

Houses With a Past

For history lovers, nothing beats the charm of a home built in a bygone era. Just make sure old-house buyers know what they're getting into. *By Meg White*

Growing up in mostly brand-new homes in Texas and New Jersey in the late 1960s and 1970s, Kirsten Oravec was raised to believe that newer construction was always the safest and most reliable home purchase one could make. No plumbing or electrical ticking time bomb to fret about. No worrying whether the roof would buckle from layers of replacement shingles dating back to the FDR administration. When Oravec bought her first home in 2003, Plano, Texas, offered few options outside of new construction. Her second purchase, in southern New Jersey, was also freshly built. What nagged at her, though, was her strong aesthetic preference for an older house. She had always admired her aunt's century-old farmhouse in Pennsylvania. "It was pretty run down," she recalls. "But there was just such charm, and you don't get that in a brand-new home."

Four years ago, Oravec did what she had long considered unthinkable: She bought a home built in 1930—and has never looked back. Sitting in her small 84-year-old cottage on the shores of Lake Gilman in southern New Jersey with wind chimes and birds echoing behind her, Oravec has found her bliss both as a home owner and a real estate practitioner. "It's just a beautiful setting. My desk, when I work from home, overlooks the lake and I love it," says Oravec, who obtained

her license a year ago and now works as an associate with Berkshire Hathaway HomeServices Fox & Roach, REALTORS®, in Mullica, N.J. Everything from the sweet little footbridge on her property to the boat races and pie-eating contests of Lake Gilman Day has her smitten with the "On Golden Pond" setting. "It sounds kind of sentimental, but it really is all that," she says. The home was originally used as a cabin-like summer house, but she had the second floor converted to create two bedrooms.

The Over-70 Set

America's housing stock is relatively young: 40 is the median age of U.S. homes. Still, many buyers are drawn to properties with a considerably longer past—that is, homes built 75, 100, or occasionally even 200 years ago. The relatively rarefied ranks of older homes—15 percent of the current U.S. housing stock was built before 1940—makes these properties special. And even though what constitutes a "historic" home depends greatly on where you live, anyone who works in a neighborhood of older homes must bear crucial issues, and misconceptions, in mind.

Developing a comfort level with older homes is often necessary simply because they are mainstays of the local inventory. The new-home niche is limited by land

availability, Robin Zeigler, a historic zoning administrator for Nashville, Tenn., points out. "There's only so much land," says Zeigler, who was formerly a board member of the National Alliance of Preservation Commissions. "More and more, we're working with existing buildings."

For some home buyers, an older home represents someone else's choices; you may have to provide the necessary imagination to help them see it as their own. Others, like Oravec, are apprehensive about the work and money they presume they'll have to put into an older home.

Rick Fifer, a salesperson with Florida Executive Realty in Tampa, Fla., and a specialist in early 20th century bungalows, does his best to educate buyers on the costs of rehabbing and insuring older homes. He says many people overestimate the costs associated with an older home—or underestimate those of a newer home. It all comes down to how well the home has been maintained. In many cases, "an older home is no more a 'money pit' than a new house," he says. "If you've done nothing to maintain it, your 'new' house that you've lived in for 10–15 years can still cost a small fortune to fix."

And reproducing the charm that comes standard on older homes—in the form of old hardwood floors, stained glass, and thick baseboards—is much more expen-



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sive than buying the original. “Many people are looking to have something that has character,” Fifer says. “If you try to get that in a new house, it’s going to cost you.”

The Effects of Aging

Still, there’s something to that “money pit” stereotype. So buyers, particularly first-timers, may need guidance to avoid getting themselves in over their heads. When she was searching for her house in 2010, before she started working in real estate, Oravec sought out a home inspector who specialized in older homes. She recognized that someone focused on new construction would be looking for other things. Her inspector, she’s happy to say, “was on a mis-

sion.” In one home she’d set her sights on, he marched down to the basement and used a special tool to poke at one of the wooden beams. “It almost disintegrated when he poked it,” she says.

