

Ron's Homeowner News™



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

October 2011

Improve, Enjoy, Recoup

It seems that home remodeling has become our new national pastime. According to Harvard's Joint Center for Housing Studies, over \$233 billion per year is spent in North America on home improvements. That's a nice chunk of change, but as it turns out, not all of it pays off financially. Some remodeling jobs will boost the value of a home more than enough to pay for themselves, yet some are money-losing propositions. To be sure, home improvement is not all about the financial payoff—it has a lot to do with making our homes more enjoyable and more in tune with our needs. But if you have limited funds, it helps to concentrate them on projects that are most likely to refill your wallet come selling time.

Let's see, what was that thing that determines the value of a home the most... Ah, yes, the location. It also happens that the location is an important factor in deciding how much you can recoup from your home improvements. Generally, it is not advisable to try to push the value of your home past 15% to 20% of what's typical for the area. Why? Because when you eventually decide to sell, buyers won't pay for it. If they want to spend more money, they'll most likely go to a different neighborhood (location, remember?).

You will usually get the biggest bang for your buck making smaller improvements. For example, painting is one of the simplest things you can do to give your home a new look, and your return on investment will likely be better than dollar-for-dollar. Same

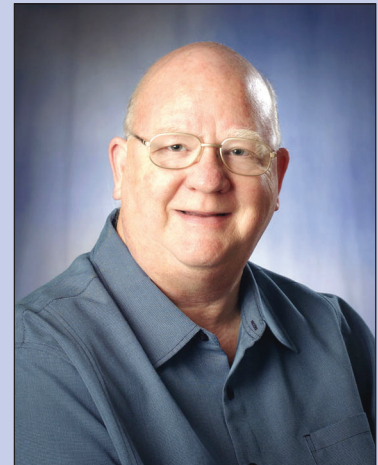
goes for installing new carpeting, updating fixtures, and performing cosmetic touchups.

On a bigger scale, the kitchen and the bathroom have been the most popular targets for improvement-minded homeowners. And that's a good thing, since according to Remodeling Magazine's recent survey, these also happen to be some of the best bets for getting a good return on investment. According to the survey, homeowners embarking on a smaller kitchen remodel will, on average, recoup 93% of their investment, and a mid-range bathroom remodel will return, on average, 90%. Creating additional space, or increasing functionality of existing space, can also be a good investment. For example, finishing the basement or creating an attic bedroom are both good ideas, provided that you are not increasing square footage way beyond what's customary for the area. According to the survey I mentioned, these improvements will typically generate a return of 76% to 83%.

A few additional things to keep in mind:

- If increase in value is the primary motive to your remodeling project, then improving things that can be seen will provide better return on investment than improving stuff that can't be seen. That's not to say that plumbing, electrical and other "behind the scenes" stuff is not important—it is. It's just that buyers take it for granted that a home's basic systems are in good working order, so don't expect much of a financial return for making upgrades there.

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Your friendly, local Realtor needs your help. My business depends on people like you who recommend me to their family and friends. I work hard for my clients and handle each real estate transaction that I'm entrusted with as if it was my own. I believe this is the best way to earn my clients' loyalty and the best way to fulfill my duty as a Realtor. Right now there is probably someone you know who is thinking about buying or selling a home. Why not tell them about me?

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Mystic Contract Word: Contingency

“Contingency” is one of those words that often pop up when talking about real estate contracts. Every real estate contract contains contingencies that impact both buyers and sellers, so let’s demystify this word.

Simply put, a contingency is a condition – if A happens, then B follows; or in order for X to happen, Y must occur first. For example, the buyer (and her lender) want to be sure that a property is worth its price, so the sale is “contingent upon” (depends on) the appraisal. If the home is appraised at or above the purchase price, the sale occurs; if the appraisal comes in lower, then the contract can be cancelled or renegotiated. This condition written into a contract is a contingency.

What are the most common contingencies? The one described above is always present when the buyer is obtaining a mortgage. Another very common one is the Financing Contingency – if the buyer is unable to obtain financing, the sale is off. Every smart buyer will also insist on an Inspection Contingency – the home must pass a property inspection, or the contract is renegotiated or cancelled. And the Title Contingency is an absolute must – the seller must deliver a clear title, or no deal.

There are a number of other contingencies that both buyers and sellers can request depending upon the particular situation. A buyer may want the contract to be “contingent” upon the sale of her current home. The seller may want the contract to be “contingent” upon the buyer proving her creditworthiness. Whatever the case may be, properly written contingencies help both parties understand and anticipate certain events in the transaction, and outline rules for how those events will be handled.



So what are the elements of a proper contingency? First and foremost, it must be written into the contract. Handshakes and verbal promises are hard, if not impossible, to enforce. Secondly, it must be very specific. For example, simply writing that the “Sale is contingent upon a property inspection” means very little. How much time is allowed for the inspection? Who pays for it? What happens if some unsatisfactory condition is discovered? How much time do the buyer and seller have to agree on the solution? The details must be spelled out in the contract, and a clear timeline agreed upon, in order to avoid confusion and potential legal problems.

