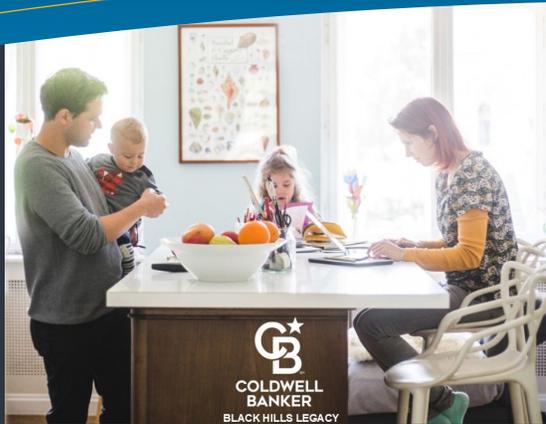


Rapid City Real Estate Update

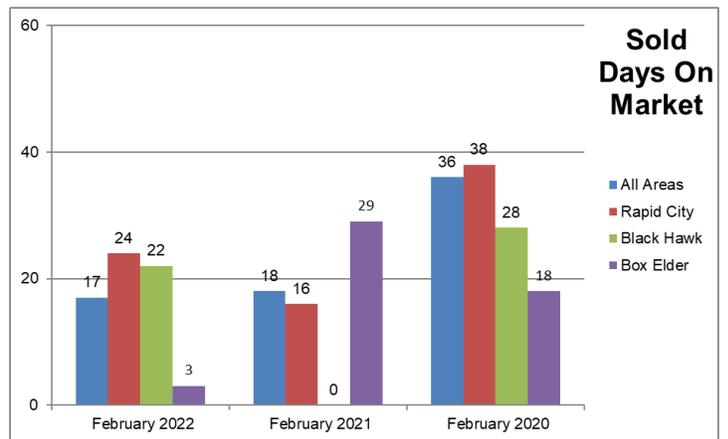
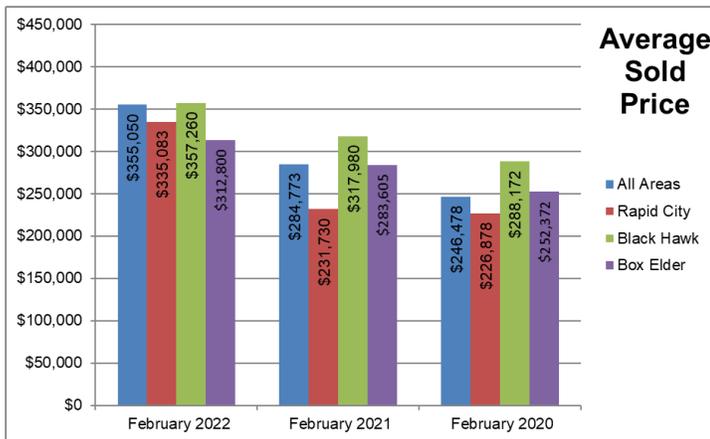
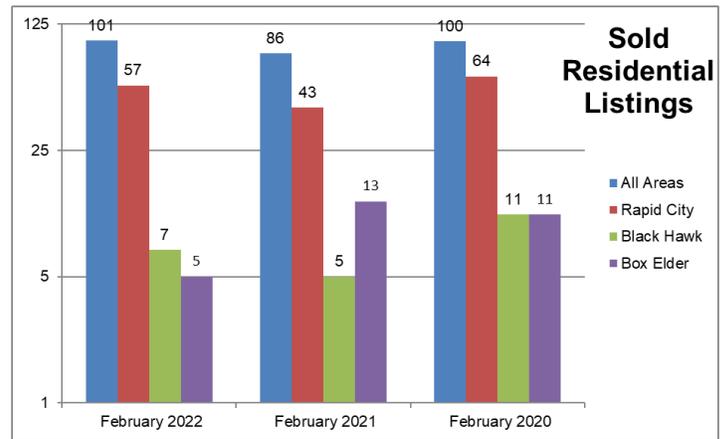
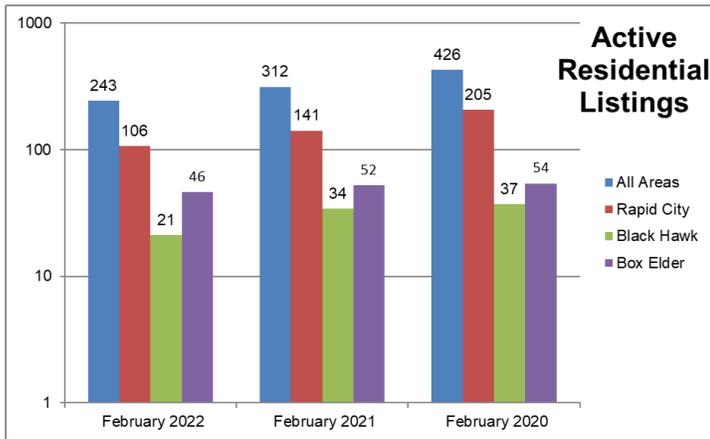