Now that she has found her own perfect home and gotten a few transactions under her belt, Oravec is on a mission, too. She warns house hunters that the older homes in her community sometimes have unique landscapes that can cause modern problems. Some plots aren’t large enough to update an old-fashioned cesspool to the modern septic system required locally. She also tells buyers who are looking at joining the lake community to find out whether or not a home’s electrical work is up-to-date,

as some of the older homes are still using the knob-and-tube wiring system popular from the late 1800s through the 1930s.

Bill Kibbel, a building inspector who specializes in historic residential and commercial property and a member of the Historic Building Inspectors Association, echoes Oravec’s warnings about the old-fashioned wiring, noting that even when the system has been updated, problems can still lurk within. “In a lot of cases, they’ll list the house as having ‘updated electrical,’ but it’s just a new circuit breaker with ancient wiring,” he says.

In his area of southeastern Pennsylvania and central New Jersey, Kibbel says the

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AMERICA'S 132 MILLION HOMES

How Old Are They Now?

The median age of a home built in the United States is **40**. In 1974, when those houses were built, interests rates on **30-year fixed mortgages** averaged **9.1 percent**; the median existing home price was **\$32,000**; President Gerald R. Ford had announced a **\$300 million mortgage credit** initiative to help alleviate the housing market recession; and the **energy crisis** had spurred the incorporation of energy-efficient features in new construction.

Source: The U.S. Census Bureau's 2011 Housing Profile, published July 2013, which examines owner-occupied housing and homes in the single-family, multifamily, and manufactured/mobile categories.

0-14
years old

14%

15-54
years old

55%

55-95+
years old

31%

U.S. housing stock by age

18 million (14%) were built in 2000 or later.
0-14 years old

33 million (25%) were built from 1980 to 1999.
15-34 years old

40 million (30%) were built from 1960 to 1979.
35-54 years old

21 million (16%) were built from 1940 to 1959.
55-74 years old

11 million (8%) were built from 1920 to 1939.
75-94 years old

9 million (7%) were built up in 1919 or earlier.
95+ years old

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No. 1 problem he sees is with chimneys. He tends to see deterioration of the original masonry, especially in unlined flues, because “these chimneys are being used for venting modern heating equipment.”

He tends to work with homes that are anywhere from 100 to 300 years old, but sometimes it’s the newer parts of the home that pose the most problems. He notes that “with multiple additions, roof systems are very tricky.” Often it takes more time to fix an unprofessional roof job than it would have taken to have it done by a pro in the first place, according to Kibbel.

There are also region-specific issues. In Florida, Fifer has seen a great deal of resistance to older timber-framed homes because of a fear of termites, but he sees those concerns as overblown. “Termites, like anything else, are a manageable issue [in an older home],” he says.

One of the most important things you can do when you’re listing an older home is to identify and recommend inspectors who understand it. Those who don’t have a lot of

experience with older homes, Kibbel says, “think everything is a problem.” In fact, “some cracks are acceptable, and they’re pretty common for old buildings,” he says. “If it was newer construction, it would be a red flag.”

One way to be sure you’re dealing with a home inspector who is experienced with older homes is to find a member of the Historic Building Inspectors Association. However, the association is active in fewer than 20 states, so if there’s no one in your area with the HBIA credential, Kibbel suggests using the American Society of Home Inspectors’ online search to find inspectors who claim to have experience with older homes. Then, follow up with a few questions.

“Ask to see a sample report of an older home. You can tell a lot by what comes out in the report,” Kibbel says. One potential red flag is when an inspector recommends further evaluation from outside contractors on multiple issues. “If they’re referring everything off, that means they’re not comfortable with their own ability.”

A Connection to the Past

When it comes to marketing an older home, many of the usual rules apply. Fifer says it’s all about finding out what’s special about the property and the neighborhood and then emphasizing that when you tell the listing story. Original details, such as vintage lighting and original doorplates, can take on extra importance. “When we can find something like that in an older home, it’s worth emphasizing,” he says.

It may be valuable to bring in an expert to help you investigate and tell the story of your listing. Zeigler says local organizations or public libraries can assist with research; they may even retain old real estate advertisements from the distant past and other whimsical information to share with house hunters. “Houses are interesting because of their stories and connection to people’s lives,” she says.

