

# Real Estate

YOUR HOME | YOUR LIFE



# Selling It Quickly

Price is important, but that's not the only key consideration.

Every homeowner wants to sell as quickly as possible. There is usually another home ready to be moved into, and nobody wants to be responsible for two mortgage payments. Here's how to fast-track your sale.

## FIND AN AGENT

Everyone is free to list their own home as for sale by owner. But chances are you're not as intimately familiar with the larger market forces at work and that can make all the difference when it comes to selling quickly. Look for someone with a proven track record of completing sales — and completing them fast. This shows that they have a firm understanding of the local situation. They should have already earned plenty of glowing reviews from past sellers (and buyers) online, but if not, ask for references. Meet prospective agents at the property, and ask them for advice on what it would take to complete a quick sale.

## SET A FAIR PRICE

Local real estate agents will have a firm grasp of the market. Combine this experience with details about neighborhood comparables and you should be able to set a fair price for your home. If the aim is to sell quickly, set a price



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within the lower end of the area's midrange listing. Those with a little more leeway can decide on a higher number, while hoping the right buyer comes along. Be prepared to monitor and perhaps even adjust this figure, depending on how the market continues

to evolve — and how long your listing remains unsold.

## CONSIDER THE TIMING

The best seasons to sell a home are in spring and summer. Sellers want to complete a move before the new school year starts, and buyers are nat-

urally inclined to be outdoors. Of course, moves are sometimes predicated on things that are outside a seller's control, like a new job. But, if possible, discuss the timing of your sale with a local real estate agent. They'll know more about the perfect timing. Set a target date

to have the property ready for listing, giving yourself time to declutter, make minor repairs and pack away items that are too personal. Stage the home based on the current season, then be prepared to wow prospective buyers at your first open house.

# Buying a Fixer-Upper

Some fixer-uppers are diamonds in the rough, while others are money pits.

It's the essential quandary faced by anyone who considers spending a little less on a home that needs restoring: Will this be worth it in the end? A never-ending stream of home improvement shows indicates that it always is, but reality can be a little more complicated.

## GETTING STARTED

There's an old saying when it comes to selecting fixer-uppers: "Buy the worst house on the best block." In that scenario, you should get the best return on investment because you'll be bringing the property up to the standards of the surrounding homes. It's not a fool-proof scenario, however, because some houses have issues that are very expensive to correct — perhaps too expensive. Begin by hiring an inspector to diagnose what needs to be done, with a focus on hidden issues with wiring, the home's structure and plumbing since those costs add up very quickly. Closely examine recommended fixes, and decide if they fit your budget. You may determine that one or more of them is such a high-dollar fix that the deal is off.

## SMALL ISSUE OR LARGE?

Not every fixer-upper is created equal. Some are simply in need of cosmetic changes, perhaps because they feature



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older design choices. Some do-it-yourselfers can even address low-level fixes themselves, saving lots of money on repairs or remodeling. If you find that more extensive renovations are needed, then you're probably also looking at substantial upgrades for everything from flooring to cabin-

etry to fixtures. Most of the money spent, however, won't be on immediately noticeable items like those. Jobs like rebuilding subfloors, redoing electrical and plumbing, and fortifying load-bearing walls will eat up most of your budget, while providing zero "wow" factor for potential buyers

down the road.

## LIVING CONDITIONS

Unless you've got the spending power to make this an investment property, chances are you'll be living amid this renovation project. That can create its own issues. Consider the potential discomfort and

inconvenience before you sign on the dotted line. Those TV shows always seem to have everything put back together and looking better than ever in just an hour. But that's not the way it goes in real life. You might be looking at months and months in the middle of a construction zone.

# Types of Mortgages

There's more than one way to finance your next home purchase.

For the typical homebuyer, a mortgage is the largest loan ever taken out. Most picture signing a conventional loan and then settling into a lengthy cycle of house notes. But there are other types of available loans, depending on your situation. Here's a look at some of your options.

## CONVENTIONAL LOANS

With this or any other loan, you'll be asked to provide income and tax information, along with verification of assets and debts. You'll also have to meet certain credit standards to get the best rates. How much cash you have on hand also plays a role. If you have enough to hand over a down payment of 20% of the home's value, you'll be offered a conventional loan. Buyers without a 20% down payment may still be offered conventional loans, but with the additional cost of mortgage insurance. The term will typically be for 30 years.

