

Real Estate CORNER



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What Happens When an Appraisal Comes in Low?

When purchasing a home, one of the standard contingencies is a home appraisal. A professional home appraiser determines the value of the home based on recent sales in the area and the condition and location of the home. The appraiser measures the home, takes pictures, and then prepares a report to send to the bank. The bank wants to make sure it's comfortable with the home as collateral for your new loan. If the appraisal report says the home is worth what you're paying for it, that's great.

What happens if the appraisal comes in lower than the buyer's offer?

In this situation, the buyer has a few options:

- The buyer can bring in additional cash to make up the gap between the contract price and the appraisal value. So if the home is appraised at \$600,000 but the contract is at \$650,000, in that scenario, the bank's loan would be based on the \$600,000 and the buyer would bring an additional \$50,000 into escrow.
- The buyer can dispute or rebut the appraisal value, and the lender could submit for a reconsideration of the value, providing additional information about comparable sales and the subject property. It can be difficult to get a reconsideration approved.
- The buyer can back out. This can be a hard decision to make when you've fallen in love with a house and have your heart set on it. However, the buyer may simply not have the funds to cover the gap, or might decide it's not worth it to buy a home for more than its appraised value.
- The buyer can request that the seller agree to lower the contract price, either all the way to the appraisal, or somewhere between the contract price and the appraised value. In today's hot market, this is happening less than it might in a balanced market or a buyer's market. Still, depending on the seller's motivation and timing and the amount of the gap, it's a possibility to consider.

The reason why appraisal gaps have become such a hot topic these days is because home prices are escalating so quickly that appraisers sometimes don't have comparable sales to support contract prices. Bidding wars are causing offers to go way over asking price. It's not uncommon to see a home sell for \$50,000 or even \$200,000 or more above the list price.

Appraisal gaps are just one reason why this can be a very difficult market to navigate. As agents, we've seen these situations arise and have walked both buyers and sellers through their options, helping them gather the information they need to make decisions they're comfortable with. If you have any questions about appraisals, buying or selling a home, or anything else real estate related, we'd love to help. Please don't hesitate to reach out.

What is an appraisal gap clause?

An appraisal gap clause is a contract term stating that the buyer agrees to bring in additional funds up to a certain amount if the appraisal value is below the contract price. For example, if a buyer agrees to cover an appraisal gap up to \$50,000 and offers \$725,000 on a home that only appraises at \$675,000, then no additional negotiations on the price would be required even though the appraisal came in low. Want to learn more? We recently covered appraisal gap clauses in one of our FAQ Tuesday videos. Visit our YouTube channel to watch!

JUST SOLD



Sold for \$831,000

916 Junipero Avenue

This Craftsman bungalow sold for \$56,000 over asking price!



Sold for \$871,000

6221 Kiowa Road

This single-family home sold for \$71,000 over asking price!



Sold for \$1,050,000

2036 Shipway Avenue

We represented the buyer on this beautiful home.

How to Keep Your Home Cool This Summer

We're very lucky to live in Long Beach where we enjoy coastal breezes, however, that doesn't mean we don't have hot days. Especially in August. Here are some tips on how to keep your home cool.

Invest in Good Blinds - Any kind of blinds can help block out the sun and its heat, but investing in blackout blinds is the ultimate hack to keeping your home cool all summer.

Close Your Doors - If you're not using a room, don't be afraid to shut the door to it. The less rooms you have in your home to cool down, the better.

Cook Outside - Of course, not every meal can be cooked on the grill, but try to cook as many meals as you can outside so you can avoid heating your oven - and the rest of your house!

Cool Your Body - Your home doesn't necessarily need to be cool for you to feel cool. Drink a cold drink or put an icepack on your forehead to help your body cool down.

But what if your home is still too hot?

If the tricks above just aren't cutting it, there are plenty of places you can go to keep cool during the day.

The Mall - The mall is the ultimate, air conditioned destination. Window shop, grab a snack, and enjoy how cool it is inside.

A Friend's Pool - Even if you don't have a pool, your friend might. Yes, you're inviting yourself over, but if you bring cold drinks or food, perhaps they'll be happy to have you.



Selling and Buying: What Are Your Options?

There is no one-size-fits-all scenario when it comes to a timeline for buying and selling a home. The best choice for you is based on your financial situation, your current home's equity, and your ideal timeline.

One option is to buy a new home, and then sell your current home. That way, you have ample time to pick out your new home without feeling rushed. However, this isn't always possible. Many people need to use the equity from the sale of their current home to make an offer on their next home.

Selling your current home before you know where you're going can seem kind of scary, though. What if you sell and then aren't able to find another home and get an offer accepted? That's a very real fear, especially in a market where multiple offers are the norm.

One thing you can do to put yourself in the strongest position is to work with an experienced agent who is well-connected in the area where you're looking. They may be able to alert you to off-market opportunities and help put you in the strongest position to get an offer accepted on your next home.



If the timing doesn't work out exactly right for you to close escrow on your sale and purchase at the same time, there are additional options available to you.

You can ask close friends or family members if you can stay with them in between selling your home and buying your next one. You can look into short term rentals like Airbnb or sign a month-to-month rental agreement. You can also write a rent back agreement into your real estate contract, remaining in your home after escrow closes. In our current seller's market, these rentbacks are more and more common because buyers want to do whatever they can to sweeten the deal for the seller. In some cases, sellers are even able to stay in their homes rent-free and for extended periods of time.

The best thing to do when deciding what your game plan is, is to talk to a local real estate agent! Once you have a clear idea of your home's equity and the market, you can determine your ideal timeline and which course of action is best for you.

