

# 87 Rapid City Real Estate Update

September 2018

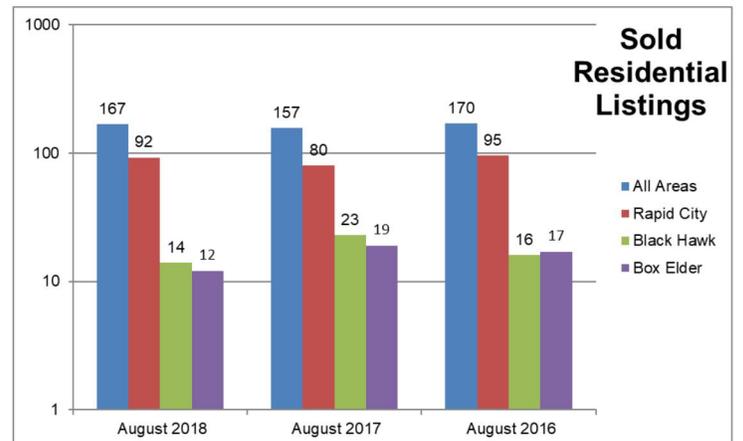
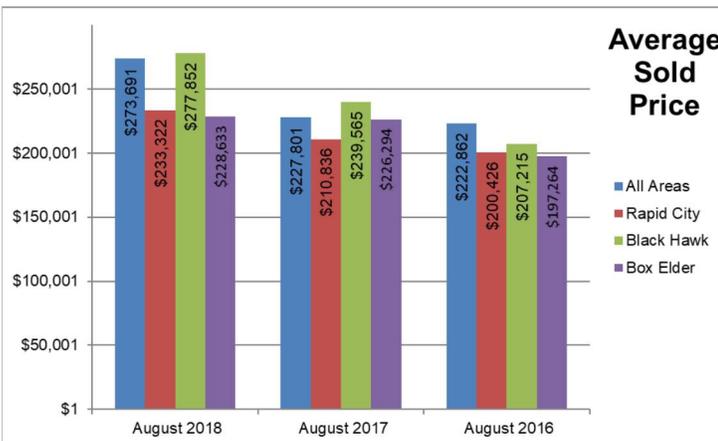
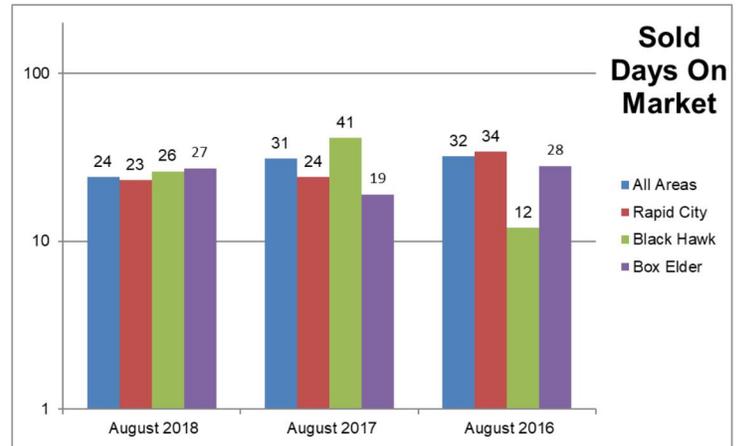
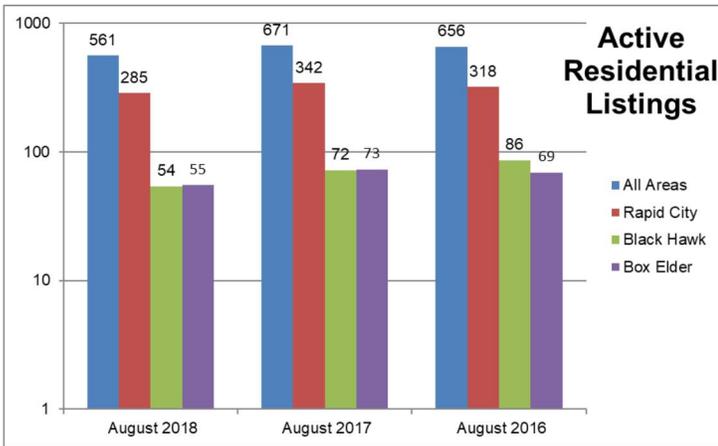


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REAL ESTATE, INC.

