



Real Estate  
YOUR HOME | YOUR LIFE



# Research a Property's History

Sound financial decisions sometimes involve digging a little deeper before signing on the bottom line.

In some cases, you may want to gain further insight into how a property has been used, how the building has evolved over the years, the number of families who have lived there and for how long, and other key elements of its history.

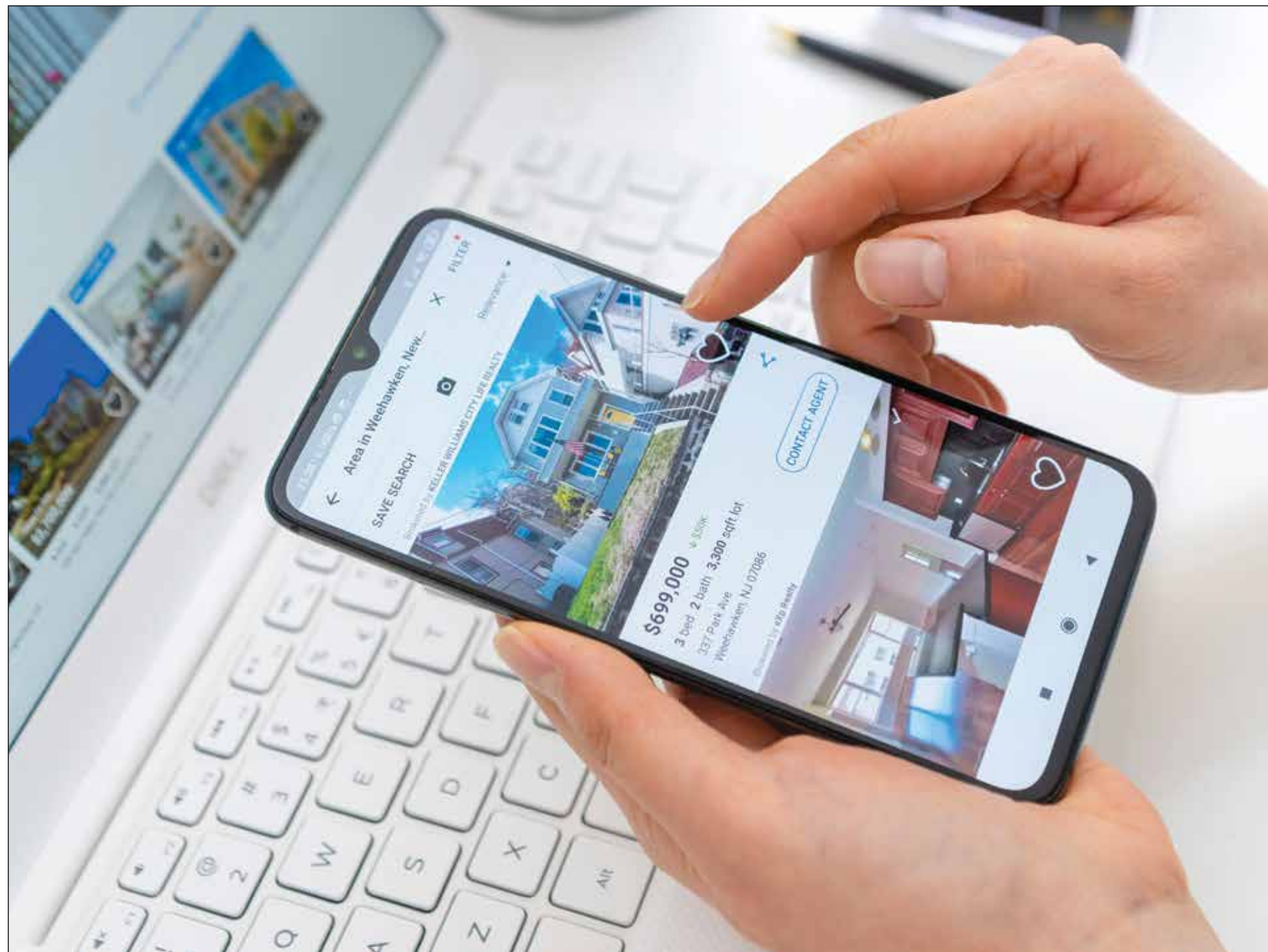
That can require something more than the typical information gathering.

