

Mark Goodman's

THE REALTORS REPORT

Century
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Mission-Bishop Real Estate

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10 YEARS REAL ESTATE
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Buy New Or Old? *the continuing debate.....*

As you embark on your venture to buy a home, one of the first decisions to make is whether to buy new or purchase an existing home. Each choice has its advantages, and there is no single answer which works for everyone.

You may be drawn to the shiny new, energy-efficient appliances, the great room, and the beautiful master suite offered in a new home. But you may also like the charm the canopy of trees that drape over the sleepy neighborhood streets, and the increasing value of an existing home you've been eyeing.

Here are some things you'll want to ponder as you decide which route to take.

EXISTING HOMES

Existing homes offer many considerations for potential homebuyers, including:

The neighborhood. Many people are drawn to developed neighborhoods for the sense of community that has been established. The mature landscaping and developed trees are often a considering factor.

Maintenance and repair - If you're considering an existing home, be sure you have a good handle on the working status of all

major systems. Hire a professional home inspector to check out the house. As appliances and systems age they naturally require repair and replacement, something which may be reflected in a purchase price.

Home improvement - If you enjoy small repairs and home improvement projects around the house, then an existing home would be your cup of tea.



Existing features - When you buy an existing home, you typically don't have to worry about buying the extras, such as blinds for the window, a security system, or a landscaped back yard.

Land - In most metro centers, new homes may have less land than newer properties. Why? Because of changes in land-use patterns.

Location - Existing homes are often found in older, more convenient metro core areas rather than outlying suburbs.

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On The
Inside:

Odds & Ends
Desire
Renting Your Home

**The Gold Edition (TGE), Size 11"X 17" (folded in half to 8 1/2" X 11"), Four Pages,
Heavy 100 Lb. Glossy Premium White Paper, Distinctive Gold and Black Ink**

EXPECTANCY

To feel in our innermost being that we will achieve what we set out to do – this opens the way for miracles. Expecting something to happen energizes our goal and gives us momentum. We often find that life responds to our outlook. What we expect to happen, happens. The dreams we choose to believe in come to be.

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The opportunity to remodel – In some cases buyers may prefer an older home in a particular location which can be modernized or expanded. In effect, use the existing home as a base to build a unique property.

Price – In general terms, existing homes tend to be less expensive than new properties. According to the National Association of Realtors, the median price for an existing home is expected to reach \$146,600 in 2001. In contrast, says the National Association of Home Builders (NAHB), the median price for a new home in August was \$167,600. As well, existing homes are likely to come complete with items which may represent new home extras -- blinds, landscaping, built-ins, etc.

Track record – When you purchase an existing home, you know how much the property has appreciated over the years -- in effect, you have an index of sorts which measures the community's marketplace appeal. At the same time, like stocks and bonds, you know that past results do not guarantee future marketplace performance.

Taxes – Depending on your state, you will likely have lower property tax rates. Also, many older households aren't required to pay for local bonds associated with new development, such as schools, parks, road or transportation improvements.

Traditional layout – If you like the formal living and dining rooms, an existing home will likely satisfy you.

NEW HOMES

On the other hand, new home considerations include:

Warranties – Many home builders offer 10-year warranties from third-parties who will be there if certain problems develop over time. In addition appliances and systems also include direct manufacturers' warranties for such items as stoves, clothes washers, etc.

Modern architecture and layout – If you prefer a great room (oversized family room), bigger closets, more bathrooms and media niches over formal dining and living rooms, a new home is likely to better accommodate you.

Options – When you buy a new home, you get to decide the particulars of what you want. You can also select any of the upgrade features the builder may offer, choose the right paint for each room, select the cabinets you want, and do much to customize the property.

Price – As we saw above, new homes are typically more expensive than existing homes. New homes are likely to need fewer repairs or replacements because everything is, well, new, warranties are in place, and normal wear and tear has yet to begin.

Safety feature – Most new homes now have hard-wired smoke detectors on every floor. They are usually interconnected so that if one goes off, they all go off.