And how do you know what contingencies should be in the contract and how they should be worded? Ask your Realtor. That’s exactly what we are trained for – to know how to properly put the contract together to make sure that your interests are protected. A good agent will listen to your needs and concerns, then ensure that all the necessary contingencies are written into the contract. Oh, and a good agent will also be able to explain them to you in plain English.

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- *Make sure the improvements you are contemplating are not uncommon for the neighborhood. For example, adding a second story to a home surrounded by ranch houses is unlikely to pay off financially. (It’s that location thing again.)*

- *Any remodeling that you do should be consistent with the character of the house. If your home has a traditional look, introducing modernistic elements is probably not the best idea. Mixing and actually matching styles is not easily accomplished (unless you are a professional designer), and the result may easily put off many buyers thus driving the value of your improvements down. And speaking of things matching, if you have two of something that you wish to improve, then improve both, not just one. For example, remodeling one bathroom and leaving the other one untouched only emphasizes the out-of-date one.*

To get the dream house you always wanted, remodeling may be the answer. But it can also be messy, expensive and perhaps even unnecessary. Before embarking on a big project, talk to a trusted Realtor. A professional who knows your neighborhood well will be able to tell you which improvements make sense for your area, and which are money-losing propositions. A Realtor can also provide you with before-and-after estimates of your home’s value. Who knows, you might even discover that it is cheaper and easier to just sell your home and buy one that already has all the bells and whistles that you desire. In today’s real estate market, that’s not unusual.

**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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Fresh Ideas for Halloween

Halloween is just around the corner, so here are a few tips you may find useful:

Planning on using stencils when making your Jack-o'-Lantern? It's not necessary to buy stencils from a store - you can easily make your own. Find clip art you like, enlarge it on your computer and print it. Voilà - you've got a stencil! Or check the Internet for sites like CarvingPumpkins.com where you can download free patterns along with carving instructions and tips.

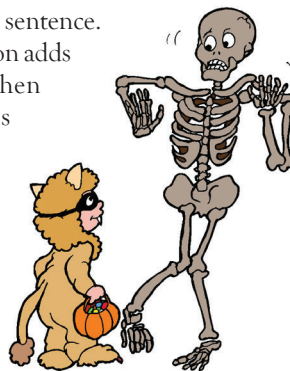
Not every pumpkin needs to become a Jack-o'-Lantern; there are other interesting ways to use them. For example, small pumpkins can be used as votive candle holders. Planning on serving veggies and dip at your Halloween party?

Medium-sized pumpkins can be used as "serving bowls" for veggies - just cut the top off, clean it and voilà - you have a unique serving bowl. Small pumpkins can be used to hold dip.

Want to know how to get your kids to eat less candy on Halloween? It's simple - make sure they eat a big dinner before they head out to trick-or-treat. And when they return home with bags full of sugary treats, consider offering a "trade-in program." 10 pieces of candy in exchange for a trip to the movies; 20 pieces in exchange for a day in an amusement park, or something similar.

If throwing a Halloween party is in your plans, don't forget to plan some fun activities for your guests. For kids, a good old-fashioned ghost story is always fun. Pick an age-appropriate book, turn off the lights, put a flashlight under your chin for added effect and let the spooky tale unfold. Another idea that can be fun for any age group is a circle ghost story. Gather your guests in a circle, and start a

story with one sentence. The next person adds a sentence, then the next adds another and so on in a circle, until the tale reaches a chilling ending.



Looking for a way to make your party unique this year? Consider throwing a themed party. For example, you can ask your guests to show up dressed only as vampires, or witches, or zombies... Or throw a Hollywood Halloween party where everyone dresses as a character from a horror movie.

Finally, a few words about safety... When making costumes for your little trick-or-treaters, add a few pieces of reflective tape or a glow stick or two. Other than the obvious benefit of making them more visible to car drivers, this will make it easier for you to spot them if you get separated in a crowd. If

your trick-or-treaters are going out into the night on their own, make sure they carry a flashlight, and warn them to stay in well-lit areas and don't go through alleys or unfamiliar streets.

Happy Halloween!



Ask an Expert

 A cartoon illustration of a yellow pencil with a face, arms, and legs. The pencil is smiling and has its arms raised.

Q: What's wrong with buying a car just before buying a home?

A: A new car loan will almost certainly decrease the mortgage amount you can qualify for. Then, either you will have to settle for a smaller house, or a cheaper neighborhood, or you could even get declined for mortgage altogether. The reason for this is that lenders look at the ratio between your total monthly loan payments and your income. By getting a new car loan, you have increased your monthly payments, so now less of your income remains available to pay the mortgage. The difference between the mortgage payment you could have had and the one you will be approved for after the car purchase will be approximately the amount of that car payment. For example, if your new car payment is \$400 per month, then your mortgage payment will likely have to be \$400 less. At the interest rate of 4.5%, this means you are facing an \$80,000 decrease in the purchase price you will qualify for. So, no, do not buy a car if you plan on purchasing a home soon.

