



# My Place

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## Why Can't I Paint My House Hot Pink?



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Virtually every residential neighborhood is subject to local zoning ordinances, created and adopted by local governments. These public planning laws regulate such things as the size of the house that can be built on a single family lot, how far away from the lot line the house must be built, the number of stories or maximum height of the house, how many detached structures (garages and sheds) can be built on the lot, the height and size of outdoor antennas, and limitations on use of the property.

Zoning ordinances often differ significantly based on the age of the neighborhood. Old neighborhoods often have fewer restrictions, whereas, newer developments tend to have more comprehensive regulations, including such things as the elements and composition of roof construction, the materials that must be used in the construction of the exterior of a home, the minimum number of window openings on each side of a home, if a front porch is required, and even the direction a front door must face.

As neighborhoods and development standards evolve, local planning commissions and agencies will revisit these zoning ordinances from time to time in order to keep some basic controls on how neighborhoods are maintained.

In addition to zoning regulations, it is common for private developers to draft their own restrictive covenants when they create a new residential development. These restrictions can be very brief and simple (such as establishing the smallest size house that can be built on a lot), or they can be surprisingly comprehensive, addressing such things as the color of house paint, and the size and location of landscaping.

The enforcement mechanism for these “private” regulations is usually a “Homeowners’ Association”. The developer will require every buyer of a home or lot in the development to agree, by contract, that he or she will join and pay “dues” to the association, and be bound by its rules. These

homeowners’ associations (HOA’s) then enforce the developers’ restrictions, if necessary, through civil lawsuits.

These private restrictive covenants are usually recorded against the entire residential development before the vacant land is platted and divided into single family lots for resale. Once these restrictions are recorded at the Register of Deeds, all lot owners must not only build on their respective lots in conformance with local government zoning ordinances, but they must also confirm that their plans do not violate any private restrictions that are governed by the HOA.

There are limitations on the scope of these restrictions – they cannot, for example, prohibit sales to certain ethnic groups – but the can, and sometimes do go far beyond governmental regulations.

As a result, a prospective property owner should request that the seller provide him or her with copies of all private restrictive covenants that are recorded against the property, before they make an offer. Restrictive covenants do not require the purchaser’s consent to be enforceable; instead an owner of property is bound by them as these restrictions “run with the land”.

The standard residential offer to purchase includes a clause that states “recorded building and use restrictions, covenants and easements may prohibit certain improvements or uses and therefore should be reviewed”, but does not require the seller to provide the buyer with a set of the restrictions.

Therefore, if you are buying a home with the intention of parking your R.V. in your driveway, or plan to install a satellite dish in order to watch every game on the NFL Ticket, or put up a clothes line to capture that wind-blown scent on your clothes, or if your dream is to build an outdoor fire pit, stack several cords of wood along your garage, turn your yard into a tribute to the native prairie it once was, or paint your house hot pink, it is strongly advised that you examine not only the local zoning ordinances for your neighborhood, but that you pay close attention to those private restrictive covenants. Otherwise, you may end up digging up those raspberry bushes you just planted, and repainting your house a dignified shade of beige.

## Get to Know Jumbo Loans



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By Anna Chang-Yen | Green Shoot Media

If you’re in a booming local real estate market or looking to move up to a home with no shortage of space, you might need a jumbo loan to seal the deal. If so, be prepared to have your finances go under a higher degree of scrutiny.

### Conforming vs. Jumbo

In most areas of the country, the largest amount available for a “conforming” loan — a loan that can be purchased by government entities Fannie Mae and Freddie Mac — is \$417,000. In some areas of the country where real estate costs are much higher, conforming loan limits are as high as \$625,000.

Limits are higher for multiple-unit dwellings. In high-dollar markets such as Alaska, Guam, Hawaii and the U.S. Virgin Islands, a four-unit home can qualify for a conforming loan with a price tag as high as \$1.2 million.

Conforming loans typically offer more attractive interest rates than non-conforming loans, while also requiring documentation of the borrower’s income and placing limits on a borrower’s total debt including the proposed mortgage.

A large purchase price isn’t the only thing that can prevent a borrower from qualifying for a conforming loan. If a buyer’s credit score is too low or his income cannot be verified, or if the borrower carries too much debt, he still may need a pricier non-conforming loan.

### Different Requirements

Because lenders are putting more money on the line without the ability to sell the mortgage to a federally backed program, the requirements and interest rates are higher for jumbo loans.

There are no universal guidelines for jumbo loans, with each bank setting its own requirements.

Lenders may require more than one appraisal of the property and probably will require a larger down payment and low debt-to-income ratios.

The Wall Street Journal reported in January 2016 that jumbo loan applicants could expect loosened loan requirements in 2016, with some programs allowing credit scores as low as 660 and down payments as low as 10 percent. Higher credit scores and down payments, however, still can score borrowers the lowest rates.

### Shopping Tips

If you’re looking to purchase a home in jumbo loan territory, it might be a good idea to stash some cash before you start home shopping. A large down payment can help keep you below conforming loan limits and help you score a lower rate, not to mention avoiding jumbo loan requirements.

It also might be a good idea to pay off as much debt as possible before making a purchase in the jumbo price range, as large monthly obligations combined with a jumbo payment could prove difficult to qualify for — and manage on a monthly basis.

The Wall Street Journal recommends that borrowers shopping for a jumbo loan consider an adjustable-rate mortgage. ARM rates typically are lower than fixed mortgages, and a 1 percent difference can add up to big savings on a large mortgage balance.

Because lenders can set their own requirements for jumbo loans, it’s very important to shop around. Even a quarter of a point difference in interest rates is more than pocket change in the jumbo market.

We can help you navigate through any real estate transaction or dispute, no matter how complex.



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