

Rapid City Real Estate Update

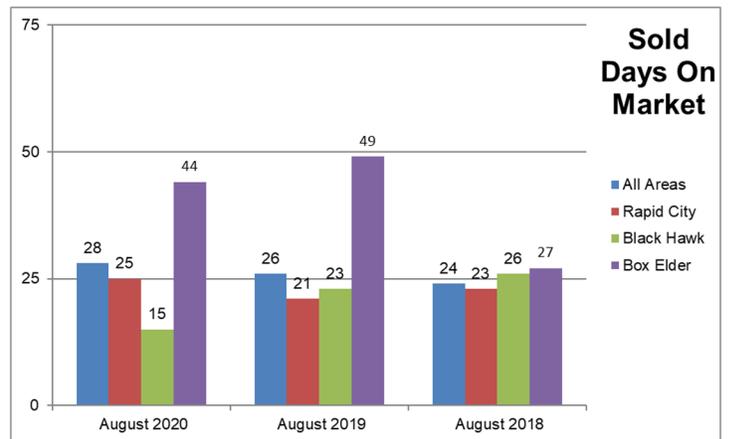
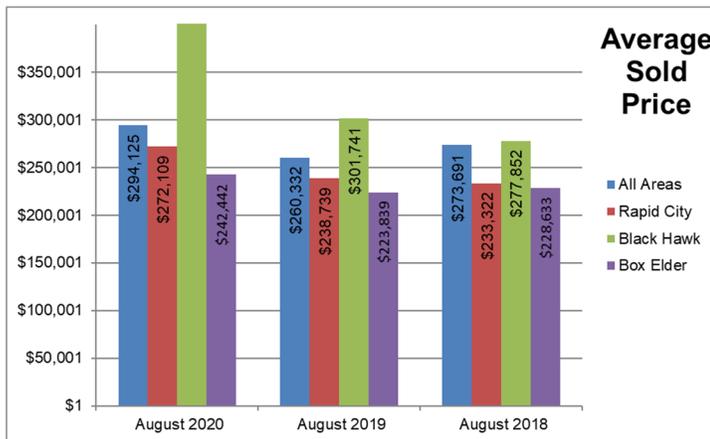
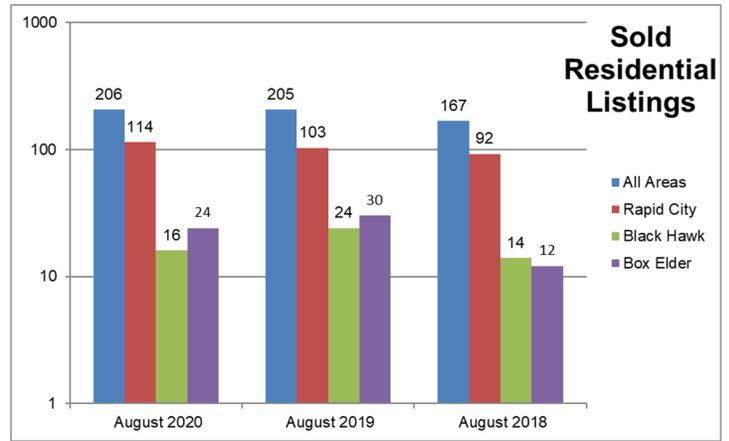
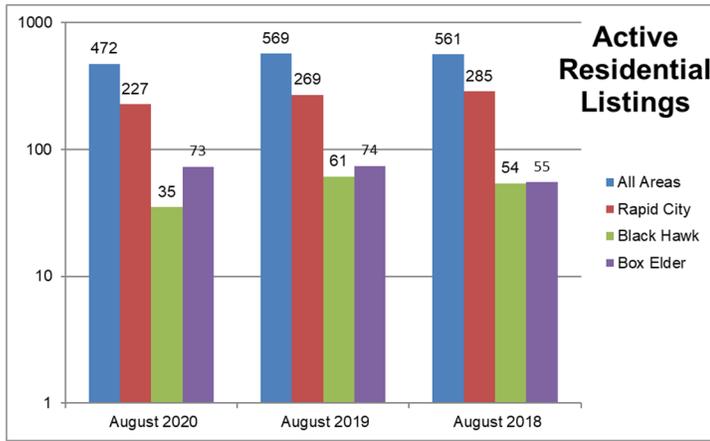