## DEEDS

When you hire a real-estate agent, they will begin by looking up the property deed — but you don't have to rely on them. Learn the property's official address and its lot number, and you can personally inspect it these documents yourself. Bring that information to the Register of Deeds office at your local county courthouse, along with any other pertinent legal descriptions, and the staff will help you locate the required paperwork. They can also help you better understand previous transactions, and other information that may help with a smoother purchase.

## NEIGHBORS

Sometimes, the best way to find out more about a prospective property is by approaching things the



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old-fashioned way: talking to the neighbors. These face-to-face interactions often will provide information that doesn't exist in public documentation, like the original plans for the development, how often properties are bought and sold, unknown renovations or additions, and specific issues with the land

or construction. You can also talk to family members, if the property has been owned over the course of multiple generations. Depending on the age of the property, you may be able to tap into the institutional knowledge of local historians or other community experts who collect and share details on legacy neighborhoods.

## DOCUMENTS

Beyond the official deed and whatever information you may get from local sources, clues to the deeper history of your property may also be found in related documents and databases managed by various related government agencies. They include patent records from the federal government's

Bureau of Land Management, where the General Land Office can determine when parcels were first sold to private buyers. Census results or genealogical research databases will have information on when families moved. Insurance and flood-plain maps may also provide critical details on the risks involved with the parcel itself.

# Pay Off your Mortgage Faster

Why wait until the end of a 30-year fixed-rate mortgage when you could potentially save lots of money?

You'll have to properly manage your resources along the way, and that can stand as a barrier for many who might hope to pay their mortgage off early. But for those who are able to walk this fine financial line, there are substantial savings on interest to be gained.

## PAYING WEEKLY

Paying your mortgage in two-week increments, rather than waiting to pay the full amount at the end of the month, will ultimately result in more than 12 payments over the course of the year. The principal mortgage amount will decrease at a faster rate, if your individual budget can accommodate this change.

You'll save thousands on interest, too. Websites like Bills.com offer calculation tools that help homeowners better understand the benefits of this strategy.

## EXTRA PAYMENTS

Anyone who gets a tax refund every year has a unique opportunity to make an extra mortgage payment, rather than buying a new gadget, TV or vehicle. Stipends, holiday bonuses, insurance reimbursements or any other unexpected or additional windfall



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can serve the same purpose. Used as practical investments, they will save homeowners lots of money down the line while shortening the length of your mortgage.

## CONSIDER REFINANCING

In some cases, refinancing may be a smart move. Interest rates make a huge difference

over the lifetime of these payments — and while they have risen more recently, these rates may still be lower than locked-in numbers from long ago. But do your homework: Refinance rates will vary, depending on the lender, and may not reflect the national average. Shop around with as much attention to detail as

you had when originally buying your property.

## PROS AND CONS

The faster you pay off your home, the sooner you'll eliminate what's usually your largest monthly outlay. That's money which can be invested. At the same time, a home that's owned outright is a valu-

able asset should the housing market enjoy an uptick or if you reach a rough patch financially. Just be aware that there are sometimes pre-payment penalties in place, and you'll be losing the mortgage-interest deduction on your annual tax bill. Your credit score may also take a temporary hit.



# Selling your Vacant Home

Carrying costs quickly add up with an unsold home, including continuing mortgage payments, insurance and every-day maintenance.

All of it will still have to be paid, just as if you lived there, while the property sits on the market. Obviously, it's money that ought to be invested or saved but instead is being plowed back into a vacant space. There are new challenges, however, that inevitably follow any attempt to sell a property that's empty. Here's how to navigate it all.

## STAGING THE SPACE

The benefit of showing a vacant home is that you don't have to keep everything nice and neat, while anxiously awaiting the call to quickly depart when someone asks for a showing. The down side is that some prospective buyers have trouble picturing themselves in a home with empty living spaces and bare walls and countertops. Obviously, purchasing new items isn't the smartest way to spend, so commit to keeping some portion of the existing decorations, furniture, rugs and other homey elements to help better showcase your home. Spaces without these little touches tend to feel cold and unwelcoming to the next owner. When in place, they



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also help underline how each room might be used down the road. Don't forget smaller touches like plants, non-specific pictures or inviting artwork. Just be aware that some buyers may be so taken with what you've left behind that they want these items to remain. So don't leave any-

thing that you truly treasure, and be prepared to haggle over how much it's all worth to you.

