

A photograph of a man and a woman embracing warmly. The man is on the left, wearing a light blue t-shirt, and the woman is on the right, wearing a pink tank top and blue jeans. They are both smiling and looking at each other. The background is a bright, out-of-focus window with white curtains.

# REAL ESTATE

Your Home | Your Life

# Invest In Local Real Estate

If you've been thinking about your financial future lately, you may have considered the prospect of investing in real estate. Now is the time. Whether you're planning to purchase your first home or buy a property for rental income, there are many factors making today an ideal time to enter the market.

With the memory of the Great Recession and housing bubble burst behind us, the real estate market has climbed its way back into being a stable, affordable investment that can have big returns in the future.

Here are a few main reasons why now more than ever, it makes great financial sense to invest in a home:

- **Mortgage interest rates:** No one knows how long mortgage rates will remain at low levels, which makes it a great time to invest. Rates aren't as low as they were a few years ago when they dipped into historically low percentages, but they are still very reasonable for both 15- and 30-year loans.

Check with your local mortgage specialist or banking official for exact rates, which will vary based on your area and your personal credit history.

**Foreclosures:** There are still many foreclosed properties on the market at affordable prices. These can be great options if you're looking for low risk and potentially high return as a landlord

renting the property to tenants.

Do your homework to make sure all major systems and structural aspects of the home are in good shape before sinking a large down payment into a house.

**Hot markets, low costs:** Ever think about buying a vacation home in Arizona, Florida, Michigan or Nevada? This may be your chance. Real estate prices in these markets are at affordable levels and feature great opportunities for smart investment opportunities. Coordinate with your local Realtor to orchestrate the process. They will be able to connect you with the appropriate resources out of state.

**Real estate equals profit:** Look back at property costs 30 years ago. Those same properties today are valued much higher. Unlike a car or truck, home value generally increases over the years, depending on how well you care for it and improve the property. This can make a home or two the perfect addition to your investment portfolio.



# Starting a Realty Business

**T**he business of realty can be profitable if you make the right decisions and find hot markets. If you're a successful Realtor, you may consider starting your own agency. This decision to become a broker can help you make more money and take more control of your future.

As with business ownership across other industries, running your own brokerage requires a versatile skill set spanning business administration, financial management, team leadership, customer service, mentoring and coaching.

## PROS AND CONS

As a broker you will take over managerial duties. This piece of ownership can be extremely rewarding, as you call the shots and finalize all major decisions.

Another benefit of realty ownership is that it doesn't require a specific college degree. This makes it a penetrable sector, even if you have a degree unrelated to the field. You may have a general business administration degree or a background in financial management. Both are transferable to the real estate industry, helping you seamlessly slide into a leadership role.

If you're comfortable in a role as a Realtor, you may be overwhelmed by making the jump to broker-owner. That's because you'll now be taking care of the overhead, marketing, sales and overall strategic planning for the business. This can be a surprising amount of responsibility if you're not fully prepared for the transition, so consider all angles if you're



thinking about making the jump from employee to owner.

## PUT EMPLOYEES FIRST

As with any healthy business, the happiness and loyalty of your employees make a substantial impact on your

overall success as an owner. With realty being one of the most customer-facing sectors, you may need to assemble a large staff to help you realize your goals.

Starting a realty firm from scratch? Consider how you will

navigate the employee recruitment process. How will you find quality employees? How will you make sure you're hiring enough people?

There will be some trial and error to your hiring practices. Do your best to hire and retain

quality candidates through personal networking and relationship building.

Once you hire people, be sure they feel like valued members of the organization rather than simply low-level workers.

# What Is FSBO?

**H**ave you seen the occasional “for sale by owner” sign and been intrigued by what that actually means? When you are looking to buy a house, there are many different financing options available. You can go through a local bank or mortgage company for your loan, or you can work directly with the owner on all negotiations and closing processes.

If this proposition sounds appealing to you, there are some things to understand before jumping into a transaction. Entering such an engagement can present a few risks and challenges but also major benefits in cost savings and ease of purchase. Read on for tips to make the experience as seamless as possible.

