



Finding the Right Property

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8 Tips to Guide for Your Home Search

- 1. Research before you look.** Decide what features you most want to have in a home, what neighborhoods you prefer, and how much you'd be willing to spend each month for housing.
- 2. Be realistic.** It's OK to be picky, but don't be unrealistic with your expectations. There's no such thing as a perfect home. Use your list of priorities as a guide to evaluate each property.
- 3. Get your finances in order.** Review your credit report and be sure you have enough money to cover your down payment and closing costs. Then, talk to a lender and get prequalified for a mortgage. This will save you the heartache later of falling in love with a house you can't afford.
- 4. Don't ask too many people for opinions.** It will drive you crazy. Select one or two people to turn to if you feel you need a second opinion, but be ready to make the final decision on your own.
- 5. Decide your moving timeline.** When is your lease up? Are you allowed to sublet? How tight is the rental market in your area? All of these factors will help you determine when you should move.
- 6. Think long term.** Are you looking for a starter house with plans to move up in a few years, or do you hope to stay in this home for a longer period? This decision may dictate what type of home you'll buy as well as the type of mortgage terms that will best suit you.
- 7. Insist on a home inspection.** If possible, get a warranty from the seller to cover defects for one year.
- 8. Get help from a REALTOR®.** Hire a real estate professional who specializes in buyer representation. Unlike a listing agent, whose first duty is to the seller, a buyer's representative is working only for you. Buyer's reps are usually paid out of the seller's commission payment.

Tips for Buying in a Tight Market

Increase your chances of getting your dream house in a competitive housing market, and lower your chances of losing out to another buyer.

- 1. Get prequalified for a mortgage.** You'll be able to make a firm commitment to buy and your offer will be more desirable to the seller.
- 2. Stay in close contact with your real estate agent to find out about the newest listings.** Be ready to see a house as soon as it goes on the market — if it's a great home, it will go fast.
- 3. Scout out new listings yourself.** Look at Web sites such as REALTOR.com, browse your local newspaper's real estate section, and drive through the neighborhood to spot For Sale signs. If you see a home you like, write down the address and the name of the listing agent. Your real estate agent will schedule a showing.
- 4. Be ready to make a decision.** Spend a lot of time in advance deciding what you must have in a home so you won't be unsure when you have the chance to make an offer.
- 5. Bid competitively.** You may not want to start out offering the absolute highest price you can afford, but don't go too low to get a deal. In a tight market, you'll lose out.
- 6. Keep contingencies to a minimum.** Restrictions such as needing to sell your home before you move or wanting to delay the closing until a certain date can make your offer unappealing. In a tight market, you'll probably be able to sell your house rapidly. Or talk to your lender about getting a bridge loan to cover both mortgages for a short period.
- 7. Don't get caught in a buying frenzy.** Just because there's competition doesn't mean you should just buy it. And even though you want to make your offer attractive, don't neglect inspections that help ensure that your house is sound.



5 Most Dangerous Hazards in a Home

Home owners beware: Several dangers may lurk in a home. If you're not careful, they could make you sick. Pillar to Post, a home inspection company, reviews how to spot these dangers in the home and encourages you to contact a home inspector if your home may be at risk for any of these potential dangers.

1. Radon: a colorless, odorless gas that can seep into the home from the ground. Radon has been called the second most common cause of lung cancer.

What to look for: Basements or anything with protrusion into the ground offer entry points for radon. The Environmental Protection Agency publishes a map of high prevalence areas for radon (www.epa.gov/radon). A radon test can determine if high levels of radon are present.

2. Asbestos: a fibrous material once popular in building materials because it provides heat insulation and fire resistance. But asbestos was banned in 1985. It may still be found in older home's insulation materials, floor tiles, roof coverings, and siding. If disturbed or damaged, it can enter the air and cause severe illness.

What to look for: Homes built prior to 1985 are at risk of having asbestos within construction materials. Home owners should especially be careful when remodeling because disturbing insulation may cause the asbestos to become airborne.

3. Lead: a toxic metal used in home products for many years that can contribute to several health problems, especially among children. Exposure can occur from deteriorating lead-based paint, pipes, or lead-contaminated dust or soil.

What to look for: Homes built prior to 1978 may have lead present. Look for peeling paint and check old pipes. To get a HUD-insured loan, buyers must show a certificate that homes built prior to 1978 are lead-safe.

