

Ron's Homeowner News™

Courtesy of Ron Mitchell ☞ Macdonald Realty Ltd. ☞ (604) 617-9642

August 2011

How to Buy a Home That You Can Sell Later

When you embark on a search for the home of your dreams, the last thing on your mind will be selling it later. Or actually, given the way the market has been behaving in the past few years, that just might be the first thing on your mind. In any case, it makes perfect sense to look for a home that has the greatest potential for a good resale value, so here are a few factors to consider:

Location

No surprise here – the most important factor in determining a home's value is its location. But how does one assess a particular location? First, consider the part of town. Is it desirable and known for holding value? Is it the one that is already popular with buyers, or better yet, an up-and-coming area?

Secondly, consider the home's more immediate neighborhood. Are there enough shops and services in the vicinity? Generally, neighborhoods with the right mix of residential and commercial properties are in bigger demand than pure bedroom communities. Are there any new developments going up nearby that could positively (or negatively) impact the property values? Are the local shopping centers thriving, or are they in decline? This will give you a good idea about the direction in which the area is heading.

And thirdly, consider the home's immediate surroundings. Are the nearby houses well cared-for; do they show "pride of ownership?" Or do they seem neglected, with peeling paint, unmowed

lawns and scattered trash? Beyond the look of the neighborhood, check to make sure that the homes near the one you are considering are relatively similar in size and style. This doesn't mean that they need to be cookie cutter replicas of each other, just similar enough so that the neighborhood looks cohesive.

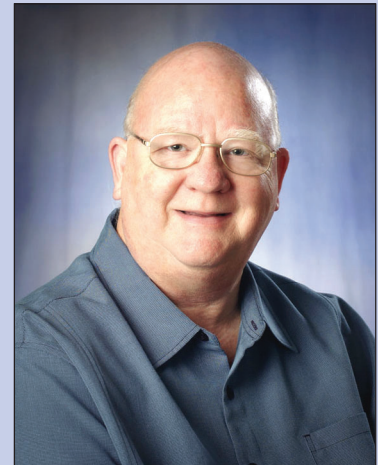
Outside

Your chosen home should have a decent-sized front yard and backyard. Try to avoid lots that have odd shapes or that are sloped sharply. It's best to stick with what's common for the area. Impressed by fancy, elaborate landscaping?

Consider very carefully if you really want this. First, you will pay a premium for it. And second, you'll have quite a bit of maintenance to do so that you can recoup your investment in the future. If anything, the landscaping is where you can really increase the resale value of your home over the years, if it's average or below average at the time of your purchase.

When it comes to home size, try not to buy the White Elephant – the largest home in the neighborhood. Why? Because the other homes will be a drag on its appreciation. If you want a really big home, then look for a neighborhood where all the homes are big. Being average is the safest bet when it comes to size, although buying the smallest house on the block can sometimes be a good move (provided that you buy it at a good price) as the bigger properties nearby can "pull up" its value over time.

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Hello and welcome to the August issue of my newsletter! As always, I try to provide information here 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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Three Levels of Mortgage Approval

Just as there are three levels of Olympic medals an athlete can win—bronze, silver and gold—there are three levels of mortgage approval a prospective home-buyer may acquire: *pre-qualification*; *pre-approval*; and *loan commitment*. The “pre-“ in pre-qualification and pre-approval indicates that these levels are sought from lenders *before* the home-buyer makes an offer, or before they even begin looking for a home. A loan commitment is something that can only be given by the lender when an executed contract is in place on a specific property. This article will explain the difference between these three levels of approval, and show the home-buyer the value of getting pre-approval before making an offer.

Pre-Qualification

Most often seen in its shortened form, “pre-qual,” this is the most basic, and not terribly useful, level of mortgage approval. Pre-quals, which can be done by lenders, real estate agents, or even the average home-buyer, take some basic information about a buyer’s income and expenses, plug them into a simple debt-to-income ratio formula, and produce a general sense of the price home the buyer can afford. A pre-qual letter from a lender, because it relies only on information provided over the phone (in most cases) by the buyer herself, does not truly demonstrate to a seller that the buyer can actually afford to follow through on an offer.

Pre-Approval

A significantly more useful level of mortgage approval, pre-approval, involves a lender looking at your actual credit history as well as proof of your income, and subsequently concluding that you qualify for a loan. A letter of pre-approval will indicate the amount of the loan for which you qualify, as well as the down-payment required and the amount of the monthly payments you will be making. Such a document gives the

buyer a degree of confidence that she can obtain a loan, and more importantly, the seller a degree of confidence that the buyer can probably follow through on their offer. Sellers will generally look more favorably upon an offer accompanied by a letter of pre-approval than a pre-qual letter or nothing at all.

Loan Commitment

The gold medal of loan approvals is the loan commitment, wherein the lender has carefully examined the buyer’s credit and income to determine that she is credit-worthy, and has also examined the home itself, by means of a home appraisal, to satisfy themselves that the home will provide sufficient collateral for the loan. The lender will generally want to make sure that the home’s market value is equal to or greater than the amount being loaned. The lender will also need a title search to demonstrate that the seller holds clear title to the property; proof of the buyer’s plans to insure the home adequately; and possibly an additional check of the buyer’s credit (which is why a buyer probably shouldn’t go out and buy a boat between signing the contract and closing on the home!)



