



**Anthony
NEWMAN**

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Buyers Not Likely To Pay For Improvements

by Broderick Perkins

Cost-vs-value studies consistently reveal how you can use home improvements to boost or retain the value of your home, in just about any market, but not if you expect buyers to pay for them.

If you look close at the methodology in cost-vs-value studies you'll find that the best value impact is based on, among other things, the job you choose to do, local market conditions, the condition and age of other similar homes in your neighborhood, and perhaps most importantly, holding onto your home for a while.

Even when you choose the best cost-vs-value job for the market and for the neighborhood, if you don't give that improvement time to season and position your home as above par with other similar homes on the market, rather than a done deal, your home improvement could be a dumb deal.

Real estate experts say when its time to sell your home, it's a better idea to leave the major improvements to the new buyer and concentrate on curb appeal, landscaping and interior work that transforms your home into a model home, rather than the Taj Mahal.

Here's why, according to the experts.

Appraisers say, you may be ahead of the curve upgrading your home, but if your home improvement doesn't reflect what's been done to other homes in the neighborhood it may not pay off. If comparables don't come with the work you performed on your home, the selling price isn't going to fully reflect what you paid for the work. Not only can't you increase your sales price enough to cover the cost of the work and time, second-guessing what the buyer will want in appliances, decor style and finishes could cost you the sale.

Staging experts say better ideas include cleaning up, removing the clutter, adding a new coat of paint, installing carpeting, manicuring landscaping and updating fixtures, windows, doors and other cosmetic touches to put your home in the best light at a small cost.

That also means completing deferred maintenance. Make repairs to fix or replace broken items and systems. Use your cash to put the home and its components in good working condition by replacing missing roof shingles and broken or cracked windows. Repair driveway cracks and straighten listing fences. Make sure doors, gates, lights, plumbing fixtures and other items are all working properly.

Beyond the cosmetic touches and functional upgrades, but far short of full-fledged alterations and additions, the best home improvements that help net sellers full

market value include a new roof, kitchen and bath remodels and only those alterations and additions that brings your home in line with the others in the neighborhood.

You should, however, right wrongs ~ even if the work won't garner you a full return on your dollar.

If you or the previous owner completed work on your home without a permit, make it right before you attempt to sell the home to comply with building code and disclosure requirements.

Ultimately, you could be required to have the local building officials inspect existing conditions to obtain a permit to correct any work that's not to code. Otherwise, if the work doesn't comply with building codes, especially if it's a health or safety hazard, you could be forced to tear out the work.

And that's not the worst of it.

If, after close of escrow, a buyer discovers work completed without a permit and the local building department decides not to approve the work, a chunk of the home's value could become a legal issue. Any difference in value based on what was not permitted at the time of sale, could become a point of litigation.

Finally, it's sometimes in your best interest to let the buyer take care of any necessary construction.

If an inspection or appraisal turns up the need for major corrective work, consider leaving money in escrow with instructions for the escrow officers to pay the contractors once they complete the work.

Let the buyer select the contractors based on several fair bids and have the work done after the close of escrow to avoid a construction zone in your home while you are trying to sell it. If the buyer supervises the work, you don't incur any liability and the lender knows the property will be restored to its proper condition, which enhances loan value.

310-338-1245

E-mail:

Anthony@neirealty.com



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home?**

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Appealing Your Property Tax Bill

by Broderick Perkins

If your property tax is aligned with or assessed based on the value of your home, a swing in property values could warrant close scrutiny of your property tax bill.

Some more progressive tax jurisdictions will make the adjustment for you ~ up or down ~ but most only move your rate up or they'll wait for the property to change hands before adjusting the tax.

Even where adjustments are automatic, you still may not be satisfied and will need to appeal the deal.

Over valued or over assessed property is perhaps the most common and successful grounds for challenging your tax bill.

When the economy is faltering and spawning foreclosures, short sales and homeowners otherwise bailing out of homeownership, consider it a red flag ~ it's time to scrutinize your property tax bill.

Many homeowners bailout, accept the foreclosure or take the short sale way out because their mortgage is more than the value of the home, which may have fallen for a variety of reasons.

The incidence of incorrectly calculated property tax bills may also warrant a close inspection of your property tax bill or an appeal.

Many errors in calculating your property tax bill also stem from clerical mistakes according to the American Homeowners Association (AHA) which, along with the National Taxpayers Union, offers a low-cost kit to help you check our property tax's accuracy and, if necessary, attempt to lower your levy.

Visit the Federation of Tax Administrators to pinpoint your property tax jurisdiction, records and procedures.

Tell-tale signs your property tax could warrant an adjustment include:

Errors in the description of your property on the tax bill.

Compatible homes in the area that have sold for less than your appraised value.

Neighbors with lower assessments on similar houses. Keep in mind some homes retain the same assessed value for years and assessed values often don't rise or fall in step with market values or home sale prices.

Value reducers in your home or area, including drainage problems, easements, re-zoning, heavy traffic, nearby railroad tracks, freeways, industry or toxic waste.

Depreciation factors, including the quality of materials, inefficient heating, structural cracks, deterioration, or chronic defects.

When you examine your tax records in the local assessor's or property tax office to make sure the information is complete and accurate also ask yourself:

Did you buy your home in a bidding war? An overvalued property is an over assessed property.

Are there errors in your tax records? Look closely at your records and make sure there aren't reporting errors. A condo listed as a single-family home, square footage that's off, too many rooms and more can falsely boost assessed value.

Do the math. Many states put a cap on how much above the market value an assessment can be and how much it can rise each year.

If you need to appeal the assessed value and related property tax, prepare yourself for a time-consuming ordeal.

In most cases the process is free for taxpayers, but you may want to enlist the aid of a licensed professional to assist you.

Typically, you'll have to find three, five or more comparable homes in your neighborhood that have lower assessments. Obviously, the lower the better. Also, the more comparables, the stronger your case. Truly comparable homes are homes nearly identical to your home's floor plan, age, lot size, improvements and other factors.

The information is largely public and available, with some digging, from your tax assessor's or property tax office, but you can hire a real estate agent or other professional with access to your local multiple listing service. They can quickly generate a comparable market analysis of homes both recently sold and those in escrow to hone in on your home's true value.

An appraiser with multiple listing service access can do the same, as well as perform an appraisal of your home.

If you hire a professional you could be out a few hundred dollars. Don't make a case if you don't think it's worth the cost to appeal.

Approach the appeal objectively, not with an adversarial chip on your shoulder. You only want your due, not to incite the property tax system.

If at first you don't succeed, be prepared to appeal to a higher authority.

See the AARP's property tax section for more property tax considerations.

Thinking of buying
or selling a home
in the near future,
please call
**ANTHONY
NEWMAN**
for a personal interview
and property
assessment with
no obligation.

310-338-1245

E-mail:

Anthony@neirealty.com

NEIREalty.com



Newman's Enterprises, Incorporated
6820 La Tijera Blvd. #109
Los Angeles, California 90045



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