Real Estate

YOUR HOME | YOUR LIFE

Check Your Property Lines

Purchasing a home is one thing. Purchasing a plot of land is another. Whether you're buying land with your home or a separate parcel, it is crucial to understand exactly where your property lines begin and end. Unfortunately, doing so can be an expensive endeavor.

It is up to you to assess whether the price equals value for your needs. For instance, if you have big plans for a section of the land that you "assume" is yours, then you may find yourself in a land dispute later down the line if you find out it actually belongs to your neighbor.

GET A SURVEY

The option to have a land surveyor mark the exact property lines of your location is exactly that – an option. Buyers who choose not to purchase a survey are taking the risk of not getting what they thought was included in the deal, because many real estate agencies use estimates from tax assessment offices to define property lines.

Depending on your location – city surveys can be substantially more expensive than rural ones – you can expect to pay at least $1,000 for your survey. A hefty price tag for sure, but one that can serve as an investment to know exactly what plot of land you are purchasing.

DO YOUR RESEARCH

If you want to avoid paying the high costs of a survey, you can do some things on your own that may help give you an estimate of your property lines.

• Check the Legal Description: Your real-estate agent will likely help you through the process of reading through the legal description of a potential purchase, which breaks down the included land by feet. Grab a notebook and pen while you're reviewing the description and plot out the land yourself. This will give you a general idea of how the land is broken up.

• Ask Around: If you have access to the current or former owners of your property, ask them for a rough estimate of the property lines. They may have had it surveyed in the past and can help you understand where your land ends and your neighbors' begins.

Your Real-Estate Attorney

The decision to hire a real-estate attorney to guide your transaction can be a difficult one. Most states leave the choice up to the buyer and seller, while others require it. So the first step in the process is to consult your local real-estate agent about your area's protocols.

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If no real-state attorney is required for your transaction, you may consider your real-estate agent enough of an expert in ethics, distressed property sales and foreclosures to not have to hire an attorney. Many real-estate agents undergo continuing education courses and certification processes to keep them up-to-date on industry legal issues.

Either way, you should consider your individual situation and ask yourself these questions:

ARE YOU AN OUT-OF-TOWN BUYER?

If yes, you may benefit from the helping hand of an attorney to help you navigate through the challenging logistics of buying or selling from afar.

ARE YOU PURCHASING A FORECLOSURE?

Doing so through avenues such as auctions or bank-owned deals can definitely have advantages – lower prices, for one. But these properties also come with a certain amount of risk that can be fully explained by a real estate attorney.

ARE YOU BUYING A DISTRESSED PROPERTY?

Protecting yourself from potential structural issues such as heavy termite damage or dangerous asbestos should be part of your deal for a home-in-distress purchase, and an attorney can help work this into any contract or purchase deal.

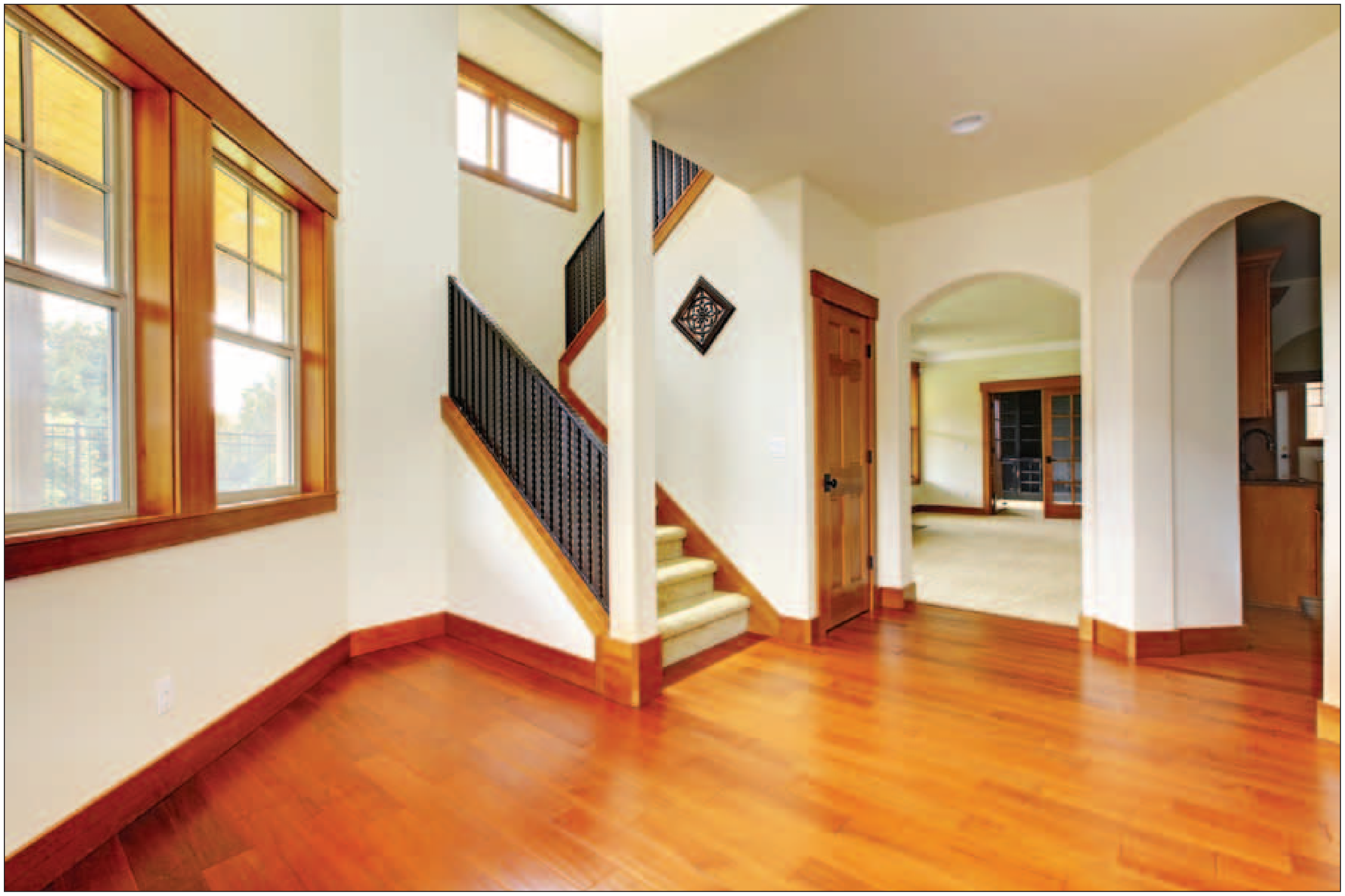
ARE YOU SELLING A PROPERTY IN DISTRESS?