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Inside

Three-bedroom, two-bathroom homes are almost always in the greatest demand. Having more bedrooms or bathrooms is nice, although generally that does not significantly impact the rate of appreciation. However, having only two bedrooms or only one bathroom can handicap a property, as there is a much smaller market for them (talking strictly houses, not condos). Walk-in closets are always in demand, and are a great feature to have. Another great feature – natural light. Look for a home with lots of windows.

When it comes to the kitchen, the most important room in the house, bigger is definitely better. Modern appliances and plentiful, newer cupboards are extremely important, too. Sure, you can always make improvements, but the nicer it is when you buy it, the better it will hold its value, and less money (and time) you will need to spend on it later.

What to avoid? Anything outdated, especially if it’s hard to replace. For example, bathroom tubs and showers in funky 70’s colors. Yes, they were (maybe!) cool once, but not any more. Now, it’s true that buying an outdated (or just poorly maintained) home can actually be an opportunity as cosmetic fixes can increase its value dramatically. But if that’s the route you wish to go,

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**Free
Special
Report
Available!**

The Seven Expensive Mistakes Buyers Frequently Make is the special report no buyer should be without! If you are thinking of buying a home soon, arm yourself with the knowledge that can help you avoid expensive mistakes too many people have made. Request this report today at no cost or obligation:

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Rooms for Little Cowboys & Princesses

Thinking about a new look for your kid's bedroom? A decorating theme is a great way to create an exciting room that inspires and delights your little ones. Here are a few ideas:

Jungle

Many possibilities exist for this exotic theme. Paint the walls green and light blue, and add borders with animal prints (widely available at home improvement stores). Maybe paint some jungle trees, bushes and vines. Attach a rope horizontally to the ceiling, and suspend from it plush monkeys, silk vines, crepe paper leaves, and colorful cutout butterflies. Purchase some bamboo at your local home improvement store, split it in half, and use it to create a cool trim for shelves and dressers. For curtain rods try using some "rescued" tree branches. Oh, and don't forget to include some jungle residents - plush tigers, snakes, frogs and exotic birds (like toucans and macaws).



Western

For this fun theme the walls will look good in neutral, earthy colors, adorned with old western pictures or posters with horses. Cowboy hats, old boots, tin stars, horseshoes and spurs are other great decorating details. The door can be painted to resemble a barn or a saloon door. For the bed consider a denim comforter, and you can use old plaid shirts and bandanas to make throw pillows. For dressers and shelves you can make a "lasso" border out of a thick rope. Don't forget a hobby horse (what's a cowboy without his horse?). Complete the look with a Wanted poster of your little "outlaw."

Fairy Tale

A fairy tale bedroom is sure to thrill your little princess. Faux painted stone walls are a good way to create a castle-like look. Stencil in some vines, or use silk vines and flowers around the door and the windows,

and to wrap around the bedposts. The ceiling can be pale blue with fluffy white clouds sprinkled with glitter. Fairies and elves can adorn the shelves. For the royal bedding use a soft, fluffy comforter and sheets with a matching canopy.



Race Cars

For the room with a zoom, the choice color would probably be red, with black and white checkered designs. Walls are easily decorated with pictures and posters of racing cars, checkered flags, decals with car numbers, and maybe an old motorcycle helmet (no one will know the difference) that you've picked up at a yard sale. Install narrow shelves on the walls for your youngster to proudly display his own collection of sports cars. For storage, an old tool cabinet is a neat solution. An area rug with a racetrack will nicely complement the theme, plus it's great for racing toy cars!

Space

Here's a great theme for future astronauts. Walls could be light blue with painted clouds, and the ceiling dark blue with glow-in-the-dark stars. Or, if you have the time and the artistic ability, painting a mural of the solar system would look great. Or how about creating a *papier mache* solar system? It's a fun activity for the whole family, and the finished product will look great suspended from the ceiling. Bedding with stars, planets, or space rockets is a must, and a futuristic-looking lamp would look nice too. For the shelves, don't forget toy robots, astronauts, spaceships, and perhaps an alien or two.



Q: How do I decide how much to offer for a home?

A: My answer is going to sound self-serving, but given our current market it is the most accurate one I can give: ask your agent. Due to the presence of short sales and foreclosed properties, the difference between the asking price and the final sales price can vary quite a bit between different parts of town. Only someone very active in the local market can know what is going on currently in the area that interests you. Fortunately for you, services of a buyer's agent are free to buyers, so the advice costs you nothing while helping you save money. So feel free to call or email me, and I will be happy to help - no pressure and no obligation.

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you have to get enough "discount" on the purchase price first.

When you are buying a home, it has to first and foremost suit you. But you are not buying just a home; you are making an investment too. The more your tastes and desires match what the majority of other people like, the better your chances of buying a home that will have good resale value.



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Active homes sellers bring greater selection to the Active Greater Vancouver housing market.