Energy efficiency – Over time homes have become better insulated and energy costs have been reduced. Better windows, more efficient heating and cooling equipment, better control of air infiltration, and greater use of insulation, new homes consume half the energy of homes built prior to 1980, according to the NAHB.

Less maintenance – New homes are often made with materials that require less maintenance, such as aluminum siding, and vinyl window trim that never need painting and wood decks made with pressure-treated wood that resists rot and insects.

THE REAL ANSWER

So which is the better choice -- new or existing?

There's no single objective answer that's right for everyone. We each have different preferences and the values that best suit one may be all wrong for another.

Moreover, terms such as "new" and "existing" are among the many factors to consider when looking for a home. All homes are unique -- they each offer a combination of factors which no other home quite duplicates. There are trade-offs with every property.

The real question is not which is "better" -- new or existing -- but rather which specific property best meets your needs. The only "correct" answer is unique to you: It's whatever you prefer.



Every effort has been made to verify the accuracy of the information herein, but it is not guaranteed and should not be relied on without specific advice from a professional.

Earnest Money Means You Are

In medieval days, a father would send an entire herd of cattle as a not-too-subtle hint that his daughter be married into a certain family. Nowadays, when you've decided a particular home is "the one" for you, you can, thankfully, leave the cattle at home. You are asked, however, to deposit a small percentage of the sales price of the home you want to purchase--it's called "earnest money."

Your earnest money is a good faith deposit that accompanies your offer. It is usually a personal check, but a short-term promissory note is sometimes acceptable. A sizeable earnest money deposit indicates financial strength and assures the seller of your commitment to purchase the property.

Once your offer is accepted, your earnest money check is cashed and deposited with the title company, attorney or with the listing broker. Your funds are held in a separate account reserved only for earnest money deposits. In most cases, everything proceeds smoothly to the closing day when the total amount of your earnest money is credited to you as a portion of your down payment.

If the sale doesn't go through, and you do not default on any of the contract's contingencies, your earnest money will be returned to you as soon as you and the seller sign an earnest money release.

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PORTFOLIO LOAN

A *Our lender told us that rather than getting a conventional loan, our loan will be originated and held in portfolio. Can you tell me what a loan in portfolio means?*

A loan that is originated and held in portfolio is a self-underwritten loan made by a bank, mortgage company or originator that holds the loan in its portfolio of investments, collecting the monthly payments until the loan is paid in full. Nowadays, many home loans are not held "in portfolio" and are sold to other financial institutions or to the secondary market.

The secondary market is made up of organizations that buy loans from Banks and other lending institutions. Primary comprised of the Federal National Mortgage Association (FNMA) (or Fannie Mae); the Government National Mortgage Association (GNMA) (or Ginnie Mae); and The Federal Home Loan Mortgage Corporation (FHLMC) (or Freddie Mae). These organizations buy and recycle loans from the original lending institution. A large percentage of loans end up in the secondary market. Loans that are not sold to in the secondary market remain "in portfolio".

ODDS &

RADON? Ends

IT'S A GAS!



Radon is an odorless, radioactive gas that is produced by the natural decay of uranium in the soil. Typically, it penetrates a home through cracks and holes in the foundation. Although it is present in outside air, it can build to unsafe levels when it remains trapped inside a home. The highest level of radon will be found in the basement or crawl space. The amount of radon can vary widely--from one area of the country to another and between houses sitting next to each other.

It is believed that prolonged exposure to high doses of radon can be carcinogenic, and it appears that smokers are at greater risk than nonsmokers.

Testing for radon is easy and relatively inexpensive. Many home inspectors can test for the presence of radon, or you can purchase a test kit from your local hardware store and perform the test yourself.

If a radon problem exists, it can be reduced to acceptable levels. Mitigation usually involves installing a special fan which draws radon gas from under the foundation and releases it outdoors. All cracks and joints in the foundation should be sealed with a caulking compound especially designed for this purpose.

Every sales contract should include a clause permitting a radon test and a contingency allowing an acceptable agreement between buyer and seller for mitigation, should it become necessary.



Wickedness is always easier than virtue, for it takes a short cut to everything.

--- Samuel Johnson

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**Mark Goodman
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❖Excellent references available from sellers and buyers.