

Your REALTOR:

December 2023



Dennis Kutty

Real Estate

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How Can You Create a Mid-Century Space?



One of the first things you can do to capture the simple style of mid-century is to take out things in a space that you don't need. From there, you can think of it like building an art collection. Start integrating mid-century pieces one-by-one.

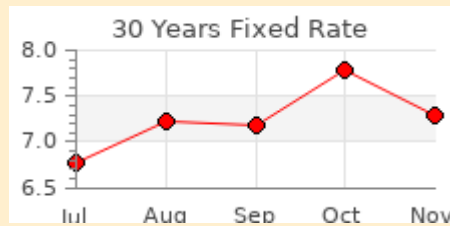
While you might want to stick with the clean lines and minimalism of mid-century consistently, that doesn't mean you can't also intermix other styles into your home. If you have large windows, keep them uncovered if possible, to ensure unobstructed natural light. If you do need to use curtains, choose lightweight fabrics like linen that allow for the natural light to flow into a space.

Sculptural chandeliers can be a focal point in a mid-century modern room, and avoid oversized furniture. The idea is to appreciate negative space rather than trying to fill every square inch with furniture, which is common in more traditional design concepts. Along with making sure your furniture isn't too big, look for low profiles.

Integrate elements of nature, whether that's natural wood furniture or potted plants. As far as the actual furniture and other items you purchase, one option is to splurge for authentic pieces. If you're not ready to do that, you can still find replicas at a more budget-friendly price. Even much of what Ikea offers could be easily integrated into a mid-century design concept. There are also retailers with pricing that's considered middle-of-the-road such as Crate and Barrel, with beautiful mid-century-inspired options.

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

30 yr. fixed: 7.29%
15 yr. fixed: 6.67%
5/1 yr. adj: 6.84%



What's an Escrow Account Work?



You're given an escrow account when you borrow the money to buy a home from a bank or direct mortgage lender. The escrow account is where lenders deposit the portion of your monthly mortgage payment that will cover insurance premiums and taxes. An escrow account is established through your mortgage terms to hold the money for homeowner's insurance and taxes.

Your escrow payments can be adjusted up or down, depending on whether there was a surplus or shortage in the account for the year's payment. A mortgage holder has to send you an annual statement about your escrow account. If you have to pay mortgage insurance premiums, these are also held in the escrow account. This is for borrowers who make less than a 20% down payment.

Escrow accounts aren't going to cover everything related to homeownership. For example, they don't cover your HOA fees. If you have supplemental tax bills, these aren't covered by escrow accounts either.

How Do You Challenge An Appraisal?



The appraisal is just one way a lender is protecting themselves and minimizing their losses if something happens and the borrower defaults. If you're a seller and you get a lower appraisal than expected, you may have to lower the price of your home. If you're a buyer, you might not get financing. There are some things you can do to challenge an appraisal if you feel it's too low, though.

1. Get a Copy: If an appraisal is threatening to derail a sale, the first thing to do is to get a copy. From there, look for errors. Appraisals can and do have errors. For example, the square footage could be wrong, the number of bathrooms could be listed incorrectly or the home could be listed as being in the wrong neighborhood.

2. Are The Comps Up-to-Date?: Comps are homes that might be located nearby or have similar square footage. These homes also should have sold within six months or more recently if they're included in the appraisal. If the comps used aren't appropriate, it can be grounds to challenge an appraisal. For example, maybe the comps include a foreclosure or a home that's much bigger or smaller.

3. How Well Does the Appraiser Know the Area?: If an appraiser is coming from 50 miles or more away, then they're just not going to be familiar with the neighborhood. You might be able to appeal to your lender and get another appraisal if this has been an issue. Even before you get an appraisal, you can look the person up who will be doing it. If you don't feel like they're qualified or they don't have the necessary local knowledge based on your research, you can request that your lender get a new one.



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What Exactly Is 'Private' Lending?

By David Reed

You may or may not have heard of the term 'private lending.' It is in fact a necessary player in real estate finance but often it's misunderstood. It's also sometimes referred to as 'hard' money while both terms are interchangeable. What is private lending and why is it so important?

The term 'private' refers to just that. It's an individual or group of individuals who privately finance real estate transactions outside the realm of traditional lending. While the vast majority of my volume was in conventional and government-backed mortgage loans, I did have the ability to contact and use a private lender.