## WHAT IS AN FSBO HOUSE?

When someone puts their house on the market without the help of a Realtor, the home is for sale by owner. Sellers choose this route to avoid paying fees to a listing agent.

People who are selling their homes may or may not be willing to work with a buyer represented by an agent. Without the benefit of a professional real estate agent, a buyer would have to look at the home closely and make any offers or negotiations with the seller alone. Again, this can lead to a speedy transaction but also can involve risk.

What if there are hidden issues with the home that a Realtor or other professionals involved in the traditional real estate transaction may be better trained to spot? What if you don't clearly understand fair market value and what other comparable homes are selling for in the area? These are questions you should be prepared



to address and answer before making a final decision.

## UNDERSTANDING REALTOR SERVICES

Realtors work for commission, and in a FSBO deal, there are none on the table.

To understand what you will be giving up, consider a Realtor's network. They work with other licensed professionals, such as home inspectors and appraisers, to help buyers make sure they are making sound investments. They also

understand the lay of the land and are able to make a skilled analysis of comparable homes that have sold in your area, so you can compare your deal with other sales.

FSBO sellers may not be aware of issues with the home

that they are required to disclose, such as improperly completed repairs or known problems with the house.

If you're willing to take on these responsibilities yourself, then buying an FSBO property might be for you.

# Home Inspections

**A** home inspector is generally contracted by a homeowner or potential buyer to perform a comprehensive assessment of a house. If you're a buyer, this professional can be the last line of defense between you and a potentially defunct property.

Home inspectors are able to spot all sorts of issues related to electrical, plumbing, insulation, ventilation, and more. What they find on their inspection can either enable or completely void a real estate deal, depending on the issue and the cost and time required to repair it.

## HOW TO FIND AN INSPECTOR

Home inspectors are affiliated with various mortgage companies, realty agencies and other key community organizations. Start here to find one for your property.

When you finance your loan through a bank or mortgage company, they will likely require that you hire a home inspector to protect their potential investment. Reach out to your local property management organization to see if they have any inspectors available.

Lean on references from friends, family members or colleagues you trust. You also can use the American Society of Home Inspectors to vet the recommendations of your Realtor.

The last thing you want to happen is to hire a professional who misses major structural issues or mold damage that lead to future issues and potentially major costs you will have to pay.



## ENGAGE IN THE INSPECTION

Buyers generally receive a comprehensive report at the end of an inspection, but this doesn't mean you should simply sit on the sidelines while your inspector completes the

job. Get involved in the inspection process by asking questions.

Take a detailed look at the home ahead of time and make your own list of concerns. Compare yours with those of your inspector to make sure

you're on the same page and nothing is overlooked.

Don't be afraid to get dirty. Join your inspector under the house or in the attic, making sure to give him or her some space while the job is being done. Shadowing your inspec-

tor will help you understand issues first-hand, rather than trying to visualize the problem from a piece of paper.

A high-quality inspector will gladly answer your questions and give you detailed information, so be sure to ask away.

# Tips for First-Time Land Buyers

**B**uying land? Doing so can be one of the smartest investments you make because, as Mark Twain reminds us, they're not making more of it. Although it may seem like straightforward process, there are certain things every first-time land buyer should know about the process.

Whether you plan on turning your land investment into farmland, future commercial or residential development or the spot for your dream house, take the following tips into consideration before submitting an offer to purchase.

## KNOW YOUR ZONE

All land is not created equal, meaning that different property can be used for different functions. Plots of land have zoning classifications that range from residential to commercial to mixed-use to agricultural.

How do you find out what type of land you're looking at? Reach out to the local planning and zoning department within your city office. Their professionals will be able to give you guidance as to the type of land and what it can be used for. Never take the seller's word on the land's zoning. If they make a mistake or are not truthful, you'll be the one holding property that can't be used for its intended purpose.

## CONSIDER THE LAY OF THE LAND

The topography of your property can have a big impact on its fair market value. For example, farmland that is in a flood zone may not be as valuable as farmland that is on a flat plot with great drainage.

