

# Rapid City Real Estate Update

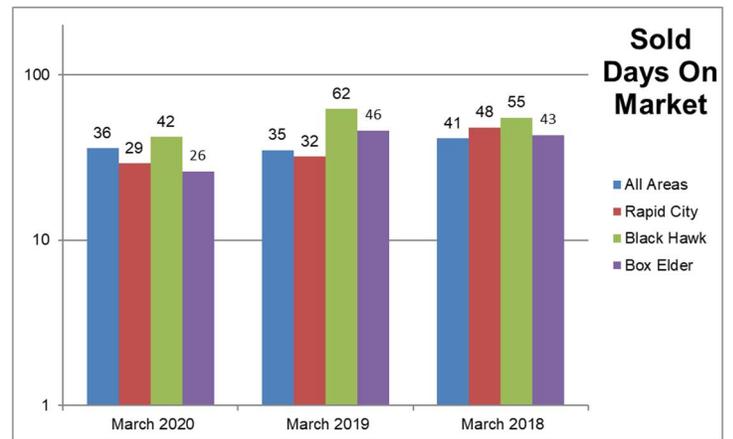
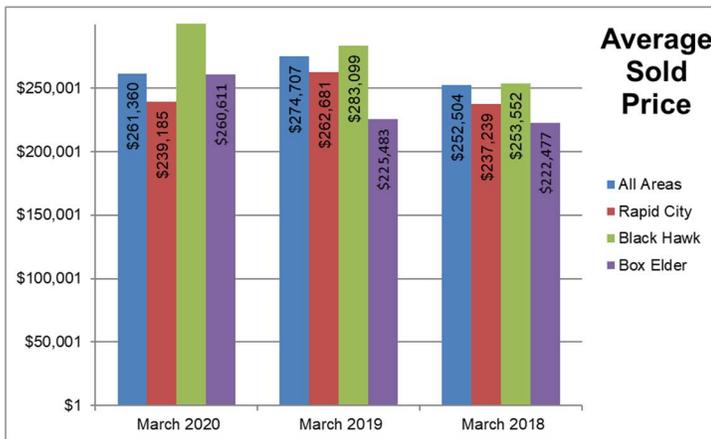
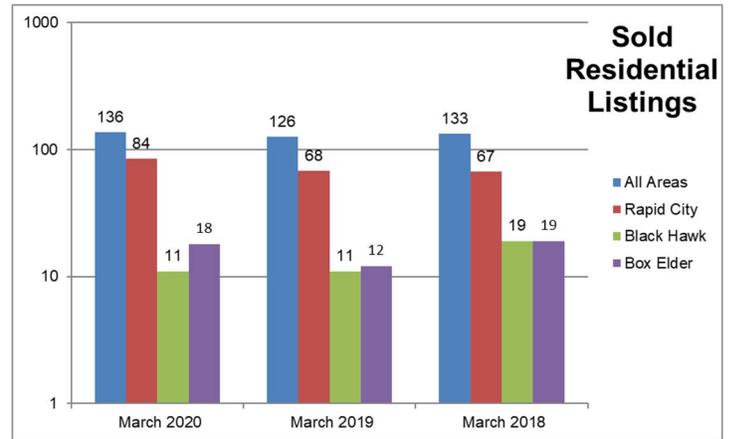
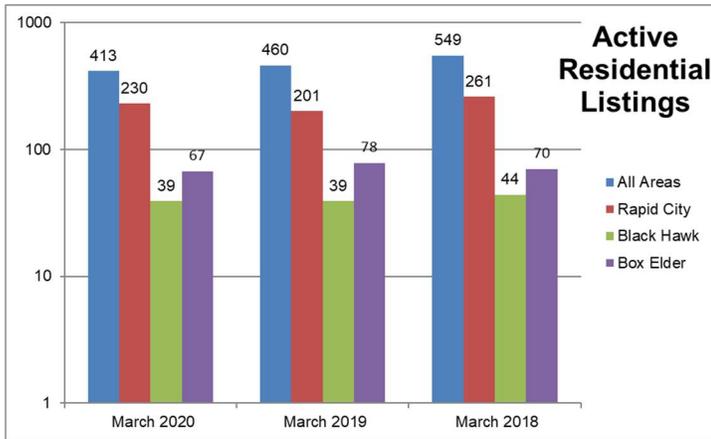


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## Rapid City & Area Market Conditions For March 2020



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## How To Buy A House Right Now

As we navigate the (hopefully temporary) new-world order in an attempt to control and contain the global coronavirus pandemic, the real estate industry is making its own constantly evolving set of adjustments. The industry over the past few weeks has centered around two major themes: 1) Super-low mortgage rates that have created a refinancing boom; 2) And the possibility that the coronavirus will force a widespread pause of mortgage payments.

