

# AI Gage Report

July 2021

## Some New Terminology?

There are some truly new methods in real estate that may have existed before, but they were almost never used before. If those terms were used before, it certainly was in a different context. I cannot stress enough that these strategies apply for the RIGHT NOW of this market. Here is a list of terminology currently in play and a brief summary of how it is being utilized in this extreme seller's market.

**As-Is.** This use to be used by the lenders on their bank owned properties to signify that they had no or little responsibility for the condition of the home. It is now being used as an enticement to sellers to select the offer with this clause and eliminate any repairs. It should be noted that this does not waive the buyer's right to an inspection. It only signifies, that at that point, the buyer will either accept the property or cancel the transaction. Curiously enough, nothing in this clause prevents them from asking for said repairs at the time of inspection. It is not recommended that a seller demand that the property be sold as-is, because this just plants the seeds that the seller is hiding a defect in the property. It is acceptable to state from the beginning that no repairs will be performed in the current market.

**10 Day Inspection Period.** This 10-day inspection period is now miraculously able to be completed in 5 days to make the offer seem to be more competitive. It almost always was able to be completed in 5 days, but now agents are having to be Johnny on the spot to be competitive. Unfortunately,

the 5 days to respond for the seller has not changed and this is generally where we need more time. If a repair request is received on Thursday, that only gives until Tuesday for a response and many times it is difficult to get tradespeople in that short of time frame.

**Inspection Waiver.** This one should make any agent nervous, and it is understood that the buyer is trying to make their offer more attractive. Completely waiving the inspection is just asking for a lawsuit based on the condition of the property, either to the selling agent or the sellers, for failure to disclose a defect. This one I see as more of a negative than an attractive prospect.



**Non-Refundable Earnest Money.** This one, combined with the one above, is really taking a great deal of risk for the buyer. Done in conjunction with a regular home inspection, this one signals to a potential seller that the buyer is not at all concerned with their ability to obtain the funds or loan to close on the transaction. Many times, the buyer is more confident than they should be in today's lending environment, but it is the buyers money that is being risked. It should also be noted that this particular clause does not automatically make the earnest money forfeit if the property fails to close. If for some reason the seller fails or is unable to close, the buyer would be

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entitled to a refund of the earnest money. They would also be due a refund if they cancelled pursuant to any remaining due diligence provisions such as inspection or appraisal.

**Waiver of Appraisal.** A complete waiver of the appraisal is being done very commonly in today's market. This is a very dangerous proposition for the buyers and their agents. It is very difficult to predict the market and an appraisal right now. Most appraisers are going along with the rapid expansion of home values, but I am sure not all. What would you do as a home buyer if you purchased a home for \$400,000 and it appraised for \$220,000? Even if all the comparable sales said that it was worth \$320,000, that low of an appraisal likely makes you walk away from the transaction because of the disparity regardless of the consequences to your earnest money. Please note this example was rewritten 3 times in this market because people are routinely paying \$15,000 - \$50,000 over appraised value.



**Appraisal Shortfall.** This is a much better way to accomplish the same effect as above. This way allows for the buyer to waive a certain amount of difference between the appraised value and the purchase price. Remember, appraisals are never based on loan amounts, so in many cases the difference in appraised value and purchase price has to be made up with cash over and above down payment and closing costs. This clause places a definitive limit on the amount the appraisal can come in below purchase price and still require the buyer to proceed. This method works well, as it sets up the buyer with an exact maximum amount of funds needed. It also clearly defines how much the buyer is willing to essentially overpay for a home. It also reins in the expectations of the seller that they can simply ask whatever amount they want and get it. While it is not uncommon for current buyers to agree to a shortfall of up to \$30,000, not many have stretched beyond that amount in our price ranges.

**Seller Lease Back or Post Possession.** Until this past year, only the really experienced agents, like myself, would even entertain a post or pre-possession agreement. All the brokers frowned on them (and probably still do). They are now the rage in the cage and almost every seller that needs one can demand

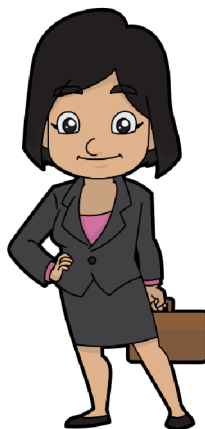


one. Let's be careful with this one, because being tied to a home sale means that it is adjudicated in superior court, not like a regular eviction. It also fuels the fears and reports of sellers just never leaving the property, which are rare, but widely reported. If your situation dictates that you need such an arrangement, it can probably be a reality. Selling to qualify for a new home and need a 6 month lease back? We can make that happen without all the discounts of a corporate i-buyer.

