



ARE YOU CONSIDERING SELLING YOUR PROPERTY IN THIS MARKET?

Thinking about selling your property? You may want to consider researching, collecting and completing the items detailed below.

This is not a check list for planting flowers on your porch and painting your front door, you can go to the internet for that information. **This list is to prepare sellers in San Juan County for marketing their property.** The issues below are for regulatory compliance, contract performance and will prove beneficial and worth the effort in the marketing and transaction management of your property sale.

If you hire a good agent, they will assist with the process of gathering and helping you arrange for the various services. That is what good agents do.

This list will not apply to all properties and it is not meant to be all encompassing.

Single Family Residence

“As Is” Sale

Washington is a due diligence state with the buyer able to process the suitability of the property with no risk to their deposit if their contract has contingencies. Some property owners believe by writing in “as is” on the contract that they are excused from making repairs and/or disclosing information about the property and buyer recourse. The statement indicates to the buyer that the seller has no intention of making repairs but the buyer may still obtain a home or other inspection reports as they deem necessary. Disclosure and recourse are requirements and rights granted by law.

Appraisal

It is difficult in a recovering market to provide an opinion of value and an upfront appraisal may be an option, although I don't recommend one. The report cost range will be \$500-\$800. Unfortunately the report can't be used by the buyer if a lender is involved. The lenders have their approved appraisers list and must be the party that orders the report. Further, due to licensing regulations, appraisers are only able to utilize closed sales as comparable. The agents are able to use pending sales and current inventory to process their opinion which takes market trends into consideration

Buyer Feasibility

It is not uncommon for the buyers to contract for a feasibility contingency that runs concurrent with the home inspection contingency. The home inspection contingency addresses the condition of the existing structures on the property and the feasibility study addresses the “what ifs”. It will be used by the buyer to confirm the cost of a remodel, to research what the home may rent for or the likelihood of obtaining a Vacation Rental By Owner (VRBO) permit and other similar items.

Some buyers are also processing soil stability and environmental studies which include mold and air quality within the buildings, at their expense. Bottom line, the feasibility contingency insures that the property is suitable and inspection results are acceptable to buyer, at their sole discretion. As a seller, you want the buyer to have the opportunity to process their due diligence and not rely on statements made by you or the agents.

Carbon Monoxide Monitors

Per national regulations all homes must have CO monitors and this language is contained in all purchase and sale agreements. The monitors can be purchased locally at ACE Hardware or Browne’s Home Center. The cost range is \$25-\$75 and the plug-in variety will suffice. The regulation directs you to comply with the instructions on each monitor as to installation. Basically, one CO monitor outside or near each bedroom and on each floor.

Corner Stakes

It is very important to locate the corner stakes on the property and mark them with flag tape. The old stakes on the island can be in the shape of a coin or pipe or wood If you are unable to find the clear evidence of property corners and property lines, a surveyor should be hired. Locating and marking the corners may discover any encroachments that may exist. A full survey will be in the range of \$2000-\$2500 for 4 corners and level terrain. Each missing corner is approximately \$400. Buyers want to know what they are purchasing.

Easements

Make sure that if your property is granted or burdened by any type of easement, e.g., view; landscaping; access; or utility; that a proper, recorded easement exists. Verbal agreements are not valid in real estate.

Encroachments

If your neighbor’s fence or outbuilding is over the line on your property, this needs to be resolved. The remedies that the buyer, lender and title firm will be of accepting of include a license, a recorded easement, boundary line modification or removal of the encroaching item or use. If you intend to remedy via a license or easement, you should hire an attorney and insure that language is included that requires the encroaching party to waive their rights to future adverse possession of the affected property. A license or easement will be in the range of \$500-\$1,000 subject to the complexity and whether all parties are in full agreement. If a boundary line modification is the solution, then a surveyor must be hired and that will be in range \$1800-\$2000.

First Right of Refusal

If your property is burdened with a first right of refusal, you must disclose this to your agent and potential buyers. Ideally the first right is recorded on your property and of public record but some are “hand shake” deals between neighbors, ex-wives/husbands, and relatives and

they can get inadvertently overlooked which can be a fiasco down the road. Make sure you understand how the first right is “ripened” and the likelihood of it being acted upon by the grantee. An attorney should be engaged if the agreement is unclear.

