

Real Estate

YOUR HOME
YOUR LIFE



Why You Should Hire an Agent

‘For Sale By Owner’ sounds easier than it is.

Selling a home yourself may help avoid a real estate professional’s fees, but you’re also not going to have access to their unique qualifications and expertise. That could lead to big trouble.

PAPERWORK ISSUES

Selling a home is a complex financial transaction involving legal papers, jargon-filled contracts and critical disclosures. If you’re not experienced with every step of the process, you could end up slowing — or even voiding — the sale. Real estate pros are versed in the most current laws, the required processes and other best practices specific to your area. They’ll be with you every step of the way as you mark things off your personal checklist, from purchasing title insurance to properly recording the deed at the courthouse. Miss a step, or fail to complete it, and there could be huge ramifications along the way.

MARKET PROS

Your average homeowner isn’t going to be familiar enough with the market to set a reasonable asking price based on comparables and the latest trend lines. Real estate agents typically have years of industry and local experience, and have done comprehensive research into each of the potential road-



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blocks that stand between you and a final sale. They’ll also have a larger perspective on how your home is positioned to sell based on what’s on the market, the hottest neighborhoods and average sales prices. In most cases, those are details to which a layperson

simply doesn’t have access.

MITIGATING RISK

Real estate pros can also leverage their vast experience to sniff out potential issues with buyers, since they’ll be in constant contact with the other side’s real estate firm.

They’ll know when an offer is simply too far below market value, and how to sniff out signs that are predictive of an issue with your buyer’s lender. You may be able to discover some of these things on your own, but likely don’t have time for that kind of intense

research. When red flags pop up, your agent will also work as an impartial mediator without the emotional baggage that sometimes comes with selling your own place. You’re paying a fee for their industry pedigree, but you might end up saving far more down the line.

Saving for a Down Payment

Experts recommend having 20% of the home's value on hand for a down payment.

Depending on the size and price of the property you're buying, that figure can feel insurmountable. But reaching 20% has a huge upside in that you won't have to purchase private mortgage insurance, adding more to your monthly note.

HOW MUCH TO SAVE

How much would 20% be? That depends on how much house you want — but also your income, how you spend, and how you budget your money. The goal should be to spend no more than 25% of your monthly income on a house note. Figure out what works for you before setting your goals.

DISCIPLINE AND DEDICATION

Putting 20% down, or paying enough on your house note each month to quickly reach 20% equity in your home, gives the bank peace of mind in your ability to stay current. The faster you reach those goals, the sooner you can avoid the added expense of PMI. These additional non-principal monthly payments protect the bank in case of default, but they add up. Better to save money beforehand through discipline and dedication, freeing yourself from this added burden.



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Cut down on unneeded expenses. Consider creating a spreadsheet to track spending, and make judicious cuts.

SMART INVESTMENTS

The fastest way to build toward your down payment is for your money to make more money. Keep the funds intended for this key financial trans-

action separate from your every-day expense fund, so you're not tempted to dip into it for other things. Instead, consider investing it in low-risk options like certificates of deposits or money-market accounts.

HELP IS AVAILABLE

In some cases, lenders offer

down-payment assistance through programs that help buyers gain access to their dream homes faster. Acceptance is typically dependent on your credit reports and past payment history, but qualifications vary depending on particular lenders or states. So shop around. Whatever level of assistance

you can garner, remember that a higher down payment signals less risk for a lender. In some cases, they may offer lower interest rates for those who put down more than a minimum amount. An adjustment of only one or two points can end up saving thousands of dollars over the life of a loan.

Check Your Property Lines

People typically consider property lines when buying a piece of land or parcel separate from other structures.

But even a typical home purchase involves a specific piece of land, and overstepping property lines can lead to big problems down the road.

DEEDS AND PLATS

First, you should familiarize yourself with the terminology. A property-line map is known as a “plat,” and it lays out the border lines, elevation, structures and any bodies of water on a particular property. These are available at your local tax assessor’s office, and sometimes online. The deed is a legal document that describes the property boundaries. Just be aware that older deeds may describe features or landmarks that have since disappeared.

