

Real Estate Hermeneutics - Words Do Matter
July 7, 2013

Dear Dave: We saw a duplex for sale on a street nearby, and then found out only half of it was for sale and it was a condominium. How can you tell a duplex when you see one?

Answer: I am chuckling here - It's easy to be confused by real estate words. What matters with all real estate is (1) How is the building constructed and (2) How is the property legally established.

Many real estate terms can describe the kind of structure you are looking at. A building with 2 separate living quarters may be correctly described as a duplex, whether they be one on top of the other (up and down) or side by side.

A 'Townhome' or 'Townhouse' describes a structure where nobody lives above or below you. Townhomes may also appear to be a 'duplex' if two units are constructed side by side. An 'Apartment' is generally a single living unit in a block of similar units with those living quarters stacked one over another and side by side. Yes, you were looking at a duplex structure but it was not legally a duplex for real estate purposes.

The legal status of structures is an entirely different question. A condominium is a residential (or commercial) unit established under the Uniform Common Interest Ownership Act where each unit owner may control his individual space but is an owner-in-common, with every other unit owner, of the land and buildings that comprise the total.

A 'Zero Lotline' home will also appear to be a duplex. A 'zero lotline' is a single family residence on an individual lot but is built right up to the neighboring structure with a 'zero' setback from the property line.

In other words, any structure comprising multiple units, be it a string of detached homes, a duplex, or a block of apartments, or any combination thereof, may be 'Condominiums' if a common interest community exists where individual unit owners share common ownership of land and buildings.

Confused? What words mean is the science of hermeneutics. Always ask your Realtor to define the real estate you are interested in, or looking at. Alternatively, consult Muni records for the address concerned since zoning determines the use of all land, and the nature of the structure will be described in the Tax Records.

Dear Dave: I was advised that the buyer's review period without penalty for condominium "Resale Certificate" was 15 days. In your column in the Anchorage Daily News of 06/16/2013, you state it is 5 days. Which is correct?

Answer: My column of course! 5 days to review a Resale Certificate. The 15 day period you were advised relates to a 'Public Offering Statement' which applies to a new construction

condominium project, in lieu of the 'Resale Certificate' which applies to 'Resale' condominiums.

Dear Dave: We own a home in Anchorage, built in 1966, and are wondering if this is a good time to upgrade? What are your thoughts?

Answer: Your home is 47 years old, and there comes a time in the economic life of Real Estate when the cost of maintaining a property can exceed the appreciation in the market place.

Even the most prestigious Anchorage subdivision of the 1960's is starting to deteriorate from a marketing point of view. Even if the problems of poor insulation, storm windows, aged roof and damp-proofing, tired heating system, old plumbing and electrical have been replaced or upgraded, it is likely your neighborhood contains many properties that are showing wear and tear. At this time, when a subdivision is losing its sheen, it is quite possible that values may start to decline irrespective of general economic trends.

If you can afford to upgrade to at least a 1990's series home, or even newer construction, I recommend you do so while interest rates are still hovering around 4%. Homes in the \$300,000 range are moving quite well at this time on the selling side, and there are excellent bargains to be had around the \$400,000 mark on the buying side, so this would be a good time to upgrade.

Dear Dave: We live now in the Lower 48 and, when we bought our home here, we had to pay \$500 for the Appraisal. Now we are selling a property in Alaska which we have owned as a rental for many years, but our agent says we have to pay \$650 for the Appraisal, even though we are not the buyers. Why is this?

Answer: Almost all closing costs, including the appraisal fee, are negotiable items and what your agent is telling you is a tradition, not a law. It is true that Alaska has contradicted the national trend on appraisal fees. In most States, the buyer does pay this fee but, in Alaska, we typically see the seller pay it.

When negotiating your home purchase or sale, ask your Real Estate Licensee which closing costs, if any, are mandatory buyer or seller costs. This will depend on whether you are using VA, FHA or Conventional financing. There is absolutely nothing wrong with trying to negotiate a favorable split in the non-mandated closing costs. After all, it is a dollar component in your net cost or net sale, depending which side you are on.