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# Real Estate

YOUR HOME | YOUR LIFE

# Real Estate Agent vs. FSBO

Whether you're buying or selling a property, it's essential to decide if you will hire the help of a real estate agent or complete a real estate transaction on your own.

While an expert may cost you, their experience and knowledge can help you find your dream home and avoid making a poor investment.

When choosing an agency to guide you through a transaction, consider their rates, reputation and your level of comfort when meeting with agents. You will likely have intimate conversations about your budget, home-buying checklist and more, so it's imperative to work with someone you can trust.

## **BENEFITS OF AN AGENT WHEN BUYING**

When buying a home without an expert, research the property thoroughly and hire an inspector. Most states require sellers to disclose problems about the home that can lead to expensive remediations for the next owner. A real estate agent will know the specifics of what's expected per your location so you can avoid buying a home that will leave you regretful.

Another benefit you gain by working with a real estate agent is a broader list of options. Sure, you can find



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homes for sale online, but a real estate agent has access to unlisted properties and communicates with experts who hold information about upcoming listings. When meeting with a professional, provide them with a list of your wants and needs to narrow

down your search.

## **BENEFITS OF SELLING WITH AN AGENT**

According to the National Association of Realtors, for sale by owner sales accounted for only seven percent of real estate transactions in 2017.

The average seller sold their property for \$200,000 compared to a \$265,500 deal for agent-assisted deals.

One reason for the more significant profit is due to a real estate agent's ability to negotiate. They take this stressful part of selling a home and

expertly work with a buyer's agent to agree on terms that work for both parties.

An agent also works with confidentiality and privacy in mind. Your sensitive financial information is not given to an unreliable party like it is during a for sale by owner experience.

# Buying in Different Life Stages

If you're committed to making 2020 the year to buy, consider your stage of life.

From starter homes to permanent residences, there are numerous factors you should contemplate before signing your closing papers.

## FIRST-TIME HOMEBUYERS

As a first-time homebuyer, your first step in the process is to be approved for pre-financing. Working with lenders to find the amount you can borrow will help you narrow down the homes you should consider.

Remember, once you're pre-approved, it doesn't mean the amount you are given should be what you pay. Instead, use it as a guideline in your search to find properties that you can comfortably afford.

If you're buying a home after years of renting, you should also determine the area where you may be moving. Make sure it works for your current lifestyle and if it will remain ideal for the time you plan to spend in the home.

Owning a home and renting is different as you can't simply wait on a lease to end before you move on to a new location. You will be financially responsible for the property until a new buyer steps in, which can lead to paying double mortgages if you move before selling.



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## A GROWING FAMILY

When your starter home gets too small for your growing family, you have a new set of strategies to employ when house hunting. If you have young children, you must find a location with acclaimed

schools and entertaining activities while remaining geographically close to your daily commitments.

You should also look at the layout of your home. Does it offer space to add an addition if your family continues to

grow, or is its floorplan already suitable?

## RETIREMENT HOME

Once you retire and your children have moved on to start their own journey into homeownership, a forever

home often becomes too difficult to manage. As you're approaching the golden years, you should consider if you want to live in a retirement community or if a smaller household in your favorite location makes better sense.

# Do you Need a Home Warranty?

When buying your home, you likely analyzed homeowner's insurance policies to find the right level of coverage.

While accidents like acts of God, storms, theft and fire are covered under this program, your home systems and appliances are left without protection from normal wear and tear.

Purchasing an optional warranty to cover critical components of the equipment you rely on offers peace of mind. Home warranty providers are efficient companions when preparing a budget for unforeseen expenses.

However, the industry is often scrutinized because of companies who fail to back up their claims, leaving policyholders with the feeling of being scammed.

When contemplating if a home warranty protection plan is the right move for you, it's imperative to research a provider, study its terms and conditions and discover the associated costs.



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## CHOOSING A PROVIDER

Most companies offer literature on their site so you can obtain a form of its user agreement. When reviewing the document, check for clear language regarding what is included, the exclusions and coverage caps to find out how much

they will pay per appliance.

You will also be offered several plans to cover your home with basic protection or a more comprehensive package for broader coverage. A warranty for the entire house may not be the best fit for those with poli-

cies from new construction guarantees or manufacturer warranties on specific appliances.

## WEIGH THE COSTS

Under most home warranty plans, customers buy a con-

tract that is in service for a year. Once the policy expires, you can decide if re-signing is in line or if you will move on to a new provider.

In addition to an annual premium, most policyholders are required to pay a trade service

fee or deductible to cover the costs of a technician to diagnose your issue.

If it is determined that the problem is covered under warranty, the provider will pay for the repair or replacement, up to its maximum liability.

# How Much Can You Afford?

When you're in the market to purchase a home, it's a good practice to receive pre-approval for financing. Not only will this help narrow your search for properties to buy, but it also provides insight so you can plan a home budget.

While the monthly obligation will be the most significant expense, you must factor in costs for utilities, maintenance and insurance.

According to the Federal Deposit Insurance Corporation, every three months, 250,000 new families enter foreclosure. You can avoid the life-changing experience by purchasing a home that you can comfortably afford and create an emergency savings fund.

America's Debt Help Organization suggests that a savings account should include between three- and six-months' worth of expenses. This will protect you if you lose your job or face a medical emergency that impacts your finances.

## THE 25 PERCENT RULE

To understand how much home you can afford, Consumer Reports recommends limiting the amount



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spent on housing to 25% of your monthly budget. With this practice, you are free to comfortably afford the mortgage while having money left over for savings and retirement.

Your monthly budget for housing should include the home's costs and an estimate for maintenance. Make sure

you include HOA fees, landscaping expenses and the costs to renovate or repair significant appliances.

