

Real Estate

YOUR HOME | YOUR LIFE



First Impressions Count

So much of making a real estate transaction happens online now, but the deal isn't usually closed until someone sees the property for themselves.

It's a critical moment for sellers, since they need to help prospective buyers imagine their new lives in this home. Straightening up, carefully arranging the rooms, and removing clutter and personal items can help make the best first impression — and then help garner the very best offer. It'll take some thoughtful decision-making, and perhaps some value-added investment, but you'll be making the most of the property. Here's how:

PROVEN TRACK RECORD

The National Association of Realtors reports that staging has consistently shortened the time a home spends on the market. As many as half of real estate agents they surveyed said their client's purchase hinged on the impact of staging. In a separate study by the Trulia site, More than 75% said staging helped potential buyers imagine the home as their own.

ROOMS AND FURNITURE

If budget or the timeframe doesn't allow for staging the entire home, drill in on high-traffic areas where chang-



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es will make the most impact. The National Association of Realtors recommends narrowing down to the kitchen, main bedroom and living room if you hope to get the most bang for your buck.

Arrange chairs, tables and other furniture in such a way that usability is maximized. You may have to remove some

things in order to best achieve this. Overcrowded rooms make the home feel smaller than it is, and that will directly impact their offer. Store things until you're ready to settle in at your new home.

CLUTTER AND LIGHTING

It's difficult to keep a property decluttered when you're still

living in it, but still critically important. You only get one chance to make a first impression, so put in the time and effort to keep everything perfect. Pay the most attention to the kitchen and bathroom, where cleanliness is most valued. Keep everything vacuumed and as dust-free as possible.

Prospective buyers are in search of bright open-concept spaces. So, open up blinds and curtains before showing the home, and turn on lamps. Light makes everything look more spacious. Store away personal items to free up more space — including the closets. Piling things up there also indicates a lack of storage elsewhere.

The Financing Options

It's never been easier to track your credit. The scores are just one click away through various online sources.

You can also quickly access details on your debt ratio, investments and savings. These combined figures can help potential buyers decide if they are in a position to get into the market, and even what price range they can afford. What it can't tell you is which loan is right for you. It's best to talk to a trusted financial advisor. Here's a look at some of the options to discuss:

GETTING STARTED

Lenders create specially customized plans based on your individual income, debt, credit score and proposed down payment. You'll need to have that information in hand before scheduling a meeting that begins the real estate loan process. Lenders will also ask for income information from the last two years, as well as tax information, and asset and debt verification. The lender will then run a new credit check to confirm your eligibility to buy.

CONVENTIONAL OPTIONS

The most common loan products are simply called conventional loans. They're available for buyers who can contribute 20% of the property value or more as a down payment. These loans are usually

over a 30-year timeframe, though some have shorter timelines for those who qualify. Potential buyers who don't have 20% in ready cash for a down payment may still qualify for conventional loans, but will have to add private mortgage insurance for a period of time until reaching a certain equity threshold.

VETERANS ADMINISTRATION

Those who have served in the military or are currently serving, as well as military spouses, are eligible for home loans through the U.S. Department of Veterans Affairs. These loans are guaranteed by the federal government, and typically boast lower interest rates as an

additional benefit. VA loans typically have lower down payment thresholds, and private mortgage insurance isn't required. Some don't require any down payment.

FEDERAL HOUSING ADMINISTRATION

Federal Housing Administration program mortgages

are designed for buyers with less savings and lower credit scores. The federal government also regulates and insures these loans. Borrowers are still required to meet certain income levels, but FHA loans require a much lower down payment. That makes it easier for people to make their dream of homeownership come true.



Rent Before You Buy

If you're still saving for that big down payment or find yourself suddenly relocating, renting offers the chance to ease into a new situation.

You can continue building your nest egg, or learn more about the city you're about to call home. In either case, everything will be new — and there can be a very steep learning curve. Take needed time to get acclimated or to put yourself in the best possible financial situation.

A DEEPER LOOK

Renters don't have to worry about maintenance and upkeep, since repairs and renovations are handled by the landlord. Following a huge move, this can be a big relief. But every management company and lease agreement is unique. Before you sign, consider discussing the contract with a real estate pro. You don't want to stumble into a bad deal. For instance, depending on larger market forces, it may actually be more expensive to rent than it is to manage a house note. This wouldn't be advisable if the goal is simply to save money.

