

Your REALTOR:

March 2023



Dennis Kutny

Real Estate

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How to Take the Emotion Out of Buying a House



The following are things you can do to separate yourself from the emotions of the experience.

Work With a Great Real Estate Agent:

A good real estate agent can help you navigate everything and be your voice of reason when you may feel emotionally charged or pulled in one direction or another.

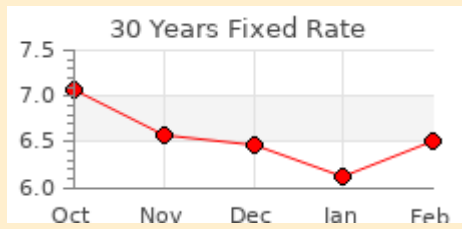
Be Strategic: Before you start the process of searching for a home, prepare yourself to be strategic. You need to map out all of your needs, plus your wants. You should have a list of non-negotiables, and then you can have those things you might compromise on. Realize that you're not going to get everything you want. By going into the situation knowing this and knowing what you won't do without, you're being more strategic in your overall approach.

Set Boundaries: Along with being strategic about your must-haves, you need to set boundaries for yourself on your budget. These boundaries need to be very clearly conveyed to your real estate agent. If you don't want to be shown anything outside your budget, make that very clear. Some people don't mind seeing things out of their budget if they're searching for their dream home, but that might not be the right approach for you.

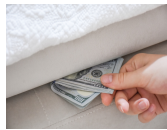
Approach It Like An Investor: This doesn't mean that you don't envision your family in the home or what your life might look like, but you can think more about numbers and facts versus the emotional aspects of the house.

Mortgage Rates U.S. averages as of March 2023:

30 yr. fixed: 6.5%
15 yr. fixed: 5.76%
5/1 yr. adj: 5.53%



Mattress Money



You're probably aware but if you're not, lenders will typically need to verify pretty much everything on a loan application. If it's printed on the application, it will need to be verified via third party sources. To make sure there are enough funds available for the closing, bank and/or investment statements will likely be asked for. Available funds should be enough to cover the down payment along with closing costs.

But what about the so-called 'mattress money?' It is indeed a term used in real estate and real estate finance. Mattress money is funds the buyers own but that are not documented via third party. Some can save up a little here and a little there over time and when it comes time to buy a home, those funds can be tapped into. Yet the aspect of verification comes into play. Funds can't just 'show up' at the settlement table, they need to be sourced. Are the newly presented funds actually borrowed from someone or somewhere? And if so, what are the terms for paying that loan back? If there are mattress money funds you're planning to use, let your loan officer know well in advance to make sure you close on time with funds that are verified to be yours.

When Should You Hire a Kitchen Designer?



Kitchen designers are not only able to manage your project and help you with the technicalities, but they

also stay up-to-date on the biggest trends in kitchen design. Situations where you might think about hiring someone include:

- There's a problem with the flow of your kitchen. A kitchen designer excels in finding solutions for flow issues that will make your space more functional and usable.
- You do plan to sell your home at some point. If you're designing a kitchen because your home is your forever home, that's one thing, and designing it to add value is another. A kitchen designer will excel at knowing what would appeal to potential buyers in a kitchen.
- You're interested in the newest technology for design. A kitchen designer can bring plans to life with 3D software to get a highly realistic image of the space before you commit to anything. That can make a massive difference in the process and save you time.
- If your house is older, unique challenges can arise in a remodel, and a designer might be able to help you navigate those. For example, some people want to retain the original elements of an older home and combine them with new features. There are also more likely to be problems lurking under the surface in an older home, so a designer could help you navigate these issues.
- When your kitchen is tight and cramped, a designer can help you rethink the space you do have available and make it feel larger and brighter.



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Don't Forget These By David Reed

When getting your ducks in a row in order to buy a home in the near future, there's quite a bit of information you'll need to gather. First, and probably foremost, is what interest rate you choose for the mortgage program you selected. Most every single mortgage program offers an array of interest rate choices, many times there are five, six or even seven listed rate choices. Further, there are also even more rates available that aren't even listed.

Most 'no closing cost' loan programs can offer a higher rate with the tradeoff being the lender contributing some funds to help offset these costs. Many times these rates aren't posted, you have to ask. You'll also need to select a loan term ranging from 10 to 30 years, even some loan programs offer an extended loan term up to 40 years.

Closing costs are the next research project. There are two primary types of costs, recurring and non-recurring. Recurring closing costs include hazard insurance and property taxes. Non-recurring costs are those experienced one time, at the settlement table. An appraisal or a lender document fee comes to mind. When lenders quote estimated settlement costs, they've got a pretty good idea of potential third party charges but are also spot on as it relates to their own fees.

Sometimes lenders can negotiate their fees but it's the lender who can make that choice and rarely the individual loan officer. Loan officers who negotiate independently regarding their charges often times have to pay for it themselves, that is to the point lenders allow that practice.

