

AI Gage Report

February 2020

The Snags in a Transaction

Selling a home isn't what it once was! Solar leases, roof repairs, termites, appraisals as to value and condition, and complex lending regulations all play a more significant role than they did even 5 years ago. It is important that you hire a real estate agent that does enough transactions to be up to date on these tribulations.

Let's start with solar leases! Let me just say I am an advocate of solar power and its associated green implications and savings! That being said, the way that it is marketed to the average homeowner is not always the best. I don't want to speak for the solar companies, but I believe that they do not adequately explain what exactly is involved in a solar lease transfer at the time of the installation of the solar system. Of course the other possibility is that it is explained and the homeowner simply does not understand the implications.



The major problem with selling a home and having the buyer assume the lease (because the buy out of the system is almost always cost prohibitive) is that the buyer must qualify for the lease payment with both the solar company and the

lender counts the payment as a debt against the potential buyer.

The first one is usually not much of an issue because if the buyer can qualify for a loan they will also qualify for the solar lease. The second one is a bit more of an issue. Most people buy a home very close to the maximum that they will qualify for as far as price. When the lender counts the solar lease as a debt against the buyer, it lowers, in many cases, the amount of home that a buyer can purchase. It does not seem fair to me that the lenders count this as a debt when, at the same time, the normal utility bills of a home without solar are already factored into the qualifying ratios that the lenders use and are not taken as a debt.

There is also a significant portion of the population that cannot really equate the savings of a solar system with the monthly lease payments. In other words, they simply do not see the value of the solar system in the first place and this actually hurts the sale of the home when an assumption of the lease is required. **While we have yet to see a transaction fail because of the solar, we do see many people ready to buy a particular home and then pass on it when they investigate the solar. Bottom line, it just isn't for everyone!**

This brings me to the crux of this article. In a recent transaction on a home with a solar system, it was discovered that the property needed a new roof. All of our homes in the

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neighborhood are nearing that age where the felt underlayment is reaching the end of its life. In general, the cost to replace the entire underlayment and re-use the existing tile will run between \$10,000 to \$16,000 depending on the size of the home and the amount of underlying plywood damage that has occurred. I was totally shocked to find out that it was an additional \$6-9,000 to remove and reinstall the solar panels. If you regularly read my newsletters, this is the most important advice I will ever give you! **Make sure if you are installing a solar system, that you have the roof inspected and it has at least 20 years of remaining life left on the roof at the time of installation of the solar system.** This is no guarantee that you will not run into the same problem, but at least it gives you a chance to avoid this costly replacement of a system you do not own.

Changing the subject, the other major problem we are seeing is the lender requirements for a clean termite report. You may think, in Arizona, we have subterranean termites and if you find them, you treat them and

that is the end of that story. Spend \$500-\$700 to have them treated and you are done. Not so fast! While it is true that it is pretty rare that our type of termites do any real damage, I have seen a home where the entire baseboards were destroyed by termites. Most lender's require a clean termite which means that all of the conditions conducive to termites are also remedied.

These additional requirements beyond the treatment of the termites include excessive moisture and/or water stains, which means any former leaks showing on the ceiling or especially under the sinks (many times it is a spill that is called as a leak), has to be corrected. It also means that any leaks or excessive moisture in the eaves of the roof have to be corrected.

Another common one is earth to wood contact. This provides an avenue for the termites to enter the home. This is commonly vegetation touching the home which simply needs to be trimmed back. It can also be places where patio support posts actually touch the ground which is a more extensive repair.

The one that is the hardest to define is improper grading. Essentially, water must not pool against the side of the stem wall of the home. There must also be a gap on the stem wall between landscaping rock and/or earth and the bottom of the stucco. So if you have had a dog that likes to build a sleeping tub against the home or added too much landscaping rock this will have to be corrected. Commonly, the original grading of the home was either improper or has changed over the years for a variety of reasons. Often this is not simply a re-raking of the gravel, but a whole new redesign of the slopes of the yard around the foundation. Usually this can be done inexpensively, but occasionally it can be a major repair.

If you want an agent that can identify problems before they become problems and knows the proper way to fix them and survive a transaction, while at the same time delivering top notch customer service, give the AI Gage Team a call at 623.536.8200 or email us at al@algage.com

Find us on  [/AIGagePC](https://www.facebook.com/AIGagePC)

RITA'S CORNER

They're Back!

