

●★■ ROBERT C. NOVY
■ DOUGLAS J. HULL
▲■ JASON L. WYATT

- Member Nat'l Academy of Elder Law Attorneys
- ★ NJ Commissioner on Aging (1995-1997)
- Member NJ Bar
- ▲ L.L.M. Taxation



2915 Ridgeway Rd. (Rt. 571)
Manchester, New Jersey 08759
(732) 657-0600
Fax (732) 657-7225
Real Estate Fax (732) 657-0192
www.novylaw.com

Monmouth County Office
By Appointment Only
2150 Highway 35
Brook 35 Plaza
Sea Girt, NJ 08750
Phone: 732-359-0221

Buying or Selling a Home? ***How to Negotiate the Housing Market in a Tough Economy***

Broadcast Date: June 11, 2011

Host:

Robert C. Novy, Esq., Managing Partner of Novy & Associates, specializing in Elder Law and Real Estate Law

Featured Guest:

Tina Orth, Real Estate Agent, Crossroads Realty (with 13 offices throughout Ocean and Monmouth counties; specializing in adult communities, residential and commercial properties, and land acquisition)

How to Choose an Adult Community

Adult communities are more popular than ever. With an array of amenities, conveniences, security measures—and now, excellent prices—they are an attractive choice for today’s seniors. But with more than 80 to select from in Ocean County alone, how do you begin to narrow down your options?

Real estate agent Tina Orth, a 15-year veteran of Crossroads Realty, has some suggestions: “First, consider your priorities. If you are an exercise buff, you may require a community with a state-of-the-art gym. Perhaps golfing is your passion, in which case you’ll want a place with a golf course. It all depends on your lifestyle and what you’re willing to pay for.”

Other things to consider:

- Bus service – if you don’t drive, this amenity may be important to you
- Security measures, like gated/guarded entrances
- Recreational facilities – gyms, pools, shuffleboard, clubs, etc.
- Repair policies if appliances fail or homes need maintenance
- Rules – there may be restrictions on motorcycles, pets, recreational vehicles, outdoor barbecues, clotheslines, and the like
- Financing – some communities are technically coops, which means you must pay cash; you cannot get a mortgage or reverse mortgage

- Bylaws – see if you can review the community’s current bylaws before you make a commitment; you may find policies and regulations you can’t live with

TIPS FOR HOME BUYERS

“How we price homes is a mystery to many buyers,” explains Orth. “But it’s all based on what we call a CMA or comparative market analysis.” The CMA is simply a report that Orth (or any real estate agent) prepares, which provides data comparing the seller’s property to similar properties that were sold in the area. She then assigns a price based on that information.

If you’re looking to buy a home, Orth recommends you take the following into consideration:

- *Amenities* – What must you have and what can you do without?
- *Location* – Do you crave the waterfront or the woods? A busy community or a quiet enclave?
- *Size* – How many bedrooms and bathrooms? If you like to cook, do you require a large kitchen? Do you need a basement and/or attic?
- *Security* – Do you want a gated community?
- *Time on the market* – For how many consecutive days has the house been for sale? How many times has the seller adjusted the price?
- *Mortgage* – Consult with your accountant about the best way to finance your purchase; if you’re applying for a mortgage, keep in mind that the house must be appraised by the lender (e.g., bank), and that the appraiser’s estimate may not match the for-sale amount; this may affect the how much financing the lender is willing to give you

TIPS FOR HOME SELLERS

If there’s a mortgage involved in a home purchase, the lender will perform a home inspection. But what if the homeowner wants to initiate a home inspection—is there an advantage to that? “Yes,” says Orth. “Some sellers want to know if there’s anything wrong with the house before they put it on the market. If there are problems like termites, carpenter bees, or maintenance flaws, it’s better to take care of those things before you put the house up for sale.”

While we may think our homes are perfect, Orth advises us to pay an objective professional to make that call. “It could cost less than \$500, depending on the size of the house.” An inspector will examine the major systems, look for leaks, and check the foundation, roof, electrical and heating systems.

Robert Novy, an attorney specializing in real estate, advises everyone to get a periodic home inspection, whether the house is going on the market or not. “For your safety and the safety of your loved ones, you can prevent possible injury and avoid great expense by anticipating potential problems,” he says. “Make sure nothing is ready to break. An exploding water tank can create a lot of damage!”

How to Make Your House More Marketable

In a tough housing market, you need to go the extra mile to make your property more attractive to prospective buyers. If the exterior paint is peeling or the yard is a mess, shoppers will simply move on to the next listing. With a glut of homes for sale, they can afford to be picky.

Orth recommends the following:

- Start with first impressions—the exterior. Does the front door need a fresh coat of paint? Consider planting flowers around the house to enhance your property. Make sure the windows are clean and that there is no dirt, grime or mold on the house. If so, get it power washed.
- Next, ask a friend to objectively assess the interior. You may not notice things you've lived with so long, such as counter clutter, magazine piles, and dust bunnies. He or she can recommend some simple changes that will make your house more appealing.
- Inform your realtor of any upgrades you've made or unique qualities your home has. For example, have you installed energy-efficient windows, systems, or appliances? Is there imported tile on the bathroom floor, customized cabinets in the family room, or granite countertops in the kitchen?
- Also think about what you can include with the house to make the deal more enticing, such as lighting fixtures, window treatments, furnishings, snow blower, lawn mower, gym equipment, boat, etc.
- Be creative with your add-ons – consider paying the buyer's taxes for a year or subsidizing their association fees.
- Be sure to highlight your property's special features (one block from the beach, five minutes from town, water view, etc.).
- Manage your expectations, and avoid the temptation to overprice your home. In fact, Orth will not accept clients who insist on unrealistic prices. "I know what prices I can and can't get in this market, and customers who think their homes are worth more than what's reasonable will never be satisfied with what I do," she says. "Sellers need to be educated and pragmatic."

The Nitty Gritty

Finally, your real estate agent will need to know all the dirty details for your listing and potential sale: real estate taxes, utility bills, and association dues (if applicable), along with a copy of the title, deed, and survey. She will also want to know if you're in a flood zone and what, if any, flood insurance you own.

In addition, it's wise to reveal if you've had service contracts with people like termite inspectors, landscapers, etc., which proves you are a conscientious homeowner who has taken good care of your property. By producing these documents early on, you can save time down the road.

Once the contract and other important documents have been reviewed and approved by both the buyer's and seller's attorneys, you will be able to move forward with the sale.

FINAL WORDS OF ADVICE

While there is far more competition in the housing market than in years past, Orth advises people to remain optimistic. "Is this a bad time to sell? You never know until you try," she encourages. "Focus on making your property—and your offer—unique. You've got to stand out."

As for buyers, "Know what you're buying, do your research, and stay informed," Orth says.

Robert Novy may be reached at 732.657.0600 or RNovy@NovyLaw.com. For more information about Novy & Associates, visit www.NovyLaw.com.

Tina Orth may be reached in the Crossroads Realty office at 732.244.4900, on her cell phone at 732.674.7913, or by e-mail, TinaOrth@CrossroadsRealtyNJ.com. To stay informed of the local real estate market, subscribe to her free e-mail updates (contact her to be put on the list). Go to www.CrossroadsRealty.NJ.com for additional information.

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