

Rapid City Real Estate Update

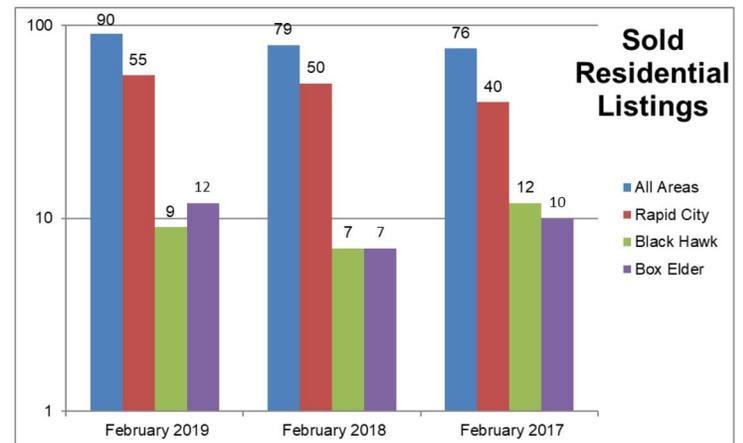
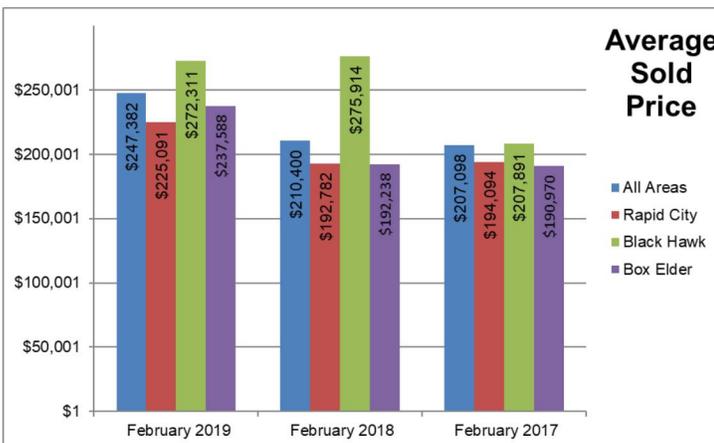
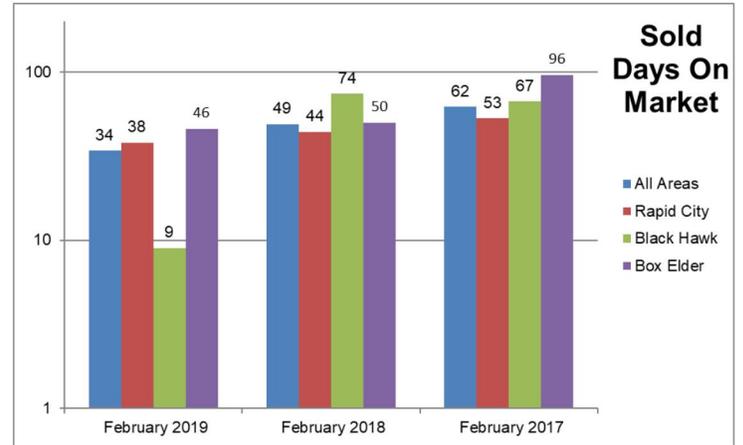
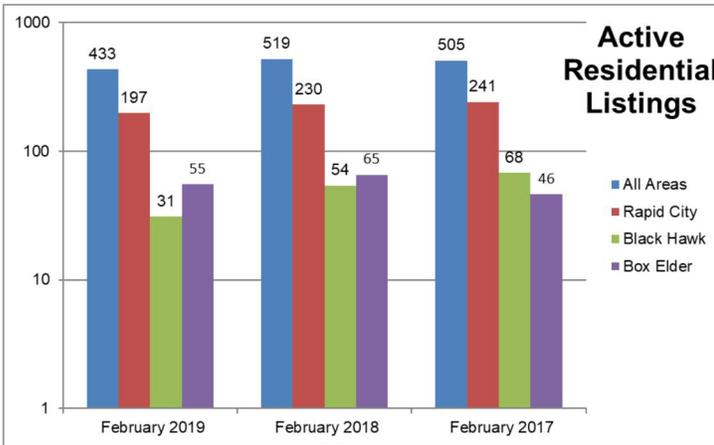


LEWIS-KIRKEBY-HALL
REAL ESTATE, INC.

