

Rapid City Real Estate Update

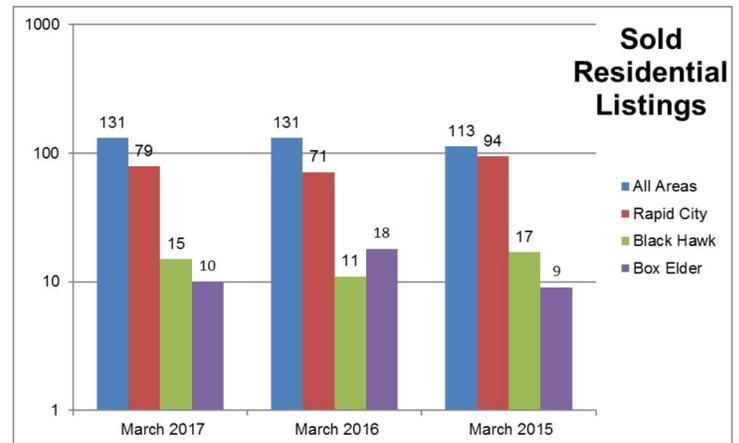
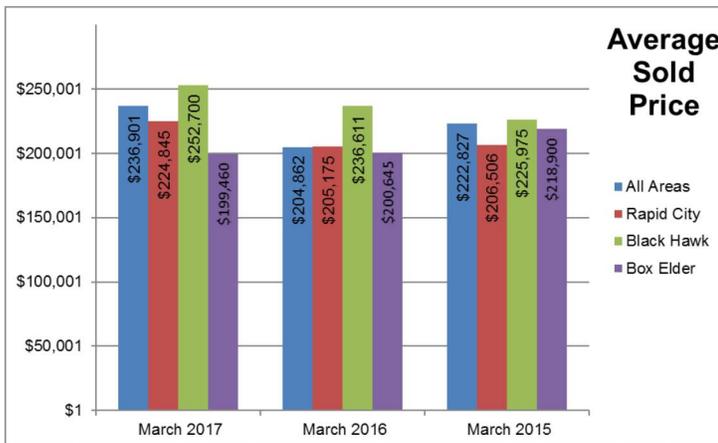
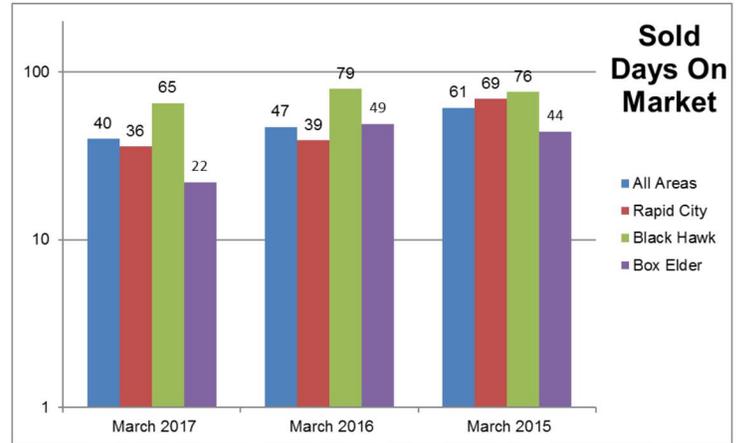
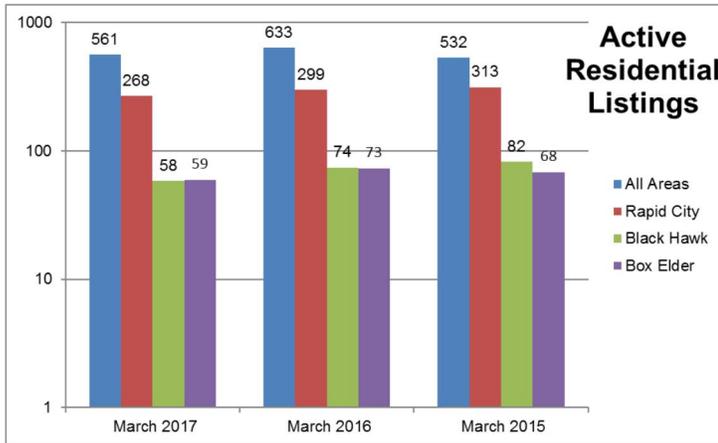


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REAL ESTATE, INC.**

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Rapid City & Area Market Conditions For March 2017



Is This Home A Good Deal?

There's no perfect home, but some homes are more ideal for your household than others. When you look for your next home, carefully consider these four criteria - price, features, location and condition. The closer you get to meeting all four criteria, the better your chances are of making a good buy.

Price:

In any market, price has to come first. To determine what you can comfortably afford, talk to your real estate professional. He or she can recommend a lender who will prequalify you for a purchase loan. When you know how much you can spend, it will be easier to shop for homes within your price range. With luck, one will stand out.

Features:

The size of your household and your activities determine the features you want in your next home. The number of bedrooms, baths and living areas are a matter of comfort and convenience. You may want an extra bedroom for guests or a second master suite for parents.

