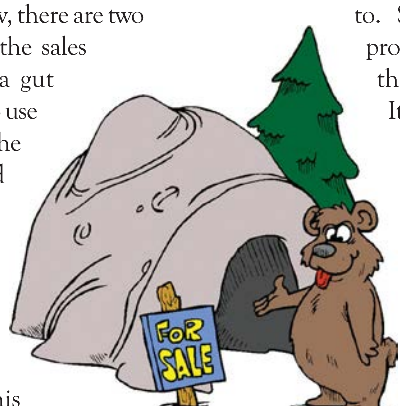
Eaton Insider

Courtesy of Craig Eaton ⁓ www.EatonRealtyLLC.com ⁓ 813.672.8022 H_Is_pw 0./0

What to do in a Slow Market

The market is still sluggish across the country. Fortunately, people still need places to live, so homes still get sold and purchased. Only now, in order to avoid being *that* seller whose house took forever to sell, one must be careful to take just the right steps before and during the sale. And what are those steps? Here are the most essential ones:

Price properly. People purchase properly priced properties pronto. And overpriced homes can languish on the market for months. Now, there are two ways to come up with the sales price. One is to use a gut feeling and the other is to use available market data. The gut feeling method consists of finding out what the neighbor's home sold for last year, deciding that yours is much better, and then choosing the price that sounds good. This approach is quick, but buyers have a bad habit of not trusting the seller's gut feeling. The market data approach (in real estate parlance called Comparative Market Analysis, or CMA) is a little more involved. It consists of comparing your home to similar properties that sold recently, properties that are currently for sale, and also takes into consideration the current market trends. This approach tends to produce a more accurate estimate of the home's value, and, as already mentioned, accurately priced homes just sell faster. By the way, real estate agents usually offer this analysis for free to their clients (as I do), so no, you won't have to do all the work yourself.



Carefully prepare your home for sale. We all live in homes that have some imperfections, and over time we become so used to those imperfections that we don't even notice them any more. But buyers look at homes with a critical eye and often concentrate on what's wrong with each home rather than what's right with it. Before placing your property on the market, get a second opinion about what improvements and repairs should be made. A trusted Realtor is a good source to turn to. Some sellers even hire a property inspector to check the home's vital systems. It's not a bad idea – the inspector is impartial and the buyer will want an inspection anyway. You might as well fix what needs to be fixed before the buyer makes it an issue and tries to use it to lower the price.

Use a first-rate agent. The market slowing down means there are fewer buyers looking for homes. First-rate agents know where to find them. It's what we do for a living. Realtors talk to buyers daily, invest a lot of money in marketing and also network with each other. A good agent will have a thorough knowledge of your market and have a proven marketing plan to sell your home. This all means a faster sale and fewer headaches for you, the seller. And where do you find such agent? Hmm, let me see... I think you already know of one...

Keep an open mind. In order to have a fast sale, it's sometimes necessary to sweeten

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Hello and welcome to the January issue of my newsletter! As always, I try to provide information that I hope will be useful to you. But this is only a small part of my service. My true passion is helping people, like you, navigate the complexities of real estate. Do you plan to buy or sell soon? Or do you know someone who is? I am ready to use my knowledge, skills and dedication to help you, or anyone you refer to me, with what could be the biggest investment of your life. Just give me a call or send me an e-mail. Consultation is always free, and there is never any sales pressure.

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the future of real estate

New Rules for Capital Gains Tax

Death and taxes, they say, are the only two things in life that are certain. That may be true in most things, but when it comes to selling your primary residence, you might not owe taxes on profit up to $250,000 if you're single or $500,000 if you're married. How is this happy situation possible? Thanks to something called the Taxpayer Relief Act of 1997, homeowners can sell their primary residence, make a significant profit, and be exempt from capital gains tax on the amount up to the figures cited earlier.