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## Rapid City & Area Market Conditions For August 2018



## 5 Finance Tips To Know When Buying A New Home

Buying a home is a massive financial risk, no matter how prepared you might be. Purchasing a home comes with liability, increased cost of living, unexpected stress, and more time commitments; however, the rewards for buying a home are just as great. Real estate ownership is an opportunity to build wealth in many ways. So be sure to get started on the right foot for a more successful real estate adventure using these 5 basic financial tips below:

**Prepare Before Purchasing:** If you've been watching the market in your area, you're bound to notice how quickly homes come and go. This can create an urgency to rush the process, jumping on a house before you're truly ready to make the move. Preparation before purchasing real estate is simple, but requires patience.

Get your finances in order. This includes paying down outstanding debts, setting an accurate budget for daily living, and having a clear picture for what you can truly afford. Once you've done this, take the time to save for a larger down payment. Zero-payment down loans and small down payment loans are out there, but they come with many strings attached. There will always be opportunities to buy later, when you're ready.

**More Square Footage Equals Higher Cost Of Living:** Considering buying real estate to increase your living space? Besides the added cost to your monthly mortgage payment, plan for increases in these bills as well:

- Homeowners Insurance
- Heating and cooling costs
- Larger heating and cooling unit maintenance
- Water for home and lawn maintenance

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## 4 Things You Should To Be Doing With Your Home Equity



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You may be sitting on a goldmine. Or a small fortune. Or at least a little chunk of cash. Rising home prices across the country means homeowners have some equity. So what can you do with it? More importantly, what should you do with it? If you've got money in your house, you've got some options.

"Done wisely, you can use the lower-interest debt secured by your house to pay off debts with high interest rates, like credit cards," said houselogic. "It's also a good choice if you know exactly how much you need to borrow for a big expenditure like a new kitchen."

Historically low interest rates have ignited "a surge in demand for home equity loans this year," said HOUSINGWIRE. James Chessen, chief economist for the American Bankers Association, told them: "The market for home equity loans and lines will likely continue to grow as a larger pool of qualified borrowers looks to take advantage of low rates to make property improvements or pay off higher-interest debt."

1. Make smart updates to your home : Home improvement is "the No. 1 use" of home equity loans and home equity lines of credit (HELOCs), Kelly Kockos, senior vice president of home equity for Wells Fargo in San Francisco, told Bankrate.

Smart property improvements that raise the value of the home make sense for those who have a cushion. But, it's important to keep in mind the increase in payments. Even if a kitchen remodel or an overhaul of the front-yard landscaping ends up raising the value of your home, you won't recoup that money until you sell.

Make sure you're not "increasing overhead to the point that it's not affordable or comfortable for you," Justin Lopatin, vice president of mortgage lending for PERL Mortgage in Chicago, told Bankrate.

You'll also want to focus on smart renovations that provide return on investment. An attic remodel may not pay off like updates to your bathrooms.

2. Put your kids through college: "A HELOC or home equity loan can be an attractive way to finance a child's education because the interest rate might be lower and the maximum loan amount higher than some other types of education financing," Andy Tilp, president of Trillium Valley Financial Planning in Sherwood, Oregon, told Bankrate.

Interest rates on home equity loans and lines of credit are "roughly comparable" to rates federal Stafford loans, according to HSH.com, "but far less than the 7.21 percent interest rate currently charged for federal PLUS loans made to parents."