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Rapid City & Area Market Conditions For February 2019



An Alternative To Cash? Using Sweat Equity For Down Payments

Down payment standing in your way of becoming a homeowner? Coming up with the cash is so yesterday. You may be able to use your sweat equity to get in the door, instead.

The Department of Housing and Urban Development (HUD) just announced it will be awarding \$10 million in sweat equity grants to non-profit housing organizations through its Self-Help Homeownership Opportunity Program (SHOP). "The funds, combined with labor contributed by the homebuyers and volunteers, will lower the cost of homeownership for certain buyers," said HousingWire. "According to HUD, through the program, homebuyers contribute 'significant sweat equity' toward the development of their housing units or the units of others participating in the local self-help housing programs."

Low-income homebuyers can work toward their down payment through activities including "landscaping, foundation work, painting, carpentry, trim work, drywall, roofing, and siding. A minimum of 100 sweat equity hours is required from a household of two or more persons, while a minimum of 50 sweat equity hours is required from a household of one person."

More than half of the money in this round of grants is earmarked for Habitat for Humanity, which they will apply toward at least 284 SHOP units for low-income homebuyers who meet the sweat

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Important Things To Know About Home Inspections



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If you're hiring someone to inspect the home you want to buy, or you're a seller trying to find out if there are any hidden problems that need fixing before you put your home on the market, here are five things you need to know:

1. You can choose your home inspector.

Your real estate professional can recommend an inspector, or you can find one on your own. Members of the National Association of Home Inspectors, Inc. (NAHI), must complete an approved home inspector training program, demonstrate experience and competence as a home inspector, complete a written exam, and adhere to the NAHI Standards of Practice and Code of Ethics.

2. Home inspections are intended to point out adverse conditions, not cosmetic flaws.

You should attend the inspection and follow the inspector throughout the inspection so you can learn what's important and what's not. No house is perfect and an inspection on any home is bound to uncover faults. A home inspector will point out conditions that need repair and/or potential safety-related concerns relating to the home. They won't comment on cosmetic items if they don't impair the integrity of the home. They also do not do destructive testing.

3. Home inspection reports include only the basics.

A home inspector considers hundreds of items during an average inspection. The home inspection should include the home's exterior, steps, porches, decks, chimneys, roof, windows, and doors. Inside, they will look at attics, electrical components, plumbing, central heating and air conditioning, basement/crawlspace, and garages. They report on the working order of items such as faucets to see if they leak, or garage doors to see if they close properly. Inspectors may point out termite damage and suggest that you get a separate pest inspection. The final written report should be concise and easy to understand.

4. Home inspectors work for the party who is paying the fee.

The NAHI Standards of Practice and Code of Ethics clearly state that members act as an unbiased third party to the real estate transaction and "will discharge the Inspector's duties with integrity and fidelity to the client." A reputable home inspector will not conduct a home inspection or prepare a home inspection report if his or her fee is contingent on untruthful conclusions.

The inspector should maintain client confidentiality and keep all report findings private, unless required by court order. That means it is your choice whether or not to share the report with others. If you're a seller, you don't have to disclose the report to buyers, but you must disclose any failure in the systems or integrity of your home.

5. Inspectors are not responsible for the condition of the home.

Inspectors don't go behind walls or under flooring, so it's possible that a serious problem can be overlooked. Keep in mind that inspectors are not party to the sales transaction, so if you buy a home where an expensive problem surfaces after the sale, you won't be able to make the inspector liable or get the inspector to pay for the damage. In fact, you may not be entitled to any compensation beyond the cost of the inspection.

