

If Your Low-Interest Mortgage Keeps You From Selling, Consider What Rita & I Did

Long-time readers of this column know that Rita and I sold our 4,000-sq.-foot Golden home in March 2022 and moved into a 2-bedroom apartment in a 55+ rental building called Avenida Lakewood, now called Solana Lakewood. We did that because I sensed, correctly, that we were at the top of the market — and “cashing out” made financial sense for us.

Neither Rita nor I had been renters since our 30s, and as a Realtor I never thought I'd be a renter again, but it made financial sense. We are both in our mid-70s now, and cashing out meant that we would have more than enough money to live out our lives. Heck, our combined Social Security payments, even after deductions for Medicare, are more than what we now pay for rent at Solana Lakewood, and the net proceeds from the sale of our house could be invested and further increase our “nest egg.” (We also appreciate the ability to “lock-and-leave” our apartment, not worrying about lawn mowing, snow shoveling or burglary while going away on vacations.)

The mortgage on our Golden home was about 3%, and in March 2022 we could have purchased a replacement home with a similar mortgage if we had chosen to, because it was only after we sold our home that mortgage interest rates began to rise.

Now, interest rates are over 7%,

Get a \$600 Rebate on a New Electrical Panel

I have mentioned in the past the wide ranging rebates and tax credits available under the Inflation Reduction Act (IRA) for making your home more energy efficient, but there is one tax credit that every homeowner with an older electrical panel should consider utilizing. That is the \$600 tax credit for installing a new 200-amp electrical panel, which could cost a few thousand dollars.

Many of the homes built in the Denver area between 1950 and 1980 were built with Federal Pacific electrical panels. Those panels display an Underwriters Laboratory certification, but that certification was withdrawn after the Consumer Product Safety Commission determined in 1982 that individual breakers in those panels might not trip when overloaded.

When the time comes to sell your home with a Federal Pacific electrical panel, the buyer's inspector will spot it immediately and encourage the buyer

and one of the reasons that some homeowners choose not to sell is that they don't want to surrender their 3% mortgage in return for a 7% mortgage on their new home. This scenario if referred to as being “rate-locked.” Perhaps that applies to your situation.

Meanwhile, of course, the price you can command for your home is slowly going down because the cost of a mortgage is reducing the population of potential buyers in your price range. Experts predict that prices will continue to soften in the coming months and years. That's why I chose this week to write once again about what Rita and I did — sell our home and become renters.

Especially if you are a senior, this could work for you as it did for us, in part because many of the 55+ communities have vacancies and are offering incentives. Here at Solana Lakewood, there are over 20 vacant apartments (about 10%), and they are offering a \$1,500 bonus to new residents if they know a current resident who refers them. Also, there is little or no security deposit, and you are given up to 60 days to move in after signing a lease.

As a bonus, if you hire me to list and sell your current home in the metro area, I will provide totally free moving, using Golden Real Estate's moving truck, laborers and free moving boxes.

You may be asking whether this is a good time to sell, so let me offer

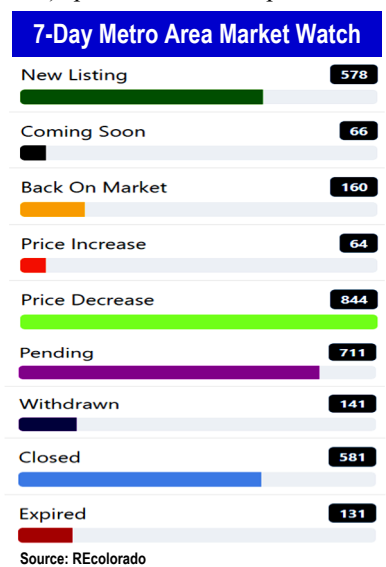
to include replacement of the panel in their inspection objection. Although the \$600 tax credit is available for the next 10 years, you might consider replacing the panel now (if it hasn't already been replaced) and enjoy the peace of mind of having a certified safe electrical panel with a larger capacity of 200 amps.

If your panel doesn't display the name Federal Pacific, look for Stab-Lock breakers or the Zinsco brand name. They're all the same.

The credit for replacing your electric panel is part of the IRA because of the act's focus on home electrification through the replacement of gas appliances with more efficient heat pump HVAC and water heater units and other appliances, which earn even greater rebates and/or tax credits. Such devices will increase the electrical load while reducing your total energy costs because of their higher efficiency.

some perspective. There are currently 5,400 active listings within 18 miles of downtown Denver on REcolorado. The chart below shows the residential MLS activity last week in that same area.

The median days on MLS before going under contract goes up in the winter months. Last winter the surge was greater than usual, starting at 15 days in September and rising to 32 days in January. This September and October the *median* days before going under contract was 13 days, but *average* days before going under contract was 29, which, while better than last year, is a measure of how many listings are overpriced and therefore sitting on the market. The high number of listings which decreased their prices (see chart below) speaks to that same problem.



The bottom line is that you can rest assured, in my opinion, that if you price your home properly (which we're pretty good at), your home can sell this winter and sell quickly without price reductions.

In real estate, it's important to stay ahead of a softening market. If you price your home based of comparable sales in the previous six months, you run the risk of overpricing. If you price it lower, you'll attract more showings, more offers and likely sell it for more in the end.

Beyond the “rate-locked” situation mentioned above, sellers are reluctant to sell, fearing they won't find a home to buy, and their purchase might need to be contingent on the sale of their home, which weakens their offer. Renting eliminates that anxiety, because you can find a home or apartment you want to rent and, like at Solana, have 60 days to sell your home before you move in and start paying rent.

Thoughts & Prayers for Maine

Undoubtedly you have heard about last week's mass shooting in Lewiston, Maine. I have a special relationship with Maine, because all four of my siblings and I were born in Maine, and one of my sisters still lives in Kingfield, Maine, 66 miles from Lewiston, where she was born and where our parents met as students at Bates College.

A lot of my values derive from my New England upbringing. Although my parents raised us kids in the Episcopal Church, my father was raised as a Quaker, which accounts for the zero military experience on his side of our family. My mother was born in Kalispell MT because her dad was a surveyor in the building of the “Going to the Sun” road in Glacier National Park, but hers too was a New England family.

A TV report showed a highway sign, “Welcome to Maine—The Way Life Should Be.” The report also said that the 18 lives lost to gun violence last week exceeded all the lives lost that way in 15 years.

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 Hometown Service Delivered with Integrity
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Jim Smith
 Broker/Owner, 303-525-1851
Jim@GoldenRealEstate.com
 1214 Washington Ave., Golden
Broker Associates:
 JIM SWANSON, 303-929-2727
 CHUCK BROWN, 303-885-7855
 DAVID DLUGASCH, 303-908-4835
 GREG KRAFT, 720-353-1922
 AUSTIN POTTORFF, 970-281-9071
 KATHY JONKE, 303-990-7428



“I cannot do all the good the world needs, but the world needs all the good I can do.” —Jana Stanfield