

Real Estate

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BLUFFTON'S ONLY DAILY HOMETOWN NEWSPAPER

Pending sales rise

BY FRANK DUNNE JR.
SPECIAL TO BLUFFTON TODAY

Several weeks ago conversations in real estate circles revolved around the subject of the spring selling season. Spring is typically the busiest season for homebuying activity. So what happens then can set the tone for the whole year.

As 2009 headed into spring, real estate professionals were sounding optimistic about the vernal season's prospects for the first time in years. Now that spring is turning to

summer, let's have a look at how things are going.

According to a National Association of Realtors index, U.S. pending home sales moved up 6.7 percent in April to 90.3 from 84.6 in March. It was the third consecutive monthly increase for that index.

Pending home sales refers to contracts signed, and an increase in contract signings has historically indicated that an increase in closings will follow in the e n s u - ing 1-2

months. That correlation may not be as strong as in the past because, even though interest rates are very low right now, lenders are being more stringent with their lending decisions than in recent years and some prospective homebuyers will find it difficult to secure financing. Sales are still expected to go up, though.

Geographically, the Northeast saw the largest increase, 32.6 percent, followed by the Midwest with 9.8 percent and the West, 1.8 percent. The only decrease occurred down here in the South where pending home sales were off by 0.2 percent.

This is not necessarily bad news, however. Spring comes to the South earlier than to the Northeast and Midwest. The South's pending home sales index rose 8.5 percent in March – the biggest increase in the country – and the April figure is 3.5 percent higher than a year ago.

What would we see if we put a magnifying glass on the part of those numbers that says, "Lowcountry, South Carolina"?

"In our business we like to

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Financial questions and answers

BY ILYCE GLINK
TRIBUNE MEDIA SERVICES

Q: On a recent radio program, you mentioned that you got a very low interest rate for an investment piece of property that you owned. I believe it was in the 4 percent range. And I think you may have been refinancing an investment. That sounds just too good to be true. Are those deals out there?

A: What I was talking about was an investment condo that my husband and I own, but the deal isn't structured quite the way you think.

We bought this particular investment condominium several years ago from the developer with a 10 percent down payment. We took out an 80 percent first mortgage and a 10 percent second mortgage. Our second loan was at about 7 percent. Our own home equity line of credit is now at about 3.5 percent.

The move we made was to trade the 7 percent loan for a 3 percent loan from our home equity line of credit (HELOC), which will save us a few thousand bucks this year. We will use that savings to pay down the equity line. If you were to take out a

primary loan for investment property today, assuming it fell within Fannie Mae conforming limits, you'd have to put down at least 25 percent in cash and you'd get an interest rate at about 6.5 percent, perhaps with some extra points or fees.

In short: The deal you thought I was talking about on the air probably doesn't exist in this market. But there are some decent financing options for those real estate investors who want to buy and hold investment properties for long-term capital appreciation and income.

Q: I have lived in my home for more than 15 years. In Spring 2000, I received my 1999 property tax bill for \$5,410.82. I just received the 2008 for \$9,263.20, which is a 72 percent increase in just nine years.

I am 68 years old and retired. I want to stay in my house, but at the current rate of increase each year in my property tax bill, that will not be possible. Since the real estate values dropped 2008, why did my tax bill still rise

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COLDWELL BANKER PLATINUM PARTNERS EXPANDS PROPERTY MANAGEMENT PROGRAM

Coldwell Banker Platinum Partners is now offering a property management program to both commercial and residential clients throughout the region. The program has recently expanded to the Beaufort and Hilton Head Island/Bluffton/Sun City areas, complementing the coverage areas through Savannah to Brunswick and St. Simon's Island areas of Georgia, and beyond.

"Through the Coldwell Banker Platinum Partners Property Management program, consumers will benefit from the ease and convenience of the professional services from the quality name they trust," said Mary "T" Tamosiunas, director of property management for Coldwell

Banker Platinum Partners. "Whether you are a property owner or tenant, our clients have the peace of mind knowing their home is in the hands of a professional and well-respected Company."