Beyond the house, the neighborhood may provide marketing zing. Historical districts and special zoning areas dot the landscape from coast to coast. Sometimes

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Red Flags? Maybe

In an older house, these may be fairly common, benign issues. In a new house, they could signify problems.

1) STICKY DOORS Are the doors and windows operating smoothly? Sticky jambs can be an early indicator of more serious structural problems.

2) DIAGONAL CRACKS Are there diagonal cracks in the drywall? Construction defect expert Mari Perczak says, “anything more than a hairline crack is something that should be checked out.” She notes that a straight vertical crack is more likely to be insignificant than a diagonal one.

3) PUDDLES NEAR THE FOUNDATION When it rains, do puddles form against the home’s foundation? This could be a sign of problematic landscape grading that could lead to flooding in the basement.

—By Meg White





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Inside New Construction

When errors are made, owners have more options than they may realize.

The clean sheen of a brand-new house is calming, but it can give buyers a false sense of security. Buyer's remorse takes on a whole new quality when a just-completed foundation cracks or when water is pouring in through a brand-new roof.

Denver attorney Mari Perczak, a construction defect specialist with the Burg Simpson law firm, sees all kinds of defects in new construction. And with building activity picking up, mistakes are likely to increase as new tradespeople learn the ropes, she says.

One piece of advice that can help: Tell new-home buyers to identify who's responsible for the construction. "Consider asking for the insurance information for the general contractor," she says. That can be helpful in the event of defects.

In Perczak's view, the biggest risk new-home owners face is running out of time to address problems. The statute of limitations on claims for defects in new-home structures is set at the state level. She says 10 years is the most common time period, though it is six years in Colorado where she's based. There are also time limits for filing a suit after a home owner discovers a structural defect. (In Colorado, it's two years.) Perczak says problems can take time to show themselves. "In our experience, it can take years, and problems can continue to be hidden," she says. For example, defects

related to moisture or concrete settling into unstable ground are difficult to detect in areas struck by drought. "You'll see issues after a period of heavy moisture," Perczak says. Construction materials can mask trouble. "Some types of cladding are really good at hiding those types of problems," she says. And the most costly problems may not even be related to construction. Drainage and grading issues tend to be quite expensive to fix, she says.

Perczak says home owners often don't understand their rights. Some believe they're out of luck because the one-year warranty on their home has already expired. But she notes this "express warranty" from the builder doesn't affect the right to sue under statutes defined by the states.

Advise clients who think there's a problem to call an outside expert with no financial stake in the home. Sometimes owners err by calling the builder, who may refer them to the engineer in charge of the construction. "It comes down to this: Don't get legal advice from your builder," Perczak says. "When in doubt, bring in a good home inspector who can tell you whether or not you should seek the help of a well-qualified contractor or an architectural engineer."

—By Meg White

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*Information above is based on data collected by AHS and a large national real estate firm of the firm's listings that closed between January 1, 2012 and December 31, 2012. We studied 24,230 listings from across the country ranging in price from \$100,000 to \$500,000. These results were verified by Cannon & Company, a third party accounting firm.

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Building for the Future

Innovative construction materials are both eco-friendly and resilient.

It's easier to adopt new techniques when you're building from scratch, so the new-home market tends to have more than its fair share of inventive products to offer.

Before these new products come to market, they often come to Michelle Desiderio. As the vice president of innovation services for Home Innovation Research Labs—a wholly owned, independent subsidiary of the National Association of Home Builders—she works with manufacturers to test building products and appliances. At the manufacturer's request, the lab's technicians will do everything from open and shut a door 10,000 times to drop cast-iron pans onto sinks to build a model house to test the impact of high winds on a new framing technique. "Our goal is to remove barriers to innovation in the housing industry," she says.

So what kinds of advances are buyers looking for? "Builders often are under the assumption that consumers are focused on green products exclusively, but study after study shows that's not the case," says Desiderio. "Durability usually ranks very high."

