

Your REALTOR:



Dennis Kutny

January 2020

REAL ESTATE Update



"An educated prospect makes our best client"

Should You Buy a Fixer-Upper?



Home prices continue to rise, which is keeping many a renter out of the market and fixer-uppers

present a potential opportunity, but should you be looking for one? Here are some factors to consider:

The ability to buy a house:

The reality for many people is that there seems like there is no end in sight to renting. A fixer-upper may present an opportunity simply because of the lower price point that gets you in the door.

Deciding what you can handle:

If you're handy—or merely patient and a quick learner—there may be no limit to your ambition as it relates to buying and fixing up a home. But it behooves you to be realistic, and painfully honest with yourself. Do you have the patience for a massive project? Are you the type who always finishes what you start or is it more likely that you'll end up in a half-done construction zone for months (or years!) on end? These are just a few of the questions you'll want to ask yourself before you take the fixer-upper leap.

Paying the right price:

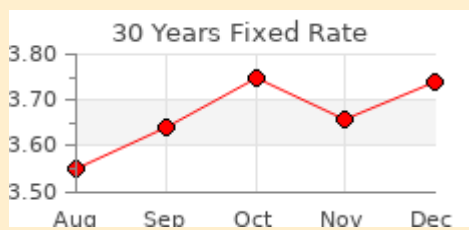
"Unlike buying a house that's move-in ready, figuring out the market value of a fixer-upper isn't a simple matter of comparing it with nearby houses that have the same number of bedrooms and bathrooms and so forth," said NOLO. This makes working with an experienced real estate agent even more important. Knowing how much a property is worth and where to start when it comes to negotiations is key to getting a good deal.

Increasing your home's value:

Greater affordability may be the immediate driver when it comes to buying a fixer-upper, but the potential for appreciation is just as important.

Mortgage Rates U.S. averages as of January 2020:

30 yr. fixed: 3.74%
15 yr. fixed: 3.19%
5/1 yr. adj: 3.45%



4 Tips for Moving to a New State



Important tips to help you pack up your life and move out of state:

Develop a budget: It's very easy to overspend or even run out of money with so many expenses coming at you. Developing a moving budget can help you monitor how much money you are spending and keep track of how much you have left to spend.

Pack early: Start with rooms and objects that you do not use on a daily basis. Try color coding each box by the room it goes in. Be sure to pack a suitcase full of the essentials for the day of your big move.

Gather your important documents: These documents include health records, social security cards, birth certificates, IDs, passports, tax forms, and other vital papers. Ensure that these are all in a safe location throughout the packing and moving process.

Contact your utility companies—both new and old: This includes water, gas, electricity and cable/internet/phone. Contact your service providers at least two weeks before your move to both disconnect service to your old house and connect new services at your new home.

When You Know It's Probably Time to Switch Loan Officers



It can be a pain to switch mortgage companies, especially after you've picked out a property, but getting a bad loan officer might very well be worth the change. And even if you've just submitted a loan application and received a preapproval, you might be getting some signals it's time to change course.

One of the first signs is the lack of communication. A loan officer might be dealing with as many as 20 or 25 loan files at any one time and you're just another file in the mix. Even if there really isn't anything to communicate about, just a simple phone call or email from a loan officer lets you know you're in good hands. If you're not getting this level of communication, it's probably time to look elsewhere.

Experienced loan officers, those with years in the business, get that way because they do their jobs, get referrals and offer excellent customer service. If you discover your loan officer is relatively new in the industry it might be time to interview a few more loan officers. It's not to say that new loan officers can't offer the best customer service but if you have the choice, and you do, working with an experienced loan officer will work to your advantage.

Finally, constantly getting asked for more information while the file is being processed is another signal. Your loan officer should know what to ask for at the very beginning of the preapproval process. In fact, it's spelled out when a file is electronically submitted. Yes, there will be additional questions later, but getting peppered daily with new requests means the loan officer hasn't done a very good job at the start.



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Real Estate Market Predictions for 2020

By Jaymi Naciri

If it's the end of the year, it must be time for the soothsayers to come out. When it comes to predictions for the real estate market, well, there are a lot of them. We've taken the temperature of the experts to get a feel for what we can expect in 2020.

