

Lhome



BUYING AFTER SANDY

HOW TO EVALUATE A HOUSE DAMAGED BY THE STORM **E4**

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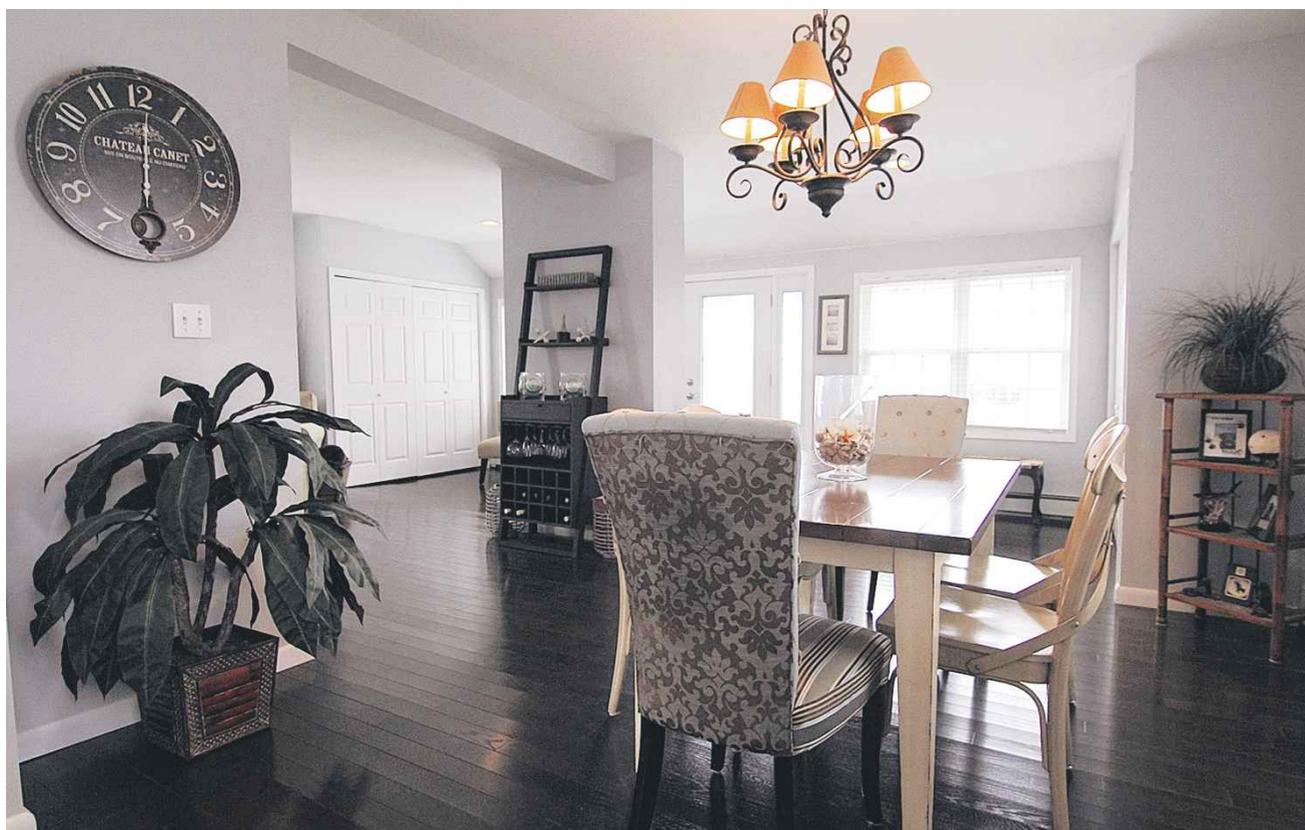
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Lindenhurst \$319,000

LISTED Sept. 17

DESCRIPTION The crawl space and first level of this two-story Cape, within blocks of canals, flooded with close to a foot of water. The three-bedroom, two-bathroom house was treated for mold and the whole bottom floor was gutted and redone, says the seller. There are new walls, insulation, hardwood floors, kitchen cabinets, countertops and appliances. The electrical system and oil burner have been replaced.

