

## Basement condo? Busy road? It's a tough sell.

But even 'incurable' flaws can be overcome

By Dan Rafter  
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Gus Drakakis's single-family brick colonial didn't seem like it would be an easy sell. Yes, it was in good condition. And yes, it was remodeled.

But the home also sits along a busy street, Euclid Highway between Connecticut and Wisconsin avenues in Bethesda. And homes on busy roads are usually a tough sell.

But buyers didn't turn away from Drakakis's home. It was listed on a Friday in May, generated six quick offers and was sold the following Tuesday in the high \$600,000s.

How did this house on a busy street buck the odds? Drakakis pointed to two factors: He and his wife, both architects, had paid to have the home's kitchen and three bathrooms renovated. And the house itself, though it sits on a busy street, boasts a good location, close to downtown Bethesda and within walking distance of a Metro station.

"I really believe in that adage about 'location, location, location' now," Drakakis said. "When we bought the house, we realized it was a busy street. But because of the fact that we bought it, we knew someone out there would want to buy it, too, when we were ready to sell. The location near

downtown Bethesda really did it for us."

Drakakis managed to sell his house, and do it quickly, even though it suffered from an incurable defect -- its location on a busy street.

With rare, expensive exceptions, a house cannot be picked up and moved from a busy street to a quiet one. That makes the defect "incurable." Garden condominiums are another example of a home style that agents say is relatively unpopular with buyers, making it an incurable defect.

But other, more curable defects, like outdated kitchens and bathrooms, can be just as great an obstacle if the seller can't afford to make the improvements.

Drakakis's experience offers a lesson. His home had the extras that helped it overcome

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a seemingly incurable negative: It had been recently renovated. It is in a part of the city that is attractive to buyers. Most important, it was priced fairly.

Homes that don't have these benefits can sit on the market for months when they have incurable flaws.

Consider those homeowners whose residences suffer from a different sort of incurable flaw: Their homes are no longer worth what they paid for them, and they can't sell for enough money to pay off their mortgage. To get rid of such homes, sellers need to get their lender's approval for a short sale.

Lindsay Dreyer, a real estate agent with Hounshell Real Estate in the District, owns a townhouse in Fairfax that she's been unable to move. She is underwater on the mortgage, owing more than the townhouse is worth. Dreyer is doing what many other homeowners facing the same problem are doing: She's renting it out.

"I'm in the hole \$90,000 on my townhouse. I can't afford to sell it right now," Dreyer said. "A lot of people are turning to renting today for many different reasons. This is one of them."

The way Dreyer sees it, many homeowners are renting out their residences instead of selling them because their homes have flaws buyers might have overlooked during the

housing boom. Buyers are no longer looking past faults; they're more inclined to simply move on to the next listing. Dreyer says that basement condos in the D.C. area have been especially hard to sell in today's market.

"They don't have a lot of windows. They're pretty dark," she said. "You really have to make up for those flaws with price."

During the housing boom, basement condos may not have fetched the same prices as similar units that sat on the first floor or higher, but they still sold quickly.

Some owners of basement units add recessed lighting to brighten them. But this usually isn't enough to persuade choosy buyers, Dreyer said.

"It's really all about pricing," she said. "Owners can do what they can by adding recessed lights or French doors. But it's pretty difficult to make it a non-basement

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condo."

Condos with bad views, too, struggle to attract the attention of buyers, Dreyer said. If a unit looks onto an alley or a brick wall, the price again has to be low enough to make buyers overlook this fault.

The biggest challenge facing single-family-home owners is if their properties sit in neighborhoods that have several foreclosed properties on the market. It's hard for owners in today's market to compete with short sales or foreclosure properties, Dreyer said.

When buyers see a home that has several foreclosures within walking distance, they expect to pay less for that residence, too, even if it's not a distressed property, Dreyer said.

"You really do have to drop your price to compete," she said. "There are some neighborhoods in Northern Virginia and Maryland that have become a bit stigmatized by all the foreclosures. People buying there expect to pay less now."

New homes, those built from 2003 on, are also a hard sell today, said Melinda Estridge, a real estate agent with Long & Foster Realtors.

Owners who have to sell them are usually unable to persuade buyers to spend as much as the sellers spent to originally purchase

the houses. These homes are especially difficult to sell in communities, like Germantown, Gaithersburg or Clarksburg, that have a surplus of housing, Estridge said. Homes that need major updates or are suffering from code issues are tough sells, too. Owners, of course, can try to compensate for these issues by lowering their asking prices. However, code issues and other violations are becoming more of a concern today because so many buyers are now going with FHA or VA financing, and homes with old wiring or outdated plumbing simply won't qualify for loans backed by the Federal Housing Administration or the Department of Veterans Affairs.

"It's going to be very hard to buy those properties with FHA or VA financing," Estridge said. "And today, you're seeing more people going with this kind of financing. You can get a loan with less than 15 to 20 percent down with FHA financing.

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It's harder to do that today with conventional loans." The FHA requires as little as 3.5 percent down, and military personnel and veterans who qualify for a VA loan can buy with no down payment.

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