An agent might also be able to connect potential buyers with a property that fits their needs and budget.



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LONG-RANGE PLANNING

Learn more about your new town, different neighborhoods, restaurants, shopping and municipal amenities while you rent. Gather critical information about schools and government. Note which areas are growing, whether you're interested in being near the trendi-

est new places or very far away from all of the hubbub. Lifestyle matters almost as much as price. You may find that an area far away from your rental better suits you, once you've gotten a better grasp on all of these critical decision-making elements. People who begin by quickly signing a

30-year mortgage don't have the flexibility renters enjoy with six-month or yearly leasing options.

BUDGET CONSIDERATIONS

Moving to a new location and buying a home can get very pricey. Some employees who are asked to relocate receive

some sort of employer assistance, but not always. Parents may help with a down payment, but most people can't count on that either. Either way, you'll still have to pay movers and perhaps buy furniture or appliances. Renting offers time to rebuild your nest egg, then buy when the time is right.

Townhome Living

Those who are interested in living closer to city centers will often find that single-family homes are prohibitively expensive.

At the same time, you might be growing tired of lawn maintenance, and interested in becoming part of a more closely knit community. If so, it might be time to consider townhome living.

GROWING TREND

Townhomes are particularly well-positioned for those who are new to the market, those pondering retirement, and a buyer looking to downsize. But their price is an attractive argument for anyone looking for a value purchase, and they offer a quieter, more private experience than apartments or condominiums. Developers have noticed, and townhouse construction has become one of the fastest-growing segments. Those looking to sell have benefitted from this trend, too.

INSIDE A TOWNHOUSE

Townhomes are typically multi-story units that share one or both walls with neighbors. Unlike apartments or some condominiums, however, they have a dedicated entrance. You'll find them in planned developments, so they will often have apart-



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ment-like associated amenities like a pool, park or gym. Pricing is usually more competitive than condos.

Duplexes, on the other hand, won't have any amenities and will also have a yard to take care of.

CONVENIENCES AND COST

Townhome shopping might just come down to those extras, especially when look-

ing at properties of similar price and size. In that situation, the decision-making process might hinge on the townhouse development's well-maintained park or how well-outfitted the gym is. Be sure to ask if there is a related homeowners association. Many townhouse developments have a group of elected officers who vote on and oversee upkeep and operation. That's a plus in terms of con-

venience, but they also charge dues in order to pay for everything. You won't have to worry about cleaning the pool, exterior issues or mowing the grass. But there will be an additional cost.

MORTGAGE DIFFERENCES

First-time buyers are often great candidates for townhome living because they have lower qualifications for a

mortgage than other kinds of properties. Shared foundations and walls help bring down the cost per square foot, according to the National Association of Realtors. Townhome buyers hold a legal title to the property, just as you would a single-family home or condo. So you'll need to factor in property taxes and interest on the mortgage when deciding if an individual property fits the budget.

Buy or Build?

Buying offers you the chance for a turn-key experience. Building gives you the chance to customize everything. There are challenges associated with either option.

Building involves lots of up-front costs and worries about appreciation that aren't there for buyers. An existing home has its own history. You'll also have to decide whether to oversee the project yourself or hire someone. And perhaps most important of all, you'll have to become a budgeting expert. Here's a look:

GETTING STARTED

Buyers of existing properties must accept whatever amenities already exist, at least in the beginning. Those who build can ensure that the completed home meets every expectation. Your vision can become completely realized, down to the last detail. But you'll also have to come up with the money for all of that before getting started. The first step is buying materials and hiring managers and workers, then working as a foreman to make sure things go according to plan. Cost per square foot is typically market-based, so familiarize yourself with those numbers so you can set the proper budget. Then be ready for unexpected issues by creating a contingency fund.

WHAT YOU CONTROL

Keep an eye on quality, since builder-grade materials tend to break down sooner and that will increase costs after the build is over. Better quality items will require fewer repairs and replacements. They'll also come paired with warranties that

don't exist with older homes. You can also head off higher energy bills by building to modern-day specs, using energy-efficient appliances and the latest insulation products. There are some upfront costs associated with all of this, but you can recoup these expenditures through lower energy

bills in the future.