These are uncertain times, to be sure. But those same low rates that are driving refis are also attracting homebuyers. "The 30-year fixed mortgage rate hovers above 3 percent, the lowest that it has been in nearly 50 years," Andrina Valdes, executive sales leader and CEO of Cornerstone Home Lending, Inc., told Apartment Therapy. "The lower the mortgage rate, the lower a monthly mortgage payment is likely to be. So, anyone who's on the fence and thinking about buying a home could really benefit right now by purchasing at a record-low rate."

The truth is, there are still homes on the market. There are still people who need to sell. And there are still people who need or want to buy. If you're one of them, you're probably wondering how to go about it. iBuyers have largely shut down entirely or shuttered at least temporarily, and several companies, including Keller Williams, have cancelled all open houses, "while smaller brokerages, like the about 100-agent New York-based brokerage Modern Spaces, has closed offices and sales centers, instead offering virtual walk-throughs and tours," said Yahoo Finance.

So how can you buy something you can't see? It's time for technology to take over. "This

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## What Is a Home Renovation Loan and Should You Think About One?

For many homebuyers, a picture-perfect, move-in ready home is the dream. For others, a project house they can get for a discount and then put their personal stamp on is too good to pass up. The problem with many of these "project houses," though: coming up with the money to complete the projects.

Once you've depleted your savings to gather the funds for your down payment and closing costs, there may not be much left over to knock down that wall between the kitchen and living room, redo the counters and cabinets, and put in new hardwood flooring. Add in the costs of new furniture and hiring movers, and it could be years before you're finally ready to make those improvements.

This is where a home renovation loan can help.

### What is a home renovation loan?

Although they are growing in popularity, home renovation loans are not anywhere near as prevalent as FHA loans for first-time buyers. "According to the Mortgage Bankers Association (MBA), first-time home buyers account for more than 75 percent of FHA home purchases," said FHA Handbook.

### But maybe they should be.

After all, a home renovation loan can scratch a few different itches:

1. It feeds into that tempting renovation craze, offering an opportunity to redo a home with funds that are tied into your loan.
2. It allows buyers who can't afford a move-in home, or who are making offers and losing out on those homes, to purchase something that is likely more affordable.
3. It gives buyers a chance to build equity quickly.

Here's how it works. Renovation loans bundle funds for the home purchase and renovation. There are a few different options from which to choose.



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### Here are the most popular:

Fannie Mae's HomeStyle Renovation loan—"The Fannie Mae HomeStyle loan is a single-close loan that includes the cost of home repairs in the overall loan amount," said ValuePenguin. "This loan can be used for repairs that an appraiser requires, or for changes the homeowner wants to make, and it can be used to pay for both structural and cosmetic repairs."

The Fannie Mae HomeStyle Renovation mortgage requires a 5% down payment and is open to investors, as well. "With a down payment of less than 25%, you'll need a credit score of at least 680," said Interest.com. "If your debt-to-income ratio is higher than 36% but less than or equal to 45%, your credit score needs to be 700 or higher." The funds can be used for repairs, renovations, or energy improvements. "The only restriction is that the changes must be permanently affixed to the property and add value."

FHA 203(k)—Similar to the HomeStyle loan, this option is government-backed and has lower credit score requirements. Keep in mind that FHA loans require mortgage insurance premiums if you have less than a 20% down payment, which can raise your monthly payment. The FHA also requires the borrower to pay an upfront fee, which will make your initial out-of-pocket costs higher.