Grain of salt warning: There was widespread agreement in 2018 about rising mortgage rates in 2019, that, initially proved true. But, ultimately rates went down—and stayed there. Experts can make educated guesses based on a wide range of economic factors, but with an impeachment hearing in the Senate pending and what is likely going to be a bonkers presidential election, anything could happen. That being said, there are some predictions we feel pretty good about—and some you'll definitely want to pay attention to if you're planning to buy or sell a home in the new year.

Mortgage rates will stay low.

In fact, some experts think they'll drop even further. "According to Odeta Kushi, deputy chief economist at title insurance and settlement services provider First American, there's 'emerging consensus that rates will remain low next year—likely somewhere between 3.7% and 3.9%," said Forbes. "Forecasts from Freddie Mac and the Mortgage Bankers Association back this up, both predicting 2020 rates within this range. Fannie Mae actually predicts rates will clock in even lower, vacillating between 3.5% and 3.6% throughout the year." Added MarketWatch: "The vast majority of housing economists project that mortgage rates will remain below 4% in 2020."

Single-family home starts will rise.

According to Fannie Mae's Economic and Strategic Research Group, new home starts will jump from a 1% increase in 2019 to 10% in 2020, and top 1 million new homes the following year. This represents a boost from earlier forecasts.

"Strong reads on the economy have researchers at mortgage giant Fannie Mae revising their 2020 housing forecast much higher," said CNBC. Fannie Mae's Economic and Strategic Research Group predicts builders will expand production more than previously expected, due to a strong labor market and robust consumer spending. Low mortgage rates will also help."

Millennials will continue to buy homes.

High prices and limited inventory continue to be a barrier to homeownership for many, but millennials have made their mark on the market after many years on the sidelines. In September 2019, millennials accounted for 46% of all mortgage originations—a 43% rise from a year ago. This group is expected to dominate the market again next year. Realtor.com expects millennials to make more than 50% of all home purchases in 2020.

Those millennials will be heading for the suburbs.

"As home prices skyrocket, cash-strapped Millennials are looking toward more affordable places to put down roots—namely smaller, suburban towns on the outskirts of major metros," said Forbes. "The trend has led to an uptick in 'Hipsturbia' communities—live-work-play neighborhoods that blend the safety and affordability of the suburbs with the transit, walkability and 24-hour amenities of big cities. The Urban Land Institute recently named Histurbia as one of its top real estate trends to watch in 2020."

Millennials and baby boomers will both buy new.

Millennials and baby boomers alike are pushing new home sales, and the trend is expected to continue. Beyond the desire for something brand new and low-maintenance, a lack of inventory in the resale market is also a factor. "The shortage of existing homes for sale has pushed more potential buyers to the new-build market," said CNBC. "Mortgage applications to purchase a newly built home were up 27% annually in November, according to the Mortgage Bankers Association. Homebuilder sentiment jumped to the highest level in 20 years in December, according to the National Association of Home Builders."

Prices will keep on rising.

Home prices will continue heading up, but here the experts disagree about how much. Realtor.com predicts a 0.8% nationwide rise—and a decline in some neighborhoods, including Chicago, Dallas, Las Vegas, Miami, and San Francisco. CoreLogic sees home prices rising by 5.6% by next September—eclipsing this year's 3.5% rise.

Inventory will be tight.

Of course, this is nothing new. But data shows that today's homeowners are staying in their homes longer—five years longer than in 2010, when the average was eight years. This is largely due to Baby Boomers opting to remain in their existing home instead of downsizing, thus creating a logjam in the market. Experts expect the housing shortage to last beyond 2020 unless new home construction can up its pace well beyond what is forecasted.



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What to Know About Credit Repair: Your Loan Officer Can Do It Better *By David Reed*

If you don't check your credit report annually, you should. Most consumers know that but all too often it's put on the back burner. Some might think there's little reason to check credit because most have a pretty good idea on their credit profile. Someone makes a purchase with a credit card and when the bill arrives, the payment is made. Pretty simple stuff. However, credit reports are known to have reporting errors. This is probably due to the way credit is collected and reported. There are three main credit repositories, Equifax, Experian and TransUnion. Individual businesses can subscribe to one, two or all three. These businesses report payment patterns to these vast databases who then provide this information to others who request a credit history of an individual applicant. If there's a reporting error, it's listed as a late payment and when one of the three receive such information it's transferred to the other two. If a mistake lies relatively dormant without the consumer checking for these errors, credit scores will falter.