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Rapid City & Area Market Conditions For February 2022



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Jump Start Your Organizing & Simplify Your Next Move

When you're selling your home, getting your belongings organized can seem like a low priority. You're dealing with finding the right real estate agent, the best time to list your home on the market, and maybe even house-hunting for a new place to live.

All of that can keep you quite busy considering many of us have to do those things while we work a full-time job. Organizing your home so that you can simplify your move just doesn't seem practical.

However, there is one main reason why getting organized can not only simplify your next move but also help improve your chances of selling your home faster and for more money.

When you go through the process of getting organized, you should be eliminating items from your home which helps to clear clutter. Clearing clutter is one of the first things agents and experts who stage homes for sale will tell you to do.

When the clutter is gone, the home can be shown much easier. Potential buyers can see what makes your house so special and different from others in the neighborhood.

If you're putting off the process of getting organized because you think you should wait until you accept an offer, let me encourage you to get motivated to do it sooner. I've seen it happen many times. The homeowner thinks there's plenty of time and then when an offer is accepted they're thrust into high gear because the buyer wants to close escrow fast.

Of course, your agent can negotiate the closing date but sometimes a faster closing is a must. Yes, you may be able to rent back from the new owners to give you more time to prepare to move but you can't avoid the fact that you'll need to move at some point.

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How Will Rising Interest Rates Affect The Housing Market?

There is so much talk in the financial world and among people in general about the interest rate hikes in 2022. The central bank is laying its groundwork to raise interest rates this year and perhaps several times. Borrowers, as a result, will see the costs to get funding go up.

The Federal Reserve said they anticipate the first of potential multiple rate hikes to start in March as they look to dampen some soaring inflation.

So, what does all that mean to non-financial experts, and how is it likely to affect consumers and, more specifically, the housing market?

How Federal Funds Rates Affect Consumers

The federal funds rate is set by the central bank. The federal funds rate is the interest rate charged to banks to borrow and to lend money to each other overnight. This isn't the rate a consumer pays. However, when the Federal Reserve makes a move affecting this rate, it's also going to impact the rates for borrowing and saving money.

For a while, the central bank has been implementing what are often called easy money policies. Now, consumers are going to have to pay more to borrow. Unfortunately, the interest rates they get on their savings will be slow to catch up.

It's unlikely to be just one rate hike, and that's already been stated by the Fed. The last time rates went up, the Fed raised them nine times in three years.

The cumulation of rate hikes will most impact consumers on a personal level.

Borrowing Becomes More Expensive

The primary way consumers and the housing market are affected by the Fed's signaled changes is through more expensive borrowing costs. Long-term fixed mortgage rates are going higher, influenced by both inflation and the economy.

Many analysts think the 30-year fixed-rate home mortgage will be 4% by the end of the year. With rising rates, there are fewer opportunities to refinance, although the most qualified borrowers might be able to get a deal.

Right now, with impending rising rates, the best thing you can do before buying or considering refinancing is boosting your credit score and saving as much cash as you can.

With higher rates, housing prices might go down or at least slow down a bit. When the mortgage

rates are higher, in theory, that means higher monthly payments, which can price some buyers out.

Inflation can affect this assumption, though. Mortgage rates compared to inflation are still very cheap. Additionally, rent is also soaring, so we don't know if we'll see the same trends we do traditionally as rates rise, at least as far as the impacts on the housing market.

How the Federal Reserve Affects Mortgage Rates

Sometimes we think the Federal Reserve directly sets mortgage rates and impacts the housing market, but that's not the reality. Instead, they indirectly affect rates, and buyers and sellers.

The determination of mortgage rates is based on many factors like the growth or shrinkage of the economy, the inflation rate, and job creation. The monetary policy of the Federal Reserve is one factor.