LISTING AGENT Marianne Lappas, Century 21 AA Realty, 631-226-5995, ext. 235



PHOTOS BY TED BETZ

Dream, then do the research

Want to live near the water? Here are tips on buying smart

BY LISA CHAMOFF
Special to Newsday

Superstorm Sandy did not dampen Christine and Christopher Nappa's desire to live on the water. In the months after the monster storm, the Wantagh couple decided it was the perfect time to upgrade to a bigger home, close to where they could dock their boats, and take advantage of lower prices.

They are set to close in May on a four-bedroom home in Massapequa, with the first floor completely renovated, for \$375,000.

Christine Nappa, 37, an agent at Exit Realty Premier in Massapequa Park, already had experience dealing with sellers offering up properties in a variety of conditions, from

dried out and redone to abandoned and ready to tear down.

Buying a home that was flooded when Sandy swept over Long Island adds a lot of layers to the process, and house hunters need to do more research, and in some cases pay a little more money to make sure they know exactly what they're getting, as the Nappas found. Here are some tips for potential buyers.

GET A THOROUGH INSPECTION

For a home being sold as is, which many Sandy-damaged properties are, a comprehensive inspection is key.

Though the sellers had renovated, the Nappas hired Tony Sabatino, the owner of Massapequa-based Sundance Home Inspection Services Inc.,

to take a comprehensive look at the house and perform air quality testing, which means sending data to a laboratory to test for mold growth.

Some signs of mold include a musty smell in the basement and marks on the walls, but it can be tough to spot, especially if the homeowner has already done renovations.

"A lot of people say they cleaned up the water and they remediated it," Sabatino says. "They take Clorox bleach and they think Clorox bleach is handling it. . . . Common grade chlorine is not as strong as commercial biocides for mold remediation."

Mold testing costs around \$120 a sample, and the number of samples depends on the size of the room and how many rooms need to be checked.

To prevent mold growth,

homeowners should have ripped out the Sheetrock at least a few feet higher than the floodwaters and brought in a company that specializes in mold remediation, Sabatino says. Homeowners also should make sure to save receipts from the work, and give copies to the buyer. If the house floods again and there's no proof that the work was done, the insurance company or the Federal Emergency Management Agency could say damage was from the previous storm.

The air-quality testing the Nappas did on their new home found evidence of mold in the crawl space, which they've decided to address themselves when they move in.

"Before, nobody knew about mold," says Mitchell Pally, chief executive of the Long

Island Builders Institute trade group. "Now it's the most important four-letter word on Long Island."

A home inspector should also check the electrical system, which is vulnerable to corrosion by saltwater. There may not be a problem right away, Pally says, but a thorough home inspection should take future issues into account.

A buyer must be certain that, if the homeowner has received money from Federal Emergency Management Agency or their insurance company to replace a hot water heater or boiler, the work has been done. "Ask for records to see what they were reimbursed for," Sabatino says.

Buyers shouldn't assume the seller will be totally forthcoming. Denise Langweber, a real estate attorney based in



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Long Beach \$379,000

LISTED July 30

DESCRIPTION A few blocks from Reynolds Channel, this two-story, three-bedroom, two-bath house took on about two feet of water. About four feet of Sheetrock and all floors were ripped out, and the house was treated for mold, says the seller, who is putting in new Sheetrock and floors. A new heating system was installed.

LISTING AGENT Nevin Diamond, Century 21 American Homes, 516-665-2000



NEWSDAY PHOTO / ALEANDRA VILLA

East Rockaway \$85,000

LISTED March 5

DESCRIPTION This one-bedroom, one-bath bungalow less than a block from a canal is being sold as is. The house was

flooded with four feet of water and is gutted to the beams.