After requesting a free copy of a credit report once per year, review the report and look for such mistakes. If you do find a mistake, you can then contact each individual credit bureau and request the mistake be fixed. You will be asked to provide evidence the payment was not late, or the account does not belong to you or some other reason. The bureaus then have 30 days in which to correct the error. This of course assumes the bureaus work in a timely manner and respond appropriately. Many times, they do not, which extends the period of time how long the mistake appears on your report.

Further, damaged credit can be the result of an event out of the consumer's control such as a divorce, or death in the family or an extended illness. This can often result in not just damaged credit but ultimately a bankruptcy filing. Credit repair companies can, and do, charge a fee to consumers to help get their credit back on track. This can mean a complete evaluation of the consumer's current credit standing and then work with the consumer with repayment plans or negotiate with the creditor to get the negative items corrected or even removed.

Yet the easiest and most cost-effective way to get credit reports fixed is working with your loan officer. One of the very first things a loan officer will do when a loan application is submitted is to order a credit report. But the loan officer doesn't contact Experian, Equifax or TransUnion directly, instead working with a credit agency directly. Credit agencies hire representatives to solicit business from individual loan officers and mortgage companies. When a credit report needs some attention, the loan officer contacts the individual customer service representative for some help. When an error is found, the consumer simply forwards the substantiating evidence to the loan officer who then provides it to the representative. When a mistake is found, the error can be fixed in as little as 24 hours, not 30 days.

A loan officer can't change lending guidelines such as how long someone must wait to get a new mortgage after a bankruptcy or foreclosure for example, but getting mistakes fixed quickly is one thing a loan officer can do.



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Have a Dog? Be Careful What—and Where—you Buy By Jaymi Naciri

Co-ops can be notoriously picky when it comes to approving new buyers, but now it seems that people themselves aren't the only ones who are expected to make the grade. Dogs are also under the microscope.

When you think "pet restrictions," you probably imagine the issues surround the size, breed, and the number of pets that will be in the residence—and those concerns are not absent (more on that later). But co-ops are increasingly taking it to another level. New Yorkers Heidi DeCoo and Carl Norton were asked by the board in the Manhattan co-op they were looking to purchase for a meet-and-greet with their two schnoodles. A schnoodle is a mix between a schnauzer and a poodle.

"The dogs were brought before a small panel of board members who interacted with them for a few minutes to see if they would be problematic," said REALTOR Magazine. "The pups passed, to their owners' relief."

The interview, for lack of a better word, wasn't a one-off. "Some boards are requiring headshots, resumes, and even recommendation letters for pets," they said. This is especially prevalent in New York, where "some boards have brought in third-party 'dog whisperers' who will do a 10-minute evaluation and observation of the pet to determine if they'd be a good neighbor."

Breed restrictions

The aforementioned breed restrictions are still in place in many co-ops and condos. "For example, one New York City building has banned a long list of dog breeds, including Alaskan malamutes, caucasian mountain dogs, chihuahuas, chow chows, dachshunds, dalmatians, doberman pinschers, German shepherds, huskies, Jack Russell terriers, Ihasa aposs, Old English sheepdogs, papillons, pekingese, pinschers, pit bulls, presa canarios, Rottweilers, toy poodles, and schnauzers. The co-op says it will approve an owner's dog only if a resident signs a letter that acknowledges the dog can remain in the building only at the board's discretion and on a trial basis. After that trial period, the board can require the dog removed."

But, according to the Chicago Tribune, "Many condominium associations have found their pet bans have no teeth." That's because owners are finding an end-around by "requesting permission to keep assistance animals due to physical or mental disability. Associations have little choice but to grant the exceptions."

