

Your REALTOR:



Dennis Kutny

# July 2024

# Real Estate

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## Can You Refinance While Listing Your House?



As you've certainly noticed, mortgage rates have drifted downward over the past year or so. For several reasons,

maybe a slower economy or the Fed has lowered a key interest rate. Whatever the reason, lower rates can trigger someone to make a decision to refinance. And it makes perfect sense.

If someone can refinance out of a higher rate into a lower rate, the payments will fall. You want to speak with your loan officer about whether or not a refinance is right for you, but in general as long as you own the property longer than it takes to recover the associated closing costs, it might be right for you.

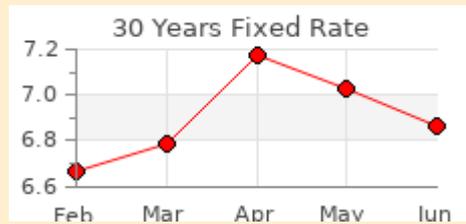
You might have to pay an option fee, anywhere from 2-7% of the home's value, to hold your option to buy it. This isn't always required. If you didn't buy the property when your lease is up, you would forfeit your extra payments. At the end of the lease, you can get a home loan and move forward with your purchase. The money that was collected as a down payment goes to your lender.

Why is that? Lenders will shy away from starting a new loan for someone if it's possible the property will soon be sold. The lender is looking longer term.

How would the lender know? In an appraisal, the appraiser will state whether or not the property is currently or even recently listed. If so, this will put a hold on the refinance. Whatever the reason, lenders will be very wary of financing a home that shows the possibility of being sold out from under them before making any profit. It's a losing proposition for the lender.

## Mortgage Rates U.S. averages as of July 2024:

30 yr. fixed: 6.86%  
15 yr. fixed: 6.16%  
5/1 yr. adj: 6.52%



## How to Help



One of the ways is to provide a financial gift. This may also be the most common form of assistance. However, don't

just wire the funds over without a little preparation. Individual lenders can have their own requirements for documenting the paper trail of a financial gift but in general, you can expect a couple of things.

One, you'll need to compose a gift letter. This is literally a letter stating that you're giving a financial gift to help buy a home. Two, the lender may want to make sure you have the financial wherewithal to afford making such a contribution.

Most people wait until the day of settlement to wire the funds over to the settlement table. But you first need to show you can afford the gift without any hardship on your part.

You can also help by co-signing on the note. If you do, it's important to note that your credit report will be hit.

This could possibly affect your own ability to finance another home at some time in the future. Cosigning on another mortgage will be a new credit obligation.

## To Pool or Not To Pool



When selling a property with a pool, the first thing to know is that you should be prepared (and prepare

your clients) for a bit of resistance from certain potential buyers. A number of people have a negative mindset when it comes to the discussion of pools, and I think this is due in part to price. The cost of a pool, between the routine upkeep/maintenance, repair costs, and the direct effect it will have on your home's energy bills, are all reasons that deter buyers from exploring pool ownership, so don't be surprised if you get some negative reactions.

As prepared as you can be for those buyers who will have doubts and see the pool as a problem, be equally prepared for clients who already love pools or who can easily be convinced. Many who purchase a vacation or second home think to themselves: "I need to get a house with a pool in the backyard." Having a backyard pool immediately improves the value of a home as a rental property.

Pools can also be extremely attractive to buyers who value fitness. Many see having a backyard pool as something that can be good for your health, an immediate relaxer. Consumers with pets are also drawn to properties with pools, as it provides a way for them to cool off with their furry companion, enjoying their company outside of a vacation rental/property.

Any buyer who wants their home to be an escape and who values privacy, exclusivity, and unique access can be sold a home with a pool. Understanding the pain points and the upside will enable any agent or broker to be better prepared to educate their buyer to make a decision that delivers real return on investment.



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### Should You Wait to Renovate?