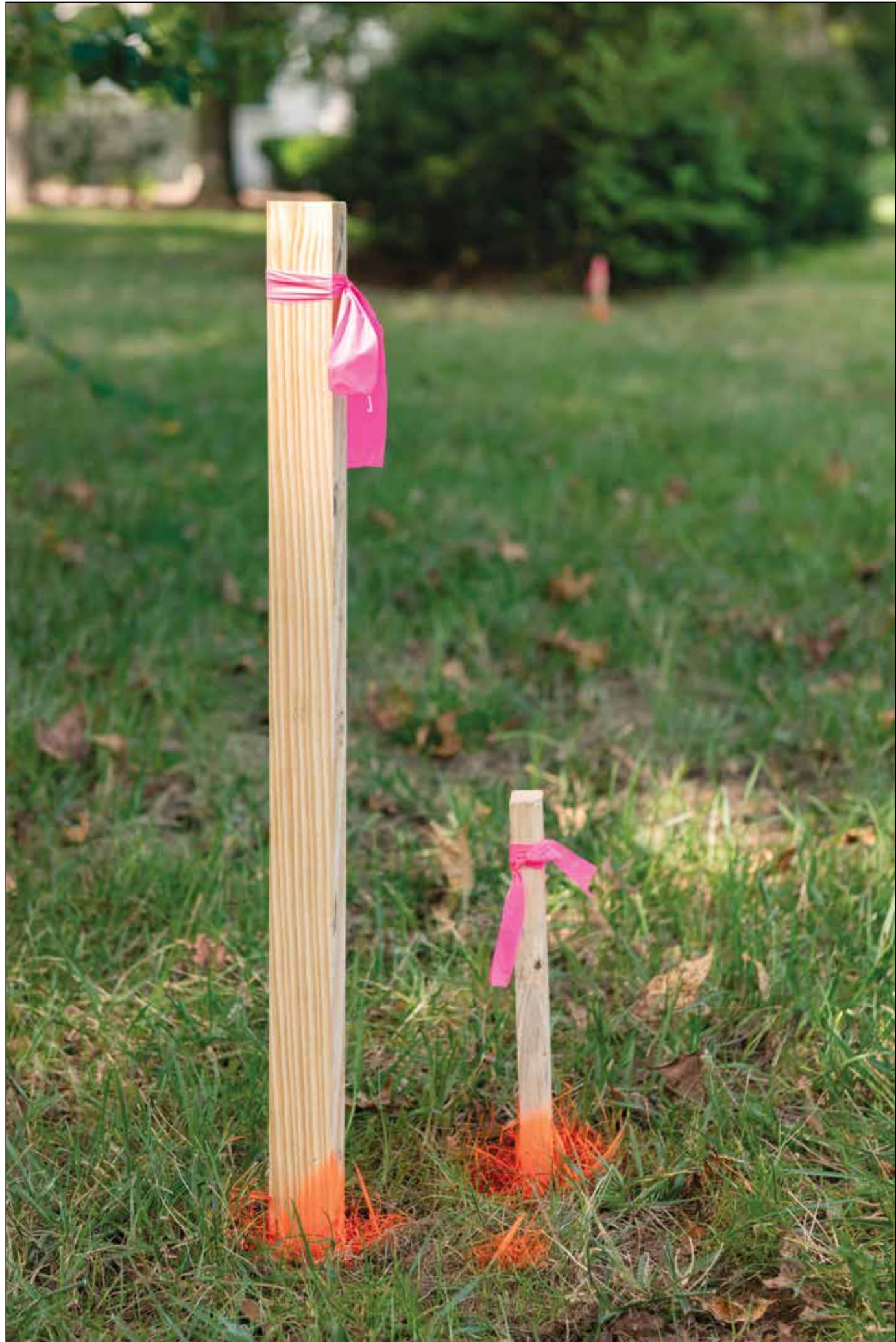
PERSONAL RESEARCH

Start by checking the “plat.” Your real estate agent should be able to walk you through a reading of this legal paperwork, which breaks down the size of the property down to specific footage. Bring a pen and paper so you can take notes, including the exact shape of the land you’d purchase. Many properties will have stakes or other markers

to help you better understand the counters once you are on site. If the information is sketchy or nonexistent, first try getting in contact with the current owners, or former owners. They may have had their own earlier survey done, and that could produce substantial cost savings. Note that a property-line encroachment, even if it was unknown, could lead to a refusal of insurance by the title company.