Just like buyers in these situations, sellers need to protect themselves from untimely home damage caused by general deterioration or lack of upkeep. A real-estate attorney can draft contractual language protecting sellers from taking the burden for these issues.

They can also advise sellers to be up front and honest about any potential hazards related to the property, and then adjust any related legal documents accordingly.

Selling Your Vacant Home

If you've tried to sell a vacant home, then you understand the importance of unloading it quickly. There is a lot of money on the table because of ongoing mortgage, maintenance, insurance and other carrying costs that need to be paid for all these months that the property is sitting on the market.



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That money can be better spent fixing up your new home or cushioning your savings account.

The beneficial aspect to selling a vacant home is not having to load up and leave every time a prospective buyer requests a showing. It also allows you to keep the home nice, tidy and staged in a manner you feel comfortable in displaying.

Unfortunately, in many cases selling a vacant home can offer more challenges than selling a full one. But there are some ways to make your vacant home more attractive to buyers. Here are tips:

KEEP SOME DECORATIONS

When potential buyers walk into a home on the market, they imagine themselves living there. That's why keeping some decorations on the walls and furniture on the floors can be a good tactic in catching their attention. A completely vacant home is void of the personality and reference points that buyers depend on to decide if it is the right fit for them.

While going out and purchasing furniture to fill your vacant home may not be the smartest investment, try to leave behind a few smaller pieces if possible. Any extra picture frames or wall art pieces can go a long way in giving your home some life. However, be prepared to negotiate everything you leave behind as buyers may fall in love with certain items or furniture pieces.

DROP THE PRICE

Nothing says "ready to negotiate" like dropping the price a couple of times during the first six months of a listing. Your actions in doing so will send a message to buyers that your home can be purchased at a great deal compared to other comparable listings on the market.

Small, strategic reductions during peak market times like early spring can generate buzz and increase the amount of foot traffic through your home. Every time you reduce, you send off a barrage of notifications to local real-estate agents, who can then tell their clients about the change in pricing.

Taxes and Insurance

A mortgage payment can comprise more than the price of the home plus interest. Homeowners must pay property taxes and secure some type of home insurance in addition to their principal and interest payments.

In many cases, lenders require buyers to pay into an escrow account, from which your lender keeps enough money to cover your taxes and insurance.

Unless you are granted another payment arrangement, your mortgage payment will include payments to your escrow. Depending on how much land you purchase, you can generally tack on a couple hundred dollars a month to cover your taxes and insurance.

TAX AND INSURANCE PAYMENTS

The convenient part of an escrow account is that your lender makes your payment for you. This helps you avoid missed or overlooked payments and ensures you have enough money in the account to cover the bills.

If you're buying a home, the seller will likely disclose the amount of the annual property taxes on the house when it is listed for sale. This information is also readily available from your local property tax assessor. A local insurance agent could also give you a rough estimate on coverage for the home. Add the numbers up and divide them by 12 to get an idea of what you'll be paying into escrow.

PROTECT YOURSELF

It is important to make sure your lender or mortgage servicer is retaining and making the correct amount of tax and insurance payments. You should receive a periodic statement showing how much is in your escrow account and can compare the statements with your property tax bill and homeowners' policy.

