

# Rapid City Real Estate Update

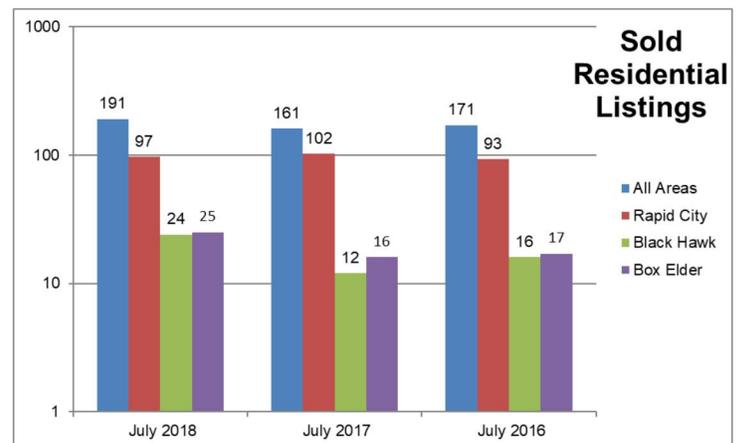
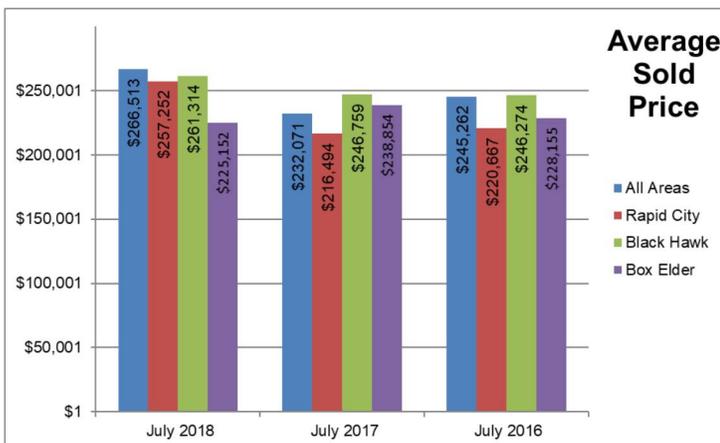
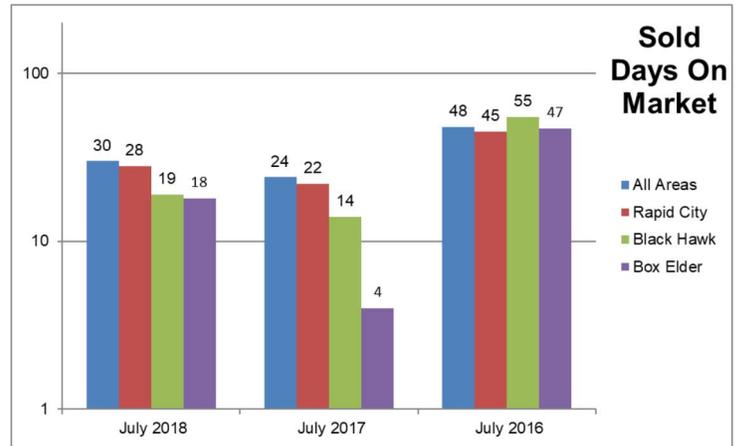
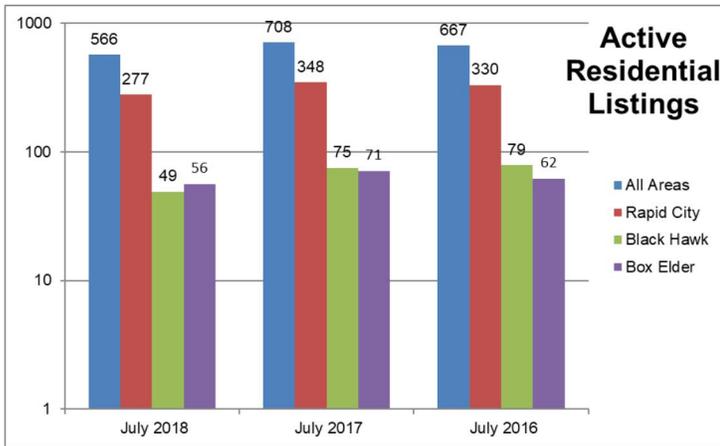


LEWIS-KIRKEBY-HALL  
REAL ESTATE, INC.