3. Pay off those high-rate credit cards: Did you know that the average interest rate on credit cards is more than 15 percent?! If you have a \$10,000 debt on a credit card at that interest rate and make the minimum payment, you'll be paying it off for nearly 30 years, and it'll cost you almost \$12,000 in interest.

A HELOC with an interest rate around five percent that you use to get your card(s) paid off makes a lot of sense.

"HELOCs are often touted as a great vehicle for consolidating high-interest debt," said nerdwallet. "Because HELOCs are secured by your home, their interest rates are significantly lower than credit cards. Additionally, rates on home loan products (including HELOCs) have been at historic lows since the Great Recession. This means that if you roll several cards onto one HELOC, you could save serious money on interest payments." The tax-deductible interest is also a huge advantage. "This could add up to savings when tax time rolls around."

4. Leave it alone: If there's one thing we learned from the downturn, it's that reckless financial decisions related to your house can have dire consequences.

"The fact that you're staking your home against your ability to pay off the debt is just the beginning of the potential drawbacks," said HOUSELOGIC. "A home equity loan is a lien on your house that usually takes second place to the primary mortgage. As such, home equity lenders can be left with nothing if a house sells for less than what's owed on the first mortgage. To recoup losses, second-mortgage lenders will sometimes refuse to sign off on short sales unless they're paid all or part of what they're owed."

Moreover, even though the lender loses its secured interest in the house should it go to foreclosure, in some states, it can send debt collectors after you for the balance, and report the loss to credit agencies. This black mark on your credit score can hurt your ability to borrow for years to come."

Leaving your equity and letting it continue to grow while the home appreciates and/or you pay down the balance is the safest choice. But is it the one that works for you?

**By Jaymi Naciri**  
*Courtesy of Realty Times*



## Closing Documents You Should Keep

On closing day, expect to sign a lot of documents and walk away with a big stack of papers. Here's a list of some documents you should file away:

**HUD-1 settlement statement.** Itemizes all the costs - commissions, loan fees, points, and hazard insurance - associated with the closing. You'll need it for income tax purposes if you paid points.

**Truth in Lending statement.** Summarizes the terms of your mortgage loan, including the

annual percentage rate and rescission period.

**Mortgage and note.**

Spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.

**Deed. Transfers ownership.**

**Affidavits.** Binding statements by either party.

**Insurance policies.** Provide a record and proof of your coverage.

*Courtesy of Realty Times*

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- Electricity
- Larger appliance repairs
- Property taxes
- Home furnishings and renovations

**Budget For Unplanned**

**Repairs:** If a larger home is an uncomfortable increase in cost of living, then you might not be ready for what comes next - inevitable home repairs. Home repairs will be needed on a regular basis. The cost for these repairs will vary widely. But especially with a larger home, you will need to plan on high repair costs as cooling, watering, plumbing, electrical, roofing, etc. are all more extensive systems. While planning your finances for purchasing real estate, add into your budget a savings for home repairs.

**Regularly Inspect Major**

**Appliances:** Set aside more room in your budget for regular inspections of major appliances like water softeners, water heaters, home heating and cooling units, and more. Regular inspections and preventative maintenance will save you money in the long term. When these major appliances go unattended and later break down, their repairs (or replacement) is a much higher fee to pay.

**Build Equity With Larger Mortgage Payments:**

A 30-year fixed rate mortgage is standard practice for home buying. But just because everyone else is doing it, doesn't make it the smartest route to take in purchasing real estate. Over 30 years, you'll pay a lot more interest and build equity much slower. The ideal route for purchasing a new home is with a 15-year fixed rate mortgage (unless you have cash, then forget financing!). If that isn't possible, making an additional mortgage payment at least once a year can help to dramatically lower the interest you pay on the overall loan.

*By Brad Jensen  
Courtesy of Realty Times*



## 4 Repairs You Need Before Selling Your Home

Selling your home is a complex process that may take weeks to complete. This is partially because your house may need to be updated or renovated before it can go on the market. What are some of the most crucial fixes that you should make before listing your property?