GETTING A SURVEY

It’s important to pinpoint the exact outline of your property before you buy. Making big plans for a corner of land that actually belongs to your neighbor would greatly lessen the value of your purchase. Disputes over property lines are costly, lengthy and often emotional battles fought in courts of law. That’s why you may want to hire a land surveyor if the plot is not properly recorded with local municipal offices. Surveying can be costly, in particular if you are in a rural area, but it might be an investment worth making in order to completely understand the acreage and shape of the land you’re looking to buy.



Hiring a Real Estate Attorney

Using real estate legal services isn't always a personal choice.

In some states, hiring a real estate attorney is required.

Others leave it up to individual sellers and buyers. The first step is to research, or ask your real estate agent to research, the local rules.

WHEN THEY'RE NEEDED

In many cases, your agent may have all of the expertise to handle everyday transactions. Most take part in regular professional development courses, like certification updates and continuing education. That may be more than enough for a sale that doesn't include any unusual legal issues. But if the deal is more complicated, as with those involving a foreclosure or a distressed property, it may be in your best interest to bring in someone with more in-depth knowledge. Use the American Bar Association directory to find lawyers in your state. Online review sites will also provide info on area real-estate attorneys. Friends, family or your real estate agent may also have good recommendations.

SPECIAL CIRCUMSTANCES

There are number of special circumstances that often require a real estate attorney. Purchasing a home through bank-owned deals or auctions has its advantages.



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Foreclosures usually carry a lower price tag, for instance. But they also come with significant risks, if you don't understand the ins and outs of the process. Distressed properties might have hidden issues like dangerous asbestos or termite damage. An experienced real estate attorney can create the proper language to protect you

as a client. Out-of-town buyers may need someone to navigate through unfamiliar statutes and local logistics when completing a transaction from far away.

DRAFTING THE CONTRACT

Most ordinary transactions are so routine that real estate

agencies have stand purchase contracts. But what if other legal issues come into play? Some states consider performing a closing to be practicing law, so an attorney must be present. There are also certain actions, like entering into a lease-to-purchase agreement, that would require a contract with unusual language. A real

estate attorney is the only one qualified to make sure all of it is in order. Unlike agents, who are paid on commissions, real estate attorneys typically charge by the hour. Be prepared to negotiate the number of hours or the number of tasks to keep costs down. Some also have flat-fee options for things like closing documents.

Looking to Build It Yourself?

Build a home yourself, and you can ensure that the layout, fixtures and style fit your personal taste — without the need for costly renovations.

Everything will be brand-new, so there's no need for repairs either. But there may be a long and sometimes frustrating process before your dream home ultimately comes true.

DIY PROS

Doing it yourself allows you to make perhaps the most important decision when it comes to real estate: Location. You'll begin by deciding where you'd like the new home to sit, and that can immediately begin adding zeros to its final valuation. Whether it's a smaller in-town spot near all of the action, a spacious corner lot in a family-friendly suburb or a multi-acre setting in the country, this critical choice will be yours and yours alone. From there, you'll be able to customize every detail to meet your every need — and your want. Always thought a pool would be nice? Been longing for a game or craft room? Start drawing up the plans!

DIY CONS

That game or craft room, and particularly that pool, won't come cheap. In fact,



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every customization adds more to the ultimate price tag. So it's important to arrive with a top-line budget. Then you'll have to hire an architect and contractor, who will in turn hire subcontractors. Someone will have to deal with city officials, since permits are a criti-

cal element to going forward with any new build. The cost for materials can fluctuate wildly, depending on outside market forces, too. You'll also have to be patient — very patient. All of this will take months to plan, refine and execute.