## NEGOTIATING THE PRICE

You may ultimately end up lowering your asking price too, since buyers will be well aware of how little negotiating

leverage you have with an empty home. Preemptively updating the price will also telegraph your willingness to deal for those who are interested — and that may well tip the scales when they're deciding between comparable listings in your neighborhood. Consider small reductions in

price during the peak selling season of early spring to generate new interest. Make sure your agent notifies other real-estate companies and local professionals about these strategic reductions in order to drive up foot traffic through the property, then be ready to deal.

# Dealing with Lead Paint

The Environmental Protection Agency has strict regulations on repairing, renovating and paint removal in residential properties built before 1978, when lead-based paints were outlawed.

That's meant to protect homeowners and the workers they employ from deteriorating or chipped dust that can pose serious health risks. These problems can also extend to neighbors and visitors, as well.

## REAL-ESTATE AGENTS

Real-estate professionals play a critical role in protecting prospective home buyers by providing needed information, as prescribed by federal law, concerning the presence of lead paint. These details must be shared before the buyer is under contract, per the Real Estate Notification and Disclosure Rule. The regulation protects people from a highly toxic metal that can damage the brain and vital organs like the kidneys when absorbed into the body, especially in children. Learning disabilities, behavioral problems, seizures and even death has been associated with lead poisoning. Symptoms may include headaches, nausea, stomach aches, irritability and tiredness.



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## FOR RENTERS

Owners, rental-property managers and landlords must provide information about lead paint before agreeing to lease the property. Be sure to safely renovate any rental property, since common activities like sanding and cutting can create a very hazardous dust. Use contractors who have been certified by the Environmental Protection

Agency, and keep children and those who are pregnant away from the renovation area. Create barriers between living spaces and sources of lead until the project is completed.

## PROSPECTIVE BUYERS

Those seeking to purchase a home built before 1978 must be provided with an EPA-approved pamphlet outlining lead-based paint hazards, any

information relating to the possible or known presence of lead-based paint, and a lead-warning statement attached to any contract which confirms that the seller has complied with all relevant notification requirements. If you're worried about the presence of this health hazard after buying, have a professional test for any lead hazards both in the home and in the

soil surrounding the property, as well. A lead-paint inspection will determine the lead content for any painted area of the home, but not whether there is a direct hazard or how to move forward. A risk assessment, on the other hand, will detail serious hazards like lead dust or peeling paint — then offer recommendations on what to do to address these serious issues.



# Buying a Fixer-Upper

Many a person who thinks of themselves as handy has been inspired by cable programming, but renovation programs aren't often that straightforward.

The key to buying a fixer-upper is being away of the problems that may inevitably occur. There are red flags that simply shouldn't be ignored. At the same time, it's important to understand the limits of your own ability when it comes to renovating and refurbishing an older property. Watching HGTV is no substitute for graduating from a trade school.

Some issues may be apparent even before you sign on the dotted line, and those can become part of the negotiating process. In some cases, however, they may prevent a prospective buyer from securing a bank loan. Either way, they may require more time and money than the average buyer is willing to invest. So it's important to be aware of the pitfalls, whether that leads to a discussion about a reduction in price or simply adds another line to a notebook full of smaller future renovation projects that will follow the sale.

In some cases, you may be able to determine how much these individual fixes will cost, and that can directly impact



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how much you should pay. The more information you have, the greater your bargaining position. Here are a few key things to look for.

## ROOF ISSUES

The typical property for resale has an aging roof, since this is an expensive project that typically becomes

required well into home ownership. The roof on the house your considering for purchase looks worse for wear, consider calling one or more contractors to come out to do an inspection and to provide a quote on repairs, if needed. Report any bowed plywood, damaged shingles or obvious leaks.