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# Rapid City & Area Market Conditions For July 2018



## 5 Home Projects Only a Professional Should Do

It's easy for homeowners to get caught up in the world of Pinterest and do-it-yourself blogs. While unique, custom projects can be a great way to personalize or spruce up your home, some projects are better left to professional contractors. Next time a friend or client has a brilliant idea to attempt one of these projects on their own, let them know why some things are best when left in the hands of pros.

**1. Tree Removal:** Whether it's cutting down an overgrown tree or digging up a giant stump, this project can be an accident waiting to happen, especially if the tree is close to your house. Working from a height of 10 or 15 feet with large power tools can be dangerous enough, but add the factor of falling branches, and the risk of injury or damage to your car, house, or telephone lines increases even more. Removing a stump can be risky, too, as roots growing close to water or electrical pipes can cause serious damage as they are pulled up or moved.

**2. Electrical and Plumbing Work:** Not only can messing up electrical work in your home create much more serious issues, you also generally need a permit and inspection to do this kind of work. Bigger plumbing problems and projects like installing a shower or sink should only be attempted by professionals. Incorrect installation or repair can lead to damaged pipes or waterlogged walls, along with other expensive issues.

**3. Pool Repair and Installation:** Both above and in-ground pools are difficult to repair without special tools and products. While simple projects around the pool are fine to do yourself, repairing cracks in the foundation or remodeling your pool is something that a professional is better equipped for.

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## 7 Key Things That Help You Qualify For A Mortgage



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In an environment where lenders are highly regulated and risk-averse, borrowers are rightfully a little nervous when they apply for a mortgage. But with the right preparation, qualifying for a home loan can be a rewarding experience in your journey toward homeownership.

"In a lot of ways, lenders have gone back to the basics, looking at fundamental personal finance criteria to decide who qualifies for a loan," says Rick Sharga, chief marketing officer of Ten-X, an online real estate marketplace in Irvine, California. At the same time, Sharga says lenders have been more risk-averse than ever since the housing bust.

A.W. Pickel, III, Midwest division president of AmCap Mortgage in Kansas City, Missouri, recommends finding a loan officer you can trust and sticking with that person during your entire home-buying process. "A good loan officer is like a pilot flying you and your loan from Kansas City to Hawaii," Pickel says. "There are several ways to get there and several things that can happen on the way. A good loan officer has seen the turbulence and knows where the smooth air is."

7 steps toward a loan approval: The back-to-basics approach by lenders means that borrowers can take steps that increase their chances of a mortgage approval. Improving your credit, reducing your debt and gathering your documentation are among the many things you can do long before a loan application to increase the likelihood of getting a "yes" from a lender.

**1. Maintain a high credit score.** The average FICO score for an approved borrower is around 720 for a conventional loan and close to 700 for an FHA-insured loan, says Sharga. He says borrowers should find out their FICO score before applying for a loan, make sure their credit report is correct and take steps to improve their score if necessary. Pickel says he recently reviewed a loan file with a high debt-to-income ratio of 49 percent but a credit score over 800, which resulted in a loan approval.

Keep a vigilant eye on your credit profile while you wait for your loan to close, too. "Once the application process has begun, borrowers shouldn't do anything that might negatively impact their credit rating -- no new accounts, no late or missed payments," says Sharga.

**2. Save for a bigger down payment.** One way to minimize risk for a lender is to make a higher-than-minimum down payment. "The average down payment today is around 10 percent; historically the standard has been 20 percent,"

says Sharga. "Anything above that lowers the loan-to-value ratio, which is viewed positively."

