarding sales price, square footage, and numbers of rooms. This makes it easy to use the public record as a source of data for comparable sale information.

Accessing the data is another matter, at least for the general public. Realtors can generally look up this information through title insurance companies. The title companies either compile the data directly from the county recorder's office or purchase it from other companies.

One problem with the public record is that it tends to run at least six to eight weeks behind. Add another four to six weeks for the typical escrow period and you can see the data is not current. The most current information is the most valuable.

### Comparable Sales in the Multiple Listing Service

Most of the public is aware that the Multiple Listing Service is a private resource where Realtors list properties

that the Multiple Listing Service is a private resource where Realtors list properties available for sale. Recently, the public has been able to access some of that information on such sites as Realtor.com, MSN HomeAdvisor, and others.

Once a property is sold and the transaction has closed, the selling price is posted to the listing in the Multiple Listing Service. Over time, it has become a huge database on past sales, containing much more information on individual homes than can be gleaned from the public record. This information is only available to real estate agents who are members of the local Multiple Listing Service. If you are interested in receiving this information because you are buying or in the market to buy please give Suzan Schultz, Realtor with Coldwell Banker a call 321-9949.

## Does My Realtor Really Have My Best Interest at Heart?

Until recently, the real estate industry exclusively represented the Seller. A growing number of Real Estate Licensees (and the public) want Buyers to have an equal level of representation in the real estate transaction.

In the past, home buyers often assumed their real estate agent worked in their behalf. After all, the agent showed them lots of properties, called regularly to tell them about new listings, wrote the offer to purchase, and answered questions about mortgages and other issues related to the sale. Buyers felt free to give confidential information to an agent, unaware that it was the agent's duty to pass the information on to the seller.

A real estate buyer's representative represents the buyer who is purchasing property in a real estate transaction not the seller. Research by the National Association of REALTORS® has shown that when a

buyer's representative is used, the prospective buyer found a home one week faster and examined three more properties than consumers who did not use a buyer's representative.

The buyer's representative works for, and owes fiduciary responsibilities to, the real estate buyer and has buyer's best interests in mind throughout the entire real estate process. A buyer's representative will:

- Evaluate the specific needs and wants of the buyer and locate properties that fit those specifications.
- Assist in viewing properties -- accompany the buyer on the showings, or preview the properties on behalf of the buyer to insure that the identified specifications are met.
- Research the selected properties to identify any problems or issues to help the buyer make an informed decision prior to making an offer to purchase the property.
- Advise the buyer on structuring an

appropriate offer to purchase the selected property.

- Present the offer to the seller's agent and the seller on the buyer's behalf.
- Negotiate on behalf of the buyer to help obtain the identified property -- keeping the buyer's best interests in mind.
- Most importantly, fully-represent the buyer throughout the real estate transaction.

It pays to be represented. When working with an real estate licensee make sure you are being represented by someone with your best interest at heart.

Ask your Realtor if they are a buyers agent today.



## Realtor® VS. For Sale By Owner

- that a clever buyer can stay in possession of your property for many months after he defaults on the contract, and in effect "live for free" at your expense?
- that most buyer complaints involve alleged damages of less than \$10,000, yet you could be forced to spend thousands in attorney's fees to defend such a claim?
- that alleged failure to disclose such things as previous repairs, insects, exact lot lines, and the presence of certain types of mold/fungus in the property are the source of many lawsuits against sellers?

In short, a lawsuit can ruin your whole day! Even if you know that the buyer's claims are completely bogus, it can take many months and many thousands of dollars to prove that you are "innocent." What's worse, you have no "malpractice" insurance to pay these bills; you will have to write all the checks yourself. And, of course, you could lose ... and losing a case like this can be disastrous. You and the buyer have a contractual relationship, and sellers who lose such suits can find themselves having to pay not only the amount

of damages awarded to the buyer, as well as their own attorney, but they may also be ordered to pay the fees of the attorney who sued them!

Experienced, professional real estate agents understand these kinds of risks, and they can help you to minimize them in a variety of ways. They devote many hours to training and educational programs which emphasize risk reduction, and protecting their clients' interests.

Now, there are any number of reasons why your buyers may decide to take action against you (sometimes, they just don't feel like making the payments any more). However, most of these complaints allege problems with the condition of the property, and/or representations made to them about the property or the transaction. An experienced agent knows how to reduce the risk of these types of complaints, by including effective "AS IS" and other clauses in the contract language, and by providing for such things as a professional home inspection, and a home warranty.

When a problem arises in the transaction, an experienced agent can move swiftly to "nip it in the bud." Their thorough under-

standing of the myriad facets of modern transactions can help them to identify the real problem, and to either solve it themselves, or by calling upon resources that the typical seller simply does not have access to.

There is no escaping it: the best way to deal with a complaint is to prevent it in the first place. The organized real estate community has spent a lot of time thinking about how to reduce the likelihood of claims, and has responded to this threat in a number of ways. For example, the standard contract forms that most agents use are chock full of language which can help protect you, and reduce your exposure to claims and litigation.

Selling your home without professional help is very risky business indeed. Yes, it costs money to employ a real estate agent, but if you find the right one, you will likely be able to sell your property faster, while at the same time reducing the chances that your buyer will come back to haunt you.

By Robert N. Bass