

Real Estate

Your guide to homes, property and apartments in Johnson County

SELLING

A home inspection can be helpful for both buyers and sellers of real estate

By RADONNA FIORINI
JOURNAL AND COURIER

Many surprises in life are welcome, but often the ones that come with buying a home are not.

In an attempt to avoid unpleasant surprises, West Lafayette resident Mike Anderson has hired a home inspector twice this year — once to inspect the home he's lived in for several years and is selling, and once to inspect the home he's buying and moving into.

It's far more common for a buyer to pay for an inspection of property he or she wants to purchase, but more sellers are seeing benefit in having their homes inspected before offering them for sale, said Norman Campbell, co-owner of Norm's Inspection Service in Lafayette.

"Some sellers are very conscientious and just don't like any surprises," said Campbell, who did the inspections for Anderson. "There's a lot of advantage to have a home inspection up front."

Anderson agreed that knowing about and taking care of problems before trying to sell a home can make the negotiating process easier. While the inspection of his old home did not reveal any major issues, it helped him identify areas that needed updating.

"We wanted to make the house as presentable as possible," Anderson said.

That's a smart move, said Dan Hartley, a broker associate with Re/Max of Lafayette Realtors, especially in today's market when supply is exceeding demand.

While not every buyer will pay for an inspection of property they hope to own, those who do may come away with strong negotiating tools.

In most cases in Indiana, buyers cannot ask for an inspection until they have made a purchase offer that is acceptable to the seller, said Tamara Nelson, owner of The Home Team Inspection Service in Lafayette.

The results of that inspection may require the seller to remedy problems that pose a threat to health and safety. If those issues are not resolved to the buyers' satisfaction, he can back out of the purchase agreement.

If the seller has an inspection done before putting the house up for sale and finds issues that need addressing, he has more latitude to correct the problem his own way at his own expense without a potential buyer looking over his shoulder, Hartley said.

Some homeowners may be competent enough to do their own repairs, but if the problem is discovered after a buyer has made an offer, the buyer may stipulate a contractor to do the work or set other conditions, he said.

That's what happened when Martha Hodges and Neil Harris made an offer on a West Lafayette condominium and had it inspected as a condition of sale.

The inspector, Don Chambers, owner of Inspections Unlimited in Lafayette, found two major defects that the couple required the seller to fix before they would sign the contract, Hodges said.

A crack in the foundation and an inadequate firewall were repaired to their satisfaction before they bought the property. Chambers' inspection also turned up some minor electrical problems that Harris fixed on his own, he said.

A pre-sale inspection will ease the concerns of realtors and buyers looking at the property

only if the inspection is conducted by someone known for maintaining tough standards, Hartley said.

"If you get it done by someone who has a reputation in the community for being thorough, even picky, there's a good likelihood the buyer won't have (an inspection) done," he said.

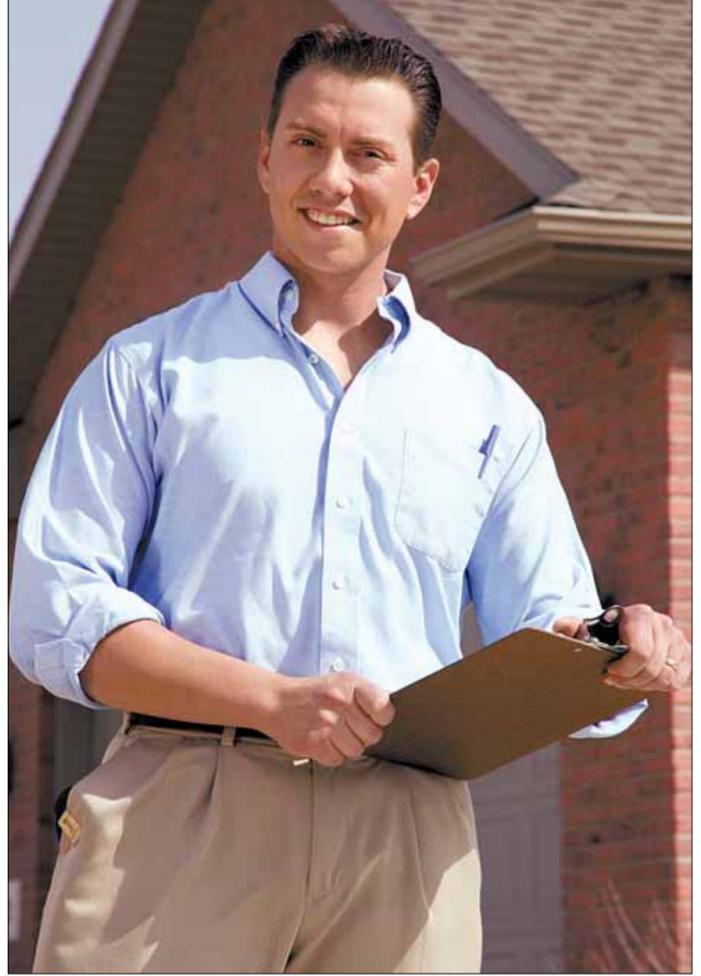
While homeowners may not intentionally hide defects in their home when they put it on the market, they may not know how to identify problem areas, especially with the electrical system, Chambers said.

