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NEI's Real Estate Report

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Life Expectancy of Home Components

by Broderick Perkins

One way to prepare for the costs of owning a home beyond the mortgage payment, insurance and taxes, is to know the expected life expectancy of your home's components.

Such knowledge doesn't supersede the use of a home inspector when buying a home, new or old, but it can help you develop a savings plan so you are prepared for the inevitable.

Sooner or later you'll have to repair or replace many of your home's parts ~ inside and out.

Knowledge of components' life expectancies is what homeowner associations use, in part, to build a reserve fund designed to spread, over time, the cost of the inevitable.

When the roof goes, the appliances conk out, or the paint begins to fade, it's a lot easier to come up with the cash if you've already got some socked away for just this kind of rainy day.

Last year, the National Association of Home Builders, along with the Bank of America developed the "NAHB/BoA Home Equity Study of Life Expectancy of Home Components" to help you take the guess work out of preparing for the worst.

The report suggests you use the timelines as a general guideline. Local weather conditions, use habits, regular maintenance ~ or the lack of it ~ can all affect the life expectancy of many components.

Personal tastes for contemporary upgrades, remodeling needs and other factors may also dictate replacing parts before their useful life time is up.

In any event based on a comprehensive telephone survey of manufacturers, trade associations and researchers NAHB developed information about the longevity of housing components.

From the foundation to the rooftop, here's a quick look at how long, on a national average, some of the most common home components are expected to last.

Foundations. Poured concrete block footings and slab foundations should last a lifetime, 80 to 100 years or more provided they were quality built. The foundation termite proofing, 12 years, provided the chemical barriers remain intact.

Properly installed waterproofing with bituminous coating should last 10 years.

Flooring. Natural wood flooring has a life expectancy of 100 years or more with proper care. Marble, slate, and granite, likewise, but again, only with proper maintenance. Vinyl floors wear out in 50 years, linoleum about 25 years, and carpet between 8 and 10 years, tops.

Electrical system. In the electrical system, copper plated wiring, copper clad aluminum, and bare copper wiring are expected to last a lifetime, whereas electrical accessories and lighting controls are expected to fail not much longer than 10 years.

Outside materials. Outside materials typically last a lifetime. Brick, vinyl, engineered wood, stone (both natural and manufactured), and fiber cement typically last as long the house exists. Exterior wood shutters get 20 years, well maintained gutters, 50 if they are copper, 20 years if they are aluminum. Copper downspouts last longest, 100 years or more, while aluminum ones give out after 30 years.

Doors. Exterior fiberglass, steel and wood doors will last as long as the house exists, while vinyl and screen doors have a life expectancy of 20 and 40 years, respectively. Closet doors are expected to last a lifetime, and French doors have an average life of 30 to 50 years.

Windows. Wooden windows last longer than aluminum ones ~ 30 years compared to only 15 or 20.

HVAC systems. Heating, ventilation, and air conditioning systems require a religious regimen of maintenance. Still, most components give up within 25 years. Furnaces break down in 15 to 20 years, heat pumps 16 years, and air conditioning units 10 to 15 years. Tankless water heaters can go for 20 years or more, but electric or gas water heaters only 10 years. Thermostats have a 35-year lifespan but are often replaced for more efficient models.

Appliances. Appliances' life expectancies depend largely on how much they are used, but they are typically replaced long before they are done. One must keep up with the Joneses. Among major appliances, gas ranges live 15 years, dryers and refrigerators die at 13, compactors, dishwashers and microwave ovens might last until they are 9 years.

Roofing. The life of a roof is largely dependant upon local weather conditions, proper building and design, material quality, and adequate maintenance. Slate, copper, and clay/concrete roofs have the longest life expectancy, 50 years or more. Wood shake roofs, go for 30 years, fiber cement shingles last 25 years, asphalt shingles give up at 20.



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Five Keys To Successful Negotiation

by Peter G. Miller

Whether you're a buyer or a seller you want to succeed in the realty marketplace. That's natural and reasonable, but what are the steps you need to triumph?

Negotiation is a complex matter and all transactions are unique. Both sides ~ buyer and seller ~ want to feel that the outcome favors them, or at least represents a fair balance of interests. In the usual case there is a bit of bluff, some give-and-take, and neither party gets everything they want.

So how do you develop a strong bargaining position, one which will help you get the most from a transaction? Experience shows there are five basic keys which will determine who wins at the negotiating table.

1. What Does The Market Say?

At various times we're in a "buyers" market, a "sellers" market, or a market where housing supply and demand are roughly equal. If possible, you want to be in the market at a time when it favors your position as a buyer or seller.

Because all properties are unique ~ it is possible to buck general trends and have more leverage than the marketplace would seem to allow. For instance, if you have a property in a desirable neighborhood with few sales, you may be able to get a better deal than elsewhere. Or, if you're a buyer who can quickly close, that might be an important negotiating chip when dealing with an owner who just got a new job 500 miles away.

2. Who Has Leverage?

If you're on the front page of the local paper because your business went bust ~ and the buyer knows it ~ you have little clout in the bargaining process. Alternatively, if you're among six buyers clamoring for that one special property, forget about dictating an agreement ~ the owner can sit back and pick the offer which represents the highest price and best terms.

3. What Are The Details?

A lot of attention in real estate is paid to transaction prices. This surely makes sense, but the key to a good deal may be more complex.

Consider two identical properties that each sell on the same day for \$275,000. The houses are the same, the sale prices are the same, but are the deals the same? Maybe not. For instance, one owner may have agreed to paint the property, replace the roof, purchase a new kitchen refrigerator, and pay the first \$3,000 of the buyer's closing costs. The second owner made no concessions.

In this example, the first house was actually sold at discount ~ the \$275,000 purchase price less the value of the roof repairs, closing credit, and other items. If you're a buyer, this is the deal you want. If you're a seller, you would prefer to be the second owner and give up nothing.

4. What About Financing?

Real estate transactions involve a trade ~ houses for money. We know the house is there, but what about financing? There are several factors that impact the money issue:

Has the buyer been pre-qualified or pre-approved by a lender? Meeting with a lender before looking at homes does not usually guarantee that financing is absolutely, unquestionably available ~ a loan application can be declined because of appraisal problems, title issues, survey findings, and other reasons. But, buyers who are "pre-qualified" or "pre-approved" (these terms do not have a standard meaning around the country) at least have some idea of their ability to finance a home and know that they are likely to qualify for certain loan programs.

The result is that pre-qualified buyers represent less risk to owners than a purchaser who has never met with a lender. If the seller accepts an offer from a buyer with unknown financial strength, it's possible that the transaction could fail because the buyer can't get a loan. Meanwhile, the owner may have lost the opportunity to sell to a qualified buyer.

The lower the interest rate, the larger the pool of potential buyers. More buyers equal more potential demand, good news for sellers.

Alternatively, high rates or even rising rates may drive buyers from the marketplace ~ and that's not good for anyone.

It used to be that downpayments were a major financing hurdle ~ but not anymore. For those with good credit, loans with 5 percent down or less are now widely available. In fact, 100 percent financing, mortgages with nothing down, are now being made by conventional lenders. Reduced downpayment requirements are good for both buyers and sellers.

5. Who Has Expertise?

Imagine you're in a fight. The other guy has black belts in 12 martial arts ~ and you don't. Who's going to win?

Brokers have long represented sellers, and now buyer brokerage is entirely common. In a transaction where one side has representation and the other does not, who has the advantage at the bargaining table?

Thinking of buying or selling a home in the near future, please call

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for a personal interview and property assessment with no obligation.

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