There are a lot of reasons to consider going through with getting a home renovation, but there are other reasons why you should wait before acting on those projects. Home renovations are expensive and time-consuming, so you should always be certain you want to follow through with them. In addition, you may discover that you're happy with the home the way it is instead of changing things. Whether you're a new homeowner or just thinking about starting a project, here are some reasons why you might want to consider waiting.

#### Think it Through:

One of the reasons you should consider waiting on a renovation project is to make sure that it's actually something you want. A lot of people are very impulsive when it comes to wanting new things, and that extends to home projects. Things like pools, new furniture, different flooring, creating new additions to the home, should take a lot of planning and thought before deciding. For example, the process of pool construction should not be taken lightly. There's no reason to get one during the fall and winter months, as you won't be able to use it until it warms up again. Even if you move in with plans to change something, you might want to consider giving it some time to see if you really like the décor you already have. A lot of homeowners recommend setting up a grace period so that you have time to get used to your new environment before making any big decisions.

#### Money:

Another reason that you might want to consider waiting on your plans is because of the financing it takes. Depending on the home renovation project you want to take on, it can cost you a lot of money just to start. Some projects such as getting new furniture may be fairly inexpensive, but larger projects that require contractors or changing a big part of the home will take some investment on your part. You'll need to either save money over time or be prepared to pay off the debts bit by bit. Similar to how you wait and think about whether you want to buy clothing or electronics, you should wait and think about whether you're ready to invest in the project, or whether it's even worth the money you'll spend. You don't want to finish a project and find out that it feels like money wasted.

#### Time:

Clothing tends to be flammable, especially if you've drenched your shirt in deodorant. Keep this in mind when working with fire. If there are chemicals being used, ensure that there aren't any holes in your clothing where the chemicals can get to your skin.

Time is yet another reason home renovations should take a backseat in your life. It's easy to look at an area of your home and be amazed by its potential, but that kind of change doesn't happen overnight. You have to be willing to put in the time for the project. For example, if you want to put in new flooring, then you have to be willing to work around that room of your home for a while. That means moving all the furniture and probably avoiding the whole room while the work is being done. Some projects only take weeks, but others may take months. You have to be ready to invest that time for the renovation you want in order to get it like you want. And if it's not the way you imagined it the first time, you may have to invest even more into it.

Ultimately, home renovation projects can be a great investment if you're unhappy with some part of your home. However, home makeover shows have romanticized the idea into making it seem like you can create something gorgeous with some basic imagination and desire to fix up a part of the house. Not everything in your home needs to be changed or fixed and not everyone is aware of how much effort it takes to finish the projects you start. That's why you should wait before you renovate. It may save you a lot of headaches down the road.



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## How to Make Your New House Feel Like a Home By Stephen Kingery

You've got the deed and you're moving into your new house. That's what you call it, because it doesn't feel quite like a home yet. How long does that take? A year? Two years? The truth is it may only be a matter of weeks if you take the right efforts to fix up the place and settle in with style. Here's how to do it.

### Have Big Projects Done First

Feeling comfy and cozy is all but impossible when there are major renovations to be done that may leave sections of the house blocked off and covered in sawdust, so get these done first. That includes knocking down walls for an open floorplan, replacing old flooring or remodeling entire kitchens and bathrooms. In fact, it's probably better to have this completed before you move in.

Unless you're an expert yourself, you're going to need a contractor. This isn't cheap, either; that means you need to be careful in who you select. An expert at HGTV suggests getting referrals from friends and neighbors, then following up by checking the remodeler's credentials and getting references.

### Get Your Own Hands Dirty

There are a number of smaller projects that you can handle yourself, so keep a close eye on those power tools during the move. You may want to start with the basics, such as refinishing hardwood floors, setting down new tiles or painting. The latter especially helps with settling in, as you can choose a color that reflects who you are and your sense of style.

Once that's done, why not get artistic? Consider using stones to create a mosaic walkway for your garden or cutting an old door in half to repurpose it as a shelf. When you've built up enough confidence in your skills, you can tackle that gazebo project that you've always wanted.

