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10 Ways To Get Your Price

by M. Anthony Carr

When buyers gain more leverage in a housing market, sellers must think out of the box to entice buyers to their homes, then to lock in their asking price. Below are 10 ways to get your home sold and, if not at your price, at least a little closer than what you might have gotten otherwise.

Finished rec room. This gives the buyer a lot more than just money in his pocket. You may be able to finish an unfinished space for less than what the buyer wants to lower the price. When you're talking monthly payments, \$50,000 in the mortgage amount would be \$299.78 per month. By negotiating \$50,000 in remodeling costs, the buyer could come up with a third more living space for less than the cost of a car payment.

Decorating allowance. Is your décor tired looking and left over from the 80's or 90's? Then offer cash for upgrades, new carpet and a paint job. With good bidding on the job, you may be able to keep your price, give the buyer what s/he wants and make some money on the backside as well by not dropping your price. Many buyers would love \$20,000 to spend the way they want on decorating.

Mortgage payments for 3 to 6 months. How would you like to move into a house and make no payments for 3 to 6 months? On a \$300,000 mortgage at 6 percent interest, the principal and interest payment is \$1,798.65 per month -- over three months, the buyer would save \$5,395.95; 6 months, more than \$10,791.90.

Buy-down points to lower the interest rate. For some buyers, it's all about the monthly payment. Try coaxing them into your price with an offer to buy-down their interest rates with points paid by the seller. If they can get the interest rate low enough, they will be able to carry a higher mortgage for a lower monthly payment because of your point money left at the table. This is a technique of "selling the deal" more than selling the house.

Vacations. Buy a house, get a Caribbean Cruise. Take some tips from new home builders -- they're professionals at this incentive thing. Sometimes, a buyer might get cash back at the settlement table, but wouldn't dare spend it in a luxurious way. Offer a cruise, an expensive spa weekend, airline tickets to Asia -- or some other out of the ordinary travel package to entice them. When you consider the inventory has more than doubled in some markets, the only thing different from one house to another may be the cruise line.

Free Media room. Did you know that movie ticket sales are down for the third year in a row? One of the reasons is the advent of the at-home, non-sticky, low-ticket price media room. During the recent Christmas holidays, some media room packages, complete with big screen monitor and surround systems were selling for under \$5,000. This one investment alone could be the sweetener your buyer needs to sign the bottom line.

Year-long HOA Fees. Looking for a more practical buyer benefit? How about relieving them of those expensive home owner association dues. Depending on the community, these fees could top out to more than \$500 per month -- that's \$6,000 for the first year. Offering this bennie could definitely help the cash-poor buyer get into his first condo.

Offer seller financing. This option is overlooked by a lot of sellers because they or their Realtor just don't think about it. Seller financing can be in several forms -- as a first trust, second trust or even 100 percent financing for the whole house. For the seller who can swing a 1st trust mortgage, this can actually become quite the cash cow. For instance, a \$100,000 mortgage offered at 7 percent over 5 years with interest-only payments followed by a balloon payment of \$100,000 -- would actually result in the seller netting \$135,000 over the life of the loan -- not a bad return..

Pay off bills. Some loan programs will allow sellers to pay off credit cards, auto loans, et. al., for the buyer. It could make the difference in qualifying for the mortgage and having to buy a smaller, less expensive house. Again, maintain your asking price and offer to pay off debt for the buyer.

Pay closing costs (up to mortgage program limit). Here's the old standby. It's not as fancy as those above -- but it's very reliable and works very well.

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When You Screen Tenants, Make Sure the Law is on Your Side

by Phoebe Chongchua

The business of renting out your real estate properties is often confused as simply being an aspect of the business of investing in real estate. But make no mistake, when you buy a property and rent it out you are now effectively running a business and in order to protect you and your asset you'd better know the law.

"If you're just treating rental property, especially residential, as an investment and you're just doing it on your own like stocks and bonds, you're really running a huge risk for liability that could cost you your entire investment," says attorney Ted Kimball who specializes in landlord/tenant law.

Landlords frequently ask about the best way to screen tenants, Kimball cautions them, "That's an area that is fraught with potential liability."

His law firm Kimball, Tirey and St. John is a full-service real estate law firm, which has offices throughout California. Kimball says on top of having to watch out for violating federal laws, every state also has regulations that apply to screening tenants.

There are three basic areas that landlords need to check: credit history, past tenant behavior and criminal history. But there are federal acts and various state laws that protect the person being investigated, without having this knowledge, a landlord could easily violate them and end up owing a lot of money.

"There are fines and penalties that go with them, \$10,000 per incident are typical fines for some of these violations," says Kimball.

Some of the greatest risks involve violating federal acts such as the Federal Fair Housing Act which identifies seven protected classes: religion, national origin, race, ancestry, sex, familial status and disability. There is also the Federal Credit Reporting Act which states things such as if you turn potential tenants down you must give notice in writing to them explaining why they were turned down if it was fully or partially based on their credit report. You must also let them know that they can dispute the information that is on the report with the credit reporting company that produced the report and you must provide name, address and phone number of the credit reporting agency.

Violating the Federal Fair Housing Act could happen this way, "[Tenants] could claim that you're using different standards for them from those for someone else," explains Kimball. Let's say, that you bring in a tenant who is not a member of a protected class, but the one you turned down is a member of a protected class and is also just as qualified, on paper, as the person you accepted. The one you turned down may claim illegal discrimination as the reason for not being accepted.

Kimball says the best way to get good tenants for your property and protect your assets is to use a property management company.

But if you not interested in doing that, Kimball recommends, at least, hiring an objective, third party to handle the screening of your tenants. This way when a credit check is being done you have a standard already in place.

"The [screening companies] that work best are the ones that actually give you a credit score. So you decide what level [score] you want to qualify and if the [prospective tenants] score above that level, then you accept them. If they don't [score above that level] then you don't accept them," says Kimball.

The bottom line, according to Kimball, is in order to protect your bottom line you'd better hire professionals who know the laws to handle this area of your business.

MARCH AT A GLANCE...



Lent

1 ASH WEDNESDAY



8 INT'L WOMEN'S DAY



17 ST. PATRICK'S DAY



20 VERNAL EQUINOX



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