



REAL ESTATE

REAL ESTATE,

From Page 1D

Deckert: That's important. For example, I inspected a home recently where the lady bought a house and the sellers told her that they will lower the price if she didn't get a home inspection. That would have been a red flag for me but she went ahead and bought the house. She had me inspect it after the fact. I told her that there would be \$5,000 to \$6,000 of foundation repairs. To see her in tears when I left wasn't pleasant, but I gave her the information she needed.

Ihrig: So many people don't want to spend that \$300 on a home inspection - that's peace-of-mind insurance!

Braun: I see the same thing. A lot of people come into my office saying they will save the 6 percent sales commission. I think, "I'll pay it because I don't have the time to do what they do." Also, using a professional does give me that peace-of-mind insurance.

I've seen people try to do a deed themselves, but they are almost never correct. It just becomes a headache for them. By the time they're done they have to go pay a lawyer anyway.

Ihrig: It's not always cutting corners, however. I have a case where I know the home did not appraise for the price the for-sale-by-owner is asking. The buyer thought he was getting a good deal, but he didn't know the market. That's an advantage of using a Realtor. A professional has expertise in home values.

Challenger: *We've talked quite a bit about the first-time homebuyer. Tell me about the challenges involved in selling a house for the first time.*

Ziegler: If you were selling the home without the aid of a Realtor, you would need an attorney. A lot of times when the sale happens, the buyer and seller don't have a contract ready and they are not familiar with drafting such a contract.

When people try to write their own contracts, it's not a question of whether it's valid, but the problem occurs in not including all the legal requirements and contingencies that should be included. The standard contracts used by the Kentucky Association of Realtors get updated annually to stay current and valid. It's the most important document in the home buying/selling process.

Deckert: For a home seller, pre-inspections - that is, the seller getting an inspection before putting the house on the market - are becoming popular. It's a selling tool. It also serves as a disclosure form. It tells the buyers what's wrong with the house. Oftentimes, the buyers realize it's not a big deal - it's not a problem that stops the sale and they can base their offer on it.

Gillum: Yes, that's getting to be quite a bit more popular. It may especially be needed if someone is living in a home for a long time and has never been through the selling process. To put it nicely, they can get comfortable with what might be wrong with the house.

Deckert: Yes, we call that tunnel vision.

Braun: I think the pre-sale inspection is the best idea. Only because I've seen so many people come in without an inspection and regret it. I just had a lady come in who bought a historic home in Newport and a week after moving in the second-floor bathtub was on the first floor. She came in to get a lowered tax valuation, but by law, we aren't able to do that because the deed was signed for that amount. That's your tax amount. She's stuck paying for a large assessment on a house that doesn't have a second floor now. She saved \$300 on an inspection for a \$400,000 house. She signed the deed at an arm's-length transaction, now that's the value of the house. Personally I wouldn't buy a house without an inspection.

Ihrig: Personally I won't finance a for-sale-by-owner unless they provide a property disclosure form.

Gillum: It's state law to have a disclosure form even for a FSBO (for sale by owner).

Deckert: Yes, but if the buyer and seller aren't using a Realtor they don't know that it's a state law.

Gillum: True, a pre-inspection is something we certainly suggest for first-time home sellers, but another thing that can be somewhat of a juggling act is where they are going. Are they moving to a bigger home, building a new home or relocating out of the city? The sellers will have that juggling act of "How do I sell this old house in order to buy this new house?"

That's when you talk with someone like Mary Ann about a bridge loan or a company like Sibcy Cline who has a guaranteed sell program so you don't have to move twice. You really have to have all your ducks in a row before you go and buy that next home. It's very much of a plan that you have to map out to be ready for the next step.



Tricia Suit / The Sunday Challenger

"There are two things they should look for from a legal standpoint that may affect their use of the property. There are zoning restrictions and subdivision restrictions to consider. An attorney can look into these matters for them."

Robert C. Ziegler

is a partner with the law firm Ziegler & Schneider, P.S.C. He has over 15 years experience working in real estate matters. Zeigler is currently the attorney for the Northern Kentucky Association of Realtors and the Northern Kentucky Multiple Listing Service.



Tricia Suit / The Sunday Challenger

When you get into the new construction it makes it a little bit tougher. But it enables a buyer to put a contract on a home that they want to buy with only a contingency that states that Sibcy will buy it and then they can proceed to close.