If you work a lot at home, you'll want a private home office or a computer nook. You may want a playroom for the kids, a separate laundry area, and fenced yard and covered patio for entertaining. An eat-in kitchen may be more important to you than a formal dining room. You may want an outdoor kitchen or at least an entertainment area.

Think about your daily life from morning to bedtime, and how your next home can make these activities more pleasant. This should be your "must-have" list, and will help you look at homes more objectively.

Location:

Some areas will always be more expensive to live in than others. Neighborhoods that are

(continued on page3)



5 Smart Value Strategies To Win Sellers Over

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Buyers who fixate on purchase price and mortgage size often overlook opportunities to save money on both. Usually, the lower the purchase price, the smaller the mortgage a buyer must borrow. We're not suggesting that buyers buy less or resort to trickery or pressure to arrive at an attractive lower purchase price. Nor, are we suggesting a price chopped by tens of thousands. Instead, by adding value to the components of an offer, a lower purchase price may be acceptable to the seller.

Market value is not one price, but is represented by a price range. This means a property can sell at market value at any price across this range, especially when the offer is taken as a sum total of value for the seller, not just at its stated price. By thinking ahead and being prepared, buyers can significantly improve their bargaining position with sellers. Here are five smart value strategies to ensure the entire offer to purchase has value to the seller beyond the purchase price. Below are 5 Smart Value Strategies to Win Sellers Over:

#1 Match Seller Closing Date: Prepare for home buying by becoming as flexible as possible about when the transaction closes. If you offer to match the seller's best closing date, you may be saving them from incurring significant cost. Even the difference between popular moving dates and lower-fee moving dates can represent value for sellers. This savings may be reflected in a lower selling price.

Check out your lease options if you're a tenant, so you know exactly how much it will cost you to close in 30 days, 6 months, or whenever suits seller needs. If you have a home to sell, consult your real estate salesperson to determine whether to sell or buy first. If the latter makes more sense in your market, get numbers on bridge financing, that is, the cost of owning two homes at once, so you know, in advance, exactly how much closing-date flexibility you have and what's at risk. Obviously, if family or friends can help with temporary housing, furniture storage, and/or financing, you may have an advantage over other buyers.

#2 No Conditions: When faced with the immediate equivalent to cash—a firm, no-conditions offer to purchase—a seller may be tempted to accept a lower purchase price than if the offer is full of "ifs" and "maybes." Conditions for financing, home inspection, and other significant concerns beyond buyer's control cannot always prudently be removed, but when they can, buyers benefit. Paying for a home inspection before making an offer or arranging lender commitment in advance can provide a buyer with **bargaining leverage**.

#3 Don't Ask for More: Avoid including appliances, light fixtures, furniture, or other items not automatically and legally considered part of the house, townhome, or condominium. Since appliances no longer last the decades they used to, its crazy to purchase them, or any other furnishings, second-hand through your offer. By including them in the purchase price, buyers may end up paying mortgage interest on these furnishings for decades. On the other hand, selling used appliances and furnishings online is easy for sellers who end up with cash in hand.

#4 Personalize the Offer: Sellers who love their home see value in buyers who "get" the property and who may even plan to realize a dream sellers had, but did not complete. Providing details in a letter, short video, or photos about why purchasing the seller's home is important can also add weight to your offer. Personalize the offer and emphasize why buyers can and will close as promised. Sometimes, sellers can be won over by offering something of value to them that is uniquely available to the buyer. For instance, one experienced restaurateur/buyer offered to cook and serve at a dinner party hosted by the seller. Your real estate professional may have suggestions about what would sway sellers and add value without overly complicating the real estate transaction. Which service, experience, or convenience do you have access to that would represent value and savings to a seller?

#5 Negotiation Prowess: Market value is represented by a price range, which means a property can sell at market value, and be sold at any price across this range. Further, when the offer is taken as a sum total of value for the seller, emphasis is taken off the purchase price. Explaining these concepts, calculating full offer value, and convincing the seller of the unique opportunity provided by the buyer employs the skills of the real estate professional representing the buyer. Take time to engage a strong professional negotiator who can convince sellers how the buyer's lower purchase price represents full value to the seller.

Prepare, in advance, to present multi-pronged value in your offer to purchase, and you may benefit with an accepted offer and perhaps a smaller mortgage which carries lower overall mortgage interest cost.

If you want things to turn out differently for you in 2015, what are you prepared to do differently? The suggestions in this article reveal the benefit of thinking ahead and educating yourself on advantages to be gained through real estate knowledge.

By PJ Wade
Courtesy of Realty Times

Real Estate This Spring: The Early Bird Wins

Entering real estate's traditionally busiest time of year, the housing market is being buoyed by a stronger economy and consumer confidence. Job creation is 30 percent stronger this year compared to a year ago, unemployment is near a 9-year low, and wages and incomes are growing at the largest levels in about eight years, notes Jonathan Smoke, Realtor.com's chief economist.

With lower inventories and higher demand, homes are selling faster. Twenty-seven percent

of listings sold in less than 30 days in February, according to Realtor.com's data.