Private lenders do not sell loans in any secondary market. There really is no secondary market for private, or hard money. A private loan is issued as a short term solution to a financing issue. In most instances, private money is used to address a short term issue and when that issue is resolved, the private lender wants its money back. Once the issue is resolved, the goal is to get the property or the transaction in such a position to be able to qualify for traditional financing.

For instance, say a potential buyer has identified an apartment building that sparks some curiosity. But there are some problems with the building, primarily there are some stages in development that aren't yet completed. While a bank certainly does finance apartments, the apartments, much like residential property, must meet certain conditions. In the case where an apartment building is left unfinished or perhaps there are too many individual units not occupied by tenants, a bank won't touch this transaction for these reasons.

However, a private lender can take a peek. A lender in this instance looks at the potential or the 'exit' strategy. If the lender does decide to place a note on the property, the lender needs to see a clear cut exit strategy and it's up to the buyers to provide that strategy. Once the plan is introduced and the private lender understands what's going to happen once the problems are resolved, the buyers can then refinance the private loan and replace it with a traditional one with more favorable terms.

Private loans carry much higher interest rates and want some initial equity upfront. A private note might ask for a down payment of up to 50% of the 'as is' value of the unit. Rates can be in the double digits. That's why the buyers need to be certain, as well as the lender, that traditional financing is waiting as long as the problem issues are resolved.

Without private lending, that unfinished building would just sit there and ultimately fall into a state of disrepair to the point where a rehab is impossible.



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10 Tips for Creating a Calmer, More Peaceful Home

By Jaymi Naciri

Your home should be your sanctuary, but sometimes it's hard to brush off the stress of the day and sink into the serenity. That's especially true if your home is more chaos than calm. Use these tips to create a space that's soothing, so, no matter what the day holds, you always have an inviting place to come home to.

Add some greenery

Studies have shown that plants can make your home feel calmer and ease anxiety. Plants like jasmine and English ivy can improve sleep, lavender and rosemary can lower stress, and several other plants have been shown to improve air quality so you breathe easier.

Hide the electronics

"Nobody wants to stare at a tangle of cords," said Houzz. "Thankfully, we have more options than ever for keeping our tech devices hidden away. When possible, choose smaller, wireless devices that look less obtrusive even when left out in the open. Tie up cords in a media center so they are not visible, and dedicate a single drawer to storing all of your chargers, power cords and small tech devices when they're not in use."

Get a dog

Or a cat, a bird, or a turtle, for that matter. Yes, having a pet can mean more noise and more mess. But, there are all kinds of studies that show that having a pet lowers stress. "Researchers found that pet-owning patients with high blood pressure could keep their blood pressure lower during times of mental stress than patients without pets," said AnimalSmart.org. "Another study shows that pet owners may also have increased odds of surviving for at least a year after having a heart attack."

Clear the clutter

Going all Marie Kondo on your home can have surprising effects on your mental state. "Clutter can play a significant role in how we feel about our homes, our workplaces, and ourselves," said psychologist Sherrie Bourg Carter in Psychology Today. "Messy homes and work spaces leave us feeling anxious, helpless, and overwhelmed."

Tone down the harsh colors

There's something to be said for going bold, but soft colors can bring on a calming feeling. If you want a deeper color, consider shades of blues and greens—two colors that are known to be more serene than, say bright yellow, orange, or red.

Clean up your entryway

It's the first place guests see, and while you probably don't pass by or through your front entry all that often if you park in the garage, it may not feel as welcoming as you'd like when you do.

Soften the lighting

Harsh overhead lighting can make you feel like you're being interrogated, and can also be hard on your eyes. If you need to keep it because the space will be too dark otherwise, a dimmer can at least give you some control over just how bright it is, and allow you to create a mood with lower lighting as needed.

Limit the patterns

"Opt for solids and subtle patterns," said Houzz. "Busy patterns have their place, but if you're aiming for calm, then solid fabrics are your friends. Don't be afraid to include subtle patterns, though: herringbone, tone-on-tone stripes, and tiny dots can add textural interest without competing for attention."

Buy some fresh flowers

According to a study by Rutgers, "The presence of flowers trigger happy emotions, heightens feelings of life satisfaction and affects social behavior in a positive way far beyond what was originally believed."

