Can’t sell your house? In this market? Really?

Friday, July 18, 2014, Vol. 38, No. 29

No surprises in the latest sales date from the Greater Nashville Association of Realtors: Home sales show an increase of 9.4 percent compared to June 2013, and prices are understandably on the rise.

Also, inventory is down by almost 700 units and, realistically, even more as the number of active listings that are under contract with various contingencies continues to grow.

With 3,313 sales pending, i.e., under contract with all contingencies removed, versus the 3,091 pending at this time last year, July numbers will come in staggeringly high again.

Middle Tennessee began to recover from the Great Recession in 2011 when sales for the year increased 6 percent, and 2012 followed with an increase of 28 percent. Growth continued at an 18 percent pace in 2013.

Through the second quarter of this year, sales are up 3.3 percent, slowed by the lack of inventory.

Single-family homes are $16,050 more expensive that last June, and condos are up an average of $12,250. Sellers are slow to cash in on the appreciation since there is nowhere for them to go if they do sell their homes.

“What is the hottest area in town?” Realtors are often asked. The answer: “They all are.” Any area not seeing price increases now never will. If a house is on the market and is not selling, it is overpriced.

Overpriced does not mean that the price per square foot is too high. It means that there is a flaw, ever so slight, that is keeping the home from selling.

In most cases, the expense for the correction of the flaw would be higher than the price reduction that would make the home sell.

Sale of the Week

5510 Oakmont Circle closed last week with a sales price of $260,000 after having been listed by perennial Award of Excellence-winner and real estate veteran LuAnn Reid of Benchmark Realty.

LuAnn is one of a few Realtors to have had a major cut with a mega-selling recording artist when

Kenny Chesney recorded "On the Coast of Somewhere Beautiful," and then included it on a live album, as well.

Reid's description of the house lists granite counter tops, hardwood floors and a gas fireplace. It also had major improvements in 2012, including a new roof, siding and HVAC.

Now flirting with $200 per square foot, houses off White Bridge Road are now flourishing.

Kevin Hackney, also of Benchmark Realty and no slouch himself, represented the buyer, as he so often does. Hackney, who is highly regarded in real estate circles, cooperated with Reid in negotiating that the seller would pay $4,000 of the buyer's closing costs.

Of note is that $4,000 represents a bit over 1.5 percent, not three percent, a number most buyers' agents cavalierly include in contracts.

Here's how seller-paid closing costs work:

In a real estate transaction, there are a number of expenses to be dealt with at closing for both the seller and the buyer.

In this area, it is customary for the seller to pay for the buyer's title insurance policy and the real estate commission to the listing agent's firms, which share that commission with the buyers' agent's firm. Additionally, there are attorney's fees for closing the sale.

The buyer has a number of transactional fees such as transfer tax, a tax of the mortgage, attorney's fees and other costs that are paid in advance, including a year's supply of homeowner (hazard) insurance, prepaid interest, a fee for the credit report, appraisal fee and, in some cases, lender's fees.

When a buyer's agent requests that the seller pay for some or all of the buyer's closing costs, the seller sees that as an expense and adds those fees on to the net price he would have demanded for the house. This practice is often referred to as "grossing up the sales price."

A bad habit among many Realtors who have not mastered the art of finance or paid enough attention to fees is to request that the seller pay three percent of the buyer's closing costs and/or prepaid items.

What then happens is the seller grosses up the price three percent, and the buyer's closing cost usually comes in under two percent. The seller nets another one percent that the buyer is financing over 30 years. Benchmark's Hackney did not do that.

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