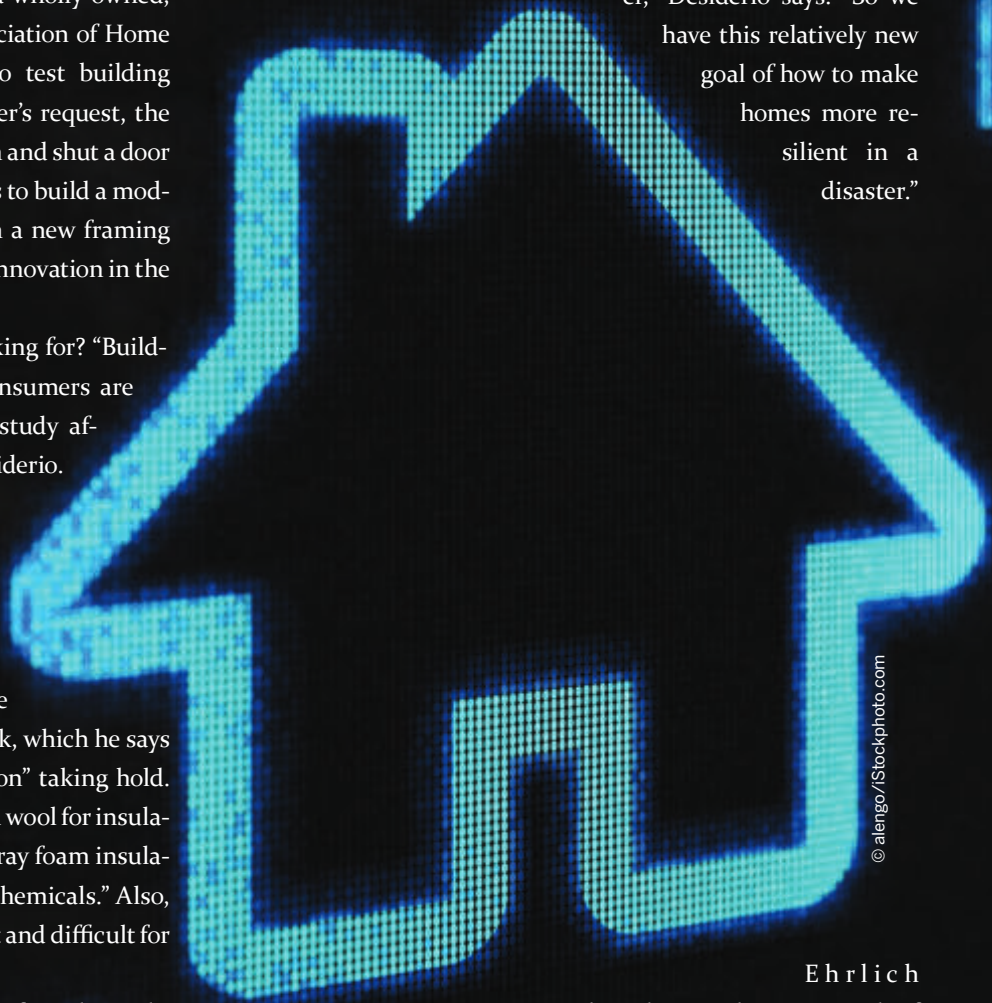
Brent Ehrlich, products editor at publishing company BuildingGreen, which examines environmentally friendly construction, says that manufacturers are taking notice of the desire for resilience. He's also seeing more use of natural materials such as stone and cork, which he says represents the "what's-old-is-new phenomenon" taking hold. One example of this trend is the use of mineral wool for insulation. Ehrlich says this material is replacing spray foam insulation systems that "contain some fairly nasty chemicals." Also, the natural alternative is both flame-retardant and difficult for insects to penetrate.

Another product Ehrlich is excited about is fungal mycelium. A company called Ecovative combines what are basically mushroom roots with agricultural byproducts in controlled lab conditions. The product that emerges is currently being used as an eco-friendly packing material, but the company is working to market it as a strong, lightweight, flame-resistant insulation for homes and commercial buildings.