## FHA LOANS

Depending on where you live, there could be municipal government, nonprofit or state and local programs offering down payment assistance to employees, or to first-time homebuyers.

Those with less savings or lower credit scores may also



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qualify for a loan from the Federal Housing Administration, rather than a conventional loan. The government regulates and insures these loans, offering potential homeowners the opportunity to borrow with a down payment as low as 3.5%. Certain income requirements remain.

## USDA LOANS

If you're amenable to living in a more rural setting, the U.S. Department of Agriculture offers loans with no down payment for borrowers in low and moderate-income brackets. You might have to deal with a longer commute in order to buy or build outside of the city cen-

ter, but you'll also enjoy the benefits of lower costs, more land and nature's quiet. Those purchases usually have a lower interest rate, as well.

## VA LOANS

Veterans, current military and eligible spouses qualify for home loans through the Department of Veterans

Affairs. These mortgages are serviced through traditional lenders, but are guaranteed by the federal government. So, borrowers enjoy a lower rate of mortgage interest than they otherwise would. They may also be eligible to make lower or no down payments, while also avoiding mortgage insurance.

# Hiring a Real Estate Agent

A good real estate agent will be an important ally, negotiator and sounding board.

It might be tempting to go through the home buying or selling process alone, particularly if you've done it all before. You'd be saving a hefty commission, right? But you'd also be missing out on the kind of perspective that only a local expert has, while also potentially losing some negotiating leverage if the deal hits a speed bump.

## FOR SELLERS

Your agent can help set a competitive price since they understand the market, local appraisals, and the marketing approach that works in your neighborhood. They'll have the latest information on trends, and a built-in familiarity with fine details like staging that help sell a home in your particular town.

They'll also schedule and conduct open houses and walk-throughs, which can be difficult to manage while working your own full-time job. That's why Time magazine reported that some 90% of sellers opt to use a real estate agent. Still unsure about signing up? Ask about a short-term contract then re-evaluate your business relationship near its end.

## FOR BUYERS

Qualified agents can recom-

mend lenders, title companies, inspectors and assessors, smoothing the way for what is always a complicated process. They'll have detailed explanations about the types of loans you're eligible for, down-payment assistance programs, and other key elements of the mortgage process. They'll also be intimately familiar with neighborhoods that fit your

criteria which you may never have visited.

Having shown houses to other potential buyers, they'll be able to point out potential pitfalls that you might not have noticed — or key positives that aren't immediately clear. They'll better understand neighborhood-specific issues — both good and bad. They could warn you about traffic

patterns, or point out tucked-away amenities like a local park.

## HOW TO HIRE

Meet with more than one potential agent, and discuss their training, experience and success rate. Ask for references, and check them out online. The best agents have glowing reviews, so discuss your

options with friends, family and coworkers. Have they had prior success with a specific agent? This is commission-based work, but in the end the agent works for you. Make sure you have the proper comfort level with them as a person. You're likely going to be spending a lot of time together over the coming weeks and months.



# Becoming a Live-In Landlord

Take advantage of the earning potential of your home's extra space.

Those with unused rooms, basements, detached or garage space may consider renting them out for a little extra cash. Whether you sign a long-term lease or welcome guests on an overnight basis, becoming a live-in landlord presents its own set of pros and cons.

## DEVELOP A STRATEGY

Long-term rental properties and home-sharing options like VRBO or Airbnb offer owners an opportunity to add some extra income. Decide which option works for you after determining if you're going to be limited by HOA or municipal laws regarding renters. If you are free to rent, then decide how easily you could convert an unused area into a rental property. Those who frequently travel may decide to rent out their whole home. But either way, you'll have to accommodate renters by adding everything from separate locking mechanisms and furnishings to everyday items like glassware and paper products.

## LONG-TERM RENTERS

Renting for longer terms provides a steadier form of income, but you're trusting a stranger to live in your home and keep up with regular payments. That's why it's best to interview prospective tenants,

conduct background checks and ask for references. Set a rental price that's competitive, but still meets your financial goals — then be prepared to stick with it. They'll be signing a contract, so the rent can't be changed. Build in extra funding for utilities, insurance, regular upkeep and repairs. Fully furnished spaces rent at

a higher price point, but are also subject to wear and tear that might require frequent replacement.

