

# Rapid City Real Estate Update



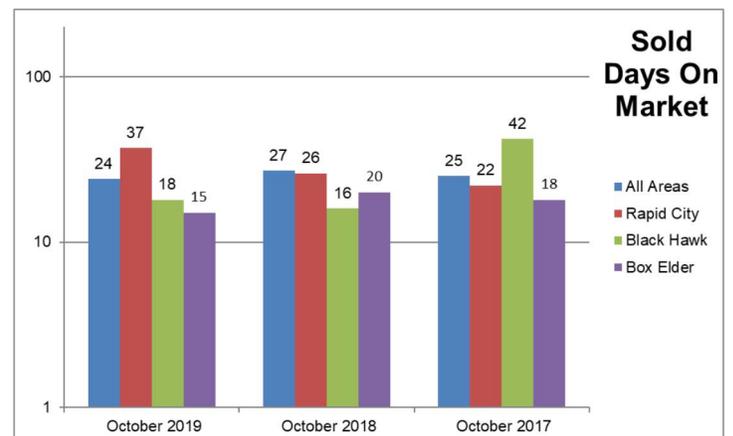
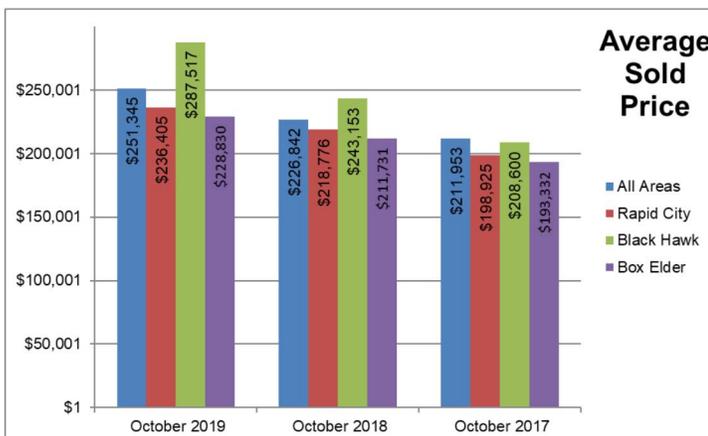
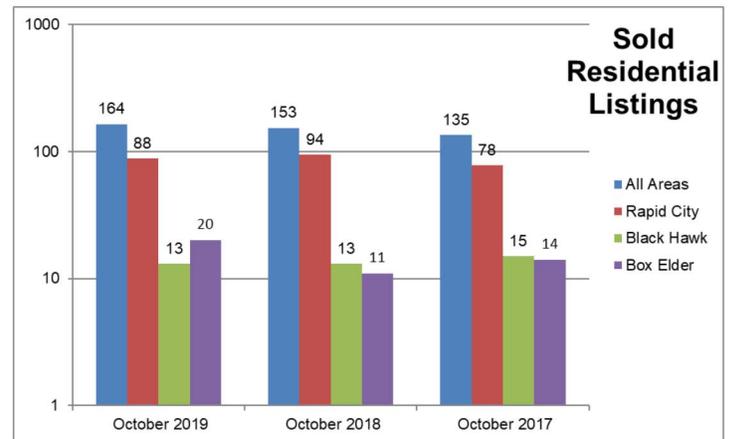
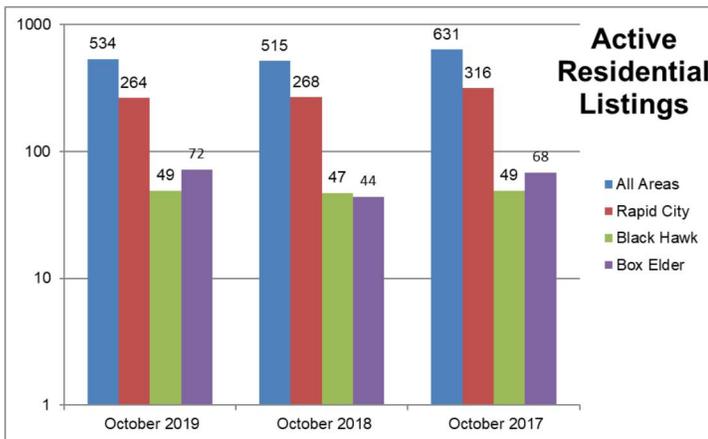
**BLACK HILLS LEGACY**

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## Rapid City & Area Market Conditions For September 2019



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## New Appraisal Rule: What Does It Mean For You?