### There are two different FHA 203(k) loan options:

- Full Loan—The Full Loan "is intended for a primary residence that needs serious or significant repairs."
- Streamline Loan—This can be used for smaller repairs and caps out at \$35,000.

FHA's 203(k) loan "requires a minimum credit score of 500 with a down payment of at least 10%; a credit score of 580 or higher allows a down payment of 3.5%," said MarketWatch. "These loans can't be used for work that the FHA deems a luxury, such as installing a swimming pool."

*Courtesy of Realty Times*



# Great Home Project: How To Set Up A Potting Station

Potting stations are garden workhorses. They keep tools within easy reach, provide a spot to store bags of soil and amendments, and offer a work surface for starting seeds, dividing flats and repotting plants. Beyond the messier garden tasks, a potting station is also a convenient spot to arrange a bouquet of flowers, set down a basket of herbs, tomatoes or anything else harvested from the garden, or — at the very least — rest your cup of coffee.

No matter how you choose to use your potting station, we suspect that once you have one, you may wonder how you ever did without this gardening staple.

Before you begin: Think about where you'd like the potting station to be and how you intend to use it when planning your design. Do you want it to be indoors or out? Does an area by the side of the house or a corner of the garage need to be cleared to accommodate the potting station? Can you add it to the back of a shed or a pump house for the pool?

Ideally, choose a spot that's close to garden beds and comfortable to work in (somewhere at least partially shaded and out of the elements). In cold-winter and wet climates, the best spot for your potting station will most likely be under an overhang, in a shed or in the garage.

If you're planning to add an outdoor sink, you'll also need to consider where you can easily hook up to a water supply and where the sink will drain.

Potting station components: Many potting stations have a three-tier system — a top shelf for storing tools, a main work surface, and a lower shelf for stashing pots and bags of soil and amendments. Beyond that, there is plenty of opportunity to customize it to best suit your gardening needs. Consider adding an outdoor sink, drawers to store additional tools and supplies, built-in bins to hold potting soil, or a shade structure to cover the entire setup.

## 4 Strategies for Setting Up a Potting Station

Don't want to tackle building a potting station on your own? Don't worry, there are ready-made potting bench options to suit every budget, and professionals to hire to build one custom to your needs.

1. Buy one already made. Potting benches can be purchased from home improvement stores and online retailers for about \$100 for the simplest setups; \$250 for standard potting benches with a basic work surface, top shelf and bottom shelf; or upward of \$500 for those made of cedar, teak and other choice building materials.

Pros: Ready-made benches are ready to go with minimal installation. Models are available to suit many budget levels.

Cons: There is minimal opportunity to customize. Many of the less expensive models are made from poor-quality wood that will degrade outdoors.

2. Build it yourself. If you're experienced with woodworking, constructing a simple potting bench can be a project for a weekend. While you're at it, try to invest in rot-resistant lumber. "Good exterior cedar and redwood

are best," says San Diego-based contractor Dagan Koffler of Dagan Design & Construction. These woods and a weather-resistant finishing treatment will help prolong the life of your potting bench outdoors. The cost of building supplies can range from \$250 to \$500 for new lumber, or much less if you can reuse older redwood or cedar boards.

Pros: You can get the design and size that is best-suited for your space.

Cons: New premium lumber can be pricey. If you're planning to build a potting station yourself soon, start looking for sources of old redwood or cedar now so that you'll have materials on hand when you need them.

3. Hire a pro. If you would like a professionally built custom potting station or need to fit a potting bench into an unusual space in your yard, hire a carpenter or a contractor skilled at woodworking. Cost varies depending on the area where you live and the potting setup you'd like built. Expect to pay \$500 to \$1,500.

Pros: You get exactly the model you'd like that is best-suited to your needs and space, and you'll avoid beginner's mistakes by having a professional build it.

Cons: Most likely, this is going to be more expensive than purchasing an off-the-shelf potting bench or building one yourself.

4. Repurpose an outdoor table. Alternatively, you can repurpose an old piece of furniture into a potting station — wooden desks, narrow tables and side tables can all work well. "A good height for working is important," Aceff says. Look for pieces that have work surfaces about 3 feet off the ground. Also consider the materials of the furniture and how they'll hold up to your climate. "Weather can do a number on indoor furniture," Aceff says, and things like peeling paint can be harmful to the garden. If your furniture is not made for the outdoors or you're otherwise unsure as to whether it will hold up to the weather, choose a site under a covered patio or in a garage.