The Federal Reserve is the central bank of the country, which guides the economy. The goal of the Federal Reserve is to stimulate job growth and manage inflation, which they do through monetary policy.

The Fed works to manage the cost of credit and the supply of money, with the main tool to do so being the federal funds rate. That's the interest rate we talked about above, and the federal funds rate is what banks charge each other for short-term loans.

There are no federal mortgage rates, but the federal funds rate influences longer-term loan interest rates, including mortgages.

In some cases, the mortgage market may lead on rates, and in other cases, the Fed is leading. Usually, they're moving in the same direction, but one doesn't always follow the actions of the other.

Mortgage rates already go up and down daily in response to the economy in the U.S. and worldwide. The mortgage rates inherently respond to the Fed's reactions when they meet and issue actions. There are even rare situations where the Fed's goes in an opposite direction from mortgage rates.

What does all of this mean?

While the Fed is signaling increasing rates several times throughout the year, we don't know how much they'll affect home prices or borrowing just yet. Historically, this might mean costs would go down, and the market would cool, but paired with other factors like inflation, we don't know for sure that will be true in 2022.

Courtesy of Realty Times



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Loan Application Stop Signs

Once your loan application is submitted the application is reviewed "as is." This means the information appearing on the application is valid at the time it was completed. If things change while your loan is being processed, there can be some delays as the new information is documented and verified. To make sure your loan is processed and approved on time, avoid these actions.

Switching jobs.

One of the primary functions lenders perform is making sure there is enough monthly income in an account that can handle the payments. This is typically performed by reviewing copies of the most recent paycheck stubs covering a 30 day period. When someone applies for a loan and submits paycheck stubs then shortly thereafter finds another employer during that period, those paycheck stubs are no longer any good. Plus, it will take at least another 30 days to obtain paycheck stubs from the new employer.

Borrowing money.

Lenders will verify not only that you have enough money for a down payment, closing costs and cash reserve requirements but that those funds are yours and yours alone. Your submitted account statements where these funds are coming from should have your name on them. Funds in an account should also be "seasoned" meaning they've been in the account for a while. Most lenders assume if an account has a balance showing sufficient funds to close for at least 3 months, the funds are yours. Borrowing money implies monthly payments to the lender at some point in the future.

New loans.

This is emphasized at the outset. Don't apply for a new credit account of any type. This will stop the lender from moving any further. How does a lender

know someone has applied for new credit? Many may not be aware that lenders not only review a credit report upfront but also make one final review immediately prior to funding the loan. Why? As a loan application is being reviewed, a new request for credit will show up on a credit report. Even if no new account was taken, a record of a recent credit request will be listed. The lender will see this new request and stop everything until more information is known about the inquiry. Is there a new loan taken out? A credit inquiry won't have any of this information on the credit report, but it will raise a red flag during the approval process.

Valuation issues.

This can be a problem when the sales price and the appraisal value don't match. When an appraiser first reviews a property, a copy of the sales contract is provided. The appraiser uses this information as a starting point to arrive at a final value. Most often, these two amounts are the same. If, however, the sales price is higher than the appraised value, the borrowers are asked to come to the closing table with the difference. Most often than not, borrowers decide not to pay the extra funds. In this instance, the buyers and sellers may elect to renegotiate the sales price.

Tracking funds.

This issue can come up when a borrower receives a financial gift from a family member or qualified source but is not documented as a financial gift...it just shows up in the applicant's account. Just as borrowed funds can be an issue, so too can undocumented dollars. If planning on receiving a financial gift to help out with the purchase, the gift funds need to be documented from the donor to the applicant. As well, a financial gift letter should be completed from the donors stating the transferred funds are a gift and there is no expectation of being repaid.

Courtesy of Realty Times

(continued from page 2)

Here are five tips that can help you jump start your organizing and simplify your next move. You will be glad you start before you get an offer to purchase your home.

1. Sort piles of belongings into groups: keep, giveaway, maybe, and trash. The "maybe" pile you box up and seal for six to 12 months. If you don't have a use for your items in the "maybe" box during the year then perhaps you can donate it.

2. Give yourself plenty of time. Be patient this process of getting organized takes time. Know that when it comes to sorting through personal papers and memorabilia it will take you much longer than reviewing other items. Leave some extra time for the expected reminiscing that will occur.

3. Store your items in clear plastic bins. Using clear boxes helps to let you have a quick view of what's inside. If you used cardboard boxes or colored bins, then use a pen to clearly label what's inside and which room it will go in at your new home. You might want to use a large piece of paper to write the label on so that you can reuse the bin again later for another purpose.