A new home appraisal rule just went into effect—the first time in 25 years that “federal regulators have increased the property value limit of the homes that require an appraisal as part of the selling process,” said REALTOR® Magazine. The rule exempts some home sales priced at \$400,000 and below from requiring an appraisal. That figure was previously capped at \$250,000. “The new rules likely apply to about 40% of home sales, regulators estimate.”

So how will this affect home buyers and sellers? First, it should be noted that those homes that do receive the exemption still have to be evaluated “to provide an estimate of the market value of real estate collateral,” said Housingwire. “The agencies state that the evaluation must be ‘consistent with safe and sound banking practices.’ To that point, the rule establishes that an evaluation “should contain sufficient information and analysis to support the regulated institution’s decision to engage in the transaction.”

Also, the new exemption is not applicable for homes using FHA, HUD, VA, Fannie Mae, or Freddie Mac financing, which eliminates a huge percentage of homes right off the top. If you are in a position to buy or sell a home that no longer needs an appraisal, should you still proceed with one? Here’s why you may want to consider it.

### What is an appraisal?

“A home appraisal is an unbiased determination of the fair market value of the home by a professionally-trained third party,” said Forbes. “While that may sound complicated, all it means is that it’s a chance for someone who’s not personally involved in the sale of the home to give a true representation of (continued on page 3)



## Now That It’s Fall, Did You Miss The Home Selling Boat?



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Worried you missed your window when it comes to selling your home this year? It’s true that spring and summer are the hottest (literally) seasons of the year, with more buyers out there looking to purchase a home and get settled before school starts. Also, there is some recent data out there that says that October and December are two of the slowest months of the year for home sales.

But that doesn’t mean you can’t offload your home now, or that you won’t get a good price if you do. If you have to list now and you want to get your home in the best position to sell quickly and for a good number, heed these tips.

### Make sure your home is market ready

Buyers at this time of year tend to be serious. They may not be any more excited about buying right now than you are about selling, but they’re in the market because of a relocation or a financial situation or some other circumstance, and they likely want to find something, get it under contract, and move in fairly quickly.

A home that’s not in great shape is typically going to take longer to sell at any time of year—unless it’s a super bargain. When there are limited buyers out there and you’ve got competition from other area homes, your place has to show well.

That doesn’t necessarily mean you need expensive or extensive renovations. But a relatively inexpensive yet incredibly important update like painting out kitchen cabinets can go a long way. Following the basic rules of home staging is also critical:

- Scour and tidy up
- Declutter
- Depersonalize

Your real estate agent may have some other suggestions to make your home more sellable.

### Celebrate the season

A few pumpkins, a fall wreath, a couple of candles with an autumnal scent or a simmering pot of cinnamon sticks—there’re little touches that can help your home feel more inviting and more fall-like for showings, without going overboard. Your Halloween décor may be stellar, but real estate agents steer sellers away from over-decorating so buyers aren’t distracted or turned off.

### Put in a little extra effort for great photos

“According to one study done by a real estate photography company, top-notch photos can make your house sell 32% faster than a house with low quality or average pictures,” said Homelight. “That’s not just for million-dollar mansions, either. The study, conducted by VHT Studios, took houses of all values into account.”

It might be a little more challenging to get those photos in fall, however; Natural light is preferable for listing photos. “Fall and winter photos run the risk of looking drab, but well-timed summer photos are bright, clean, warm—really everything you need to stand out to serious buyers. So take advantage of the season’s best

days and include those photos in the listing when you go to sell in the fall,” said Owners.com.

If good natural light is hard to come by at this time of year in your area, using a professional photographer is even more important. They will have tricks to help overcome the challenges.

### Let There Be Light

Emphasizing the natural light in photos is one thing. You also want your home to look as light and bright as possible for showings and tours. “Retract blinds, and widen curtains, so there’s minimal window coverage,” said HGTV.

“The windows will look bigger, and it’ll encourage daylight to flow into your space. Experiment with your lightbulbs to find the most flattering hues for your space. A bathroom looks great with daylight bulbs (5,000-6,500K) and living spaces, such as bedrooms and living rooms, look best with soft white bulbs (2,700K). In general, your home’s design and color palette will play a part in what looks most appealing. Go for cozy and bright. If you’re upgrading bulbs in hard-wired fixtures, consider going all LED. Let the buyers know you’re leaving the bulbs for them.”