But there are some expenses that will come up outside the realm of lender fees and borrowers need to take these into consideration when counting up how much money will be needed. Lenders will have zero control over these charges and are completely at the discretion of the borrowers. What are some of these expenses?

Furniture and home decorating fall into this new category. Do the buyers think the house needs a new coat of paint or two? Interior and/or exterior? That's certainly an expense. What about a new sofa and loveseat? Bedroom furnishings? Kitchen appliances?

These are all expenses buyers might expect and lenders recognize this. Lenders want to see some money left over at the settlement table. Certainly buyers don't want to be 100% tapped out after and lenders don't want that either. Lenders can require a certain amount of leftover funds, commonly referred to as 'cash reserves.

If you're going to buy soon, take into account these potential expenses. Most every transaction will have these expenses. Plan for them in advance.



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Can You Move in Before a Certificate of Occupancy? By Ashley Sutphin

When you're building a home, it rarely goes according to the timeline you have in mind. This is just the reality of the situation, and you may be anxious to get into the house that you could already be paying a mortgage on. One potential roadblock to moving in is a certificate of occupancy.

What Is a Certificate of Occupancy?

A certificate of occupancy is a document officially from the government certifying a building is safe to be occupied. A certificate of occupancy typically includes the name of the owner of the building, as well as the address and some other information specific to the property.

The information will first include the type of property. This is the type of use the property is zoned for legally. For example, if you're building a house, your certificate of occupancy will identify it as residential. The certificate is valid only for the use listed. There will be code verification, meaning a property must be inspected to ensure it meets all code requirements. The certificate is also a way to ensure the property is fit to be occupied. A building can be entirely up to code but not suitable for occupancy.

When Do You Need a Certificate of Occupancy?

If you're remodeling a property and making minor changes, you probably won't need a new certificate of occupancy. When you need one included for new construction, you may need it before it can be sold from a developer to a buyer but not always. If a property is changing hands in any way, you might need one, although this depends on local laws where the property is located.

If you do any major renovations, you could also need an occupancy certificate. For major renovations, like an addition to your home, you would get a permit ahead of the project and then, when the work is complete, your occupancy certificate. If you're renovating a condemned property, you also need a certificate of occupancy. When changing the type of property, then you might also need a certificate. For example, if you're changing a property from single-family to multi-family, you'll probably have to get a new certificate of occupancy.

Some areas require that every time a rental property is vacated and then occupied by a new tenant, occupancy certification has to be obtained. In other locations, it might be that rental properties have to be put on set inspection schedules, so the property might need a new occupancy certificate after a certain number of years rather than when a tenant leaves.

If you're building a house, your contractor might get a provisional or temporary certificate of occupancy. That indicates that the contractor needs to deal with a few minor issues; otherwise, the building is almost ready for you to move in. These are legal requirements for a lot of property-related transactions. Along with the legal ramifications, this is documentation that your property is safe enough to pass a detailed inspection.

To get the occupancy certificate, an application must be completed and a fee paid; then, once the work is done, a series of inspections must be passed. Every municipality has its requirements, but usually, there's an electrical, plumbing, and fire safety inspection, along with an overall inspection of the building. Different people might do these. If you don't pass an inspection, you're given a list of items to fix and a time frame to complete the work. Then, once you do that, you can have the property re-inspected.

What If You Don't Get One?

If you didn't get a certificate of occupancy when one was required, you could face serious legal consequences. The local government could fine you or sue you. It's also relatively common to fine people a certain amount for every day they're occupying a building without a certificate. Some municipalities will include jail as a penalty for moving into a building without a certificate of occupancy.

A question that many people have is whether you can move furniture and belongings before you have a certificate of occupancy. Technically the answer could be yes because the certificate is about the property being occupied. If you aren't moving in yet, you aren't occupying it. While you might not technically be occupying the space, you shouldn't move anything in. First, it could give the appearance you're living there. Second, if personal belongings are on the property, it could make it harder for an inspector to do their job and get access to what they need.

It's always better to err on the cautious side, as impatient as you might be to move in. Otherwise, you could face delays, fines, or even safety issues.



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Why Do People Experience Homebuyer's Remorse?

By Ashley Sutphin

A home is almost always the most significant purchase someone makes, so the thought of making a wrong decision stirs up immense anxiety for many buyers or would-be buyers. Buyer's remorse is that feeling that takes hold when you regret a purchase. When it's something small, like maybe a gadget you didn't need as badly as you initially felt like you did, that's one thing. It's an entirely different situation when it's something like a house. In the real estate industry, buyer's remorse is when a new homeowner starts to feel they made the wrong decision. They might feel anxious and regretful about a life-altering decision that maybe wasn't the best for them.

Regrets Stemming from Pandemic Purchases

A study by Clever Real Estate from last August found that 72% of recent homebuyers had regrets about their purchase. Much of that stemmed from the fact that people were frantic when buying homes over the past few years. Many homes were going for well above asking in bidding wars, but in the aftermath, as the market cooled, plenty of buyers felt they'd made the wrong decision.

So why these feelings?