The Real Estate Settlement Procedures Act is enforced by the U.S. Department of Housing and Urban Development. This is the major law covering escrow accounts.

Generational Optimism

Long crippled by the economic downturn and negative perceptions, the housing market is bouncing back — especially if you ask members of the Millennial generation.

In a recent study by the National Association of Realtors, 87 percent of buyers age 33 and younger considered their home purchase a good financial investment. Survey participants cited their aspirations and long-term stability as factors in their optimism for the market.

Other results from the Home Buyer and Seller Generational Trends study included:

• Debt delays: Of the 20 percent of Millennial buyers who took longer to save for a down payment, 56 percent cited student loan debt as the biggest obstacle.

• Young buyers: The median age of the Millennial home buyer was 29, their median income was $73,600 and they typically bought an 1,800-square-foot home costing $180,000.

• Prior arrangements: Sixty-two percent of Millennials rented an apartment prior to purchasing their home while 20 percent lived with their parents, relatives or friends.

• Deciding factor: The main reason Millennial buyers took the leap was to "own a home of my own."

• Going green: Young buyers tend to place more importance on environmentally friendly features in their homes, as well as factors such as commuting costs, energy efficiency, landscaping and community features.

• Online savvy: Millennials were more likely to first learn about the home they purchased through the Internet than through a real-estate agent. They were also very likely to spend time researching information and browsing through photos online.

• Finding an agent: Young buyers and sellers alike were most likely to find a real-estate agent through a referral or a friend, or they used the same agent from a previous transaction.

• Selling stats: Optimism also reigned supreme on the selling side of the market for the millennial generation. Young sellers were most likely in need of a larger home or were moving for a job.

Pay Your Mortgage Off Faster

Patiently paying off your 30-year fixed-rate mortgage? Though there is nothing wrong with making the minimum payment every month, you can take some simple steps to cut off substantial amounts of interest and time from your mortgage.

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Doing so will help you stow away more money in the bank once your home is paid off.

BI-WEEKLY PAYMENTS

Paying half your mortgage every two weeks instead of a full payment once a month is the equivalent of 13 months of payments each year. If your budget can accommodate this strategy, your principal amount will decrease faster along with your interest costs.

The following calculation from www.bills.com shows exactly how much you can save in the long run by making bi-weekly payments.

Monthly mortgage payment (12 months/12 payments): $997

Interest paid over the life of the loan: $209,263

Paid off in 30 years

Half payment (13 months/26 payments): $498 ($997/2)

Interest paid over the life of the loan: $155,938

Paid off in 22-23 years

MAKE AN EXTRA PAYMENT

Instead of spending your tax refund on a new car or TV, consider putting it toward your mortgage. Likewise, a holiday bonus or insurance overpayment reimbursement offer great ways to get ahead on your mortgage.

Don't think of the extra checks as "bonuses," but rather as practical investments into your mortgage. It can be a tough practice to ascribe to, but in the end it will save you money and reduce the amount time you are paying on your home.

REFINANCE NOW

Rates for both the 30-year and 15-year fixed-rate mortgages are still near historical lows, making this the perfect time to refinance your mortgage. Reducing your interest rate can make a world of difference in shaving time off your payback schedule, so consider your options and do the math before making your decision.

Refinance rates vary from lender to lender. Shop around with various banks or credit unions to find the one that would best work for your situation.

Tips for Independent Real-Estate Agents

Making a living in the real-estate business takes tenacity, strategy and a little bit of luck. Tenacity is an attribute you either have or you don't, while luck is out of everyone's control.

That leaves strategy. Devising and deploying the right strategic plan to land the most deals is all in the approach.

Real-estate agents working for large national franchises need not worry about their own personal branding, because these conglomerates will usually provide business cards, online profiles and other marketing strategies to put their agents' faces into the public eye.

But what about the independent real-estate businesses trying to compete against the industry elite? Making a wave in the market may take a bit more creativity.

• Package yourself well: Reputation is everything for real-estate agents. And you build a strong reputation through trust, performance and branding. Yes, branding yourself as a lean, mean selling machine is vital. Think of yourself or your employees as individual products.

Generating buzz around products takes solid marketing through various channels such as brochures, business cards, online profiles, fliers and other strategic materials.

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• Advertisements: If $2,000-per-month billboards are a bit out of reach for your company, you may depend more on online messaging or social media approaches. Online advertisements can come in the form of clickable links within online databases, property search sites or local online media.

You can also have a website created or depend more on free social media profiles on Facebook or Twitter to capture audience attention. If you can build a strong local following and deliver usable, regular information, you can be well on your way to establishing an online presence.

• Vlogs and digital messaging: Along the lines of social media and viral messaging, your business appeal can be enhanced by targeting online users through popular new approaches. If well filmed and containing powerful content, a video blog (vlog) can be a great way of attracting and retaining viewers.

Map out a couple of months' worth of content and produce these videos in advance. This will help you simply upload them to your website or social media profile when you're ready.