Challenger: *So most people don't have a plan for how they will get over that hurdle of selling their current home and buying their new home?*

Gillum: Yes, basically most sellers will get a value on their current home, then will go to their lender to see what they qualify for, then they will go out and pick their new house. Then they just put their old house on the market and hope that the new house doesn't sell before their current one does.

That could cause trouble. You can't buy a house contingent upon the sale of the home you're selling. No one wants to sit and wait for that other house to sell. It is no longer accepted. It is, however, acceptable to buy a home contingent upon the successful close of your home.

Ihrig: People get very concerned about bridge loans. They freak about making double payments. I would estimate on most of the bridge loans I do probably nine out of 10 people sell their old home before a payment on their new one is ever due.

Challenger: *All of you have advocated getting a home inspection. What if someone does get a home inspection and major problems are missed?*

Deckert: The home inspector is pretty much financially responsible. There are new laws requiring that if a buyer does find a problem, he or she must contact the home inspector before doing any repairs. I think it's a way to minimize lawsuits. Lawmakers are hoping the inspector and homeowner can work something out before the lawyers are called.

I think though that experience is the most important thing to making sure an inspection is done right. I've been an inspector for eight years - Taylor-Made has been in business for 11 years. At other places, I've worked with guys who I wouldn't want working on my house. Just because you're called an inspector doesn't mean you're a competent one.

Gillum: Most of these guys carry errors and omission insurance, but you get what you pay for. There are home inspectors that don't carry errors and omission insurance. A home inspector should belong to The National Association of Certified Home Inspectors or The American Society of Home Inspectors and absolutely have errors and omission insurance.

Challenger: *Mr. Ziegler, what's the biggest legal issue that people face when making a real estate transaction?*

Ziegler: You must be sure the title is free and clear. We make sure that the buyer gets good title to their property and it's in their name the way they want it.

See **REAL ESTATE**, Page 3D

Challenger: *How does a bridge loan work?*

Ihrig: With a bridge loan you pull the equity out of the current house and use it as a down payment before the first house is sold. If someone has a \$100,000 house and owes \$75,000 on it, we will loan them \$25,000 and they don't make any payments until the house sells.

Generally you have to have equity, but not always. If someone qualifies for 100 percent financing but they haven't sold their prior home, I've done bridge (loans) where I use the current mortgage and they just stop making payments so they don't have two house payments. The interest just accrues on their current home until they sell it, or for six months. After six months the lender will generally renew the note for another six months until it sells. Then they pay off the loan and the interest. It allows them to get into their new home faster. Not everyone qualifies for a bridge but it's a good tool to use.

Challenger: *For those who don't qualify for a bridge loan, what is a guaranteed sale?*

Gillum: A guaranteed sale is very structured. We offer a future value for the house within 90 days. So today Sibcy Cline could walk into your house and say we will buy his house for a certain amount in 90 days. But most of your homes that are priced right and clean will sell within 60 days and 90 days for sure.

"I have a case where I know the home did not appraise for the price the for-sale-by-owner is asking. The buyer thought he was getting a good deal, but he didn't know the market. That's an advantage of using a Realtor. A professional has expertise in home values."

Mary Ann Ihrig

is a mortgage consultant who has been in the mortgage business for 10 years and operates Professional Mortgage Consultants, LLC in Cold Spring. She has worked in almost every area of the mortgage business including processing, closing, post-closing, and origination, and has worked for banks as well as mortgage brokers. She is licensed in Ohio and Kentucky.



Tricia Suit / The Sunday Challenger

"Newcomers rely on their agent to let them know how long certain area homes stay on the market and where's the best resale. They have to develop a trusting relationship with a Realtor because that is their lifeline in a strange city to one of their biggest transactions."

Teresa Ritson Gillum

is a Realtor with Sibcy Cline's Fort Mitchell office and is one of the company's top performing agents. A 16-year veteran of the real estate sales industry, Gillum has won multiple sales awards for service and volume.

FACTORY DIRECT

C:T:O
ceramic tile outlet

Visit Our Showroom To See Our Low Prices

- Ceramic Tile
- Marble
- Setting Materials
- Tools
- Backer Board
- Wet Saws

1614 Dolwick Dr.
Exit 2 at I-275, Mineola Pk.
www.ctonky.com

Mon, Wed, Thur, Fri	10 am-6 pm
Tuesday	10 am-8 pm
Saturday	10 am-3:30 pm

859-525-1600

MEMBER
IBFA
HOME BUILDERS ASSOCIATION

VISA MasterCard

