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Sellers & Dwellers



Four-Plex 1657 Juneau Drive \$359,000

This well-kept property is located on a low-traffic cul-de-sac and features views of the Chugach Range. The location is near parks and trails. Each unit has two bedrooms and one bath. Lower units each have private deck. It is fully rented. Coin-op washer and dryer on site for extra income.

See it online at www.alaskarealestate.com. Enter MLS #08-12324.

Alaska Multiple Listing Service is easy to use, offering a wide variety of search options.

Visit

www.alaskarealestate.com

Inside this issue:

Understanding Capital Gains	2
Anchorage Residential Activity	2
Common Closing Costs for Buyers	3
Recipe: Oat & Cornmeal Waffles	3
Home Energy Rebate Program	4

Congratulations to the following Sellers & Dwellers:

- Dave & Karen
- Jean
- Susan & Ron
- Todd & Chantele
- Cathy & Perry

Cool Map

The Municipality of Anchorage has a nifty map of your neighborhood. Go to <http://neighborhood.muni.org/> and punch in your address, hit the Category "Property Info". Scroll down and click on the link at Map Grid.

Understanding Capital Gains in Real Estate

When you sell a stock, you owe taxes on your gain—the difference between what you paid for the stock and what you sold it for. The same is true with selling a home (or a second home), but there are some special considerations.

How to Calculate Gain

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis. To calculate this:

1. Take the purchase price of the home: This is the sale price, not the amount of money you actually contributed at closing.

2. Add Adjustments:

- Cost of the purchase—including transfer fees, attorney fees, inspections, but not points you paid on your mortgage.
- Cost of sale—including inspections, attorney's fee, real estate commission, and money you spent to fix up your home just prior to sale.

Cost of improvements—including room additions, deck, etc. Note here that improvements do not include repairing or replacing something already there, such as putting on a new roof or buying a new furnace.

3. The total of this is the adjusted cost basis of your home.



4. Subtract this adjusted cost basis from the amount you sell your home for. This is your capital gain.

A Special Real Estate Exemption for Capital Gains

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria

You have lived in the home as your principal residence for two out of the last five years.

You have not sold or exchanged another home during the two years preceding the sale.

Also note that as of 2003, you may also qualify for this exemption if you meet what the IRS calls "unforeseen circumstances" such as job loss, divorce, or family medical emergency.

Anchorage Residential Activity 1/1/2008—8/27/2008

Area	Current Active	New	Pending	Sold	Sold Volume	Average Sales Price	Days on Market
5 - Downtown Anchorage	34	48	9	16	6,828,653	426,791	153
10 - Spenard	57	171	26	88	25,081,745	285,020	78
15 - W Tudor Rd - Dimond Blvd	142	377	67	209	62,445,221	298,781	99
20 - Dimond South	108	313	34	187	64,032,454	344,261	91
25 - Dearmoun Rd - Potter Marsh	75	159	19	78	44,157,239	573,471	100
30 - Abbott Rd - Dearmoun Rd	164	390	58	211	83,808,017	399,086	90
35 - E Tudor Rd - Abbott Rd	90	285	36	163	48,473,930	297,386	78
40 - Seward Hwy to Boniface Pkwy	79	207	30	128	33,316,820	260,288	87
45 - Boniface Pkwy to Muldoon Rd	126	355	35	213	53,036,788	248,999	87
50 - Post Rd - Glenn Hwy	11	29	8	12	2,404,860	200,405	92
90 - Eagle River	214	514	48	263	88,238,002	335,506	92
100 - Chugiak/Peters Crk	77	140	17	60	21,760,581	362,676	108

Common Closing Costs for Buyers

The lender must disclose a good faith estimate of all settlement costs. A check to cover your closing costs will probably have to be a cashier's check. The title company or other entity conducting the closing will tell you the required amount for:

- Downpayment.
- Loan origination fees.
- Points, or loan discount fees you pay to receive a lower interest rate.
- Appraisal fee.
- Credit report.
- Private mortgage insurance premium.
- Insurance escrow for homeowners insurance, if being paid as part of the mortgage.
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.
- Deed recording fees.

- Title insurance policy premiums.
- Survey.
- Inspection fees—building inspection, termites, etc.
- Notary fees.

Prorations for your share of costs such as utility bills and property taxes.

A Note About Prorations. Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end for the month. The seller would owe for the first 5 days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.

RECIPE: Oat & Cornmeal Waffles

1-1/3 cup flour

2/3 cup oats

2/3 cup cornmeal

1-1/4 tsp. baking soda

1/4 tsp. salt

3 Tbsp. sugar

1 large egg

2-2/3 cup buttermilk

1/3 cup melted butter or margarine

Combine flour, oats, cornmeal, baking soda, salt, and sugar. Beat egg and buttermilk together and add to dry ingredients. Add melted butter. Stir until moist. Let rest while griddle heats. Use about 1/3 cup batter per waffle. Cook about 6 minutes.



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Home Energy Rebate Program

Last month I told you about Alaska's Home Energy Rebate Program. General info on it is available at the AHFC website, www.ahfc.state.ak.us/energy or by calling 330-8300 in Anchorage.

I hired Rich Owens with Residential Energy Design to give my home an energy rating. It was interesting. He asked a lot of questions about the house and made many measurements. The age and energy efficiency of our boiler was an obvious issue.

Then he set up the blower door test. I had no idea what to expect with this. He told us to clean the ashes out of our fireplace (which we haven't used in probably ten years) before he started the test, otherwise we would have ashes blowing through the house. We made sure the fireplace flue was closed. We shut all exterior doors and windows. Rich set up

a giant fan and sealed it into our front doorway. It basically sucked air out of our house and therefore drew air into it from places we did not realize were not sealed. For instance, we knew that our downstairs windows had problems and, sure enough, we could feel cold air flowing into the house from those spots. Just walking around inside the house, we could feel where our problems were.

Our report arrived within two weeks. It showed areas where we could probably improve our energy rating. We submitted the invoice to AHFC for reimbursement, and received our payment about a month later. One of the items the rater feels will significantly improve our rating is a new boiler and that is probably what our next step will be. Stay tuned. — Larry