

Sorry, That \$30,000 Lot Premium You Paid Has Little or No Resale Value

In case you didn't know by now, the marketing and sale of new homes is a whole different world from the marketing and sale of existing homes.

One of the profit centers for new home builders is the infamous "lot premium" — the extra fee you pay, usually for a lot with a better view.

It's a successful strategy for home builders, and apparently appraisers cooperate in applying that added value so that the transaction will close.

But don't expect that added "value" to pass through when it comes time to sell your home. The lot premium has little or no value in the eyes of appraisers when it comes to reselling your home.

As I write this, a buyer client is waiting for the appraisal to come back on a home for which the seller paid a \$30,000 lot premium when he bought it new 3 years

ago. The lowest contract price we could convince the seller to accept was at least \$25,000 more than what any reasonable analysis of

comparable sales would justify.

In this case, the seller had willingly paid a premium because the property backed and sided to a greenbelt. There's no way it will appraise now, and we'll probably negotiate a major price adjustment next week.

When buying a new home, remember that you will have to spend thousands of dollars on window coverings and tens of thousands of dollars on landscaping and fencing. Let's say you spent \$40,000 on the combination of these necessities. How much of that do you think you'll recover when you sell the house? The answer, sadly, is "very little."

Bottom line: It does not matter

what you spent on your home. It only matters what comparable homes have sold for in the last six months. Period. End of story. I'm sorry to be the one who has to break it to you.

No, Fellow Agent, You Are Not My "Realtor for Life"!

Email signature files are a great invention. When I compose an email, my signature file is automatically inserted at the end of my message. Most good agents use these add-ons to promote themselves to would-be or current clients. However, many of the emails we agents send are to each other — giving feedback, requesting feedback, asking questions, etc.

Just because these signature files are inserted doesn't mean they can't be edited or deleted before clicking "Send." I make it my practice to delete parts of my email signature which are not appropriate to the recipient.

This Week's Featured New Listing:

You'll Love What's Behind Those Trees

Hidden from view by several 30-foot spruce trees is this 0.65-acre horse property at 4901 Indiana Street. Originally built in 1961, you'd be hard pressed to find any evidence of the original structure in this thoroughly modern home. The sellers own an HVAC company, and have installed the finest and most efficient heating and air conditioning system money can buy. The kitchen is truly awesome, with a Viking gas range, knotty alder cabinets, slab granite counters, and under-cabinet lighting. The master suite is equally amazing, with a two-headed steam shower, jetted tub and a walk-in closet the size of a bedroom! Everything is truly first class. Outside, an irrigation ditch cuts across the property feeling more like a stream than a ditch. See the website for more details and a video tour.



REAL ESTATE TODAY



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