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Rapid City & Area Market Conditions For August 2020



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Keep Calm: How To Answer Lender Questions

The loan approval process is indeed exactly that: a process. From the initial application submission all the way to the settlement table and beyond, there are many different steps that are taken. From the borrower's point of view however, things get pretty quiet after submitting the application and providing the needed documentation. It wouldn't take much to imagine a loan file just sitting on someone's desk waiting to be looked at. But that's not what's going on at all. There are different people working on different aspects of the submitted loan. An appraisal is ordered. Credit reports and credit scores are requested. Title insurance policies are generated.

Things get pretty quiet for the borrower during this time but in reality, the wheels are turning. Once the file is ready for a review, the completed loan package is delivered to the underwriter. The underwriter is the person making sure the submitted loan meets the guidelines established for the requested loan program. Generally, this mostly means the underwriter goes down the approval checklist and signing off on them one by one.

After about two weeks in and a bit of silence on the borrower's end, a voicemail is left. The lender called and has a couple of questions. Uh oh. What now? What did they find? Is there something I don't know about? Are they turning down my application?

For the uninitiated, this might cause a bit of consternation. But from the lender's point of view, it's perfectly common. When a loan is first submitted it is digitized (if it isn't already) and electronically submitted through an Automated Underwriting System, or AUS. Within a few moments after the submission, a list of "findings" is sent back.

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How Buyers Can Navigate A Seller's Market

Most analysts would say that currently, we are in a seller's market. The summer of 2020 has been an interesting time. While the coronavirus has negatively impacted much of the economy, real estate has been surging.

Much of this is likely due to the low interest rates, hovering below 3%. There are other factors too, including pent up demand following strict lockdowns during the spring, and for some people, there's a focus on moving to the suburbs and away from bigger cities.

If you want to buy, there are a lot of factors in your favor right now, but also challenges because it is what you would characterize as a seller's market. In June, the median home price nationwide rose to \$295,300, which was in part not only because of the factors named above but also because of low inventory.

Also, while we've talked a lot about unemployment over the past few months, we have to consider that many people didn't lose their jobs. In households where people stayed employed, they may feel like they're financially secure enough to buy a home. Sellers are finding that they're getting multiple offers and offers well above ask.

So what can buyers do during this time?

Be Decisive

If you're going to jump into a seller's market head-first, you're going to have to be decisive. Time is critical in these situations, and sometimes getting the home of your dreams is as simple as being first.

If you want to see a home that goes on the market, don't wait until the weekend for a showing. Try to get a showing as soon as you can, or if that's not possible, do a virtual showing.

Along with being decisive and ready for what's coming, choose a great real estate agent. You don't want a real estate agent who you're playing phone tag with during a seller's market, because you're losing precious time. You want someone sharp and responsive.

Submit a Clean Offer

During a seller's market, it's not a good idea to give an offer with contingencies. This might actually mean the difference between offers for a seller. A seller might be more interested in finishing things up quickly rather than getting a higher price for their home.

If you can give up some of the traditional contingencies, then a seller might think your offer is more appealing because these provide you with chances to back out.

You can still protect yourself, even without contingencies. For example, maybe you get your loan completely underwritten. This means you go through the full loan process before you make an offer.

Let Go of Perfection

The inventory is really limited right now, and demand is high. This makes it even less likely that you're going to find the perfect home, and that's okay.

It's sometimes better to buy a good home and then make it perfect rather than waiting for perfection to hit the market. There's a very strong chance that even when inventory expands, there still won't be a perfect home.

Be Disciplined with Your Budget

When bidding wars are possible, and things are competitive among buyers, it's easy to get carried away. You may get so emotionally attached to a house that you're willing to go well beyond your budget. Emotions are also heightened when you're buying a home anyway.