Final Building Permit

Per the boilerplate language contained in our purchase and sale agreements, seller is required to provide buyer with a copy of their building permit with final occupancy signed off within 10 days of mutual acceptance. A copy of the permit can be obtained by emailing **lisab@sanjuanco.com**. The department may charge up to \$140 to research and then issue a copy to the property owners. If the permit final was not issued, an inspection from San Juan Building Department must be obtained and all work or repairs completed in order to secure the final. If the home was built prior to the existence of the Building Department, the home is grandfathered-in. If the home was illegally built without permits then a recreated set of plans and permit application must be submitted to the County. I would start by hiring a consultant for this type of project.

Forms Required to List

Be sure to request your agent to provide you with copy of the Exclusive Listing Agreement, Seller's Disclosure and all addenda so that you may review in advance at your leisure

Guest Houses

Just because your outbuilding walks and quacks like a guest house, it may not be a legal guest house. Be sure to check how it was originally permitted prior to the marketing of your property. You can obtain copies of the building permits by emailing **lisab@sanjuanco.com**. Some structures on this island had a range/oven installed after the final studio or bunk house occupancy permits were issued. If your outbuilding was not permitted as a guest house, you must not market it as such.

Home Inspection

It is common in many markets for the property owner to obtain a home inspection prior to the marketing of their property so that they may correct any deficiencies that are reported. The report cost range is \$500-\$600. Unfortunately, the buyer may not use the same report unless it was ordered in their name; otherwise there is no recourse against the inspector so another report will be required.

Home Owner's Association

Be sure to gather information regarding your HOA including the dues amount, regularity, and what is included in the dues such as water, sewer, and/or road maintenance. Have the contact information available as escrow will need this to confirm the proration's at closing. Be sure to disclose special assessments and/or High Speed Fiber loans.

Indebtedness

You need to know your total secured indebtedness. This includes your first mortgage and any other secured instruments. Agents will compile a list of your standard closing costs and those should be added to your total indebtedness. If the net proceeds are not adequate to pay off the indebtedness, you must bring in cash to close, or research if you are qualified to process a “short sale” with the lender.

Internet Speed

Most buyers want to know what internet speed is available at your property to make sure that it is suitable. You can download a free App called SpeedTest by Ookla and run a test on your property. If you already have fiber installed, be sure to let your agent know as they will want to include that in their ad copy to market your home.

List of Excluded items

Be sure to communicate with your agent the items that are not included in the sale e.g., your favorite mirror that is attached, your mom's light fixture, etc. Make sure those exclusions end up in the actual purchase and sale agreement. Just because the information is contained on the listing in the North West Multiple Listing Service (NWMLS), that is not part of the binding contract.

Owner Builder Permit Program

San Juan County is one of the few counties that allow for owner builder permits, which is not the same as owner contractor. If your home was built under the program after 1988, you are required to have the County perform a Life Safety inspection within 30 days of selling or renting the property. The cost of the inspection is only \$111 and all repairs must be completed in order to obtain an acceptable final inspection. Fred will most likely be your inspector, so be prepared. . . . ☺

Repairs

It is prudent to repair any dangerous items before you begin marketing your home. Potential buyers with their family and agents will be walking around your property and to avoid an accident, you should repair those loose handrails and the wet rot in your deck boards. Posting signs on any unsafe areas on your property is helpful but making the repairs prior to marketing is the best avenue.

For big ticket items such as decks, roof or siding, it may be beneficial to obtain bids for the repair. These bids also aid in the pricing of the home and your decision to either make the repair prior to marketing or hope for a cash buyer willing to assume the condition of the home. Lenders require at least a 5 year roof life expectancy and will not lend with less. Obtaining that roof certification or bids for repair will save time and delays versus waiting until you are under contract with a buyer.

Road Maintenance Agreement

Be sure to have proper, recorded road maintenance and use agreement for your access. If one is not in existence, contract with an attorney to arrange for one. The cost range will be \$500-\$1500 subject to the number of users and cooperation. Not all of the property owners are required to sign, just the majority. Lenders require this document. To confirm if one exists check with Chicago Title 378-2126.

Seller's Property Disclosure F form 17

This form will be provided to you by your agent and is a uniform instrument created by NWMLS in compliance with the State of Washington regulations. You must complete the form to the best of your knowledge but the advice is to always disclose issues even if you footnote that they have been repaired. This is a disclosure that the buyer is presented with as well as the home inspector. It is not a representation or warranty and is not incorporated into the contract however, if an issue arises after closing and the result is litigation, the form 17 will be

popular. If in doubt, disclose!! Don't forget those un-permitted outbuildings, critical areas or your Pinocchio dock. The form 17 is mandatory.