**3. Choose the right loan.** If you have less money for a down payment but have good credit, you may qualify for a conventional loan with private mortgage insurance and a down payment requirement of 3 to 5 percent. You may want to look for a lender who issues FHA loans, which are often available to borrowers with less cash or a lower credit score and require a down payment of 3.5 percent. Keep in mind these loans require a monthly mortgage insurance payment in addition to principal and interest, Sharga says.

**4. Manage your debt.** Lenders are reluctant to issue loans that fall outside qualified mortgage rules established by the Consumer Finance Protection Bureau (CFPB), says Sharga. These loans have a strict cap of a 43 percent debt-to-income ratio, which is the percentage of your gross monthly income that goes toward the minimum payment on all your debt, including your mortgage.

Paying off credit card balances or at least reducing debt before applying for a home loan is helpful.

**5. Buy within your means.** "Be realistic with your monthly income," Pickel says. "Buy a house with a monthly payment you can afford. Buying a house that needs the income from two or three future raises will only cause stress." It matters that you can afford your payments and have remaining income after those payments are made, he says.

**6. Demonstrate stability.** Lenders look for signs of personal and financial stability, such as whether you've saved three to six months' worth of expenses in the bank, whether you have a steady employment record and how often you've moved over the past few years, Sharga says. Your good credit score and a pattern of saving money are both indicators of financial strength.

**7. Respond fast to lender requests.** The CFPB's ability-to-repay rule requires lenders to verify whether a borrower has the means to handle loan payments, says Sharga. This requires you to have all your financial records in order, including pay stubs, bank records, tax returns and more. Sharga says incomplete documentation is a common reason for loans being declined.

"If the loan officer asks for it, then bring it," says Pickel. "Sometimes people don't want to say they can't find something or they don't want to look for it, but it really helps to have all the information that the loan officer requests. This will help expedite the process."

By Michele Lerner  
Courtesy of Realty Times

## Rates Slightly Higher

Having the spare capital to put 20% down on a home purchase is great, but it's certainly not the norm. Still, many people think it is, and that belief may be holding some would-be home buyers back.

Indeed, 39% of non-owners say they believe they need more than 20% for a down payment on a home purchase. Twenty-six percent believe they need to put down 15 to 20%, and 22% say they need a down payment of 10% to 14% to buy, according to the NAR's 2017 Aspiring Home Buyers Profile report.

But now for the reality: The average down payment on a purchase mortgage was just 11% in 2017. And that's just the average; often times down payments are much lower. For borrowers under

the age of 35, the average down payment was just under 8%, according to NAR's survey.

As such, "aspiring first-time buyers think it takes twice as much to buy a home than it really does," writes Jonathan Smoke, Realtor.com chief economist. How much a person truly needs for a down payment depends on their situation. Their financial circumstances, home location, and the price of the home are important factors.

But there are many mortgage options that offer the opportunity to make low or even no down payments. The largest share of loans for buyers under 35 last year were for people putting down less than 5% on a home purchase (or about \$3,500).

*Courtesy of Realty Times*



## 5 Steps For An Easy And Impactful Kitchen Makeover

Renovating a kitchen can be a huge expense, and a huge hassle, but you can get a brand-new feel at a fraction of the average cost. That means forgoing major structural, plumbing, or electrical changes and concentrating on fixtures, finishes, and fanciful details.

**Counters:** If you just don't have the money for quartz but you want a sleeker look, The Spruce.com has several ideas for covering over your existing countertops with everything from paint to paper. We love the concrete look that was achieved for just \$200 by pouring Level Quick Concrete right over tile counters!

**Cabinets:** One word: Paint. A dingy, dark, or outdated kitchen can be transformed with this one task. You can read a thousand different articles that discuss DIY versus hiring a pro, but all you really need to ask yourself is this: Are you up for the challenge?