If you've been aware of tax laws governing home sales for years, you may still be thinking the old rules apply. For example, it used to be the rule that, in order to avoid capital gains tax on the sale of your home, you had to use the profits to buy a more expensive home and do so within two years. Another limitation applied to sellers over the age of 55: These sellers were granted a once-in-a-lifetime exemption of $125,000. But these rules no longer apply and, what's more, you can take the exemption as many times as you like.

So, what exactly are the current rules? As of January 1, 2009, Uncle Sam says that you are exempt from some or all capital gains taxes if in the past 5 years prior to the sale the home was your primary residence for at least 2 years. The time you spent living in the home is called qualifying use, and any time you lived outside the residence (for example, you rented it out to someone) is called non-qualifying use.

So how do you calculate the amount of capital gains exemption? If the home was your primary residence for the duration of ownership, then you are exempt from paying taxes up to the limits mentioned above ($250,000 if you are single, and $500,000 if you are married). However, if you lived in the home only for a period of time, and then rented it out, or moved out for some other reason, then you will need to do some math. Divide the period of non-qualifying use (time you were not living in the home) by the total length of ownership, and multiply the number by the total capital gains. This is the amount you cannot exclude, i.e. the amount of the gain for which you will own taxes.

It bears repeating that these rules went into effect on January 1, 2009, so only the non-qualifying use after that date counts. Any non-qualifying use prior to this date is disregarded and you will not owe taxes on (provided you are complying with all other limits and rules).

Of course, if the house you sell is not your principal residence at all- that is, you don't live in the house, but own it as an investment - then you will owe Uncle Sam the usual capital gains taxes.

It should go without saying, but I'll go ahead and say it anyway: Prospective sellers should check with their tax professional to make sure they understand all applicable IRS guidelines.

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the deal for the buyer. This does not have to mean significantly lowering your price; for most buyers the down payment is a much bigger concern. It makes sense – the down payment has to be paid in cash upfront, whereas increasing or decreasing the price by a few thousand dollars means just a few dollars difference in the monthly payment. So, rather than lowering your price, consider offering a "seller contribution." In other words, rather than coming down, say $10,000, offer $5,000 towards the buyer's closing costs. This obviously saves you some cash, and it benefits the buyer more than a price decrease. There are also non-monetary concessions that you can offer to the buyer. For example, being flexible about the possession date or agreeing to make the sale contingent upon the buyers selling their home first. This could be a big deal for them, and no big deal for you. Doing the buyer a favor means a happier buyer, which could mean a faster sale for you and more money in your pocket.

There is, naturally, more that you can do to ensure a successful transaction in today's market – a short article in a newsletter just can't cover it all. The good thing is that more advice is available by phone or e-mail, directly from your favorite Realtor. I am always happy talk to you, hear your questions and concerns, and offer professional advice. Free of charge and without any obligation, of course. ☺

Conquering Kitchen Clutter

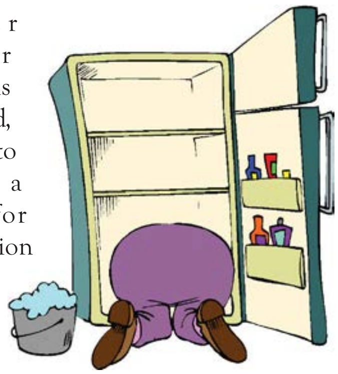
Do you ever walk into where you cook and wonder where your kitchen went? The kitchen tends to be the most-used room in the house, and can fill with all of the refuse of the day quicker than you can microwave a frozen dinner. When you add all those kitchen gadgets that you just "had to have" and the old dishes you can't bare to part with, your kitchen becomes a muddled mess.

Fear not! Though you may not be able to see your counters yet, there are a few simple steps to bring back your kitchen to how it looked when you first moved in. If you want to reclaim your kitchen, here are the first steps:

1) Store items near where you use them (pots and pans near the oven, for example)
2) Group like items together (mixing bowls, cooking gadgets, storage containers, etc.)
3) Store the stuff you use the most in the most accessible places
4) Keep small kitchen items in containers so they don't get lost
5) De-clutter *at least* once a year

Ridding the kitchen of clutter is probably the most important step – and the most difficult. The once-yearly de-cluttering is the time to get rid of the stuff that you don't use or need anymore. It may be tough to toss things, but when will you *really* use all seven of those pie pans at the same time? Maybe it is time to get rid of one or two.