But Ehrlich warns that in the effort to make homes more energy-efficient, home owners need to be careful not to seal the structure's envelope too tightly. He's says he's seen cases where home owners try to retrofit their insulation for energy efficiency and end up having to tear it all out and start over because they

hadn't considered healthy air exchanges and letting a building breathe.

Innovators in new construction are also looking for ways to protect home owners from catastrophic events. "Many places in the country have experienced one natural disaster after another," Desiderio says. "So we have this relatively new goal of how to make homes more resilient in a disaster."



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Ehrlich says that, despite the great work of Home Innovation Research Labs, no amount of testing can fully replicate the pressures of real-world use for some of these brand-new products: "We really don't know how they'll last. Longevity is still going to be a question."

Because defects in new homes can directly affect the entire system of a house, builders tend to be wary about new products. "As a society, we change phones frequently, but product manufacturers have a much more difficult time getting their clients to switch in the world of home construction," Desiderio says.

—By Meg White

Market a Smart Home Smartly

Don't focus on all the bells and whistles. Market the features of a smart home that appeal to a wide audience.

Soon it will be possible to send a text to your refrigerator asking if you're running low on milk. The fridge will text you back based on what the appliance's built-in camera reveals. Already, you can pull up the weather forecast on your stovetop and light your fireplace with a simple voice command.

These are just a few of the technological advances that can be found now (or likely will soon show up) in smart homes, which enable Internet-connected home appliances and systems to be more complementary with 21st-century lifestyles. But here's the challenge for real estate pros: How do you know which of this gadgetry is most appealing to buyers? Do you highlight the texting refrigerator over the tweeting washing machine (which lets you know when a load is done)? Does the stovetop-turned-meteorologist offer a strong marketing hook or seem too gimmicky?

You just can't know which smart-home features will entice a buyer most. "It's a personal choice for what you need it to do and what you're willing to spend," says Mike Prince, an agent with Equity Results Real Estate in American Fork, Utah.

That's why, some real estate pros say, it's best to strip your marketing down to the basics of what a smart home has to offer. Don't try to talk up all of its features, but rather zero in on the functions that are most likely to appeal to the widest audience.

The most popular advancements aren't even the newest inventions. They involve security, heating and cooling, and lighting—areas that virtually all buyers will pay attention to.

Remote Access to Security Cameras

Tanya Starceвич, an agent with Keller Williams in Los Angeles, has many clients who travel a lot. For that reason, she says, they want to be able to monitor their homes from long distances—even internationally.

Starceвич sold a \$3 million home in Malibu, Calif., with a number of smart features. Owners would be able to search the Internet on big-screen TVs as well as close and lock doors with the touch of a button. "But the biggest point that I stressed was the controlled security access from anywhere in the world,"

she says. The home's security cameras could be viewed via a mobile device. "The house was essentially accessible any day, any time. It's a huge selling point."

Smart Temperature Control

Smart green features are in high demand. Matt Walker, an agent with Haring Realty in Mansfield, Ohio, says what's always at the top of his smart-home buyers' lists is a smart thermostat. He's found the most popular to be the Nest Thermostat, which programs itself based on the user's temperature preferences, adjusting itself once a home owner has left to avoid unnecessary heating or cooling of an empty house. The Nest can also be controlled from a smartphone and shows your home's energy usage through the app or website.

Mike Karras, senior sales associate at William Raveis Real



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Estate in Yarmouth Port, Mass., sold a smart home to a family who spent a lot of time on their houseboat. "They loved the remote access to their home from their boat if they wanted to turn the fireplace on or turn the heat up—or turn it off if they decided to stay on the boat that night."

Lights On, Lights Off

Most practitioners say automated lighting is a major selling point for smart-home buyers. Being able to turn lights on and off from a smartphone is a particular draw for clients who travel away from home for long periods. For example, Starceвич's clients, who travel internationally, can turn their lights on from anywhere in the world to make the home appear occupied while they are gone.

—By Graham Wood

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they're just a way of acknowledging the unique character of a neighborhood in a formal way; other times they serve as a mechanism for actively preserving specific architectural styles.