Coldwell Banker Platinum Partners Property Management program includes property marketing, procuring and screening tenants, preparation of leases, rent collection, overseeing maintenance and full accountability to owners. Beaufort-Annette Bryant, 843.524.1808;

Bluffton/Hilton Head Island - Dori Marcovechio, 843.384.2289; Sun City Area - Priscilla 'Pris' Miles-Jones, 843.247.3235. You can also find more information online at www.ColdwellBankerPlatinum.com.

Coldwell Banker Platinum Partners, established in 1995, is a full-service real estate firm with more than 200 sales agents. The company was founded by Connie Farmer Ray, president and CEO of Coldwell Banker Platinum Partners.

For more information

Call Dori Marcovechio at 384-2288 or Priscilla Miles-Jones at 247-3235.

Homes

From the cover

of us have. It's actually been pretty steady since the beginning of the year."

Jackson added that he hasn't really noticed anything to lead him to believe that stricter lending practices will affect getting most of those deals closed.

A possible wrench in the machine to look out for is the volatility of interest rates. Contracts and sales are up because housing has become so affordable due to declining home values, short sales, foreclosures, and low interest rates.

"That the prices are down is a given," Jackson said,

"We're telling people that the interest rate is the reason to buy now. Two years down the road a home's price might still be attractive, but if there's a big jump in interest rates," it could change the whole affordability equation.

Phil Schembra of Hilton Head's Schembra Real Estate Group agrees that maintaining low interest rates is critical to moving the housing market - and the economy as a whole - toward recovery, but also points to another factor that he believes could have an immediate positive impact: "We need to speed up the process of foreclosures and closing short sales," he said. "There are a lot of homes in this market being sold short, but the process can take so

We're telling people that the interest rate is the reason to buy now.

Tom Jackson
Gateway Realty

long that buyers are walking away from deals. It wouldn't happen if the banks and brokers would focus on getting the short sales off the books faster."

It's simple economics, folks. More transactions equal more business, and on and on it goes.

Q&A

From the cover

more than \$700 over the previous year?

What can be done? And how do we do it?

A: Your property has likely gone up in value dramatically since you've been living in your home. Is the property worth 72 percent more than 15 years ago? Maybe. But like so many areas of the country, it's also likely that your property value has fallen dramatically. It's just that the information your taxing agency is using to value your home may be lagging current information.

But there are some things you can do. First, if your taxing authority gives tax breaks to homeowners who live in the home as their primary residence, make sure that you take advantage of that tax benefit and file the required paperwork. As a senior citizen, some municipalities give you a tax break. If they do, make sure you take advantage of it.

Also, if you feel the valuation of your property by your local taxing authority is in error, you should contest your property taxes.

Please contact your local tax assessor's office or local real estate taxing authority and ask for information on when you can contest your tax assessment and bill and how the office recommends you file your appeal.

Typically, a tax assessment board determine the value of a property on the basis of a recent purchase price, what other properties that can be similarly classified are valued, the amenities of the home, its

construction properties, location in a neighborhood and various other qualities.

If you decide to contest the valuation of your property and your real estate taxes, you will want to see how your property compares to other homes in its same tax classification, along with a comparison of the type of home, its size, amenities, and condition. Some of these characteristics and the valuations are available online, but in other cases, your research will lead you to the office where those records are kept.

Once you have researched your home along with other similar homes, you'll have a better idea whether your home's real estate taxes are too high. If they are, you will have to present a case before the taxing authority to convince them to reduce your taxes.

That appeal may be as simple as correcting errors that the tax assessor has for your home. For example, the assessor believes your home is a two story, 3,800 square foot home when it's really a one story 1,800 square foot home, you may receive a tax reduction once that error is corrected.

A more involved appeal would involve proving that the taxing board has made a mistake in valuing your home when compared to other similarly situated homes. Appeals of this type can take many shapes and forms.

There are local tax appeal attorneys and other experts who can help you through the appeal process. In some localities, you might end up paying about 25 percent to 50 percent of the first year's savings, but won't have to pay anything if the appeal isn't successful.