According to the survey, the number one reason for homebuyers' remorse was spending too much money, with 30% of respondents citing it as a regret. The second most common problem leading to remorse was buyers who said they'd jumped in too fast. Thirty percent said the decision to purchase was rushed, and 26% said they'd bought a home too quickly. This data was based on buyers from 2021 and 2022 and was conducted in July 2022.

The seller's market since the pandemic was blazing hot, with so many buyers trying to go above and beyond to secure a house. Thirty-one percent of buyers said they'd gone over the asking price. The median paid over the listing price was \$65,000 at the time of the survey. Eighty percent of buyers said they'd made multiple offers, and 41% said they'd made five or more offers.

The market has cooled significantly since that study was done, so buyers will likely have more leverage going forward than in 2021 and 2022, but inventory is still tight.

Other Reasons for Regret

Along with the specific reasons that people had remorse related to the pandemic and the housing market for the past few years, there are more general reasons people often say they have regrets about their decision. One is buying a home that needs too much maintenance and maybe not realizing what they are getting into. Another is buying a home that's too small. The third most common reason for buyer's remorse in real estate is buying in a location that's not ideal. It isn't easy to get a natural feel for the area the home is in until you live there.

Avoiding Buyer's Remorse

So how can buyers avoid remorse when making such a big decision? Real estate experts say one way is to require an inspection. In the pandemic peak of real estate, nearly half of the homebuyers made concessions, including waiving an inspection because the competition was so intense. It's not a good idea to do this, though, because an inspection will provide you with crucial information about the true condition of a home. You're much more likely to hit an expensive surprise after closing if you don't insist on an inspection.

Having a great real estate agent is another way buyers can avoid remorse. An excellent real estate agent will help guide the purchasing decision, weighing the pros and cons of everything. A real estate professional should understand the local market deeply, be responsive, and should be willing to be honest with you, even when you might not like what they have to say.

Finally, another way to avoid the regret of buying a house is to get to know the neighborhood. You can make a house more suited to your needs if you don't like something structurally or design-wise, but you can't change the location. Too many buyers overlook this reality.

Spend time in the community exploring the amenities, walking around, and going at different times of day and evening. Think about logistics, like how long your commute is or what the schools are like. Don't buy a house without fully delving into the location and researching.



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How to Extend the Life of Your Outdoor Furniture

By Jaymi Naciri

Outdoor furniture can be an investment. It's often not inexpensive, and you want to get as much possible use out of everything you buy. Of course, the outdoors can wreak havoc on any furniture, but you can extend the life of the items on your deck or patio.

Choose the Right Materials

When you're initially purchasing outdoor furniture and other items, you want to ensure you're selecting the best materials that are going to be able to withstand humidity and rain. For example, look for weatherproof concrete composite and galvanized steel. Synthetic wicker and teak are also good options. Acacia can be a good outdoor material, but it will require more maintenance than items made of metal. Getting high-quality materials can be more money upfront, but the decision will pay for itself in longevity.

When you're shopping for upholstered items like cushions and pillows, one of the best materials is Sunbrella, which is fade-resistant and designed for outdoor use. Make sure any cushion is intended for outdoor use specifically.

Even if you have outdoor cushions and pillows, you should move items inside or put them in a waterproof storage container if it's going to rain.

Get Covers

So often, people underestimate the importance of covering your outdoor furniture. The best rule of thumb is to keep it protected whenever you aren't using it. If you don't necessarily want to ruin the look of your outdoor areas by having your furniture covered all the time, you might want to at least make sure you cover them before it's supposed to rain or storm, and if you aren't going to use them for an extended period of time.

Choose a water-resistant cover that has UV protection. High-quality covers usually feature double-stitched construction. You want to make sure your cover will allow for enough airflow because otherwise, mildew and mold can become a problem. When choosing covers, measure all of your items to ensure the fit is neither too loose nor too tight.

Use a Sun and Water Shield

For your pillows, cushions, and umbrellas, a sun and water spray-on shield can give them even more protection. The sprays will dry without odor and help upholstered items repel water. These sprays should also prevent fading and yellowing.

Seal Wood

For your outdoor furniture made of wood, seal it with polyurethane. Polyurethane helps protect the wood from the sun, making your wood look more naturally beautiful. Choose a polyurethane with UV blockers.

For your aluminum and metal furniture, cover it with paste wax. It's like sunscreen for your furniture. A coat of outdoor furniture protectant can be good for plastic items.

Keep It Clean

Regularly cleaning your outdoor furniture is important for making it last longer. You should, at a minimum, wipe everything down with soapy water on a fairly regular basis.

If you have wood furniture, use an oil cleaner that penetrates. If you have wicker, you should spray it down and then use a soft brush with soap to clean the nooks and crannies. Let it dry in the sun. Your cushions need to be cleaned as well.

Finally, if you have an option to store your outdoor furniture out of the elements during the winter, do it. During winters, especially if they're harsh where you are, it's going to be tough to keep your outdoor furniture in good condition.



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