ANOTHER OPTION

Buying an existing home comes with its obvious drawbacks, from dated layouts and decorative touches to wear and tear from years of previous ownership. You'll have to be on the lookout for structural issues or other defects. The house

might be more preferable than the neighborhood, or vice versa. But they're livable when it's time to vacate your former home, making for a more seamless transition. You'll also have negotiating power if the home you're trying to buy needs a lot of obvious work.

How Can HUD Help Me Buy?

The U.S. Department of Housing and Urban Development does more than provide low-income housing.

HUD also provides assistance to first-time buyers and others who may struggle to meet the down payment that's required for a conventional loan.

HOME-BUYING ASSISTANCE

HUD administers assistance to these homebuyers through the Federal Housing Administration, which works with local lenders to provide loan insurance. This opens up the market for those who may not be able to meet initial cash-on-hand standards. HUD also insures loans for certain home improvements, and even the purchase of manufactured housing. Millions of single-family dwellings have been purchased through this program, totaling billions of dollars. Most are provided through the Mutual Mortgage Insurance Fund, a self-sustaining program that runs with no additional appropriations. FHA loans are made at market interest rates. The loans may not exceed certain limits, but the down payments are lower than those with conventional loans.

HISTORY OF HUD

The department was founded in 1965 as a cabinet-level agency under the Department of Housing and Urban

Development Act. Enforcement responsibilities were added in conjunction with 1968's Civil Rights Act in order to mitigate housing discrimination. HUD also provides disaster recovery assistance through flexible grants, community-based initiatives aimed at lowering homelessness, and block grants which finance housing rehabilitation and development proj-

ects. The program later grew to include programs for mobile and modular homes. Today, their website includes a special search engine where you can find HUD-approved lenders in any state: https://www.hud.gov/program_offices/housing/sfh/lender/lenderlist.

NEED ASSISTANCE?

Those who are new to the

market can take advantage of the agency's "homebuyers kit" at https://www.hud.gov/topics/buying_a_home. There, you can figure out how much you can afford, shop for loans and learn about assistance through home-buying programs. They even outline how to make an offer. Consider buying a so-called "HUD home," which are agency-insured homes that

have gone into foreclosure. HUD pays off the lender, then resells the home at market value. A list of homes can be found at hud.gov. HUD also provides housing counseling through a toll-free number, with a focus on those who may be in danger of foreclosure. Call (888) 995- HOPE to reach an expert who will provide advice on that or other housing issues.



Retirement Considerations

Housing is our biggest expense, and that matters more as we age.

Retiring comfortably might come down to taking a hard look at where and how you live. The spacious home we all needed when raising a young family may now represent unrealized equity since the kids moved away. But downsizing is only one of your retirement-age real estate considerations.

DOWNSIZING OPTIONS

One of the easiest ways to protect the next egg you built as part of the workforce is to downsize your home. Choosing smaller, more affordable options can lower your monthly mortgage payments — or eliminate them all together, depending on how much your former home garners on the market. Downsizing might also involve selling unused land in order to reap cash benefits or simply to lower property taxes. Community housing can also lower your bills, while also eliminating tasks like lawn upkeep that become more difficult with age.

WHAT TO CONSIDER

Nearly 65% of respondents planned to move during retirement, according to a 2021 survey by AgeWave.

Some 400,000 retirees moved in 2020, according to another survey — the highest figure in five years. Most moved within



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their own state, though 38% chose a destination that was further away. Some consider taking extended trips to places where they might one day retire, as a kind of dress rehearsal. Before you consider moving, however, focus in on the quality-of-life issues that mean the most according to a

number of surveys: safe neighborhoods, health care, amenities, transportation and supportive services.

POPULAR PLACES

Florida, the traditional retirement hotspot, actually came in second to Virginia in 2020. Wyoming, Pennsylvania and

Idaho rounded out the Top 5. Many choose a new home based on taxation, including those who move to Florida — where there is no state income tax. More than 30 states have neither an estate tax or an inheritance tax. The AARP reports that a growing number of retirees are opting to live in

college towns. From university facilities like libraries to an affordable combination of sports events, living close to a college provides a number of built-in amenities. Retirees can also take an array of continuing-education classes to learn a new language or kick start hobbies like art or cooking.