Service Provider list

It is very helpful to compile a list of your current service providers to share with your future buyer. On this island each property has unique systems that must be maintained, it is amazing how long your list will be. Often buyers will contract for a system orientation from the seller as part of the purchase and sale agreement.

Septic

Your septic system must be inspected by one of the county approved inspectors. They will determine if the system needs to be pumped and whether any maintenance components will be required. The County code requires observation ports, risers and other maintenance components be installed prior to any sale. Be sure to specify when you order the inspection that it is "for the purpose of a sale" inspection versus a standard. Cost is \$99-\$200 for the inspection and \$600-\$800 for a pump out. Maintenance components will vary.

You need to have a copy of your septic "as built" to evidence that the system installation was permitted with a final inspection. You can obtain this on-line at <http://www.sanjuanco.com/health/septicinspections/septicpermits/> with your tax parcel number. You need to make sure that the system size is equal to the number of bedrooms you have in the house and other structures. A bedroom is defined as a room with a closet and a closing door. If your system is only a two bedroom system and your home has three bedrooms, you need to market the home as a two bedroom. It is not uncommon in the marketing ad copy to read that the home is a two bedroom plus a den with closet.

If you determine that a permit was not obtained during the installation of your septic system, you can hire one of the licensed designers to remedy the issue. They will inspect the system, size it, locate the drain field and other components and draw up a recreation "as built" and submit that to the county. I have had those done for as low as \$300 and as high as \$1500, subject to the service provider finding the system components. Many items on the island are grandfathered in but health and safety issues are not; seepage pits are illegal.

Showing Instructions

Be sure to communicate the showing instructions for the home for you and your tenants; no one likes surprises.

Utility Expense

Most buyers want to know what reoccurring expenses involved in ownership of your property. Having those details available will be most helpful. OPALCO will provide you with an average monthly and annual amount.

Vesting

All owners of the property must sign the legal documents required to list. If you use a power of attorney or the property is held in a Trust or LLC, those documents need to be submitted to your agent and the title firm.

Water Source Testing

Your well needs to be tested for quality which includes a bacteria test and a San Juan Short

which includes testing for arsenic, barium, chlorides, sodium, electric conductivity, nitrate-N, and fluoride. The cost will be approximately \$300.

Evidencing well quantity is also necessary. If you don't have your original well log you can obtain one from the State DOE website <https://fortress.wa.gov/ecy/waterresources/map/WCLSWebMap/default.aspx>. The well log report indicates the depth and quantity via an air test at the time of drilling. You want to avoid the buyer being forced to complete a draw down test on your well as it can be hard on your well and to other wells nearby. The draw down will increase your risk for salt water intrusion.

If you had to purchase water at any time during the year, be sure to complete Paragraph 2 section A-4 on the seller's property disclosure accordingly. Don't be on the wrong side of a water quantity issue.

Wells - Shared

You want to be sure that you have a proper, recorded well agreement for all parties using the well which includes a maintenance provision. Wells with three or more properties being served require additional language, restrictions and County approval. If no agreement exists, I would contact an attorney. The costs will be in the range of \$300-\$1000 subject to the number of participants.

Wetlands

You need to determine if you have wetlands on the property so that you can disclose to the buyer their existence. You can determine this by using the County site <http://sjcgis.org/ps2/default.aspx>. Search by tax parcel number then add map contents and mark critical areas including wetlands. If the program maps wetlands on your property they will have an impact on any future owner that intends to remodel or construct an outbuilding as setbacks may be imposed. If the wetland is a high value type, a delineation and survey may be required prior to any construction on the site to determine the setbacks. Cost to delineate is in the range of \$3,000-\$6,000.

Waterfront Home

Archeological Sensitive Areas

If you are on the waterfront it is quite possible that your property contains archeologically sensitive materials such as Indian Midden. You need to disclose this to any prospective buyer as they may plan to disturb the soil in the future through a remodel or landscaping, the presence of Midden will have a huge impact on their costs. If archeological sensitive materials are found on the property, no soil disturbance can occur without the presence of an archeologist standing by. They will monitor and audit all materials. If something is found that they determine is valuable, the job will be suspended until further research can be conducted and contact made with the State and Tribes. Not just waterfront property may be impacted by this regulation; properties across the street may be in the 500 foot buffer area of an actual site of sensitive material. Properties located near cemeteries are subject to this regulation as well.

To find out if you have archeological sensitive areas on your property, you can email nadinec@sanjuanco.com with your tax parcel number. She will respond with an email to

confirm whether you are in the designed site area or buffer areas. Should your property be in an area or buffer, the buyer will need an archeological study processed on the property prior to closing. The cost of the report is in the range of \$3,000-\$6,000 subject to whether materials exist.