## SAVE FOR A DOWN PAYMENT

Typically, financial planners suggest that homeowners put down at least 20% of home's asking price as a down pay-

ment. Making a large payment upfront will significantly reduce the amount of your loan. You can expect more a smaller monthly obligation, lower interest expenses and a positive budgeting strategy.

## HOW TO DETERMINE WHAT YOU CAN AFFORD

To use the above rules to

determine what you can afford, simply add up your household's monthly income and multiply it by 25%. The result will reveal the target amount of a house payment you can comfortably manage.

Check with various lenders to find the most competitive rates when using a 20% down payment.

# Ways to Invest in Real Estate



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Buying a home is typically the most significant investment an American will make in their lifetime.

Have you considered using real estate to make a secondary income or even becoming your full-time job? With the right strategy and planning, you can join investing gurus who make their living playing the market.

Becoming a landlord isn't always the easiest path to pad your real estate portfolio. The position requires tedious screenings of tenants, resolving expensive repairs and overcoming a loss of income during a vacancy. If

the idea of being a property manager isn't what you have in mind, check out these lucrative ways to make money within the industry.

## INVESTMENT PLATFORMS

If you already have a sizable savings account, connecting with real estate developers is an efficient way to make a return on investment. Typically, you will pair with builders who work within the commercial real estate niche, or those who plan to add value through modifications.

Without extensive knowledge of the local real estate market, this investment opportunity may be risky. It's good practice to partner with someone who has experience in the indus-

try as you get started. You can typically find these experts by researching their professional social media accounts and connecting with them from there.

## FLIP HOUSES

To enter the investment field without extensive capital, flipping homes can be a lucrative experience. Before attempting to purchase an affordable property and upgrade it for a profit, it's essential to understand the costs for renovations.

Unless you plan to complete the repairs yourself, you should team up with a local contractor to receive an estimate before making an offer.

You should know the local market

regarding how much homes sell for, how long they are listed and how much interest an area received from home buyers.

## RENT OUT A VACATION HOME

If you want to get a taste of real estate investing without making an additional purchase, consider using the property you already own. For instance, if you have a vacation home that is only used for a portion of the year, consider advertising it for rent on weekends or holidays that attract numerous tourists.

Many people even allow visitors to rent an extra room in their house, which can help you make extra money to pay off the mortgage.



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# Planning a Spring Sale

As most of the country thaws out after brutal winter weather conditions, many people set their sights on buying a property in the spring.

This is mainly due to having extra funds from a tax return and the approach of the ending of a school year, which affords families more flexibility.

If you're planning to put your home on the market during this competitive season, it's beneficial to dress up the exterior. It will likely end the first impression homeowners have of the property. Take advantage of these tips

from the National Association of Realtors to stand out in a sea of listings.

## PLANT FOR PETS

To attract a broader audience, you can make your yard pet-friendly with a few simple steps. The NAR recommends planting hardy grass outdoors to withstand heavy pet traffic. Some resilient species include Kentucky bluegrass, perennial rye and Bermuda grass.

It would be best if you also considered decorating your property with non-toxic plants and shrubs to add more visual flair. The American Society for the Prevention of Cruelty to Animals says to avoid plants like azalea, elephant ears and carnations.

When determining your backyard decorative scheme, check a hardiness

map provided by the United States Department of Agriculture to discover the types of plants that will thrive in your area.

## ATTRACT WILDLIFE

Another way to spruce up your yard is by planting backyard plants that provide food and shelter for pollinators and wildlife. The addition of spring-blooming flowers can nourish helpful insects entice different types of animals to visit the property while creating a beautiful display.

Use a variety of birdseed to attract different types with varying colors and songbird chatter.

## STAGE THE OUTDOORS

You can also create a welcoming atmosphere by staging your outdoor



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area to show its livability. Consider decorating a social space with a barbecue grill, furniture or install a screened-in patio to promote a relaxing location to gather.

Perform a spring cleaning around the exterior of your property and power wash siding, porches or sidewalks to make your backyard appear more inviting.

# Home Projects to Avoid

You may think that any upgrade you perform to your home will raise its value. Unfortunately, vibrant colors, outlandish flooring and unique countertops may inhibit your sale as these designs peak to a specific audience.

If you plan to freshen up your home with a coat of paint before putting it on the market, try and incorporate light, neutral colors, rather than making a bold statement with an energetic appearance. Even the smallest of enhancements can give your home a boost in value that will pay off when a new buyer comes into the fold.

It's also essential to avoid renovating a room to the point that it prices your home out of the local market. Work with a local real estate agent to discover what type of upgrades are helping properties sell. When deciding to update your home before a sale, avoid making these common mistakes.

## **GARAGE CONVERSION**

For some, converting a garage into more living space or gym seems like an excellent idea. However, many homebuyers want the build-



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ing to park their vehicles and store extra tools. Rather than changing the space before a sale, spend the time cleaning it to make an impression that sticks with a buyer.

The goal should be to show potential consumers how they can use the space as their own. Consider using powerful cleaners to remove any present grease or oil spots on the

concrete that may have developed through the years of ownership.

## **DIY REPAIRS**

While performing your own repairs to the home may save you money, unless you are knowledgeable in renovations, results may turn out unfavorable. The lackluster outcome may cause house

hunters to bid low on your home as they figure in the costs to correct the quality of work.

This doesn't mean you should rush out and hire the most expensive contractors in your area to perform your upgrades. Ask your friends and family members for recommendations before you sign any contracts.

It's especially essential to hire a licensed contractor when home repairs may affect the structural integrity of the property. Processes like eliminating walls to open the space of a room may impact load-bearing supports. Before a major renovation, reach out to a local repair service to provide you with an estimate and the extent of the project.