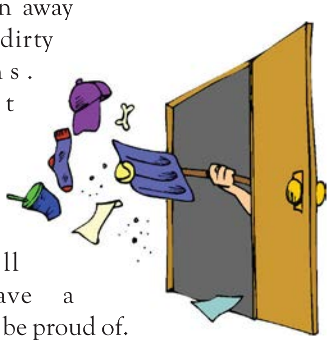
When it's time to start tossing, many people are amazed at how many like items pile up in the kitchen. Often times, the once lost can opener is found, and then you have two or three; more than you really need. You may even find that de-cluttering may be best several times a year.



After your kitchen is streamlined, it's time to make a plan for organization to keep things under control. Take stock of what you have and where you use those things most often. Store like items where you use them. Designate the place where you prepare your food, and store those tools (measuring cups, mixing bowls, etc.) near there.

Next, where do you cook the food? That should be where the spices and utensils rest. Your flatware and dishes are best stored near the dishwasher or sink, which makes putting away the clean dishes easier. Stackable wire shelves and spice racks that mount to cabinet doors can help make the most of your cupboard space.

Many items that end up in the kitchen, like bills, or keys, have nothing to do with preparing meals. For the non-cooking related items, try to set a separate space, such as cubbies or a paper holder for all the members of the family. Not only does this make your kitchen a little cleaner, it ensures that those bills or school permission slips don't get thrown away with the dirty napkins. Start attacking that clutter now and you'll soon have a kitchen to be proud of.



Ask an Expert

Q: Is there such a thing as a no-cost loan?

A: Is there such a thing as a free lunch? Costs associated with obtaining a mortgage can be divided into two groups. In one are costs not charged by the lender but by third parties, such as the cost of appraisal, survey and title work. In the other group are the lender's fees, such as points and assorted document fees. Lenders who advertise "no-cost" loans will not forgive you any of these fees, but will simply make you pay for them in a different way. Non-lender fees can be rolled into your loan—you borrow a little more to cover these costs, then pay for them over time. Lender fees can also be rolled into the loan, or they can be paid through a higher interest rate. There is generally nothing wrong with these strategies, as long as the true costs have been clearly explained to you, and as long as you remember that, unfortunately, there is still no such thing as a free lunch.

Have a tough real estate question you need answered? Just give me a call or send me an e-mail!

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ARCHITECTURE CORNER

ITALIANATE

The first Italianate houses in the United States were built in the late 1830's. This architectural style was a part of the Romantic Movement (also known as *Picturesque Movement*) along with the Gothic Revival style. Its features were influenced by the country villas of northern Italy (or more likely by *pictures* of the villas, since few American architects had traveled to Italy at the time). A respected landscape architect and author, Andrew Johnson Downing, championed Italianate style in his publications, and in the second half of the 19th century, the style became so popular throughout the country that for a while, it was known simply as the "American Style."

Italianate homes are usually two or three stories high (very rarely do they have only one story). The roof is low-pitched, often capped by a cupola or a tower. The most noticeable characteristic of Italianate architecture is the use of heavy ornamental eave brackets, and at one point, this style was known as the "American Bracketed Style." Other characteristics include tall, arched windows with elaborate crowns, large panes of glass in doors, long porches, and the use of cast-iron railings. Floor plans are usually rectangular or square. High ceilings, large windows and detailed interior ornamentation make these homes cheerful places in which to live.

Although the popularity of this style diminished with the beginning of the 20th century, many fine examples may still be found throughout the country. Because Italianate was very adaptable, not only single-family homes were built in this style. It became a popular design for town homes and commercial buildings as well. So much so, that in fact, what we often visualize as a classic Main Street in small town America, is mostly made up of Italianate buildings.