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Home listings continue to rise in the Greater Vancouver housing market

Consistent increases in property listings and fewer home sales over the summer months has helped move the Greater Vancouver housing market into the upper end of a buyers' market. The Real Estate Board of Greater Vancouver (REBGV) reports that residential property sales of detached, attached and apartment properties on the region's MLS reached 2,246 in September, a 1.2 per cent increase compared to the 2,220 sales in

September 2010. Those sales also rank as the third lowest total for September over the last 10 years. There's more competition amongst home sellers in today's market, providing more options for prospective buyers. Buyers now have more properties to choose from and more time to make decisions compared to the spring season.

In Sept 2011 Detached home sales in Maple Ridge saw a 28.7% decrease in the number of sales from the previous month and a drop in the average price of 1.5% in price to \$488,000.

Townhouses saw a decrease of 3.2% in the number of sales, but a 5.4% increase in average price to \$305,771 from the previous month.

Apartment Sales dropped 8.3% in the number of sales and the price increased less then 1% to an average of \$215,975.



October 2011

ARCHITECTURE CORNER

THE HOUSE ON HAUNTED HILL

One spooky night in 1959 an eccentric millionaire Fredrick Loren invited five people over for a party. The venue: the House on Haunted Hill. He offered \$10,000 to each person who would dare to stay in the house the whole night. The catch: it was no ordinary house! As the clock struck midnight, and the caretaker locked all the doors and escape routes, the five guests faced the unimaginable: ghosts, walking skeletons, and – murder!




Sounds like a Hollywood film? Well, it is. The House on Haunted Hill is the name of a horror movie classic. But the house itself – is real. Its real name is Ennis House, and it is located in Los Angeles. No ghosts or goblins live in it, and its millionaire owner Ron Burke is by all accounts a pretty normal guy, who recently bought it in order to fix and preserve it. The thing is, Ennis House is a historical place designed by Frank Lloyd Wright, and is one of only four of his "textile block" designs.



The architectural style of Ennis House is very unique, very rare, and can be described as Mayan Revival. It is influenced by Mayan ruins in Yucatan peninsula in Mexico, especially the old pyramid in Uxmal. The most notable characteristic of Wright's design is the extensive use of textured concrete blocks – 16' by 16' squares with relief. The "textile blocks," as they are known, cover both the exterior and interior, giving the home the look and feel of an ancient Mayan temple. Frank Lloyd Wright's more recognizable touches are present too: stained glass windows, warm wood throughout, and exposed natural materials in the Prairie Style.

Ennis House has appeared in over dozen films, besides the already mentioned horror classic; Blade Runner was filmed there, as well as The Thirteenth Floor, The Replacement Killers, Rush and others. It achieved a bit of notoriety as a place where villains reside, and Hollywood directors love it for its unique look and very convenient location to their movie studios. The house was, unfortunately, damaged in the 1994 Northridge Earthquake and never completely repaired. The new owner hopes to restore it to its original glory, and perhaps one day allow public tours.

Piña Colada Pie

 PREPARATION TIME
20 minutes
 COOKING TIME
none
 PERFECT PARTNER
lime sherbet



**MONEY.
Cook's
SAVER.**

Save money and omit the piecrust in this recipe. Just spoon the pie-filling mixture right into a deep-dish pie plate. Cover loosely with plastic wrap and chill for 10 minutes.

SHOPPING LIST

- sour cream • rum extract
- vanilla instant pudding mix
- graham cracker piecrust
- whipped topping • coconut
- crushed pineapple

ON HAND

- milk • sugar

Piña Colada Pie

INGREDIENTS

- 1 (3.9-ounce) package vanilla instant pudding mix
- 1 1/2 cups sour cream
- 2 tablespoons sugar
- 1/2 cup milk
- 1/2 teaspoon rum extract
- 1 (8-ounce) can crushed pineapple, drained
- 1 cup flaked coconut
- 1 (9-inch) graham cracker piecrust
- 4 ounces whipped topping

SERVES **6**

**COOK'N
Express**

- Graham cracker crusts often stick to the pan. Before cutting, wrap a hot wet towel around the bottom of the pan for 5 minutes. This softens the butter in the crust and allows for easy removal.

- Make quick piña colada desserts by spooning the pie filling mixture into dessert cups and sprinkling with graham cracker crumbs.

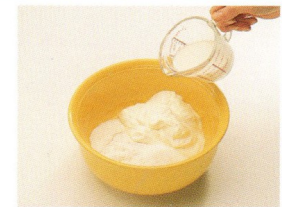
Make Ahead

Have this festive pie ready ahead of time. Cover and refrigerate for up to 2 days or wrap tightly and freeze for up to 1 month.

VARIATION

Coconut fans will be even happier if you use coconut cream instant pudding mix in place of the vanilla.

1 Combine pudding mix, sour cream, sugar, milk and rum extract in a medium mixing bowl.



2 Beat pudding mixture at low speed with an electric mixer for 1 minute. Beat at medium speed for about 1 minute longer or until pudding is smooth and creamy.

3 Fold pineapple and coconut into pudding mixture. Spoon into piecrust. Cover loosely with plastic wrap.



4 Chill pie in refrigerator until set, about 10 minutes. Remove plastic. Dollop whipped topping over top of pie in a decorative pattern.