4. Hazardous products: stockpiles of hazardous household items — such as paint solvents, pesticides, fertilizers, or motor oils — that can create a dangerous situation if not properly stored or disposed. They can cause illness or even death if small amounts are ingested.

What to look for: Make sure these items aren't tucked away in corners, crawl spaces, garages, or garden sheds. Home owners often don't realize these products can pose a danger and may forget they're storing them. But buyers don't want it to become their problem — and expense — to dispose of. If these products are found, make sure the buyer requires their removal and gets a disposal certificate prior to closing, which proves the products were disposed of properly and not just dumped in the backyard.

5. Groundwater contamination: the result of hazardous chemicals that are illegally disposed of and then seep through the soil and enter water supplies. A leaking underground oil tank or faulty septic system can contribute to this.

What to look for: Look for any conditions that may be conducive to leakage. Homes near light industrial areas or facilities may be at risk. Also a concern: areas once used for industry that are now residential. Pillar to Post offers a Neighborhood Environmental Report that details any dangers or remedies of environmental incidences and sources of contamination that have occurred at a specified address and within its vicinity.

Source: Pillar to Post, www.pillartopost.com

5 Property Tax Questions You Need to Ask

1. What is the assessed value of the property? Note that assessed value is generally less than market value. Ask to see a recent copy of the seller's tax bill to help you determine this information.

2. How often are properties reassessed, and when was the last reassessment done? In general, taxes jump most significantly when a property is reassessed.

3. Will the sale of the property trigger a tax increase? The assessed value of the property may increase based on the amount you pay for the property. And in some areas, such as California, taxes may be frozen until resale.

4. Is the amount of taxes paid comparable to other properties in the area? If not, it might be possible to appeal the tax assessment and lower the rate.

5. Does the current tax bill reflect any special exemptions that I might not qualify for? For example, many tax districts offer reductions to those 65 or over.



4 Common Home Hazards

These issues don't necessarily cause illness but are serious nonetheless. Pillar to Post, a home inspection company, reports the following common hazards its home inspectors often find:

1. Faulty electrical wiring

Watch for: overloading circuits, loose wires, missing covers on distribution boxes, abandoned appliances, or aluminum wiring, which can become problematic with age.

2. Loose guard rails

Watch for: stairway guardrails, especially exterior stairways, that are not securely connected, or decks — often are installed by home owners unfamiliar with building codes — that may have loose boards.

3. Unsecured shower doors

Watch for: shower doors that lack safety glass and are not properly secured. A home owner who slips when stepping out of the bathtub and grabs a glass door that is not properly fastened could be severely injured.

4. Drainage problems

Watch for: downspouts discharging next to an exterior wall or a negative grade that slopes toward the home and brings water toward the home, causing foundation deterioration. This can lead to water damage, often seen in the basement, and possibly mold growth. Look for cracks, foundation wall stains, and musty, damp smells.

Source: Pillar to Post, www.pillartopost.com

How High Tech Home is Your Home?

If the latest technology or entertainment options are important in your new home, add the following questions to your buyer's checklist.

1. Are there enough jacks in every room for cable TV and high-speed Internet hookups?
2. Are there ample telephone extensions or jacks?
3. Is the home pre-wired for home theater or multiroom audio and video? Does it have in-wall speakers?
4. Does the home have a local area network (LAN) for linking computers?
5. Does the home already have wiring for DSL or another high-speed Internet connection?
6. Does the home have multizoning heating and cooling controls with programmable thermostats?
7. Does the home have multiroom lighting controls, window-covering controls, or other home automation features?
8. Is the home wired with multipurpose in-wall wiring that allows for reconfigurations to update services as technology changes?

To rate the home on its technological sophistication, fill out the Consumer Electronics Association's TechHome checklist at www.ce.org/techhomerating.



10 Questions to Ask the Condo Board

Before you buy, contact the condo board with the following questions. In the process, you'll learn how responsive — and organized — its members are. You'll also be alerted to potential problems with the property.

