

# Rapid City Real Estate Update

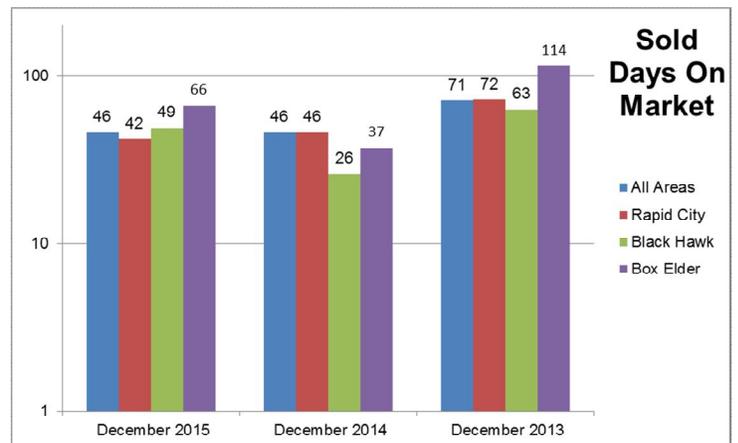
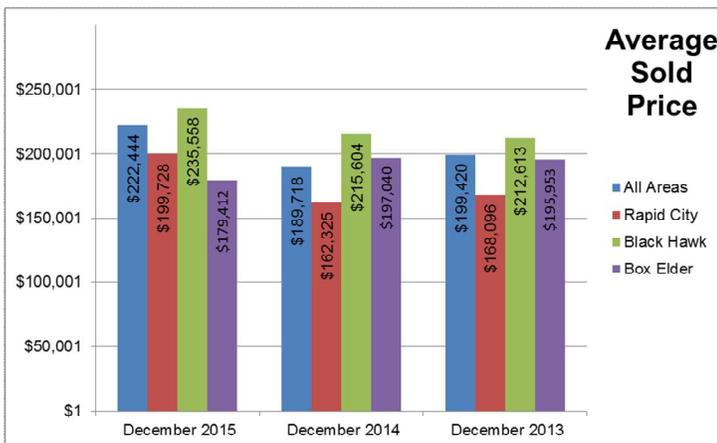
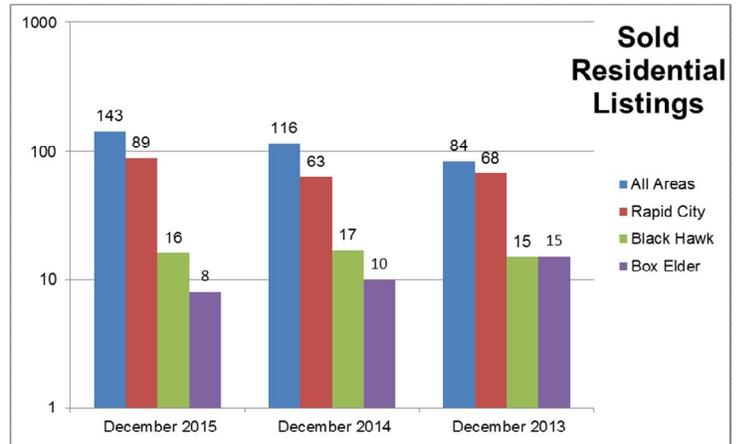
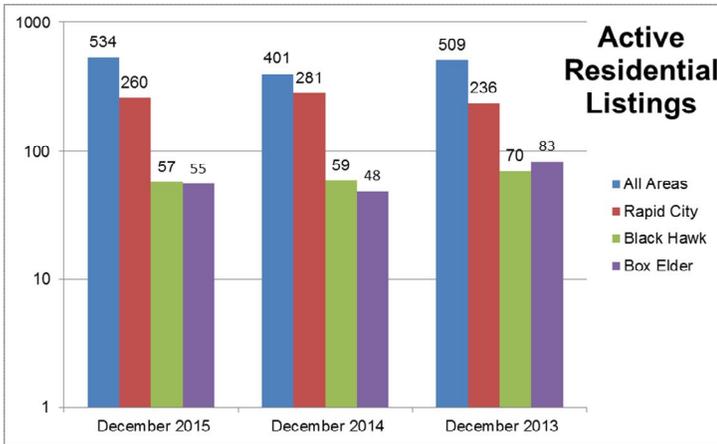


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# Rapid City & Area Market Conditions For December 2015



## 6 Tips For Selling Your Home In Winter 2016

Winter can be a harsh, unappealing time of year to sell your home. With 2016 about to rev up, it's especially important to make your home stand out if you want to sell in the New Year. Here are some essential tips for making your house #1 on the market as the year begins:

**#1 Warmth is top priority:** Your home should always be warm when a realtor conducts a walkthrough with buyers. Set a timer on your thermostat so it's warm when they arrive. Also make sure to check there are no leaks or problems with your ducts and vents, as this could make rooms cold during a walkthrough.

