

by Ilyce_Glink

Q: My grandmother is having a dispute with my aunt about the sale of a piece of property. The property was left to my grandmother and another sibling of hers, who has since died. That sibling left her share of the property to my aunt. For the past 20 years my grandmother has been maintaining the property and has paid the property taxes and insurance. But the property remained vacant. At no time did anyone else contribute financially to the upkeep of the property other than my grandmother. My grandmother now wants to recover the expenses she paid from the proceeds of the sale prior to a distribution being made to her and her niece. Can she do that? A: You have a difficult situation. You have a property that has been left vacant for 20 years, but was kept up. It would seem reasonable that your grandmother should be compensated for the expenses she paid over the years. It's interesting that you say the property has been vacant for 20 years. Could the property have been rented and then bring in income to cover some or all of the expenses your grandmother paid? While it seems fair to reimburse your grandmother for your aunt's share of the maintenance, if the property could have been rented but your grandmother refused to allow it (for whatever reason), it would seem unfair to compensate her for all the expenses when some or all of the expenses could have been covered by rental income. If the property has appreciated in value substantially and your grandmother's actions were prudent to getting the property where it is today in order to reap that profit, then it's reasonable to reimburse her for not all of her expenses, but the half that her co-owner should have paid through the years. Your grandmother and her niece should sit down with an accountant who can work through the paperwork and determine what your grandmother's share of the expenses should be and how much she should get upon the sale of the property. If your grandmother and aunt can't work it, then they may have to work through attorneys to get the matter resolved. However, the cost of going the attorney route could wind up costing both families quite a bit of money. Q: I am interested in making an offer on a multi-family building. After looking at the property during a showing, I noticed that it will require extensive cosmetic repairs. Also, the roof needs repairs. I'm sure my home inspector will note the same problems I have seen, and perhaps some others. The seller is willing to offer a \$20,000 credit at closing to cover my closing costs and repairs. The building is listed for \$125,000. Will the lender limit how much credit a seller is willing to give in order to make the transaction go through? Should all of this be included in the written offer? A: You are wise to ask in advance of making your offer. A \$20,000 credit on a \$125,000 purchase price is about 16 percent of the purchase price. The lender would almost certainly have a fit if you were to try to close this transaction and take the money as a credit. More likely, the lender would only lend money to you on the basis of the net purchase price - that is \$125,000 less the \$20,000 credit, or \$105,000. Your other option is to approach the lender and advise them that the \$20,000 will go towards the repairs needed at the property and that the money will not flow to you. To appease the lender, you may be able to set up an escrow account that would directly pay the contractors as they make repairs and improvements to the property. If the lender has a comfort level with the appraised value of the building and the improvements the building needs, the lender may be willing to allow you to set up the escrow without adjusting the amount of your mortgage. Good luck. © 2007 by Ilyce R. Glink and Samuel J. Tamkin. Distributed by Tribune Media Services.