- 1. What percentage of units is owner-occupied? What percentage is tenant-occupied?** Generally, the higher the percentage of owner-occupied units, the more marketable the units will be at resale.
- 2. What covenants, bylaws, and restrictions govern the property? What grandfather clauses are in place?** You may find, for instance, that those who buy a property after a certain date can't rent out their units, but buyers who bought earlier can. Ask for a copy of the bylaws to determine if you can live within them. And have an attorney review property docs, including the master deed, for you.
- 3. How much does the association keep in reserve?** Plus, find out how that money is being invested.
- 4. Are association assessments keeping pace with the annual rate of inflation?** Smart boards raise assessments a certain percentage each year to build reserves to fund future repairs. To determine if the assessment is reasonable, compare the rate to others in the area.
- 5. What does and doesn't the assessment cover?** Does the assessment include common-area maintenance, recreational facilities, trash collection, and snow removal?
- 6. What special assessments have been mandated in the past five years?** How much was each owner responsible for? Some special assessments are unavoidable. But repeated, expensive assessments could be a red flag about the condition of the building or the board's fiscal policy.
- 7. How much turnover occurs in the building?** This will tell you if residents are generally happy with the building. According to research by the NATIONAL ASSOCIATION OF REALTORS®, owners of condos in two-to-four unit buildings stay for a median of five years, and owners of condos in a building with five or more units stay for a median of four years.
- 8. Is the condo building in litigation?** This is never a good sign. If the builders or home owners are involved in a lawsuit, reserves can be depleted quickly.
- 9. Is the developer reputable?** Find out what other projects the developer has built and visit one if you can. Ask residents about their perceptions. Request an engineer's report for developments that have been reconverted from other uses to determine what shape the building is in. If the roof, windows, and bricks aren't in good repair, they become your problem once you buy.
- 10. Are multiple associations involved in the property?** In very large developments, umbrella associations, as well as the smaller association into which you're buying, may require separate assessments.



Your Property Wish List

What does your future home look like? Where is it located? As you hunt down your dream home, consult this list to evaluate properties and keep your priorities top of mind.

☐ **Neighborhoods**

What neighborhoods do you prefer?

☐ **Schools**

What school systems do you want to be near?

☐ **Transportation**

How close must the home be to these amenities:

- Public transportation
- Airport
- Expressway
- Neighborhood shopping
- Schools
- Other

☐ **Home Style**

- What architectural style(s) of homes do you prefer?
- Do you want to buy a home, condominium, or townhome?
- Would you like a one-story or two-story home?
- How many bedrooms must your new home have?
- How many bathrooms must your new home have?

☐ **Home Condition**

- Do you prefer a new home or an existing home?
- If you're looking for an existing home, how old of a home would you consider?
- How much repair or renovation would you be willing to do?
- Do you have special needs that your home must meet?

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☐ Home Features

Please circle one of the choices: Must Have, Would Like, Willing to Compromise, Not Important

Front yard	Must Have	Would Like	Willing to Compromise	Not Important
Back yard	Must Have	Would Like	Willing to Compromise	Not Important
Garage (__ cars)	Must Have	Would Like	Willing to Compromise	Not Important
Patio/Deck	Must Have	Would Like	Willing to Compromise	Not Important
Pool	Must Have	Would Like	Willing to Compromise	Not Important
Family room	Must Have	Would Like	Willing to Compromise	Not Important
Formal living room	Must Have	Would Like	Willing to Compromise	Not Important
Formal dining room	Must Have	Would Like	Willing to Compromise	Not Important
Eat-in kitchen	Must Have	Would Like	Willing to Compromise	Not Important
Laundry room	Must Have	Would Like	Willing to Compromise	Not Important
Finished basement	Must Have	Would Like	Willing to Compromise	Not Important
Attic	Must Have	Would Like	Willing to Compromise	Not Important
Fireplace	Must Have	Would Like	Willing to Compromise	Not Important
Spa in bath	Must Have	Would Like	Willing to Compromise	Not Important
Air conditioning	Must Have	Would Like	Willing to Compromise	Not Important
Wall-to-wall carpet	Must Have	Would Like	Willing to Compromise	Not Important
Wood floors	Must Have	Would Like	Willing to Compromise	Not Important
Great view	Must Have	Would Like	Willing to Compromise	Not Important

☐ Other notes:



Tips for Finding the Perfect Neighborhood

Your neighborhood has a big impact on your lifestyle. Follow these steps to find the perfect community to call home.