### Add a Bit of Your History

By now, you should have some idea where to place those photographs of your family. Those and other personal items should give you a sense of continuity in your life even though you are someplace new. You'll get the same effect by incorporating heirlooms into the decor, even if they're not the best fit. As designer Phillip Thomas told The Wall Street Journal, "There are times when sentiment trumps everything."

Other items you'll want to put on prominent display to add warmth include old hardcover books and gifts you've received from loved ones. Hopefully, you haven't left your children's art behind, as that can be incorporated in numerous ways that don't involve a refrigerator and some magnets. Collages and wall displays are just a few ways to give it a bit of pep.

### Explore the Neighborhood

You need to know where everything is anyway, so you might as well take a drive, bike ride or walk with the family. Things to look out for include the practical, such as banks and grocery stores, as well as the entertaining, like restaurants and bars.

While you're out and about, introduce yourself to the locals and neighbors, but be sure to be courteous. For starters, if someone's quickly entering or leaving their home, they've probably got something to do and don't want to be disturbed. The best tactic may be to knock on their door at a less busy time and say hello. Don't forget to invite them when you ...

### Throw a Party

It's not only a great way to break the ice with the neighbors, your friends and family will learn the directions to your new dwelling. Besides, the liquor cabinet is still empty, and that could be easily fixed with a BYOB policy. Other ideas include throwing a local culture shindig in which everyone brings a local specialty.

After the party, it's time to clean up, and that's when you know you're really home.



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### **Buying a For Sale By Owner Home by Will Friedner**

Have you ever thought about buying a For Sale by Owner Home? There are some things that you need to be aware of when buying a house directly from the owner. You can save money buying a for sale by owner home. You can also get yourself into a lot of trouble if you are not sure what to look for.

#### **Pricing**

The first thing to check into if you are buying a for sale by owner home is the price. Many people will price their house based on how they think their house compares to their neighbors house that may be for sale. Sellers often get emotional over what they perceive is the value of their house. Sellers always think that their house is way better than any other house in the neighborhood. They have all of the great memories there. The kids first steps, Christmas mornings, kids graduations, etc.

#### **Appraisal**

Even though you may think the house is perfect for you, do some research on the price. Unless you are paying cash for the house, an appraiser from the bank is going to come out. You may think "no big deal". The problem is that the bank will be charging you for the appraisal. These appraisals can cost from \$600-1000. Nobody wants to spend \$1000 on a house that they are not going to buy! If the appraiser says that the value is lower than what you have agreed to pay, you now have a situation with the seller. They can either agree to sell you the house at the price that the appraiser came up with, or the bank will make you come up with the difference before they will give you a loan.

#### **Negotiate**

When you write up the purchase agreement or buy-sell, you can ask for the owner to pay for the appraisal if it comes in low. If he is so confident of his price, he should be willing to pay for the appraisal if it comes in low. Always remember that EVERYTHING is negotiable. You should hammer out every detail before you get too far down the line with the sale. The last thing that you want to have happen is that you are a couple of weeks away from closing and something comes up that will cost money to fix. This is where many deals fall apart. Emotions can run high if the seller is half moved out of the house and you start asking for repairs or discounts on the sale price.

#### **Disclosures**

Another huge thing to keep in mind, is that if the owners are not using a realtor, they probably have not filled out a property disclosure form. When a house is listed by a real estate company, the company will require the seller to fill out and sign a document that discloses every issue with the house that they are aware of. The document covers everything about the house and property. For example, if they put on a new roof 3 years ago, if they remodeled the kitchen, etc.. The document also has them disclose if there ever was a water leak or any other kind of damage to the house. They must disclose if they ever had to treat the house for mold, or radon.

#### **Inspections**

A home inspection is very important when buying a for sale by owner home. You may hit it off wan totally trust the seller, but you must do an inspection! The seller may not be aware that his attic is full of mold. Or that the foundation of the house has issues. There are so many things that may be wrong with the house that will turn into your problem if you don't do an inspection.

#### **Water Rights**

If you are buying a place on a larger piece of land, look into the water rights. The last thing that you want is to find out that you don't have access to much water or you have to pay someone for more water. You can call the local water administration office and find out if there are any water rights that go with the land. If the land that you are buying is on a lake or a stream, you can't just pump water out of it without the proper water rights.