**Update the Exterior:** The first thing that you will want to do is make sure that the home's exterior is in good condition.

This may involve landscaping work such as removing trees or shrubs that are dead or dying. It may also involve inspecting the roof, siding or other exterior components that may need to be repaired or updated to make the house easier to sell.

At the very least, a fresh coat of paint should be applied before putting the house on the open market.

**Check the Air Conditioning:** If you have a central air conditioning unit in your home, make sure that it works properly. This means that it should start easily and produce an even amount of cool air throughout the house.

Ideally, you will have it inspected once a year by someone like Doctor Fix-It. However, inspecting it and making repairs prior to selling your home should be considered mandatory. It may also be a good idea to

check the furnace and clean the ducts before you show the home to buyers.

**Make Sure the Floors Are Adequate:**

Whether your home has wood floors or carpet, make sure that they are in good condition. If necessary, wax and clean the wood or put down new carpet in areas where it may be frayed or dirty. If you are going to replace your carpet, make sure that it is the same color and style throughout a given space.

**Check the Plumbing and Electrical Systems:** Buyers aren't going to want to put an offer on a home that has poor water pressure.

They are also unlikely to want to make an offer on a home that has dangerous electrical wiring. If the fixes to either system are relatively minor, you can do them yourself.

However, it may also be a good idea to call a professional to make sure that the job is done safely.

Selling your home can be a great way to help you downsize or lock in profits. However, if the process is not done right, it could reduce the sale price of the home or result in the home staying on the market longer than you anticipated that it would.

*By Meghan Belnap  
Courtesy of Realty Times*

# Black Hills Events

**National Parks Fee Free For National Public Land Day**  
September 22

**Custer State Park Annual Buffalo Roundup**  
September 28  
Custer State Park

**Great Downtown Pumpkin Festival**  
September 29 - 9:00 AM to 5:00 PM  
Main Street Square, Rapid City

**1880 Train Oktoberfest Espresso**  
September 29  
1880 Train Depot, Hill City

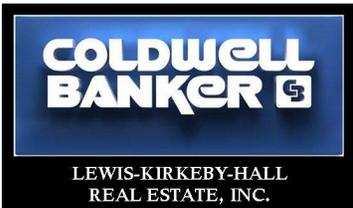
**6th Annual Fall Volksmarch**  
September 30 - 8:00 AM to 4:00 PM  
Crazy Horse Memorial, Custer

**Oktoberfest in Deadwood**  
October 4 - 6  
Deadwood

**2018 Black Hills Powwow**  
October 5 - 7  
Rushmore Plaza Civic Center

**SDRA Finals Rodeo**  
October 12 - 14  
James Kjerstad Events Center,  
Central States Fairgrounds

**Information provided by:**  
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## The Kind Of Smart Homes People Actually Want

Americans' thirst for smart home technology is growing, with more home owners seeking greater control of their home's appliances, lighting, and systems. Indeed, more than 70% of about 2,000 adults recently surveyed say they wish they could just control something in their home from their mobile device, according to Lowe's Smart Home Survey.

What do they most want to be able to do? The survey showed respondents wanted to be able to adjust the thermostat, turn on the lights, or start the coffee pot before they get out of bed.

Besides added convenience, 40% of adults surveyed say they believe a smarter home would help them trim costs and save money on their utility bills. Sixty-two percent said they find smart home systems are most beneficial for monitoring safety and security. So with the technology pool in the smart home arena ever-expanding, what's holding back adoption rates? The top considerations holding back respondents from purchasing such products were cost or fees (56%); ease of use (13%), and security (11%). Americans are more than twice as likely to prefer a do-it-yourself solution, without a monthly fee, over a professionally installed/monitored system with a monthly service fee, according to the survey. In general, Americans feel positively toward products that will make their homes safer, energy efficient, and easier to manage.

*Courtesy of Realty Times*