- **Is it close to your favorite spots?** Make a list of the activities — movies, health club, church, etc. — you engage in regularly and stores you visit frequently. See how far you would have to travel from each neighborhood you're considering to engage in your most common activities.
- **Check out the school district.** This is especially important if you have children, but it also can affect resale value. The Department of Education in your town can probably provide information on test scores, class size, percentage of students who attend college, and special enrichment programs. If you have school-age children, visit schools in the neighborhoods you're considering. Also, check out www.schoolmatters.com.
- **Find out if the neighborhood is safe.** Ask the police department for neighborhood crime statistics. Consider not only the number of crimes but also the type — such as burglaries or armed robberies — and the trend of increasing or decreasing crime. Also, is crime centered in only one part of the neighborhood, such as near a retail area?
- **Determine if the neighborhood is economically stable.** Check with your local city economic development office to see if income and property values in the neighborhood are stable or rising. What is the percentage of homes to apartments? Apartments don't necessarily diminish value, but do mean a more transient population. Do you see vacant businesses or homes that have been for sale for months?
- **See if you'll make money.** Ask a local REALTOR® or call the local REALTOR® association to get information about price appreciation in the neighborhood. Although past performance is no guarantee of future results, this information may give you a sense of how good of an investment your home will be. A REALTOR® or the government planning agency also may be able to tell you about planned developments or other changes in the neighborhood — like a new school or highway — that might affect value.
- **Make personal observations.** Once you've narrowed your focus to two or three neighborhoods, go there and walk around. Are homes tidy and well maintained? Are streets quiet? How does it feel? Pick a warm day if you can and chat with people working or playing outside.



Pros and Cons of Going Condo

Condominiums and townhouses offer an affordable option to single-family homes in many markets, and they're ideal for those who appreciate a maintenance-free lifestyle. But before you buy, make sure you do your legwork. These are some of the important elements to consider:

- **Storage.** Some condos have storage lockers, but usually there are no attics or basements to hold extra belongings.
- **Outdoor space.** Yards and outdoor areas are usually smaller in condos, so if you like to garden or entertain outdoors, this may not be a good fit. However, if you dread yard work, this may be the perfect option for you.
- **Amenities.** Many condo properties have swimming pools, fitness centers, and other facilities that would be very expensive in a single-family home.
- **Maintenance.** Many condos have onsite maintenance personnel to care for common areas, do repairs in your unit, and let in workers when you're not home — good news if you like to travel.
- **Security.** Keyed entries and even doormen are common in many condos. You're also closer to other people in case of an emergency.
- **Reserve funds and association fees.** Although fees generally help pay for amenities and provide savings for future repairs, you will have to pay the fees decided by the condo board, whether or not you're interested in the amenity.
- **Resale.** The ease of selling your unit may be dependent on what else is for sale in your building, since units are usually fairly similar.
- **Condo rules.** Although you have a vote, the rules of the condo association can affect your ability to use your property. For example, some condos prohibit home-based businesses. Others prohibit pets, or don't allow owners to rent out their units. Read the covenants, restrictions, and bylaws of the condo carefully before you make an offer.
- **Neighbors.** You're much closer to your neighbors in a condo or town home. If possible, try to meet your closest prospective neighbors.



10 Questions to Ask Home Inspectors

Before you make your final buying or selling decision, you should have the home inspected by a professional. An inspection can alert you to potential problems with a property and allow you to make an informed decision. Ask these questions to prospective home inspectors:

- 1. Will your inspection meet recognized standards?** Ask whether the inspection and the inspection report will meet all state requirements and comply with a well-recognized standard of practice and code of ethics, such as the one adopted by the American Society of Home Inspectors or the National Association of Home Inspectors. Customers can view each group's standards of practice and code of ethics online at www.ashi.org or www.nahi.org. ASHI's Web site also provides a database of state regulations.
- 2. Do you belong to a professional home inspector association?** There are many state and national associations for home inspectors, including the two groups mentioned in No. 1. Unfortunately, some groups confer questionable credentials or certifications in return for nothing more than a fee. Insist on members of reputable, nonprofit trade organizations; request to see a membership ID.
- 3. How experienced are you?** Ask how long inspectors have been in the profession and how many inspections they've completed. They should provide customer referrals on request. New inspectors also may be highly qualified, but they should describe their training and let you know whether they plan to work with a more experienced partner.
- 4. How do you keep your expertise up to date?** Inspectors' commitment to continuing education is a good measure of their professionalism and service. Advanced knowledge is especially important in cases in which a home is older or includes unique elements requiring additional or updated training.
- 5. Do you focus on residential inspection?** Make sure the inspector has training and experience in the unique discipline of home inspection, which is very different from inspecting commercial buildings or a construction site. If your customers are buying a unique property, such as a historic home, they may want to ask whether the inspector has experience with that type of property in particular.
- 6. Will you offer to do repairs or improvements?** Some state laws and trade associations allow the inspector to provide repair work on problems uncovered during the inspection. However, other states and associations forbid it as a conflict of interest. Contact your local ASHI chapter to learn about the rules in your state.
- 7. How long will the inspection take?** On average, an inspector working alone inspects a typical single-family house in two to three hours; anything significantly less may not be thorough. If your customers are purchasing an especially large property, they may want to ask whether additional inspectors will be brought in.
- 8. What's the cost?** Costs can vary dramatically, depending on your region, the size and age of the house, and the scope of services. The national average for single-family homes is about \$320, but customers with large homes can expect to pay more. Customers should be wary of deals that seem too good to be true.
- 9. What type of inspection report do you provide?** Ask to see samples to determine whether you will understand the inspector's reporting style. Also, most inspectors provide their full report within 24 hours of the inspection.
- 10. Will I be able to attend the inspection?** The answer should be yes. A home inspection is a valuable educational opportunity for the buyer. An inspector's refusal to let the buyer attend should raise a red flag.

Source: Rob Paterkiewicz, executive director, American Society of Home Inspectors, Des Plaines, Ill., www.ashi.org.



What a Home Inspection Should Cover

Home inspections will vary depending on the type of property you are purchasing. A large historic home, for example, will require a more specialized inspection than a small condominium. However, the following are the basic elements that a home inspector will check. You can also use this list to help you evaluate properties you might purchase.

For more information, try the virtual home inspection at www.ASHI.org, the Web site of the American Society of Home Inspectors.

Structure: A home's skeleton impacts how the property stands up to weather, gravity, and the earth. Structural components, including the foundation and the framing, should be inspected.

Exterior: The inspector should look at sidewalks, driveways, steps, windows, and doors. A home's siding, trim, and surface drainage also are part of an exterior inspection.

- **Doors and windows**
- **Siding (brick, stone, stucco, vinyl, wood, etc.)**
- **Driveways/sidewalks**
- **Attached porches, decks, and balconies**

Roofing: A well-maintained roof protects you from rain, snow, and other forces of nature. Take note of the roof's age, conditions of flashing, roof draining systems (pooling water), buckled shingles, loose gutters and downspouts, skylight, and chimneys.

Plumbing: Thoroughly examine the water supply and drainage systems, water heating equipment, and fuel storage systems. Drainage pumps and sump pumps also fall under this category. Poor water pressure, banging pipes, rust spots, or corrosion can indicate problems.

Electrical: Safe electrical wiring is essential. Look for the condition of service entrance wires, service panels, breakers and fuses, and disconnects. Also take note of the number of outlets in each room.

Heating: The home's heating system, vent system, flues, and chimneys should be inspected. Look for age of water heater, whether the size is adequate for the house, speed of recovery, and energy rating.

Air Conditioning: Your inspector should describe your home cooling system, its energy source, and inspect the central and through-wall cooling equipment. Consider the age and energy rating of the system.

Interiors: An inspection of the inside of the home can reveal plumbing leaks, insect damage, rot, construction defects, and other issues. An inspector should take a close look at:

- **Walls, ceilings and floors**
- **Steps, stairways, and railings**
- **Countertops and cabinets**
- **Garage doors and garage door systems**

Ventilation/insulation: To prevent energy loss, check for adequate insulation and ventilation in the attic and in unfinished areas such as crawlspaces. Also look for proper, secured insulation in walls. Insulation should be appropriate for the climate. Excess moisture in the home can lead to mold and water damage.

Fireplaces: They're charming, but they could be dangerous if not properly installed. Inspectors should examine the system, including the vent and flue, and describe solid fuel burning appliances.

Source: American Society of Home Inspectors (www.ASHI.org)