A thorough inspection may turn up switches that are not working right or not receiving proper voltage, outlets that are not grounded or overloaded circuits, he said.

In addition to the electrical system, Chambers conducts a detailed inspection of the home's exterior, including the roof and gutters, plumbing and interior components such as windows, doors and ceilings, insulation, heating and cooling systems and built-in appliances.

Sellers should be aware that if they know about defects in the property, they must either fix the problem or disclose it to potential buyers. While some sellers bank on the buyer not conducting an inspection, that approach can backfire and lead to difficult negotiations or lost contracts.

"A pre-inspection answers a whole lot of questions that come up before a buyer ever sees the house," Chambers said. "Get a pre-sale inspection. It will save (a seller) and their agent a lot of trouble."



LIQUID LIBRARY PHOTO

To avoid surprises at closing, many home sellers are choosing to have their own inspector visit their property before they put it on the market.

MORTGAGES

Bridge loans fill gap between you and new home

By ERIN K. WITT

METROPOLITAN INDIANAPOLIS BOARD OF REALTORS

Love at first sight is a reality for many homebuyers. When the perfect property comes along, it's a natural instinct to want to snatch it up before another buyer comes along.

But this match made in heaven might be complicated if the buyer has not yet sold his current home.

In this case, a bridge loan, which allows consumers to borrow a portion of the equity in their current home to use for a down payment on a new home, might be the answer.

"Most bridge loan borrowers have equity in their current home, but cannot wait until it sells to buy their new home," explained Keith Bergfeld, president of Peak Financial Services Inc.

Benefits of bridge loans vary from lender to lender. Some require interest-only payments or no payment at all. But most importantly, bridge loans can be obtained when a home is on the market. A traditional home equity loan is generally not permitted when your home is listed, Bergfeld said.

However, this financing comes with some risk. Most bridge loans are only granted for six months, putting pressure on the sale of the existing home. The interest rate on a bridge loan will also be about 2 percent higher than rates for permanent financing, Bergfeld cautioned.

"Consumers need to also determine

whether they are prepared to make multiple mortgage payments until their current home sells," he said.

"They will be responsible for the mortgage on their current residence, the mortgage on their new home and any required payments on the bridge loan."

Finding a lender to grant a bridge loan may also be a challenge, Bergfeld said.

"By themselves, bridge loans represent little profit to the lender even

with the higher interest rate. Many companies will offer a bridge loan only if it helps them get the more profitable permanent financing," he said.

Consumers in search of an alternative to a bridge loan can consider taking out a Home Equity Line of Credit on their new home, Bergfeld added.

"Instead of putting 20 percent down, homebuyers can put only 5 percent down and take out a HELOC for the other 15 percent," he explained. "When the current home sells, they can then pay off the HELOC."

The fees

and interest rate on the HELOC will be much less than on the bridge loan. And even after the HELOC is paid off, it can be reused for future home improvements or major purchases.

To make the decision that is right for you, ask your Realtor or lender to help you investigate different options. The right type of financing can put you in the home of your dreams without delay and with as little financial stress as possible.



Who says dreams
can't come true?

Someday starts today

Out with the old... In with the NEW!

Columbus

Shadow Creek Farms
SR 11 south to Columbus to
CR 200 S., west to entry
Low \$100's
(812) 342-4105



Greenwood

Barton Lakes

Stop 18 Rd.
1 mile west of
US 31, on left
Low \$100's
(317) 887-9383

FINAL
OPPORTUNITY



Copperfield South

Stop 18 Rd. 3/4 mile east of
US 31, on right
Mid \$120's
(317) 889-4283

Perry Twp.

**Arapaho Ridge at
Southern Dunes**
Just west of SR 37 on
Southport Rd.
Low \$160's
(317) 865-1578