Set a budget, and don't let yourself go above it, no matter what the other offers may look like.

Sure, offering too much may get you the house, but it's going to create financial stress for you for years to come.

Offer More Earnest Money

Earnest money is something like a deposit and you provide it alongside your bid. It's a way to show the seller you're serious, but if the deal doesn't go through you can get that money back.

Usually, you'll see buyers offering around 1%, but during a hot market, think about offering more. It shows that you're more invested in the deal and less likely to let it slip through your fingers.

If you have the option to pay with cash, that's almost always going to win you favor. Cash offers take out the element of financing contingencies, and they make for a simpler transaction, which is beneficial for buyers. A cash buyer also tends to be more serious, and when you buy with cash you're not beholden to the lender through the closing process.

Finally, if you do enter the market and find that it's not working for you, or maybe you're nervous about the prospects, consider waiting. It's easy to get carried away even in a buyer's market. A seller's market can be even more likely to lead you to make a poor financial decision.

Of course, it's tough to time the market, but if you do have some flexibility in when you buy, consider holding off.

Courtesy of Realty Times



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Improving Home Appeal: Herb Gardens

Having an herb garden can help demonstrate to potential buyers that your home is one in which to put down "roots."

Though an herb garden may be a relatively small landscaping addition, studies have shown that well maintained and landscaped yards can increase your home's value up to 11 percent.

When beginning the planning of your herb garden it is important to consider two things:

- What are your needs when it comes to cooking, displaying, and your general usage of herbs?
- What is the condition of your soil (sandy, clay, dry, shady, sunny)?

Choosing your herbs

So consider for a moment what you use and would use herbs for. If you mostly use herbs for cooking, consider planting rosemary for use in chicken dishes, dill for use in seafood dishes, parsley for garnishing, and mint for use in iced teas.

If you are interested in using herbs for home remedies you may consider planting:

- Clary sage (*salvia sclarea*) -- can be dried and used in teas for aiding in relaxation and digestion.
- Comfrey (*symphytum officinale*) -- effective for use on animals. May help in arthritis and rheumatism in dogs. Also good as a salve on bruises.
- Oregano (*origanum vulgare*) -- can be used to ease respiratory issues.
- Chamomile (*matricaria chamomilla*) -- another great herb to dry and use in teas. You can also use the dried white flowers in a bath to calm irritated skin.

Don't limit yourself when it comes to using the herbs you grow in your garden. They may be used fresh to flavor foods and garnish dishes. You can dry them to use as seasonings year round. Many herbs can be made into salves or all natural medicinal treatments.

Soil Condition

There are several factors to consider when analyzing your soil. The most important of these is drainage. You do not want water to stand, or pool, around your plants. This can cause mold to begin growing on your plants or may even kill them.

Another important factor is the amount of sunlight your herbs will receive. Most herbs enjoy full sunlight, though they will require regular watering if they are in direct sun for the entire day.

If you think that even after preparing the soil for planting that it still won't be sufficient for growing your herbs, then I recommend buying some good potting soil and planting your herbs in 12" or 18" pots. This would also be ideal for individuals who live in condos or residences where digging in the yard is not an option. By having your herbs in pots, you will be able to have them inside during winter months. Herbs all year round!

You should find that cultivating an herb garden is relatively easy and low maintenance. Few pests attack herbs, other than the occasional aphid or mite. And not only will you be able to enjoy some of these herbs this summer, you will also have the perennial favorites again next year.

There are simple ways that you can increase the appeal of your home, whether you are planning to sell or planning to stay for years to come. By including an herb garden in the plans for your backyard landscaping you can ensure that certain touches of "home" will go further than just the dinner plate.

Courtesy of Realty Times

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These findings are sometimes referred to as loan conditions. For example, the findings ask for the most recent paycheck stubs covering a 30 day period. Or maybe some updated bank statements are being asked for. In general, and at this stage, the loan has essentially been pre-approved and all that is needed is some follow up paperwork. Credit documents within the file need to be less than 30 days old. Most often these requests are simply to get the loan file in compliance with these findings.