#### **Septic Systems**

If there is a septic system, this should also be addressed. You should go to the sanitation department and get the septic permit for the house. With an older house, there may not be a permit at all. If this is the case, some banks or loan programs will not work. Another thing to look for on the septic report is the size of the system. The systems are approved for the number of bedrooms in the house. If someone has added on to the house, the permit might be wrong. The septic permit might be for a 3 bedroom house, but the house now has 4 bedrooms.

#### **Summary**

When buying a for sale by owner home, the main thing that you need to keep in mind is to do your homework on these things up front. All of these things can be negotiated before you get too far into the deal and you spend a bunch of money on inspections and appraisals. The key is to do your homework! When you are doing the negotiations, you will also learn a lot about the seller and be able to figure out what type of person he or she is and how much you should trust them going forward with the deal. The more work you do up front, the more you will benefit.



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## Tips From a Realtor® on Selling Your House After a Divorce by Carol Evenson

Selling a home is difficult even in the best of situations. If you are in the midst of a divorce, though, it can be downright traumatic. Before you put your house on the market, you might want to consider a few basic tips. While they may not magically make the process of selling your home a pleasant one, they may help to make it easier for you and your ex to get through this step and move on with your lives.

### Make Agreements Ahead of Time

One of the best moves you can make is to put every agreement in writing before you put the home on the market. Make a binding agreement that you will sell the house, that you will ask for a specific price, and that you will only accept a bid that is over a certain amount. You should leave nothing to chance or agreement later on, as you never know what's going to happen during your divorce. Putting things in writing gives your attorney something to work with, and it can give you a shield behind which you can hide if your ex becomes unreasonable.

Because divorce and real estate laws differ from one area to another, make sure that your attorney is familiar with the local legal requirements. If you live in Utah, for example, a Salt Lake City divorce attorney will be able to give you better advice about the legal aspects of selling a home in a divorce case than an attorney based in Denver. Even if you have a connection to a lawyer somewhere else in the country, they may be able to refer you to someone local, who is more familiar with local legislation.

### Work with an Agent

The months following a divorce are not the time for you to try to sell a house on your own. You need to work with an agent, and specifically an agent who has dealt with selling homes during a divorce. You do not need the extra stress that is involved with a For Sale by Owner arrangement, and putting all the responsibility in the hands of one party is a good way to spark another fight. Make sure your agent knows exactly what is going on and that he or she is prepared to deal with a situation that might not be all that pleasant.

### Build Contingency Plans

What happens if something goes wrong during the sale? Who is responsible for making repairs if something comes up during the inspection? These are questions that need to be addressed before you put the house on the market. Making a general agreement—in writing—about responsibilities is the best way to avoid a fight when you are trying to sell the home. The key here should be efficiency, so make sure you are putting the responsibilities in the hands of the party who is best able to resolve issues quickly.

### Present a United Front

Regardless of the reason for your divorce, you need to present a united front while you sell the home. That means working together to make sure that everything is taken care of and never trying to undermine the other party. This can be difficult if one party is forcing the sale, but it's necessary. Remember, you have a very good reason for getting rid of the house, and selling of it will put money in your and your ex's pockets. This is something that benefits you both, so don't sabotage things due to raw emotions.

### Stay Calm

Perhaps more than any other time in your divorce, this is a time to remove emotions from the equation. While your home carries memories both good and bad, you've got to move past them. If you are selling your home specifically to split the proceeds in the divorce, try to remember that you are satisfying a legal requirement. There will be plenty of time to feel emotional about the process after it is done, but during the sale is not the proper time.

Try to look at your home sale primarily as a financial matter. Keep emotions out of things, and always put your agreements in writing. Once you sell your home, you can begin to process your emotions and move on with your life. While you are selling, though, it's best to remain professional and let the people with experience handle the business aspects. The sale will close before you know it, which will bring you one step closer to rebuilding your life.



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