It took a while, but the programs that were at the center of the mortgage breakdown of the early 2000's are slowly making their way back. To be fair, there seems to be some caution mixed in. That is a good thing as no one wants to live through that again. The programs are designed mainly for self-employed and employees who are paid on a commission basis as opposed to hourly pay. The most popular of these programs is the bank statement program in which income is based on deposits into the bank account instead of filed tax returns.

Call me for information about this and other available programs. We have a large variety of programs!

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Go to www.ai@algage.com/SubscribeToENewsletter.html or just send us an email with your address and subdivision. We now offer individual subdivision reports. Stay up to date with the current news, right in your inbox. Subscribers are placed in a drawing to win a set of FREE movie passes! 4 sets of passes will be given out this month! Please share this opportunity with family, friends, and neighbors.

featured listings



12575 W. Osborn Rd.

Beautiful and Move-In Ready!

A 2155 S.F., 3 BR, 2 BA with a great room, lots of tile, cabinets and granite counters, den/office, a pool, 2 car garage and an RV gate in Corte Sierra.

Sold by AI Gage for \$290,000



12721 W. Lewis Rd.

A Beautiful Brigata Model in Tierra II part of Rancho Santa Fe. 4 BR 2 BA, 2335 S.F. with a pool in great shape on a corner lot.

Listed by AI Gage for \$330,000



12405 W. Lewis Ave.

A Beautiful Regatta Model in Alta Mira featuring 4 BR, 3 BA, 2963 S.F. plus a den, fireplace, HUGE green back yard and a spa.

Sold by AI Gage for \$325,000



10555 W. Crimson Ln.

A Beautiful home featuring 3 BR, 2.5 BA, 1949 S.F. plus a loft, pool, green belt for a back neighbor.

Listed by AI Gage for \$255,000



12929 W. Monterey Way

A Beautiful home featuring 4 BR, 2 BA, 2113 S.F. split floorplan with family room and solar in Las Palmeras!

Listed by AI Gage for \$270,000

What's My Home Worth?

Email AI at ai@algage.com with the address, a list of upgrades, the current condition of the property rated < from 1 being terrible condition and 5 being model perfect > and he will personally prepare a professional market analysis of your home free of charge. Use "What's my home worth?" in the subject line and also include the purpose of the evaluation in the email.

No automated valuations here!

Want a current and local Market Update? Go to www.algage.com/February2020MarketUpdates.html

In 2019, AI Gage successfully represented 20% more clients than the closest competitor and 214% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood five years in a row!



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Hello.

Interesting And Helpful
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Over 1400 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2018 Sales #s	2018 Price/SF	2018 Days on Market	2019 Sales #s	2019 Price/SF	2019 Days on Market	% Change In Price per SF	January 2020 Sales #s	January 2020 Price/SF	Jan 2020 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	71	136.47	48.6	68	144.9	36	6.17%	5	145.9	32
Cortes Sierra/Sage Creek/Las Palmeras	Multi	37	118.81	54.6	33	125.3	39	5.46%	1	145.2	28
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	85	137.72	41.0	103	146.7	42	6.52%	10	152.4	51
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	37	115.22	57.0	26	119.1	66	3.37%	5	130.3	80
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	45	128.41	54.3	48	141.8	34	10.43%	3	157.4	50
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	19	109.64	46.8	20	107	61	-3.41%	0	0	0
Rancho Santa Fe	1	87	139.05	50.4	83	145.3	50	4.49%	6	146.0	48
Rancho Santa Fe	Multi	26	117.53	43.1	36	126.2	41	7.38%	1	127.7	33
Westwind and Glenarm Farms	1	28	149.87	80.2	24	165.6	47	10.50%	4	157.8	76
Westwind and Glenarm Farms	Multi	16	118.10	41.2	21	136.4	41	15.50%	1	141.9	3
Wigwam Creek South and Bel Fleur	1	85	135.49	45.4	65	139.8	43	3.18%	2	139.4	55
Wigwam Creek South and Bel Fleur	Multi	45	98.78	60.1	45	101.3	73	2.55%	1	124.4	22