The takeaway is essentially that once these findings are produced, the loan begins the documentation process. In other words, the borrowers and the lender know in advance whether or not the loan will make it to the settlement table. Because of the AUS findings, if there are some things that are amiss, they're taken care of at the beginning of the process. The only time a loan does get a pre-approval but is later derailed is due to some things discovered that weren't know at the time of application. But in general, most loans do in fact close with few if any problems.

But it's the voicemail that the lender left that can bring a bit of pause. The trick to answer lender questions is very simple: answer them. At this point the lender isn't still deciding whether or not to approve your loan application but instead just filling in any paperwork gaps needed to get the closing papers to the settlement table. If there is a recent late payment showing up on a credit report, a lender might want an explanation letter. The response? Just describe what happened. Many times, the response is "I don't know how that payment is showing a late" or some such response. There's no need to get creative with a lender question, just answer and move on. In all likelihood, it's a harmless request. So, pick up the phone and return the call.

Courtesy of Realty Times

August Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "This year has been anything but normal and as the uncertainty lingers, mortgage rates remain near record lows. These rates continue to incentivize potential buyers and the home buying season, which shifted from spring to summer, will likely continue into the fall."

- 30-year fixed-rate mortgage (FRM) averaged 2.91 percent with an average 0.8 points for the week ending August 27, 2020, down from last month when it averaged 2.99 percent. A year ago, at this time, the 30-year FRM averaged 3.58 percent.
- 15-year FRM this week averaged 2.46 percent with an average 0.7 points, down from last month when it averaged 2.51 percent. A year ago, at this time, the 15-year FRM averaged 3.06 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.91 percent this week with an average 0.2 points, down from last month when it averaged 2.94 percent. A year ago, at this time, the 5-year ARM averaged 3.31 percent.

Courtesy of Realty Times



Courtesy of:
Ron Sasso
Broker Associate
(605) 593-3759
ron.sasso1@gmail.com



6 Home Design Trends On The Rise

Home design and building professionals often renovate more homes in a year than the average homeowner does in a lifetime. And that means pros see in real time the constant ebb and flow of popularity in various colors, materials and other home features. We recently reached out to dozens of remodeling professionals to talk about what they're seeing more of lately. Here are six home design trends that came up repeatedly in those exchanges.

1. Browns Bounce Back

The trend that came up the most among designers and builders was the resurgence of shades of brown. But there's a lot of variation in the color of brown and its uses throughout a home. Taupes, beiges, sands — basically any earth tone seems to be gaining popularity.

2. Dark Jewel Tones Jump Out

No one is saying white is going anywhere anytime soon, especially when it comes to kitchen cabinet color, but many design and building professionals report an uptick in requests from clients for something much darker, especially dark jewel tones.

3. Lighter Wood Lifts Off

Wood never goes out of style, but the popularity of various tones is always in flux. Lately, many designers say super light wood tones are having their moment. Light wood flooring, in particular, is a top request among many designers we spoke to. French oak and white oak are popular species.

4. Handmade Tile Takes Hold

While "handcrafted everything" is big right now, handmade tile is really taking off. Handmade tile shows little quirks and variations in texture, meaning that even something as simple as a white square tile, as used here on the backsplash in a kitchen by Hello Kitchen, can deliver a lot of personality.

5. Natural Materials March On

Engineered surfaces have a lot going for them in terms of durability and easy maintenance. But many homeowners and designers say nothing compares with the look and feel of natural materials such as marble and other stones and real wood floors, all of which evolve over time to feature a patina that can't be mimicked or repeated.

6. Curvy Furniture Rolls Up

"Curves, curves, curves — curves are definitely in," designer Crystal Sinclair says. Designer Allison Lind seconds that. "I'm seeing a lot of curves, sort of a fun, playful '80s-style look making a comeback in furnishings, both upholstery and case goods," she says.

Courtesy of Houzz.com