Some buyers are in more of a hurry this season too. In the last two weeks, the 30-year fixed-rate mortgage rose by nearly a quarter of a point. The Federal Reserve also has given strong indication that it plans to raise short-term rates soon.

Courtesy of Realty Times

well-kept tend to maintain higher home values. Homes that are close to jobs, schools and shopping centers tend to sell for more money than homes without as much infrastructure.

What is the best home you can find in the area where you want to live? If these homes are out of your range, you can compromise -- buy a smaller home or a home that needs lots of work in the best neighborhood you can afford.

Condition:

Condition refers to the state of repair. Does the home have curb appeal? Is it updated and well-maintained, or does it need extensive and expensive remodeling? Carefully consider any deferred maintenance, such as a roof that may need to be replaced in only a few years. Consider the design and functionality -- is the kitchen too small and would you be able to afford to remodel it? Look closely at repairs, cleanliness and traffic flow.

The one advantage of buying a home that needs updates and repairs is that these homes cost less than updated homes in the same neighborhood.

Be prepared to compromise. Don't frustrate yourself or your family looking for perfection. Sometimes the home of your dreams doesn't have every feature on your checklist, or it may be a little further away than your favorite neighborhood, but you'll be happy if it has most of criteria you want at the price you can afford.

*By Blanche Evans
Courtesy of Realty Times*



Making Your Down Payment With Gift Money

To take advantage of low interest rates while home prices climb higher and higher, some homebuyers need help accumulating enough money for a down-payment. To satisfy secondary market loan package purchasers such as Fannie Mae and Freddie Mac and insurers like the Federal Housing Authority, lenders have strict rules about where down-payment money originates.

Lenders prefer that borrowers supply their own down-payment funds. It shows they have "skin in the game" and that they are good with money and can meet their financial goals. However, many homebuyers are turning to their parents, grandparents and other family or friends for help.

Research in from loanDepot LLC, found that more parents are planning on helping their Millennial-age kids buy homes. In the last five years, 13 percent of parents pitched in with down payments, covering closing costs, or co-signing the loan but lenders anticipate that fully 17 percent of parents will help their kids.

Because gifts are a gray area, lenders are requiring more documentation for down payment monies. For example, a parent may provide a few thousand dollars to an adult child to use as a down payment -- but is the money a gift or a loan? Lenders may require borrowers and gift-givers to provide a certified down-payment gift letter or to sign an affidavit. Such affidavits must include:

- The amount of the gift, accompanied by a corresponding cashier's check.
- The name and address of the gift-giver and relationship the gift-giver has to the home-buyer.

- The purpose of the gift -- to be used only as a down payment on the subject property, complete with the property's address.
- A statement confirming that the gift is not a loan, and does not need to be repaid.
- Signatures of the borrower and the gift-giver.

Because lenders require a paper trail, allowing parents to simply transfer money into the borrower's account to mix with the borrower's funds is discouraged. First, a large deposit raises the borrower's income and alters the bank statements, possibly allowing a borrower to qualify for a home that in reality is too expensive. And don't think underwriters won't find it. One of the first things they do is examine your bank accounts.

If you want to get a conventional loan, Quicken Loans advises the following:

- If you put down 20% or more, it can all be from a gift.
- If you put down less than 20%, part of the money can be a gift; how much varies by loan type.
- You can only use gift money on primary residences and second homes.

For FHA and VA loans, all of your down payment can be gift money. If your credit score is between 580 and 619, at least 3.5% of your down payment must be your own money. You can only use gift money on primary residences.

If you're planning to use gift money as part or all of your down payment, ask your lender how to meet the appropriate requirements.

Courtesy of Realty Times

Black Hills Events

National Parks Fee Free Weekend

April 15 & 16
April 22 & 23

Eggstravaganza

April 15 - 11:00 AM to 3:00 PM
Main Street Square, Rapid City

Black Hills Film Festival

April 26 & 30
Hill City & Rapid City

2017 Black Hills Area Spring Games

April 28 - 8:00 AM to 3:30 PM
Sioux Park, Rapid City

Youth & Family Services - Kids Fair

April 28 - 30
Rushmore Plaza Civic Center

Naja Shrine Circus

May 5 - 7
Rushmore Plaza Civic Center

Fruhlingsfest & Spring Market

May 6 - 11:00 AM to 3:30 PM
Main Street Square, Rapid City

Deadwood's 6th Annual

Cinco De Mayo Festival
May 6 - 12:00 PM to 8:00 PM
Deadwood

Information provided by:

www.visitrapidcity.com
& www.downtownrapidcity.com



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A Secret Amenity Couples Want: 2 Masters

If your home has two master bedrooms, you may very well have a highly desired feature that many couples want in their next home and are willing to pay extra for.

Among the top 10 percent of markets nationwide, active listings that include multiple master bedrooms are priced, on average, about 9 percent higher than those with just one master, according to a Realtor.com analysis.

Luxury home builders are taking notice of the growth in demand. A 2016 survey by John Burns Real Estate Consulting found that nearly one in three potential home buyers in the \$2 million and above price range said they wanted dual master bedrooms. This a reflection more buyers value their sleep more - and are ready to invest more in it.