Pros: It can be free or inexpensive if you can find a piece to recycle.

Cons: It may be limited to sheltered use only.

Store most-used items like garden shears where they're easy to reach: hung from a hook, tucked in the top drawer or placed nose-down in an empty pot.

Gather together loose ends, such as plant labels, water-proof pens and reels of twine, in empty terra-cotta containers, glass Mason jars or bins. Group similar-use items together so that you'll know where to find them. For example, put all drip-irrigation supplies in one bin.

Keep the workspace clear. Put away tools as you leave the garden or finish a project and sweep the work surface clear of potting soil.

Reserve the lower level for storing large pots and bags of soil amendments, such as chicken manure, bone meal or granite dust. Put the amendments and fertilizers in bins with sealed lids to keep them dry and out of reach of young children and animals.

*Courtesy of Houzz.com*

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time the use of technology may have a significant part to play in how the housing market can try and continue in a 'normal' fashion," said Bindi Norwell, chief executive of the Real Estate Institute of New Zealand on One Roof.

That means that your house tour will probably be virtual. Agents are embracing the tech available to them to bring homes to buyers since they can't bring buyers to homes.

"As an alternative to in-person viewings, some agents are turning to tech, offering buyers virtual tours," said the New York Times. "The NYC-based Ideal Properties Group launched a virtual listing viewer called Showings on Demand.

Individual real estate agents have followed suit. Kendyl Young, Broker/Owner at Glendale DIGGS, just held a Facebook Live Open House for her new restored Post and Beam, mid-century modern listing near Brand Park in Glendale, with plans to do more. "I'll show you around the space and take your direction," she said on Facebook. "Want me to show you a particular room? I will. Missed the part where I showed off the family room? Tell me—I'll go back. A close up of the super cool family room fireplace wall? I'll get closer. You are the PUPPET MASTER and I am at your direction."

It's all part of being able to adapt to clients' needs during this time.

"Buying a home will always be a very human experience, but we need to adapt to this crisis," she told us. "Physical showings are not safe, and we can marry technologies like 3-D scans, Webb meetings, and video conferencing to provide a pretty reasonable virtual experience. We must find ways to serve our clients while staying safe."

*Courtesy of Realty Times*

# March Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "The Federal Reserve's swift and significant efforts to stabilize the market were much needed and helped mortgage rates drop for the first time in three weeks. Similar to other segments of the economy, real estate demand is softening. However, the combination of the Fed's actions and pending economic stimulus will provide substantial support to the mortgage markets."

- 30-year fixed-rate mortgage (FRM) averaged 3.5 percent with an average 0.7 points for the week ending March 26, 2020, down from last month when it averaged 3.51 percent. A year ago, at this time, the 30-year FRM averaged 4.06 percent.
- 15-year FRM this week averaged 2.92 percent with an average 0.6 points, down from last month when it also averaged 3.00 percent. A year ago, at this time, the 15-year FRM averaged 3.57 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.34 percent this week with an average 0.3 points, up from last month when it averaged 3.24 percent. A year ago, at this time, the 5-year ARM averaged 3.75 percent.

*Courtesy of Realty Times*



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## Gardening Fun: Plant A Fairy Garden

It's hard not to be captivated by the charm of a miniature garden in a pot. Here are a few tips to help you make your own fairy garden.

- To start you need to choose a container.
- Fill your container with a light planting mix to about an inch from the top.
- Choose a major accent piece.
- Choose the plants. In general it's best to select at least three plants: something that climbs, something that flowers and something that has an interesting texture. This is where you can get really creative, and it's exciting how quickly your container will become a miniature garden.
- Finally, you need to choose your accessories. This can be the hardest part. Do you want a bench, a chair, a wheelbarrow, a hanging pot, a frog perched in a birdbath? A ceramic bunny, rabbit or lamb? Surely you need a tiny watering can? A lantern? A candelabra to hang from your arbor?

*Courtesy of Houzz.com*