Much like the issue of "service animals" on airplanes, many suspect these pets are not actually needed, but U.S. Department of Housing and Urban Development's federal fair housing laws are in place to allow such animals in pet-free buildings—which makes this a system ripe for fraud. As Thomas Skweres, regional vice president at ACM Community Management in Downers Grove, told the Tribune, "All they need is a prescription from a doctor, in most cases, for the animal to be given a 'reasonable accommodation.' The number of assistance animals has grown considerably."

Part of the advantage of skirting the rule: Not only can an owner get permission for a pet, but associations also "cannot require the owner to pay a deposit, and they cannot restrict animal breeds, sizes or weights."

Check the HOA

For those who want to do things by the book, it's imperative to read the Homeowner's Association documents beforehand.

"If you own a dog or other pet, or hope to someday, you should pay special attention to what's allowed before buying into such a community; and maybe consider buying a home that's not subject to this level of outside control," said NOLO. "The rules governing a condo or similar community can be found in a document typically called the development's 'Covenants, Conditions, and Restrictions' (CC&Rs) as well as the bylaws or declarations of the condominium owners' association, or a similar governing document. As a prospective homebuyer, you have a right to review these before purchasing."

It's typical for an HOA to specify a maximum number of animals that can be live in the residence—or they can forbid them altogether. "The level of detail can be surprising. You may be allowed no dogs, or only one dog, or up to two dogs so long as each one weighs less than 35 pounds, or only dogs that belong to certain breeds. The HOA may also take steps to ensure that you obey state or local laws, for example by providing proof that your dog is vaccinated and has a license.

There may also be specific language for other pets including cats and birds, and exotic pets like iguanas and snakes.



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New Year's Resolutions for Home *By Jaymi Naciri*

Making a New Year's resolution is nothing new. Most of us have done it at one time or another. Making good on that resolution is another thing.

"The statistics on how many people actually follow through and accomplish their New Year's resolutions are rather grim," said Forbes. "Studies have shown that less than 25% of people actually stay committed to their resolutions after just 30 days, and only 8% accomplish them."

This year, making a promise to yourself to make improvements to your home—that might be a resolution you can keep! Here's where to start:

Declutter

If the idea of decluttering is giving you anxiety, think about it in smaller chunks. Split up your home into different spaces and tackle one per month, getting rid of anything that you don't use, don't need, and don't even like anymore.

If you have 12 rooms, you have the perfect ratio of spaces to months in a year; if not, you may have to do some combining or adjusting. Once you've figured out the schedule, get it on your calendar. Studies show we're much more likely to follow through with an activity that way.

Catch up with home maintenance

The broken ice maker. The rattling air conditioner. The chipped fireplace mantel. It's all the things that drive you crazy—or that you have to pretend you don't notice so you can maintain your sanity. Make 2020 the year that you tackle those to-do items. Which leads us to our next item:

Prioritize

You've been dying to redo the bonus room, but updates in the kitchen will add the most value. Of course, the bathrooms also need do-overs, and you can probably do two or even three of them for the price of the kitchen reno.

When you think about all the things in your home that need fixing or redoing, it's easy to get overwhelmed and default to doing nothing. Here's what helps: sit down and make a list in three columns: big fixes, medium fixes, little fixes. Now give them a priority number, based on what you really want, need, and can pay for. Seeing it on paper—or on screen—should shed some light on what you can do, and in what order.

Keep up with home maintenance

Once your home is in pretty good shape, establishing a maintenance checklist can help you keep it that way. A maintenance checklist outlines the systems and components of the home that should be checked on an annual, semi-annual, monthly or weekly basis," said HGTV.

Improve your curb appeal

You don't have to completely overhaul your yard to get it looking great, nor do you have to do everything at once. It might only take a good cleanup—raking, pulling weeds, pruning trees, trimming bushes, and painting the front door—to get it in pretty good shape. Now add some fresh flowers by the front door and you're good to go.

Ask for help

Asking for help isn't easy for many of us, regardless of the task. You may think you can't impose on a good friend or family member to help with painting a room or organizing a closet. But would you do it for them? If the answer is, unequivocally, "Yes," perhaps you should bite the bullet and ask. An offer of pizza and beer in return can sweeten the deal.



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