**#2 Keep the house bright:** It's also important to ensure that your home is adequately lit in each room. You want buyers to feel welcome and impressed with the kitchen, bathroom and bedrooms of your home. If a room has dim lighting or a burned-out bulb, it could take away from the overall appeal of the room. You should also consider spending a little extra money to upgrade your lighting fixtures -- installing recessed lighting in certain rooms will give your home a little extra "pop." Standing lamps are also a fantastic, affordable alternative to lighting additions

**#3 Try to make your landscape appealing:** Although your yard will be mostly winterized during this time of year, there are several ways to spruce up your cold weather landscaping. Start by clearing your yard of any broken branches or large patches of fallen leaves. It's also important to ensure that any ice or snow on or near your home's walkway is removed. If needed, you can hire a weekly snow removal service to keep your home safe for buyer walkthroughs.

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## There Are Tax Benefits With Home Ownership

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Homeownership has always been the "great American dream".

To foster and encourage this dream, Congress has consistently enacted tax legislation which favors homeowners. Indeed, much has been written that our tax laws discriminate against renters, by giving unfair and unequal tax benefits to those who own homes.

Every four years, some candidate for high political office tries to focus our attention on equalizing the tax laws, and repealing the homeowner benefits, but these arguments have consistently fallen on deaf ears. And this coming election year is no different.

For those of us who own homes, here is a list of the itemized tax deductions available to the average homeowner. Every year, you are permitted to deduct the following expenses: Taxes. Real property taxes, both state and local, can be deducted. However, it should be noted that real estate taxes are only deductible in the year they are actually paid to the government. Thus, if in year 2015, your lender held in escrow moneys for taxes due in 2016, you cannot take a deduction for these taxes when you file your 2015 tax return.

Mortgage lenders are required to send an annual statement to borrowers by the end of January of each year, reflecting the amount of mortgage interest and real estate taxes the homeowner paid during the previous year. Mortgage Interest. Interest on mortgage loans on a first or second home is fully deductible, subject to the following limitations: acquisition loans up to \$1 million, and home equity loans up to \$100,000. If you are married, but file separately, these limits are split in half.

You must understand the concept of an acquisition loan. To qualify for such a loan, you must buy, construct or substantially improve your home. If you refinance for more than the outstanding indebtedness, the excess amount does not qualify as an acquisition loan unless you use all of the excess to improve your home. However, any other excess may qualify as a home equity loan.

Let us look at this example: Several years ago, you purchased your house for \$150,000

and obtained a mortgage in the amount of \$100,000. Last year, your mortgage indebtedness had been reduced to \$95,000, but your house was worth \$300,000.

Because rates were low last year, you refinanced and were able to get a new mortgage of \$175,000. Your acquisition indebtedness is \$95,000. The additional \$80,000 that you took out of your equity does not qualify as acquisition indebtedness, but since it is under \$100,000, it qualifies as if it was a home equity loan.

Several years ago, the Internal Revenue Service ruled that one does not have to take out a separate home equity loan to qualify for this aspect of the tax deduction. However, if you had borrowed \$200,000, you would only be able to deduct interest on \$195,000 of your loan -- the \$95,000 acquisition indebtedness, plus the \$100,000 home equity.

The remaining interest is treated as personal interest, and is not deductible.

Points. When you obtain a mortgage loan, some lenders will allow you to pay one or more points to get that loan. The more points you pay, the lower your mortgage interest rate should be. Whether referred to as "loan origination fees," "premium charges," or "discounts," these are still points. Each point is one percent of the amount borrowed; if you obtain a loan of \$170,000, each point will cost you \$1,700.

The IRS has also ruled that even if points are paid by sellers, they are still deductible by the homebuyer. Points paid to a lender when you refinance your current mortgage are not fully deductible in the year they are paid; you have to allocate the amount over the life of the loan. For example, you paid \$1700 in points for a 30 year loan. Each year you are permitted to deduct only \$56.66 (\$1700 divided by 30); however, when you pay off this new loan, any remaining portion of the points you have not deducted are then deductible in full.

Needless to say, if you have any questions about these tax benefits, discuss them with your financial and legal advisors.

*Written by Benny L. Kass  
Courtesy of Realty Times*



# Housing Outlook for 2016: Expect Change

While change is coming to the mortgage market, Freddie Mac says in its 2016 housing forecast that it's too soon to tell whether marketplace lending is the next Uber or just another flash in the pan.