If you want this level of market knowledge and preparedness, call the only team you need to know! Al Gage 623.536.8200 or email at [al@algage.com](mailto:al@algage.com)

Find us on  /AlGagePC

## Terri's Tips: Flies?



Cinnamon – use cinnamon as an air freshener, **flies hate the smell!**

Lavender, peppermint and lemongrass essential oils – Not only will spraying these oils around the house create a beautiful aroma, but they will also deter those pesky **flies** too!

Terri handles all of the paperwork for the Al Gage Team!





## Subscribe Online & Get Your Subdivision Report!

Go to [www.ai@algage.com/SubscribeToENewsletter.html](http://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 gift cards! 2 gift cards will be given out this month! Please share this opportunity with family, friends, and neighbors.

## featured listings



### 12344 W. Virginia

A fabulous Brigata model with a pool, lots of upgrades, 2335 S.F. 4BR, 2 BA in Rancho Santa Fe.

Listed by AI Gage for \$465,000



### 2420 N. 126th Dr.

This beautiful **Cottonwood Model** features a 3BR, 2 BA, 1290 S.F. on a large cul-de-sac lot in Rancho Santa Fe!

Listed by AI Gage for \$305,000



### 12613 W. Verde Ln.

This 1550 S.F., 3 BR, 2 BA great room concept with 2 car garage, sparkling pool, solar, remodeled kitchen with granite counters in Corte Sierra!

SOLD by AI Gage for \$365,000



### 12 W. Davis

A charming 3 BR, 2 BA, 1055 S.F. home near downtown Avondale!

Listed by AI Gage for \$260,000

## What's My Home Worth?

Email AI at [ai@algage.com](mailto: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/July2021MarketUpdates.html](http://www.algage.com/July2021MarketUpdates.html)

In 2020, AI Gage successfully represented **125%** more clients than the closest competitor and **283%** more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood five years in a row!



PRSRT STD  
ECRWSS  
U.S. POSTAGE  
PAID  
EDDM RETAIL

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# Hello.

Interesting And Helpful  
Real Estate Info  
Just For You

Local Postal Customer

## Over 1400 Homes Sold in Avondale and Litchfield Park!

Subdivisions	Home Levels	2019 Sales #s	2019 Price/SF	2019 Days on Market	2020 Sales #s	2020 Price/SF	2020 Days on Market	% Change In Price per SF	June 2021 Sales #s	June 2021 Price/SF	June 2021 Days on Market
Cortes Sierra/Sage Creek/Las Palmeras	1	68	144.9	36	61	167.3	23	15.45%	7	219.1	25
Cortes Sierra/Sage Creek/Las Palmeras	Multi	33	125.3	39	31	138.7	36	10.69%	1	163.7	30
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	1	103	146.7	42	99	162.1	35	10.50%	11	207.9	14
Crystal Gardens, Crystal Ridge, Crystal Point, Upland Park and Donatella I	Multi	26	119.1	66	32	135.3	37	13.60%	5	172.0	25
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	1	48	141.8	34	29	156.3	27	10.23%	0	0	0
Garden Park, Palm Meadows, Palm Gardens and Donatella Phase 2	Multi	20	107.0	61	17	120.5	30	12.62%	0	0	0
Rancho Santa Fe	1	83	145.3	50	68	160.2	29	10.25%	12	228.5	13
Rancho Santa Fe	Multi	36	126.2	41	36	136.0	28	7.77%	3	194.4	3
Westwind and Glenarm Farms	1	24	165.6	47	15	168.3	44	1.63%	1	184.6	15
Westwind and Glenarm Farms	Multi	21	136.4	41	12	128.2	44	-6.40%	2	183.5	13
Wigwam Creek South and Bel Fleur	1	65	139.8	43	76	159.2	22	13.88%	6	220.5	17
Wigwam Creek South and Bel Fleur	Multi	45	101.3	73	37	116.0	35	14.51%	0	0	0