As a buyer, you need the home inspection to decide if the home is in condition that you can tolerate. You can use the report to show the seller the need for a certain repair or negotiate a better price. You can also take the report to a contractor and use it to make repairs or to remodel a section of the home.

One thing you should not do when buying a home is skip having the home inspected because of cost or undue pressure by the seller. A home inspection is reasonable, it can save you money in the long run, and it's required by many lenders, particularly for FHA loans. There's a reason why buyers should beware, and a home inspection gives you the information you need to make a sound buying decision.

Courtesy of Realty Times

February Real Estate Round Up

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "mortgage rates fell for the third consecutive week, continuing the general downward trend that began late last year. Wages are growing on par with home prices for the first time in years, and with more inventory available, spring home sales should help the market begin to recover from the malaise of the last few months."

- 30-year fixed-rate mortgage (FRM) averaged 4.35 percent with an average 0.5 points for the week ending February 21, 2019, down from last week when it averaged 4.37 percent. A year ago, at this time, the 30-year FRM averaged 4.40 percent.

- 15-year FRM this week averaged 3.78 percent with an average 0.4 points, down from last week when it also averaged 3.81 percent. A year ago, at this time, the 15-year FRM averaged 3.85 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.84 percent this week with an average 0.3 points, down from last week when it averaged 3.88 percent. A year ago, at this time, the 5-year ARM averaged 3.65 percent.

Courtesy of Realty Times



Mortgage Rate Locks: What You Need To Know

Ask any loan officer what they hear from consumers more than any other question is, "What are your rates today?" And that makes perfect sense. Consumers are encouraged to shop around for the best deal and the interest rate is the main component of that. But what consumers may not know is that rates can change daily and even during the course of a single business day in times of market volatility.

Such volatility has been rare over the past year or so but that's how rates can be higher in the afternoon compared to earlier in the day. What consumers also may not know is that mortgage rate quotes mean little until you're able to lock that rate in.

Years ago, a borrower could call up multiple lenders over a period of time and not only get a rate quoted over the phone but also lock that rate in. Without even submitting a loan application or any documentation at all. Those days are long gone and today lenders take interest rate locks just as serious as consumers do. When a lender locks in a client's rate, it essentially reserves those funds from its credit line.

As part of the initial loan disclosure period when someone first submits a completed loan application, consumers receive a Rate Lock Disclosure document. It is this document that spells out when someone can lock and what happens if a rate lock expires. Most lenders today won't accept a lock until and unless the lender has a completed loan application package. Lenders can also decline an interest rate lock request if there is no sales contract or subject property selected. However, when consumers do arrive at a point in the process where they can lock in a rate, they do have options.

Rates and fees will be the lowest for shorter term locks. How short can a lock be? Some lenders offer a lock period of 12 days but others ask for a 15 day lock. Once the rate is locked, and it's usually different than the one initially disclosed, then another round of disclosures are required showing the newly locked rate, APR and other features of the note.

Perhaps the most common lock period is 30 days, but borrowers may also be offered lock periods of 60 or 90 days. Remember, the shorter the lock period the lower the rate. Conversely, the longer the lock period, the higher the rate.

The lock period gives the lender sufficient time to prepare your closing papers and deliver them to your settlement agent. The lock period must be long enough to cover this processing time as well as reviewing your final, signed closing papers. Sometimes a rate lock is set to expire soon and the lender is not certain there will be enough time to fund the loan without a rate expiration. The general rule is this: if a rate lock is broken, the consumer is typically saddled with the higher of previously locked rate or market rates. It doesn't do the consumer any good to slow down the documentation process because rates in general have fallen below the original locked rate.

Lenders can however offer lower rates even if a rate was locked, but there are some lender requirements for a "float down." First, to get a rate lock extension, the extension must be issued before the rate expires and second, for a float down, market rates must have fallen by a specific amount. Don't expect to nab the lower rate if rates have only fallen by 0.125% for example.