"The current generation of marketplace lenders all may fail in the next economic downturn," says Sean Beckett, Freddie Mac's chief economist. "Regulators may impose higher standards on marketplace lenders. The cost advantages of marketplace lending may not extend to mortgage lending."

But Beckett says the new year will undoubtedly bring changes: "Innovation is difficult to stop. New startups will look for ways to improve upon current marketplace lending business models. Large bank lenders may incorporate the most successful of the marketplace lending innovations. It's difficult to say where all this will lead, but one prediction is indisputable. Expect change."

Here are five more predictions for 2016 from the mortgage giant:

1. The 30-year fixed-rate mortgage will likely average below 4.5 percent for 2016 on an annualized basis.
2. Mortgage rates will gradually move higher posing an affordability challenge. But expect a strengthening labor market and pent-up demand to carry momentum into 2016.
3. Home prices will likely moderate slightly to 4.4 percent in 2016, driven in part by the reduction in home buyer affordability and reduced demand as a result of Fed tightening.
4. But industry activity will grow in 2016 despite monetary tightening. Expect total housing starts to increase 16 percent year-over-year and total home sales to increase 3 percent.
5. While home purchases will increase next year, higher interest rates will reduce the refinance volume pushing overall mortgage originations lower in 2016 than in 2015.

*Courtesy of Realty Times*

## 3 Trends Sellers Should Know for 2016

There are three dominant trends in real estate that sellers should be aware of going into the new year:

1. A seller's market dominates. Home prices have been climbing so much that they're even matching their 2006 highs. The more lucrative a region's economic future appears to be, the easier you can expect it to be to sell a home.
2. Mortgages will get pricier. Low mortgage rates have been the standard in the last few years, but that will soon change. The Federal Reserve is gradually beginning to raise rates, which will

move mortgage rates higher and dampen affordability. Sellers should be aware that it may become more difficult for prospective buyers to secure financing.

3. Tax benefits still abound. The largest tax break for ordinary taxpayers who qualify remains the exclusion on capital gains for the sale of personal residences. Single taxpayers are able to exclude a maximum of \$250,000 in gains from the sale of a home. Joint filers get double that: \$500,000.

*Courtesy of Realty Times*

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#4 Make the interior cozy: In addition to keeping your house well-lit and warm, there are other ways to make your home cozy and welcoming to buyers. This includes: classical music (at a low volume), homemade treats (candy, cookies), holiday decorations (tinsel on the mantle, for example). You want buyers to feel as though they already live in your home when they walk through the door. When you offer them a cozy setting, they will want to spend more time in your home and admire its features.

#5 Keep the fireplace lit: While you should have the heat on during a walkthrough, another warm and cozy feature is the fireplace. If you've got a wood-burning model, this means you'll need to have coal or wood handy. You don't want to have multiple showings a day and a fireplace that roars for only half the visitors. This is especially important if the fireplace is close to the entrance (all of that cold air gets in!).

#6 Prepare for any storms: Make sure there's an emergency kit on hand in your home in case your home suffers an outage during a winter storm. This should include items like:

- Extra candles
- Matches
- Blankets
- Car charger
- Canned food
- Flashlight
- Water

While your REALTOR® will be prepared for inclement weather, it's important that you be prepared to keep everyone safe should the worst happen during a showing. And don't forget to keep a secondary travel emergency kit to take when you're leaving for showings as well.

*Courtesy of Realty Times  
Written by Andrea Davis*

# Black Hills Events

## Deadwood Red Dirt Music Festival

January 8 & 9  
Deadwood Mountain Grand

## Rapid City Rush Games

January 8, 9, 22 & 23  
Ice Arena, Rushmore Plaza Civic Center

## 6th Annual Black Hills Beer Fest

January 16 - 12:00 PM to 4:00 PM  
Ramkota Convention Center, Rapid City

## National Park Fee Free Day

January 18

## Rapid City Downtown Restaurant Week

January 24 - January 24  
Downtown Rapid City

## Deadwood Mardis Gras Weekend

January 29 & 30  
Deadwood

## Black Hills Stock Show & Rodeo

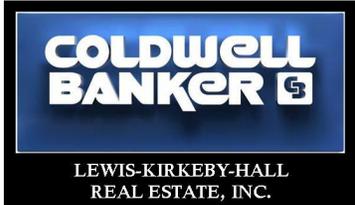
January 29 - February 7  
Rushmore Plaza Civic Center

## Black Hills Sports Show

February 12 - 14  
Rushmore Plaza Civic Center

## Information provided by:

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& [www.downtownrapidcity.com](http://www.downtownrapidcity.com)



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# *Happy New Year!*

*From Everyone At  
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