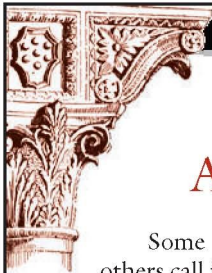
While the balance between home buyer and seller activity remains in an equal range, last months home sales were below the 10 year average for July. We are seeing less multiple

offer situations in the market today compared to the last few months, but homes priced competitively continue to sell at a relatively swift pace. It is taking an average of 51 days to sell a property in the region which is unchanged from June. The number of homes listed for sale has increased each month since the start of the year which is giving buyers more selection and more time to make decisions.

In Maple Meadows there were 109 single family homes sold in July down 11.4% from the 123 sold in June and the average sale price in July was \$500,000 up a little from previous month and 212 new listings down from 221 in June with 51% of the homes selling

There were 42 townhomes sold down 12.5% from the 48 sold the previous month and an average sale price of \$314,633 up slightly from June 2011. There were 57 new listings down from the 65 in June and 74% on the town homes selling

We had 21 condominium sale down 40% from the previous sales of 35 in June and an average sale price of \$208,500 up slightly from June 2011. There were 54 new condo listings up from the 51 the previous month with only 39% of the condominiums selling.



August 2011

ARCHITECTURE CORNER

AMERICA'S MOST EXPENSIVE HOME (ALMOST)

Some call it a splendid monument to elegance and style; others call it a poster child of tackiness and excess. It made the news when it was offered for sale at the highest price of any home in the continent's history; it made the news again when it sold for substantially less, but still setting this year's record. The home in question is – the Spelling Manor, of course.


Located in sunny Beverly Hills, California, this home belonged to the late TV producer Aaron Spelling, who was known for such shows like Charlie's Angels, Dynasty and Beverly Hills 90210. The home is a small, modest cottage of merely 54,500 square feet, which Spelling shared with his wife Candy. How they could live in such a tiny space I don't know.


The Manor features only a few amenities no family can be without, like five bars, five kitchens (with a special refrigerator for flowers), hair salon, a wine cellar (with a separate tasting room), and of course – a dog grooming salon. No home could be complete without a dedicated gift-wrapping room, so the Spelling Manor has one of those too. For guests, there are 7 bedrooms, including the Prince Charles Suite, named after an English fellow who stayed there once. The circular parking can accommodate merely 100 cars, so come Thanksgiving that can be a problem for large families. But the parking lot does have a fountain. Entertainment shouldn't be a problem, since the property includes a tennis court, swimming pool, gym, billiards room, and for the bookish types – an oak-paneled library.


The Spelling Manor was offered for sale for a cool \$150 million, purporting to be America's most expensive home. But the U.S. housing crisis did not spare even the famous 90210 postal code, so the Manor recently sold for a paltry \$85 million. If I had known, I would have put in an offer. The new owner is Petra Ecclestone, a 23-year old heiress to a Formula 1 racing empire.



Creamy Chicken Stroganoff

 PREPARATION TIME
15 minutes

 COOKING TIME
15 minutes

 PERFECT PARTNER
popovers



MONEY SAVER
Cook's

Make a fabulous—yet simple—dinner with leftovers from this recipe. Mix sauce and noodles in a medium casserole; top with buttered bread crumbs. Bake in a 350°F oven for 20 minutes.

SHOPPING LIST

- chicken breasts • sour cream
- canned mushrooms
- green onions • tomato sauce
- egg noodles

ON HAND

- pepper • olive oil
- garlic powder

Creamy Chicken Stroganoff

INGREDIENTS

- 4 skinless, boneless chicken breasts (4 ounces each)
- 1 tablespoon olive oil
- 1/2 teaspoon garlic powder
- 1/4 teaspoon pepper
- 1 (29-ounce) can tomato sauce
- 1 (4-ounce) can sliced mushrooms, drained
- 1 1/2 cups low-fat sour cream
- 8 ounces egg noodles
- 1 bunch (about 6 to 8) green onions, sliced

SERVES **6**

COOKIN' Xpress

- Cutting off the tops of green onions is a breeze with kitchen scissors. Keep a pair of scissors handy in the utensil drawer.

- To quickly complete this meal, add your favorite frozen vegetable to the noodles during the last 3 minutes of cooking.

Make Ahead

Looking for a different hot-lunch item? Just make a double-batch of this delicious chicken recipe. Freeze in single-serve portions, then just pop in the microwave!

VARIATION

Thin strips of sirloin steak can replace the chicken for a hearty beef version. Proceed as recipe directs.

1 Pound chicken to 1/4-inch thickness. Cut into thin strips. Heat oil in a large skillet over medium heat. Add chicken; sauté for 5 minutes.



2 Sprinkle chicken with garlic powder and pepper. Stir in tomato sauce and mushrooms. Simmer over low heat for 4 minutes.

3 Remove skillet from heat. Add sour cream. Simmer over medium-low heat for about 5 minutes; do not boil. Meanwhile, cook noodles according to package directions.



4 Place hot noodles on serving platter. Spoon chicken mixture over noodles. Sprinkle with green onions. Serve immediately.