## SHORT-TERM RENTERS

House-sharing apps have revolutionized the overnight stay, creating a potentially lucrative source of secondary income. But there are con-

cerns associated with this option, as well. Owners of well-maintained spaces in tourist-friendly or business-focused cities will likely have no trouble regularly renting out the space, earning some quick cash. The listings are free, too. But you're also trusting that a rotating cast of strangers treats your home with

care, without disrupting your private life. There are also upkeep costs and these rentals tend to be seasonal, so income may fluctuate. Consider a trial run with the app to see if being a live-in landlord is right for you. Monitor reviews, so you can make any needed changes after their visits.



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# Financing Tips

Begin by building up your savings long before you buy.

New technology has made it easier to analyze your buying power, but the journey toward home-ownership is still defined by the classic approach: Build up your savings well before you begin looking at properties, while paying down your debt.

## FIRST STEPS

A lender can help you decide which loan program works best for you, while offering options you may not have heard about. There's plenty to do, however, before you get there. Start saving early. Your down payment will depend on the cost of the home, the type of mortgage, your credit and the specific lender. Some conventional loans for first-time buyers with strong credit may require a down payment of as little as 3%. To put that in perspective, 3% of \$300,000 is \$9,000. You can set up automatic transfers from your checking account into savings to get the ball rolling.

## LONG-RANGE PLANNING

Don't forget to build in savings for closing costs. These fees are part of the final process when signing a mortgage, and usually range from 2-6% of the total loan amount. So, the closing costs on the same \$300,000 home would be anywhere from \$6,000 to \$18,000. If you're purchasing in a buy-



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er's market, it may be possible to negotiate around this additional expense by having the seller pay some or all of these costs.

Then there are moving costs, which can run into thousands of dollars even for local trips. Once you have a general idea about these costs,

then you can decide how much you can afford to purchase a home. Take advantage of online options like NerdWallet's home-affordability calculator when setting a price range. These tools take into account income, debt, credit score, down payment and the local market.

## WHEN YOU'RE READY

Once you're financially prepared, it's time to set the wheels in motion. Begin gathering the financial documents you'll need. They vary on a bank-by-bank basis, but lenders will generally require income statements, tax information, and verification of

assets and debt over the previous two years. Once you've built a nice nest egg and your credit is in good standing, reach out to a lender to find out more. Ask about state and local programs for first-time buyers; some nonprofits and city governments also offer assistance.

# First Impressions Count

Turns out, it's not actually all about location, location, location.

Even the best home in the best neighborhood might get passed over if it's not as attractive as it ought to be. De-cluttering, staging and general cleanliness can play a huge role in closing a sale.

## WHY IT MATTERS

Buyers want to see themselves in a potential purchase, so the decor and general feel of your home mustn't be too personal or unique to your taste. It may take a little extra time and expense to achieve this goal, but one National Association of Realtors survey found that fully half of all buyer's agents said staging played a key role in the decision to buy. More than 75% said decluttering and removing personal effects helped buyers better envision themselves in the home.

## BETTER SHOWINGS

Staging and everyday cleanliness can be more difficult when you're still in the home, but it's critically important while the property is still on the market. Keep the bathrooms and kitchen organized and clean, while the rest of your home is tidy, dust-free and vacuumed. Put away keepsakes and personal items, preferably storing them outside the home. (Remember, potential buyers are evaluating the storage space in closets, too.) Invest in



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a professional cleaning before showings begin if you have small children or pets.

## CHEAP OPTIONS

Furniture upgrades are probably not in your budget, particularly ahead of an expensive move. Consider renting newer, more modern replacements. Either way, remember that

lighting can make all the difference in the world — and it's very cost-effective. Keep all shades, curtains and blinds open. That helps smaller rooms feel larger, and creates a more inviting atmosphere. Picking a few key spaces to stage is also a thrifty option. The living room, master bedroom and kitchen typically

have the most impact. Scented candles or a fresh batch of cookies complete the inviting scene.

## DON'T FORGET OUTSIDE

It's tempting to focus solely on the interior, but the very first thing potential buyers see when they pull into the driveway is the outside of your

home. Wipe down windows, keep the lawn and shrubs trimmed and neat, arrange outdoor furniture in an inviting way, and consider power washing the home and pathways. Arrange flowers on an outside table or create a brightly colored wreath for the door to create another welcoming element.