## WIRING TROUBLES

Electrical issues are one of the most dangerous in any home, because of the risk of fire, shock or electrocution. Home inspectors and appraisers will rightly suggest immediate repair before any deal is completed. Depending on the expense of these fixes, they might even lead to a termina-

tion of the contract.

## SUB-FLOOR PROBLEMS

Flooring issues obviously pose significant safety issues, since any failure might lead to falls. They also present health risks since the underlying problem may be related to leaks or rot that can be associated with mold.

# How to Be a Smart Renter

Renting has skyrocketed, in particular among the youngest generation of people moving into the housing market.

They end up signing detailed documents meant to protect the rental-property owner from myriad issues, including damage and failure to pay rent, among other issues. But there may be just as many issues to be considered on the other side of the negotiating table, since renters rely upon good-faith promises from landlords relating to upkeep, repairs and other quality of life considerations. Renters shouldn't enter into a lease agreement without having all the facts.

## LONG-TERM PLANS

Renters will typically sign 12-month leases, though some management companies offer six-month or semester-length agreements depending on where the property is located. Either way, you're making a lengthy commitment to stay, so it's important to be as satisfied as possible with the new space. Early departures are typically associated with penalties in addition to playing the remaining months' rent. In the meantime, make sure that the apartment, condo or rental home offers the perfect blend of community, comfort and amenities to make it worth staying a while.

## DO YOUR HOMEWORK

Before talking to a prospective landlord, look around to find out what cost and amenity packages are standard in the immediate area. Then be prepared to ask a series of probing questions to determine whether this rental measures up. They include: How much is the

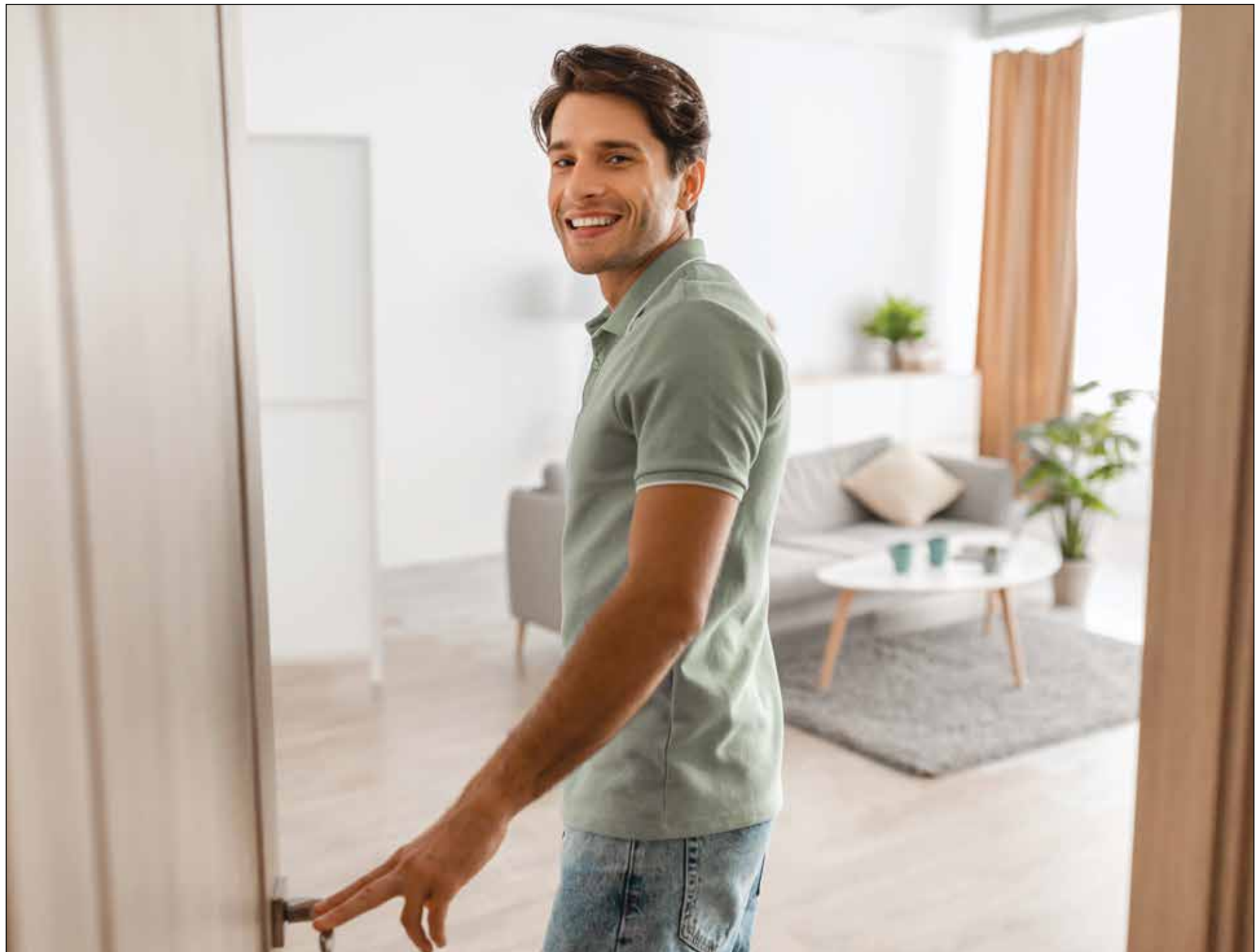
monthly rent? What is the security deposit, and what how do I go about getting it back? What about roommates? How does the lease break down in terms of things like length and early-termination requirements? Are additional bills like electric, trash and water included? What is the average cost associated