The truth is, painting your kitchen cabinets is tedious and will test your patience. You will want to give up - more than once - and you will question your sanity a few times, too. But if you can get through it while maintaining a good technique and resisting the urge to cut corners, you'll have cabinets that will make you proud every day you live in the home, and that will also add value. If you do choose to hire someone to do the painting (and we can't say we blame you), be prepared to pay a premium.

You can always find a deal, but when it comes something as important as kitchen

cabinets, you want to make sure you get someone who really knows what they're doing.

**Lighting:** Does your kitchen lighting fade into the background or stand out for all the wrong reasons? That's easy to fix. A new chandelier over your kitchen table will freshen up the whole space. Add pendants over your island or sink to bring in a modern touch that will also add function.

**Hardware:** Cabinet hardware is highly underrated and requires only a small dollar commitment to make a big impact. Gold tones have made their way back into style and kitchen cabinet hardware is a great way to express this trend because when you tire of it, you can just unscrew and replace! If you're worried about the gold or brass hardware clashing with your silver-tone faucet and stainless steel appliances, don't be. Mixed metals are all the rage now.

**Flooring:** The good thing about kitchen flooring is that, even if you don't have the money to redo it, you can just cover it with a decorative rug. But, if you are looking to use a little sweat equity to create a floor you can more than stand to look at the painted stencil technique. "In order to avoid the hassle of ripping out existing floor and the high cost of real tiles, you CAN achieve a similar look by painting your tile floors that only LOOK expensive," said Royal Design Studio Stencils. For a couple hundred dollars, you can get the look of a pricey Moroccan tiled floor and create a show-stopper instead of an eyesore.

*By Jaymi Naciri  
Courtesy of Realty Times*

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The same goes for pool installation. You may think you are saving a lot of money by installing a swimming pool by yourself, but as PoolProducts.com cautions, installing a vinyl or fiberglass pool is a very big job. A task of this magnitude requires some serious homework before you decide to take on, plus you may have to rent or buy large construction equipment, or even hire help to do the job right. Measurements must be precise, permits and inspections must be passed, and you must consider how the ground and concrete will settle and shift over time.

**4. Removing a Wall:** It may seem like a good idea to knock down a small wall in your house to open up the kitchen or create a bigger living room, but it isn't as easy as it may appear. If the wall is load-bearing or supports any part of the house, or if it holds electrical or plumbing, you could cause serious damage to the structure of your home.

Popular Mechanics recommends consulting with a building engineer before attempting to knock down a wall. A building engineer can give you advice on the best way to remove the wall and let you know if any special permits are needed.

**5. Flooring:** Homeowners might want to call a professional if they plan to rip up carpet or lay new tile. You might not know what's underneath your carpet and if the subfloor is damaged or rotten, you could wind up spending thousands in extra costs just to repair it. Laying tile is another delicate and very precise project—if the tiles aren't cut perfectly, laid completely straight, or if one of them cracks, you may have to start all over. If you're not experienced in flooring, it may be best to leave it to a flooring expert.

*Courtesy of Realty Times*

# Black Hills Events

## Central States Fair

August 17 - 25  
Central States Fairgrounds, Rapid City

## Movies Under The Stars

August 20  
At Dusk (About 8:15 PM)  
Main Street Square, Rapid City

## Crazy Horse & Korczak Night Blast

September 6 - 5:00 PM to 8:30 PM  
Crazy Horse Memorial, Custer

## Kool Deadwood Nites

August 23 - 26  
Deadwood

## Summer Nights

August 23 & 30  
6:00 to 9:00 PM  
7th Street, Downtown Rapid City

## Polkapalooza at Palmer Gulch

September 7 - 4:00 PM to 10:00 PM  
Palmer Gulch, Hill City

## Thursdays On The Square

August 23 & 30  
6:00 to 9:00 PM  
Main Street Square, Rapid City

## Fall River Hot Air Balloon Festival

August 25 & 26  
Balloons Launch at 6:00 AM  
Hot Springs Airport

## Information provided by:

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



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## The Big Down Payment Myth

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