Especially if you plan to buy out of state, it's critical that you understand what you're getting into. Besides physically walking the site, there are other ways you can get an idea of how the land lays during your preliminary research. They include using online mapping tools that are able to reveal data such as elevation and the presence of ravines, hills or valleys. Research is your best friend when it comes to profiling prospec-

tive land investments.

## TAX FACTS

Buying land isn't as straightforward as paying for the plot and moving on with your life. When you purchase land, you are locking yourself in to paying taxes on the property for as long as you own it. Finding out

what your annual tax obligation will be help you make a solid decision on whether or not you should invest.

A reasonable tax bill usually falls between 1 to 4 percent of the property's full market value, so be sure to look into past tax records, which generally are available through your county offices.



# Landlords: Shop Around

**E**specially if you are a first-time renter, knowing where to start looking for a reputable, fair landlord can be a challenge. Some landlords are deeply involved in the tenant relationship, requiring regular check-ins on the property, while others are hands-off and remain largely out of the picture.

When searching for a house or apartment to rent, these may be factors in your decision.

Be sure to weigh how you feel about the prospective landlord's character and personality before signing on the dotted line. This gut feeling can be as important as the rent cost and neighborhood location.

## THE MAINTENANCE

Are you a handyman or woman with a knack for making simple repairs around the home? If you answered yes, then you should share this information with your prospective landlord. You may be able to reduce your rent costs if you offer to fix up parts of the home.

Be sure to ask your landlord what his or her policy is on other simple maintenance activities, such as mowing, weeding and shrub trimming. Again, you may save yourself some money by offering to take care of these simple issues.

Landlords are busy and appreciate your initiative in protecting and improving their investment. Don't be afraid to bring up some ideas on how you can help make this happen.

## PETS OR NO PETS

Different landlords have varying rules regarding allow-



ing pets in their homes. How important is a restriction on pets to you? If you planned on moving in your favorite pooch or kitty with you, be sure to check with your landlord on any related rules.

Take what your landlord tells you seriously. If you are found

with a pet when it's against the rules, you can be subject to extra costs and could be evicted.

There are plenty of available rental properties that allow pets. Picking the right home for you and your pet is a responsible decision.

## THE TRUST FACTOR

Handing over the keys of your home to a perfect stranger can be a scary proposition for a landlord. That's why, as a renter, it's so important to establish yourself as a trustworthy individual. Show your landlord that you value and appreciate the

work that went into making the house rental-ready.

Always be sure to keep a signed copy of your rental agreement in a safe, accessible location. This may be an important document to reference should there ever be an issue.

# Pricing in a Down Market

**W**e would all love to sell our homes in the peak season for a price that far surpasses what we paid. Complex factors — such as the local and national housing markets, the stock market and buyer behavior — can get in the way when it comes time to put your home up for sale.

If you're hearing that the real estate market is down in your neck of the woods, you may feel like you're going at it on your own. A good Realtor and good strategies can help make sure your home isn't sitting on the market come this time next year.

## PRICE IS EVERYTHING

We all want to turn around the greatest profit possible. But what if changes to your neighborhood have had a negative impact on your home? A failing school district or the loss of a major employer can wreak havoc on your profits, but being realistic about the situation will allow you to make better decisions.

But what if you've invested a great deal of money into upgrades that buyers simply aren't willing to pay premium prices for? Realtors agree that upgrades to specific rooms, such as the bathroom and kitchen, can go a long way in increasing the value of your home, but if you've spent your remodeling dollars on projects that were more important to you, your home's price will have to reflect that reality.

These are factors you must consider when pricing your home. The right price means limited time on the market. An inflated price means you may be up for a lengthy stay or many low-ball offers.



## TRUST YOUR REALTOR

One of the first steps you should take in setting the right price is sitting down with your Realtor. He will be ready to dis-

cuss a comparable analysis of other homes in your area. This analysis will give you a better understanding of the selling price for homes that are com-

parable to your home's size, location and number of bedrooms.

Don't be shy about sticking to your price, especially during

the first few months. If you reduce your price too quickly, prospective buyers who keep a close eye on the local market may consider it a red flag.