There are also times when a lock expires due to no fault of the consumer and lenders can then provide a courtesy extension for enough time that it takes to fund the loan. Such a concession is typically when the loan process is taking longer than usual or the lender is taking more time than it should. These concessions are completely up to the lender's internal guidelines and not necessarily universal from one lender to the next. To do your part, make sure you act swiftly when providing documentation and answering any questions the lender might have while your loan is being moved through the approval process. If not and your rate lock expires, the lender can point to your delays in providing requesting documentation.

Courtesy of Realty Times

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equity requirement. HUD has a history of awarding SHOP grants; they provided \$9.9 million in sweat equity grants in 2016, \$13.5 million in 2011, and \$25 million in 2006.

The FHA isn't the only place buyers may be able to use sweat equity to help with their down payment. The Home Possible mortgage, which already offers one of the lowest down payments around at a minimum of three percent, is another option. "Do-it-yourselfers can apply sweat equity to assist in meeting their down payment and closing costs, co-borrowers who do not live in the home can be included for a borrower's one-unit residence, borrowers are permitted to own other properties, and more—all with competitive pricing and the ease of a conventional mortgage," said Freddie Mac.

Freddie Mac recently expanded the program so that borrowers can "cover their entire down payments with sweat equity," said Tim and Julie Harris Real Estate Coaching. "The Home Possible Sweat Equity Offering supports renovations of aging homes and provides borrowers with an additional form of down payment instead of cash, particularly in rural areas," said a spokesperson for Freddie Mac. "Borrowers can use sweat equity with no limits on the amount that can be applied to down payments, provided that the labor performed is completed in a skillful manner to support the appraised value (of the home) and is certified by an appraiser."

Courtesy of Realty Times

Black Hills Events

Rapid City Rush Games

March 22 & 23
April 5 & 6
Rushmore Plaza Civic Center

YFS Kids Fair

March 22 - 24
Rushmore Plaza Civic Center

2019 Home Show

March 29 - 31
Rushmore Plaza Civic Center

Creative Quilt, Art & Craft Market

April 5 - 5:00 PM to 8:00 PM
April 6 - 9:00 AM to 3:00 PM
Best Western Ramkota Hotel
& Conference Center

Forks, Corks & Kegs: Food & Wine Festival in Deadwood

April 5 & 6
Deadwood

Dakota Territory Gun Show

April 13 & 14
Rushmore Plaza Civic Center

Eggstravaganza

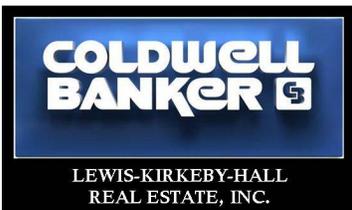
April 20
Main Street Square

National Parks Fee Free For First Day Of National Park Week

April 20
Check www.nps.gov for participating Parks

Information provided by:

www.visitrapidcity.com
& www.downtownrapidcity.com



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Pros & Cons Of Kitchen Islands

- 1. Extra work surface and extra storage:** The main benefits of a kitchen island is the additional countertop space and extra storage in the base.
- 2. Focal point:** By introducing a base color that's different from the perimeter cabinets, or a countertop material different from the perimeter, you can use an island to create a dramatic focal point.
- 3. Resale Value:** If you need another reason to like kitchen islands, consider their popularity. If you add an island, you can feel confident that, should you sell your home, other homeowners will see your kitchen as a selling point.
- 4. Cost:** Islands add a layer of cost to a project, which, depending on the homeowners' needs, isn't always necessary.
- 5. Takes Up Floor Space:** A smaller kitchen often makes this wish a non-starter. It's better to have a kitchen that functions well with a table or peninsula, or neither, like a galley. All function perfectly well if designed carefully and thoughtfully.
- 6. Traffic Paths:** You don't want to feel like a hamster in a cage going around and around your island. If appliances and storage needs aren't laid out properly, this could happen.

Courtesy of Houzz.com