WHAT YOU'LL RECOUP

Existing homes have a history of appreciation (or depreciation), so it's easy to track how things have gone. New builds are a bit more of a mystery. They often take place in new neighborhoods that don't have

the same history. Building in an established area can solve some of these problems, but may not be possible. So, the area may hold or increase in value, but it may not. Be careful not to build in a way that's too modern or trendy, since that can impact appreciation if these styles go out of fashion.



Auction Sales

Real estate auctions are most often the domain of investors looking for more affordable properties. The truth is, however, that anyone looking for a good deal can get involved.

You'll find out about these accelerated transactions through local news. You'll have an opportunity to score a great deal, but it may require a small bidding war. Auctions can also work in favor of sellers too, if you know how to approach things.

AUCTION TYPES

In an absolute auction, the highest bidder wins no matter how much they bid. So, a \$5 bill could potentially claim a property, if no one else bids \$6. In a minimum-bid auction, bidders must meet a certain threshold that's meant to cover taxes or a mortgage balance that remains unpaid. Finally, in reserve actions, bids are basically offers that can be rejected or accepted, no matter the level.

FOR BUYERS

Auction properties can be a smart investment decision, depending on the bidding. Sellers are hoping for a streamlined process with no drawn-out negotiations. Selection and choices are announced in



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advance, so they're guaranteed. These auctions also include a range of offerings in a similar price range from the same geographical area. There is no extended time period between making the offer and taking possession of the property. The closing date will be agreed upon beforehand.

FOR SELLERS

People who are ready to sell

find a ready and willing audience at these auctions. They are there to buy. This is particularly attractive to frustrated sellers who've been dealing with carry costs including taxes and maintenance for a long time while their property failed to sell. All prospective buyers are pre-qualified. You don't have to worry about scheduling property showings, or a long period of inspection

and negotiations. Competitive bidding may also increase the price in a negotiated sale, though these auctions typically begin at fair market value.

UNDERSTANDING RISK

Sellers and buyers benefit when this process unfolds as it's designed, but property auctions aren't without risk. Buyers should arrive after doing as much research as possible.

For instance, buyers of distressed or condemned property will have additional responsibilities before the place becomes move-in ready. Even homes that have been closed up for a long time will require some general maintenance. The National Association of Realtors also reminds buyers and sellers that all auction transactions are final.

Selling Your First Home?

One of the most important elements of staging is to de-personalize the space.

This can be particularly difficult when you're selling a first home, since there is so much emotion and memory attached to it.

Remember to limit how much of your family history is on display, so that potential buyers can picture themselves in the home. They also need to be able to move around the property without tripping over all of your memories of the past, so decluttering is essential. Here's a deeper look into how to sell your first home fast:

OPENING UP THE SPACE

Even something as small as lighting can make such a difference, both with your online listing and the in-person property showings that will follow. Next stage everything to show off the square footage, arranging everything so that the next family can feel accommodated and welcome. Everything should get a good deep cleaning. Put aside some additional funds to hire a professional if needed, with a particular focus on the kitchen and bathrooms. Keep searching until you find a cleaning service that matches your personal budget. Store additional furniture, boxes and mementos off-site if that will help open up the space.

ONLINE SHOWCASE

These days, real estate pur-



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chases begin online. That means the photos of your property will have to do some heavy lifting to stand out in a very crowded marketplace. Your local Realtor may handle this themselves, or have a preferred photographer on retainer. If not, hire your own pro to take this web listing to a new level.

Budget for this just as you would for a mover, then stick to your guns. It's well worth the investment, but you'll have plenty of other expenses to manage as you move.

EXTRA TOUCHES

Put away vacation photos, school images and family-f-

cused memorabilia. Obviously, this can be an emotional process, but it's critical to selling your first home as a possible purchase for someone else.

They need to see themselves there, not just the previous occupants. Still, this doesn't mean that the space should be stripped bare.

Leave attractive knickknacks, colorful plants and other inviting items throughout the home. They'll help showcase the property's unique charm. The best listings have a neat and clean quality while also boasting a lived-in sense of approachability.