As a home owner fixing up a house in the Hampton Terrace neighborhood of Tampa Bay in the 1990s, Fifer served on the board of a local neighborhood association. After attending a statewide neighborhood conference, he wanted to create a historic district to encourage investment in his part of town. "I came back determined," he says. "I saw it as a way of maintaining and revitalizing communities."

Fifer met a lot of resistance. Some owners erroneously believed "they would be retroactively forced to bring their house into compliance" with the district's architectural guidelines, he says. He was able to counter the concerns, and the district was established. And while he no longer lives in the historic district, Fifer says property values in his Seminole Heights neighborhood are buoyed by the fact that it's adjacent to the district.

Zeigler says misconceptions like those Fifer encountered are common. People are often under the impression that historic zoning laws govern interior decor, prohibit certain paint colors, or stop people from adding garages to their homes. While every local district is different, Zeigler says, few locales are interested in controlling such details.

"We're not trying to keep these districts as museums. People live here. The buildings need to change over time," she says. "What we're doing preserves that historical character, which in many cases is the reason people want to live there."

That said, Fifer admits there are extra hoops to jump through when an owner wants to renovate. "It's a two-edged sword," he says. The existence of historic districts can make some potential buyers "more comfortable and secure in their in-

vestment," he says, but you have to make sure they're up for the challenge.

Through NAPC, Zeigler provides continuing education training in Tennessee, Kentucky, and West Virginia for real estate professionals interested in community preservation issues. She emphasizes that knowing the rules governing listings in your area is vital. "Sometimes there are historical districts that don't mean much, and sometimes they are part of local zoning, which can mean a lot," she says.

Being the Old-House Expert

In other words, knowing the neighborhood takes on new importance when historic designations are involved.

Just as real estate is local, so is preservation. Though the National Register of Historic Places is by far the most recognizable group in this arena, it does not govern property alterations. Zeigler suggests real estate pros contact their state's preservation office and ask for a list of local and county historical districts. It may also be advisable to request overlays, which are maps that can show how the historical districts might affect local areas. A person can't simply examine a building's historic gingerbread trim to determine whether it is subject to local zoning requirements. "There are certainly homes that are old that aren't historic, and there are buildings that aren't necessarily that old but can be historic."

But knowing a home's or a neighborhood's history is just the start of becoming an old-house expert. Since he's torn through the walls of three older bungalows in the Tampa neighborhoods he serves, Fifer is a helpful resource for buyers wondering what might be underneath the surface. He says clients deeply appreciate that he knows how these older homes were constructed.

He's also able to explain what makes these neighborhoods—some of which are emerging from decades of neglect—

unique. Newcomers might look at visible wear and tear and assume deeper problems. He can tell them with confidence that just because a house doesn't look pretty doesn't make it unsafe. His deep knowledge of the neighborhoods is also helpful in determining comparables. For example, though the historic neighborhood of Old Seminole Heights is divided by an interstate, Fifer says, both sides of the neighborhood are deeply interconnected. The interstate "doesn't act like a barrier as it might in other places. We have the folks that walk back and forth underneath and businesses on both sides that draw people in," he says.

Living in an older home can certainly help your credibility, as can marketing specifically to older-home lovers.

Oravec is building her business on becoming the go-to person for real estate matters on Lake Gilman. She's an executive board member for the organization that oversees the private tract surrounding the lake and helps owners understand the process for getting board approval for renovations. And she has invited experts to talk to owners about the challenges of keeping up the lake's older homes.

Fifer's website, rickfifer-realtor.com, is heavily geared toward people looking for older homes, he says. He provides links to predefined searches of listings built before 1940 in a variety of price ranges. "I've sorted through it all, so buyers can find an older home without having to comb through everything."

Fifer also uses social media to bring in new clients. His Facebook business page is dotted with colorful photos and descriptions of his latest listings. He also has used the platform to curate a list of resources for both his own neighborhood and all lovers of Florida's historic homes. "I've featured local businesses, local events, or places that have vintage [housewares]," he says. "If people are in the market [for an older home], chances are they're going to call me."