### Be mindful of your curb appeal

Falling leaves are inevitable in autumn. You may not be able to rake or remove every single one of them in time for a surprise or last-minute showing, but making sure you take a walk around your house every day to address any areas that need clean-up can help you from having to make a big effort when an agent calls with an interested client.

You know what they say: You only get one chance to make a first impression. “Rake dead leaves and debris in your lawn,” said The Balance. “Don’t let overgrown vegetation block the windows or path to the entrance. Cutting bushes and tree limbs will let the sun inside and showcase the exterior of your home. Cutaway summer vines and cut down dead flowers. Make the most of the autumn weather in the fall real estate market.”

Adding a few fall flowers is another good idea that will up your curb appeal. “The most popular autumn flowers are chrysanthemums (or mums), and they bloom for a long time. Marigolds are another idea for fall. Both mums and marigolds are available in yellow, which is my number one home selling color. Plant them in pots. Place pots on the steps and along the sidewalk.”

### Key in on your target market

Your agent should be able to help you pinpoint who the most likely buyers are. Armed with that info, you can tailor your home to specific target markets.

“If you have a hunch your house may appeal to empty-nesters, here’s how to play up that attraction: Emphasize multipurpose space—for instance, stage one bedroom as a home office-cum-hobby room—because empty-nesters crave flexibility for the future,” said Bob Vila. “Provide a map to points of interest within walking distance. To the extent possible, aging baby boomers wish to integrate exercise into their daily habits. Showcase quality. Without teenagers around, empty-nesters can enjoy more delicate finishes and fine details, so give them something to brag about. They want to upgrade as they downsize.”

*Courtesy of Realty Times*

# Scary Issues That Can Kill Your New Home Joy

Be afraid. Be very afraid. That new home you're thinking of buying might not be as perfect as you think. Danger lurks behind every wall. Or maybe just one. Either way, it's probably something you should know about.

Buying a home is full of challenges, and the one that might be the most frustrating of all is finding out there's something wrong after you've already closed escrow. In many cases, you may have recourse against the seller if there is an issue that wasn't disclosed, or against the home inspector if he or she missed something serious. But even then, you're still left with a problem you have to deal with when all you want is to be enjoying your new home.

Here are eight things to look for before signing on the dotted line.

## It smells moist

If you tour a home on a rainy day, don't automatically think that the moist smell is because of the weather. If it smells moist inside, you'll definitely want to make a return trip when the rain has passed to make sure there's no moisture issue in the house.

## There's a telltale pet odor

That could mean damage to carpet or floors. It might be something you can work out while negotiating, but you definitely want to be aware of what you're dealing with so that there are no surprises later on, like pet urine that has seeped down through the wood floors into your sub floor, costing you thousands.

## The neighborhood is iffy

Maybe there's more crime than you're comfortable with or too much of a commercial presence. It's all about what's acceptable to you.

## Neighbors' homes are unkempt

If you're not looking in an area that has a homeowners' association, pay special attention to what the neighbors' homes look like. If you're seeing curious paint choices, cars on the lawn, and grass

that's waist-high, you might want to think hard about whether this is the neighborhood for you. Some buyers appreciate the character of a neighborhood but doesn't have the strict rules governing what they can and can't do. But a neighborhood without an HOA can also have issues when neighbors don't take care of their homes, and this can affect your property values.

## It took you a long time to get there

Have a serious conversation with yourself about how much is too much when it comes to the commute. If it took you an hour and a half to get there from work, is this something you can live with every day?

## It's dirty

There are times when a home goes in the market and it's clear the seller didn't make the effort to get it in shape prior to listing. It's not just about a lack of updates but a lack of upkeep, as well. While you may not know the circumstances behind the home, and while it may seem like a great deal if you can get it for a good price, be cautious. A home that is in bad shape on the surface may have a bunch of issues you can't see.

## It's dark in the house

Sellers will typically open up all shades and blinds and turn on all the lights for showings, but nothing is stopping you from flipping those light switches off to see what the natural light situation is really like. If the place is dark even with all the blinds open and lights on and natural light is really important to you, it might not be the house for you.

## It's too perfect

A home that's really well staged can look super appealing. But buyers have to train themselves to look at the home, not the furniture and furnishings. What will the house look like without that staged furniture? Does the floorplan work for you? Are the pieces scaled for the room or for real families? Are there any curious configurations like a chair blocking access to a fireplace. Getting past the stager's tricks to see the house for what it is will help you to decide if it's really for you.