with these bills?

## PAY ATTENTION

Your walk through isn't just an opportunity to admire the view from your prospective new apartment. Pay attention to any notable issues as you visit the space for the first time. Your security deposit may be at

risk if there is unreported prior damage. Deficiencies with hot water, the stove, water pressure, heating and air conditioning may also have an impact on how things go if you sign a lease. Ask about pest control. Be prepared to negotiate if you don't like what you see or hear — or to opt out all together.



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# What Are Closing Costs?

Depending on your bank, you may not get an exact figure for closing costs until the day of closing.

But that doesn't mean you have to arrive unprepared. There are set fee structures involved with this transaction, and understanding what they are can help define how your costs will ultimately be calculated. When you ultimately receive a concrete figure, you'll also be able to determine how it all breaks down, based on the typical fees and percentages associated with the deal.

## HOW IT WORKS

Closing costs are the fees charged in excess of the property's purchase price, due as the real-estate transaction concludes. Sellers and buyers may be subject to closing costs, depending on the loan. These costs can include so-called origination fees as well as underwriting of the loan, real-estate commissions, insurance premiums and a range of taxes, along with the price of title and other filings. The figure must be disclosed beforehand, and agreed upon before the deal is complete.

## DEFINITIONS

Closing costs involve a real-estate commission, where brokers charge a set percentage for their services.

Closing Cost Analysis	
<b>Assumptions</b>	
Selling price of property	\$ 490,000
Down payment	\$ 100,000
Mortgage	390,000
Mortgage rate	5.000%
Points	2.0
Days interest payable	14
<b>Professional Fees</b>	
Broker	
Appraiser	
Attorney	
Conveyer	
Researcher	
<b>Escrow Account</b>	
Insurance escrow	
Tax escrow	
Other escrow	
<b>Total</b>	
<b>Mailing</b>	

This figure is taken off the final selling price, and must be paid at closing. Loan origination fees cover the lending institution's cost in obtaining financing for your loan, along with whatever expenditures are incurred during related processes. Remember that interest-rate percentages vary by lender. Banks will require

an appraisal before approving a loan, so that they can determine if the property is properly valued. The fee for this appraisal depends on location and the market, and covers services provided by a licensed and certified independent appraiser. Title charges are dedicated to administrative costs relating

to a title search, as well as examinations and issuances by a local or national title company. This fee may also cover charges from settlement agents to cover preparing legal papers like a deed of trust, the mortgage and title.

**FINDING OUT MORE**  
Specific terms associated

with closing like these help explain how the process ultimately works. While these definitions provide a clearer understanding of how closing costs are calculated, they do not cover everything a bank may charge to process a loan. Discuss your costs with a local mortgage specialist for more detailed information.