Flood Insurance

If you live on the waterfront your home may be located in a designated flood zone. You may have existing flood insurance if you are in a flood plain and used an institutional lender. In order for a future buyer to obtain flood insurance, you will need a flood elevation certification even if you were insured in the past without one. This document is required by all flood insurance firms as it confirms if the improvements on the property are above the flood plain and determines the type and amount of coverage that the lender will require. If the buyer is not using an institutional lender, they may elect to waive flood insurance. The cost of the flood elevation certificate from a surveyor is in the range of \$1700-1800. The time frame to process a flood elevation certificate is at least 30 days.

Flood Insurance Waivers

If you are in a flood plain and flood insurance is required, you may also obtain a Letter of Map Amendment (LOMA) which allows you to remove a portion of your property out of the flood plain and cancel your flood insurance if it proves to the lender that the improvements are above the flood plain and at less risk. Surveyors estimate that about 90% of the San Juan properties are eligible for a LOMA. Flood insurance is very expensive as the government no longer subsidizes the FEMA program due to major losses throughout the country. To obtain a LOMA a surveyor must be hired and the cost is around \$2200. The time frame to process a LOMA is at least 45 days.

Docks

You should obtain evidence of your dock permit from the SJC building department. If your dock was constructed prior to the department's existence you are grandfathered-in. If you own a shared dock, be sure that you have a proper, recorded dock use and maintenance agreement. If you need one, an attorney can draw one in the range of \$500-\$1,000

Dock Disclosure

Be sure to disclose if your dock was permitted and if the extension was a Pinocchio or legal. At some time in the future, the county may decide to enforce compliance with the dock permits and you want to be on the right side of that issue.

Unimproved Land

Water source

If your property is located within a plat with a community water system it would be good to confirm the amount of the water hook fee and monthly base fees.

If your property is on a shared well, be sure that a proper, recorded well use and maintenance agreement exists.

The days are long gone where a buyer will purchase an unimproved parcel without the well being installed and seller being able to evidence quality and quantity. All lenders require a water source be determined and buyers are just not willing to take the risks.

Power

If the most logical building site is a long distance from a transformer, it would be beneficial to contact OPALCO and determine the distance and what all they will require to hook up the proposed property. Once their specifications are determined, a bid can be obtained from an excavating contractor. The amount of this improvement is important as it aids in determining your sales price plus the transaction is not delayed waiting for the buyer to process the information while under contract.

Residential Pre Approval

If your property is on the waterfront or contains wetlands, the only way for a buyer to confirm where they can build, the location of the “no touch zones”, what trees can be removed and the allowed location of their utilities and outbuildings is to obtain a RPA. Most buyers will want this processed prior to a closing and will request a longer than normal escrow period. The cost range for the buyer is \$800-\$1500 and various consultants on the island process these. These are not binding so regulation changes void the approval. The only way to bind the County’s approval for proposed construction is to have a fully completed application for a permit on file; the safest way is to have the building permit in hand.

Once the Shoreline Management Program (SMP) regulations are in effect, it may be beneficial for sellers to obtain a RPA for the purpose of marketing their property. Any RPA processed at this time prior to SMP will be a waste of time and money.

If this list of potential issues is overwhelming, take a deep breath and contact a good agent. Realtors assist property owners regularly with all of these issues and their experience will help you process everything as painlessly as possible.

Recommend Service Providers:

Attorneys:	Mary Stone 378-6778, Chris Skinner 378-2191
Surveyors:	Robert Wilson 378-4300, Robert Anderson 378-5072 Andy Holman 378-0338
Septic Inspectors	Craig Starr 378-8070, Ted Lieker 378-7255
Septic Designs	Jack Cory 378-4900 – Rick Pietro 376-2762
Home Inspectors	Tim Hance 298-1163 – Darrol Scheffer 378-4969
Pest and Wet Rot	Jack Cory 378-4900
Well	Al Mauldin 378-6975 Martel 378-2842l
Archeology firms	Garth Baldwin 360-739-2451 – Cascadia 206-366-0337
Appraisers	Mike Parades 378-5474 – Mike Aikens 360-424-0331
Wetland Specialist	Scott Rozewood 468-4448 – Mindy Kayle 376-5110

If you read this entire article, thank you. I apologize for the length but there are no shortcuts in real estate.

Written by: Merri Ann Simonson
Coldwell Banker San Juan Islands Inc
Simonson@sanjuanislands.com
360-317-8668