Local Spotlight: An Afternoon at Shoreline Village

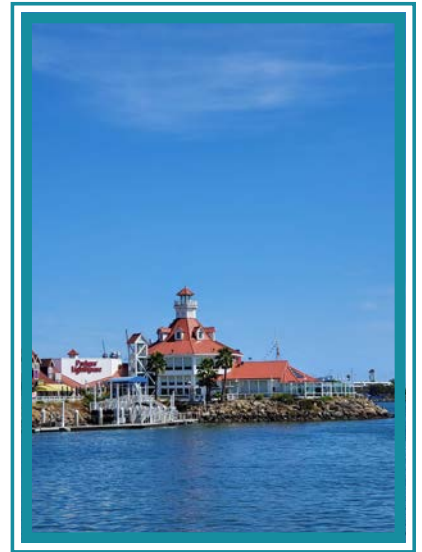
August 7th is National Lighthouse Day and we have a great one for you to visit right here in Long Beach! Lion's Lighthouse is a ten-story lighthouse on top of a small hill next to Shoreline Village. Although some have called it one of the ugliest lighthouses in America, it has also become one of Long Beach's most recognized symbols. The lighthouse was built in 1949 by the Downtown Long Beach Lions Club to advertise their services for blind people.

If you want to check out the lighthouse, a great way to do it is to spend your day at Shoreline Village. This boardwalk shopping center offers a host of restaurants and shops. If you're looking for seafood, one option is Parker's Lighthouse, which will give you a front-row view of the lighthouse.



If you're looking for sweets, then you need to visit The Funnel House for churros and cookies. Or, visit Ice Cream & Frozen Yogurt on the Boardwalk, an old-timey ice cream store with just a window to order from. If you're not hungry, there are plenty of little stores to check out and lots of Long Beach-themed gifts.

For activities, Shoreline Village offers plenty of options. You can rent a unique bike and cruise down the beach path, or visit the Pelican Pier Pavillion. Here you'll find more than 70 arcade and video games as well as a carousel! You can also pick up one of Long Beach's many cruises right here. Your options include dinner cruises, private charters, sailing, and even trips to Catalina Island!



Finally, fans of the TV show Dexter, will love strolling around Shoreline Village and checking out the various filming locations where Dexter hunted the infamous Ice Truck Killer.

Meet Rachel!



We recently added a new member to our team! We're excited to introduce you to our new Marketing Manager, Rachel Garcia.

Rachel has 4 years of experience in branding, content creation, and social media strategy. After graduating from San Diego State University with a B.S.

in Business and multiple public relations and marketing internships under her belt, she dove straight into a fast-paced marketing agency environment.

Rachel loves testing her creative abilities, collaborating with others, and exceeding company marketing benchmarks. She is thrilled to expand her knowledge of the real estate industry, and help our client's homes look irresistible.

During her free time, Rachel enjoys getting lost in a good book, spending time at the beach, and trying out new restaurants in the Los Angeles area. Rachel and her two cats, Stella and Eloise, are happy to call Long Beach home.

Tips When Shopping for Solar

Solar panels are increasing in popularity because they're great for the environment and they can help homeowners save money. Here are some things to consider before installation

1. Check city and state guidelines to make sure you can install solar panels. This is especially important if you have an HOA. You don't want to run into any legal issues after installation!
2. Research pricing before you make any decisions. Solar panels can be affordable if you finance them, but there are some scams out there so read the fine print before signing on the dotted line!
3. Think about your roof and its state and age before getting your heart set on solar panels. Not all roofs can support solar panels and fixing any damage to your roof should be your priority.
4. Do you know anyone who has recently installed solar panels? See if they would recommend their installer and if they are happy with their choice.



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Late Summer Bounty

Farmer's Markets

It may feel like summer is coming to a close, but there are still plenty of great produce options at Long Beach's farmer's markets. Here are some of the best options to buy right now:

- Tomatoes
- Berries
- Cherries
- Peaches
- Limes
- Eggplants
- Summer Squash
- Cabbage

Long Beach's farmer's markets operate Tuesday-Sunday in different locations around the city.

While many were closed during the pandemic, all of them are back in action!

For information on when each Long Beach farmer's market operates, please visit ww.lbfresh.org for the ultimate guide.

PEACH PIE

Peach Pie Day is on August 24th which is a great excuse to bake and go to a farmer's market! Here is a simple (but delicious!) recipe for a homemade peach pie.

Directions:

1. In a large bowl, combine sugars; add peaches and toss gently. Cover and let stand for 1 hour. On a lightly floured surface, roll one half of dough to a 1/8-in.-thick circle; transfer to a 9-in. pie plate or iron skillet. Trim even with rim. Refrigerate while preparing filling.

2. Preheat oven to 400°. Drain peaches, reserving juice. In a small saucepan, combine cornstarch, nutmeg, cinnamon and salt; gradually stir in reserved juice. Bring to a boil; cook and stir until thickened, about 2 minutes. Remove from heat; stir in lemon juice and butter. Gently fold in peaches. Pour into crust.

3. Roll remaining dough to a 1/8-in.-thick circle; cut into 1-1/2-in.-wide strips. Arrange over filling in a lattice pattern. Trim and seal strips to edge of bottom crust; flute edge. Cover edge loosely with foil. Bake 40 minutes; remove foil. Bake until crust is golden brown and filling is bubbly, 10-20 minutes longer. Cool on a wire rack. If desired, serve with vanilla ice cream.

Ingredients:

- 1/2 cup sugar
- 1/4 cup packed brown sugar
- 4-1/2 cups sliced peeled peaches
- Dough for double-crust pie
- 3 tablespoons cornstarch
- 1/4 teaspoon ground nutmeg
- 1/4 teaspoon ground cinnamon
- 1/8 teaspoon salt
- 2 teaspoons lemon juice
- 1 tablespoon butter
- Vanilla ice cream, optional