4. Get rid of the paper. A big problem in many homes is the paper trail they have from room to room. It could be magazines, newspapers, documents, advertisements, receipts, you name it. Most homeowners keep a lot of paper which creates a lot of clutter. Go through your files and reduce the paper by shredding or recycling documents you don't need. You'll find that a lot of what you're hanging on to, you just don't need.

5. Do it now! This is the most valuable tip. As soon as you finish reading this, go put a time on your calendar when you will begin to get organized. Placing it on your calendar should help you block off time to get started and prevent procrastination. If you take care of things right away, you'll find that life gets simpler. The same goes for your move. So, get organized and simplify your next move!

Courtesy of Realty Times

February Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "Even with this week's decline, mortgage rates have increased more than a full percent over the last six months. Overall economic growth remains strong, but rising inflation is already impacting consumer sentiment, which has markedly declined in recent months. As we enter the spring homebuying season with higher mortgage rates and continued low inventory, we expect home price growth to remain firm before cooling off later this year."

- 30-year fixed-rate mortgage (FRM) averaged 3.89 percent with an average 0.8 points for the week ending February 24, 2022, up from last month when it averaged 3.55 percent. A year ago, at this time, the 30-year FRM averaged 2.97 percent.
- 15-year FRM this week averaged 3.14 percent with an average 0.7 points, up from last month when it averaged 2.8 percent. A year ago, at this time, the 15-year FRM averaged 2.34 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.98 percent this week with an average 0.3 points, up from last month when it averaged 2.7 percent. A year ago, at this time, the 5-year ARM averaged 2.99 percent.

Courtesy of Realty Times



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To-Dos: Your Spring Home Checklist

With the first day of spring coming up, the time has come in many areas to start shedding winter layers and encourage new growth. Whether the view out your window this month is of a snowy wonderland or something springy and green, these to-dos should help you get in the spring spirit.

1. Remove storm windows and put up screens. If you used storm windows during the winter, take them down and put up window screens. If the weather has warmed where you live, take this opportunity to clean the windows, too.
2. Get lawn and garden tools tuned up. Sharp blades make for easier trimming, so bring in your gear now so you're ready to go when the lawn needs its first haircut.
3. Check the exterior. Once winter storms have passed, check the exterior of your home for signs of damage, from roof to foundation.
4. Pull out the porch furniture. Whether or not it's porch-sitting weather yet in your neck of the woods, just seeing your porch furniture out there can be enough to lift your spirits. Plus, getting things set up early will give you time to inspect your chairs, benches and cushions, and replace or repair worn-out pieces.
5. Make a fresh start in the kitchen. Clear the last of the Christmas cookie makings from the back of the pantry, shine up the stove backsplash, wipe out the veggie drawers in the fridge and clear the gunk from those hard-to-reach spots around appliances. A few hours of work will make your kitchen shine and set the stage for cooking healthy spring meals.
6. Bring in a touch of spring. Help usher in the season with colors and accessories inspired by new growth. Try a fresh spring green or pale sky-blue wall color, blooming bulbs, houseplants, a new painting or art print, or botanically inspired decor.
7. Remove winter layers and rotate mattresses. Feeling a bit stifled under a pile of thick duvets? Swap out heavy winter bedding for lighter-weight quilts and coverlets. Also consider changing deep-pile rugs for flat-weave or natural-fiber versions for the warmer months. While you are sprucing up the bedroom, don't forget to rotate your mattress.
8. Clean carpets and soft furnishings. Have carpeting steam-cleaned and send out area rugs for professional cleaning. Launder washable curtains, furniture slipcovers, pillow covers and shower curtains. If you're done with those heavy duvets, have them cleaned before storing them.
9. Get organized for tax season. Be proactive and start sorting paperwork and computer files now, so when tax time arrives next month, you will be prepared. If, while organizing, you realize your record-keeping system leaves a little to be desired, take the time to set up a more effective system now for the year ahead.
10. Clean light fixtures and fan blades. Have you taken a close look at your light fixtures lately? Dust and, yes (as gross as they are), dead bugs build up in and around light fixtures. Use a vacuum with an attachment or a long-handled duster to clean pendant lights, chandeliers and fan blades. If you need to get closer, use a sturdy stepladder, not a chair. And don't forget to clean the floor when you're done — some of that dust is bound to end up there.

Courtesy of Houzz.com