*Courtesy Of Realty Times*

(continued from page 2)

the home's worth. It's worth noting that an appraisal is entirely separate from a home inspection. The former deals with the financial value of your new home. The latter is an inspection of the functional quality of your home's systems, like HVAC and plumbing."

There are a number of factors that contribute to that fair market value. "In a purchase-and-sale transaction, an appraisal is used to determine whether the home's contract price is appropriate given the home's condition, location, and features," said Investopedia. While the evaluation process is intended to provide guidance when it comes to pricing, it is unknown at this point how those evaluations will compare to appraisals, if they will carry the same weight in terms of establishing home value, if they will disproportionately favor the lender, etc.

## Value protection

Buyers and sellers each have a vested interest (literally) in knowing how much the home they are buying or selling is worth. For sellers, an appraisal can help inform the listing price, and may also be able to help a seller justify a higher listing price because of improvements they have made to the home.

On the other hand, if a home appraises for less than the sales price, buyers have a negotiating tool. "An appraisal is important because it protects your investment," said Forbes. "It's there to ensure that, as the buyer, you don't pay more than the home is actually worth. It's also important for securing financing. In today's mortgage industry a bank will only give you a loan up to the fair market value of the home. Therefore, if an appraisal comes back lower than the purchase price, the lender may only issue you a loan for the appraised amount."

*Courtesy of Realty Times*

## October Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "The outlook for a favorable resolution to the trade dispute between the U.S. and China is still unclear, introducing some volatility into financial markets and the benchmark 10-year Treasury yield. Mortgage rates are following suit but are at near historic lows, while mortgage applications to purchase a home remain higher year over year."

- 30-year fixed-rate mortgage (FRM) averaged 3.75 percent with an average 0.5 points for the week ending October 24, 2019, up from last month when it averaged 3.64 percent. A year ago, at this time, the 30-year FRM averaged 4.86 percent.
- 15-year FRM this week averaged 3.18 percent with an average 0.5 points, up from last month when it also averaged 3.16 percent. A year ago, at this time, the 15-year FRM averaged 4.29 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.4 percent this week with an average 0.3 points, up from last month when it averaged 3.38 percent. A year ago, at this time, the 5-year ARM averaged 4.14 percent.

*Courtesy of Realty Times*

# Black Hills Events

## Rapid City Rush Games

November 20, 22 & 23  
December 4, 6, 7, 11, 13, 14, 27 & 28  
Ice Arena, Rushmore Plaza Civic Center

## Holiday Express 1880 Train

November 29 & 30  
December 6-9, 14, 15, 21-24, 27 & 28  
1880 Train Depot, Hill City

## Holiday Celebration & Winter Market

November 30 - 2:00 PM to 6:00 PM  
Main Street Square, Rapid City

## Cirque Dreams Holiday

November 23 - 4:00 PM  
Rushmore Plaza Civic Center Theatre

## Christmas Nights of Lights

November 29 & 30  
December 1, 6-8, 13-23, 26  
National Parks & Monuments

## Happy Holidays With The

Black Hills Symphony Orchestra  
December 7 - 7:30 PM  
Performing Arts Center of Rapid City

## The Nutcracker

November 29 - 7:00 PM  
November 30 - 2:00 PM & 7:00 PM  
Rushmore Plaza Civic Center Theatre

## Festival of Lights Parade

November 30  
Downtown Rapid City

## Information provided by:

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

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## Is It A Good Time To Buy A House?



Is it a good time to buy a house? The summer rush is over, mortgage rates are super low, and the job market is strong, leading the Federal Reserve to proclaim that the housing market is the economy's "bright spot." So, in a word, Yes!

"Housing activity indicators displayed further gradual improvement in August," the report said. "Single-family housing starts and permits have rebounded over the past three months. New and existing home sales rose in August. A still-strong labor market and low mortgage rates could continue to provide support to housing."

The report noted today's low mortgage rates, which create greater affordability and buying power for those looking to purchase a home. It pointed to "August's 7.1% gain in new-home sales to 713,000 at a seasonally adjusted and annualized pace, which was 18% above the year-earlier month," said HousingWire. "And, the Fed cited the 1.2% gain in existing home sales in August that put the sales pace 2.9% above a year earlier."

According to the report, the combination of a strong labor market and favorable mortgage rates should continue to keep the housing market in positive territory. However, "The report did note the shortage of homes for sale as one major hurdle facing the housing market that could limit its continued growth," said Realtor.

The report was partially based on the Federal Reserve Bank of New York's U.S. Economy in a Snapshot, a monthly look at national economic factors.