LISTING AGENT Clementine Becker, Becker Realty Services, 516-698-8890



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NEWSDAY PHOTOS / AUDREY C. TIERNAN

ON THE COVER This home in Seaford, which took on three feet of water, has been gutted and is for sale.

Seaford \$315,000

LISTED April 3

DESCRIPTION The first floor of the two-story Contemporary, which is on a canal, took on 3 feet of water. The four-bedroom, 2½-bath house was remediated for mold and gutted, says the seller. It needs

new electrical wiring, boiler and hot water heater. The roof, siding and windows were replaced before the storm and not damaged.

LISTING AGENT Louis Nicolsia, Douglas Elliman Real Estate, 516-244-6227

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East Patchogue \$180,000

LISTED Dec. 5

DESCRIPTION This three-bedroom, 1½-bath raised ranch on Abets Creek was flooded with more than three feet of water. The first floor of the house and

a storage building were gutted, says the seller. The buyer will have to raise it.

LISTING AGENT Joyce Roe, Douglas Elliman Real Estate, 631-363-5469

Wantagh, says buyers should be prepared to do some research and check public records. They should check the building department for permits for interior alterations. Some towns also require the seller to get a permit for replacing the oil burner, for example.

"It does require a higher level of due diligence or a greater level of scrutiny than before," Langweber says.

EXPECT FINANCING CHALLENGES

Financing is also tricky. Some sellers will accept only cash, and there are plenty of investors and builders circling hard-hit areas such as Long Beach. "Most of my buyers are all-cash," says Joyce Coletti, an agent with Douglas Elliman

Real Estate in Long Beach. "I work for the homeowner, not the buyer. All-cash is faster. It's better."

In order for a buyer to obtain a standard Federal Housing Administration loan, the house has to be in livable condition. Many Sandy-damaged homes are not, which is why they're on the market in the first place.

Buyers of Sandy-damaged homes also have used FHA 203k loans, which include money for the cost of the house and repairs, done by an FHA-approved contractor.

A property with substantial damage — meaning the cost of repairs exceeds 50 percent of the home's value — would need to be repaired or rebuilt to FEMA standards, which may require that the home be raised up, says Fred Rossi,

president of Riverside Funding Corp., a Long Beach mortgage broker. "Those expenses can be quite high, and this may not be cost-effective or viable, as many older homes simply do not have the foundation or structural integrity to improve on and may be better off knocked down and built new," Rossi says.

BE AWARE OF HIDDEN COSTS

Buyers should expect increased appraisal requirements and costs, especially when the asking price increases after the home is repaired or rebuilt, Rossi says.

Jonathan Miller, chief executive of the Manhattan appraisal firm Miller Samuel, says buyers and their real estate agents should do a tremendous amount

of research on recent local sales before making an offer. They should ask the brokers to share their knowledge of the local market. Maybe there's a property under contract that provides some valuable information that isn't yet public.

"Just really paint the accurate picture about why the property is worth what it is," Miller says. "They have to be realistic. For most people, this is not a fire-sale opportunity."

Christine Nappa says she used her real estate expertise to determine that she and her husband were getting a good deal on the Massapequa home. She did a comparative market analysis, looking at what sold, and for how much, before and after the storm. She also learned that Nassau County had assessed the home for around \$460,000 before Sandy.

The sellers had been asking \$389,900, and the Nappas negotiated the price down to \$375,000.

Buyers also should be aware that flood insurance rates have risen significantly.

Flood insurance rates were going to increase anyway due to the Biggert-Waters Flood Insurance Reform Act of 2012, signed into law last summer, says Michael Barry, a spokesman for the Insurance Information Institute, a New York City-based industry trade group. The legislation expanded flood zones and allowed FEMA to raise its rates 10 percent in any given year. Most homeowner policies don't cover flood damage. Flood insurance is offered through the National Flood Insurance Program and policies are sold and managed by private insurance companies.