Make your primary bedroom a zen zone

Getting good rest is key, and there are several ways you can create a soothing space. Keeping the colors serene is key, and so is a good mattress. Loading the bed up with soft textures can also help. "The sensation of touch is often overlooked, but a powerful way to unwind," said Mass.gov.



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Shopping For Mortgage Rates the Right Way By David Reed

When you're getting ready to buy and finance a home or perhaps refinance an existing mortgage, one of the things you end up doing is shopping around for mortgage rates. Individual lenders set their own rates each and every day. Sometimes even more than once per day during an odd, but not unprecedented, volatile mortgage market. The Fed doesn't set your typical 30 year fixed rate mortgage, it's the individual lender. Yes, the Fed does affect mortgage rates but only indirectly. Some adjustable rates can reflect Fed actions but your everyday fixed rate loan is in the lender's hands.

Okay, that said, how do you shop around for rates? Here are some things you should definitely do:

Shop for rates on the same day.

Because mortgage rates react to certain market conditions, getting a rate quote on a Monday could be very different from a rate on Thursday. Market conditions can change in just a few days, so to be fair to yourself, set aside a rate shopping day and start making some calls. Note here, when you review rates on a website, pay attention to when the rate was posted. If it was a couple of days ago, you need to pick up the phone and make a few calls.

Shop at the same time of day.

Just as it's important to shop around on the same day, you can also help by shopping at the same time of day as well. Again, things can change rather rapidly without your knowing and a rate quote in the morning might be different in the afternoon.

Shop for the same program.

Only get a quote for the same exact mortgage program. You can't compare rates for a 30 year loan with a 15, for example. And certainly don't compare rates for a fixed with an adjustable.

Points?

If you're getting 30 year quotes and you're shopping in the morning, make sure you get the exact program and I mean exact. Get a quote for a 30 year loan with one point, for example. And also get the quote for the same 'lock' period. Most lenders offer various rate guarantees, or locks, at different periods of time. A lender might have a 10 day lock, a 30 day and so on. The longer the lock period, the higher the rate will be.

Finally, compare lender fees. One lender might have a much better rate than everyone else but that lender might also have higher loan charges. It can be hard to compare apples and apples sometimes, but if you follow these steps, you'll be doing exactly that.



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What is An All-Cash Offer When Buying a Home?

By Ashley Sutphin

If you've ever watched a real estate show, particularly one that centers on the luxury market, you've probably heard quite a few references to all-cash offers. In the current market with low inventory and bidding wars, all-cash offers are a popular way for buyers to compete.

You may find yourself wondering what that means. There's a secret to an all-cash offer you may not be aware of—you can still get a mortgage.

The Basics of An All-Cash Offer

An all-cash offer means that a buyer plans to pay cash for the home they're putting an offer on. The key here is that the buyer, in doing so, can prove they have the money in the bank to do that. A cash offer is appealing for a seller because it makes for a faster process with fewer chances for something to go wrong along the way.

If a buyer plans to get a mortgage, they're riskier for a seller. The less financing has to be involved in a deal, the better from the seller's perspective.

If someone buys a home without financing, they'll either use a cashier's check or transfer the funds electronically.

Since no lender is involved, the closing time with cash purchases tends to be much faster. These deals can close in just two weeks if necessary. Those two weeks are just enough time to clear any liens, prepare the paperwork and provide insurance.

For a financed purchase where the buyer is getting a mortgage, the closing time is, on average, at least 30 days. It can be as long as 45 to 60 days to closing.

The Process for Buying a House All-Cash

If someone's going to buy a house all-cash, the following are the steps that usually occur in the process:

- The first step is for a seller to accept the buyer's offer, and then a Purchase and Sale Agreement is completed. This is also known as going under contract.
- From there, the next step is the verification of proof of funds. You need to make sure, if you're the seller, that your buyer actually has the cash they say they do. You may ask for earnest money, which is usually 1-2% of the sales price. Then, you may request proof of funds as bank or investment statements. A real estate agent will help you with this.
- You'll have to hire a title and escrow company or the buyer might be responsible for this, depending on the state you're in. The title company makes sure there are no liens to be addressed, and they'll handle title insurance. On closing day, a title company makes sure the ownership of the property changes hands appropriately. The escrow company deals with closing documents and the transfer of funds. They're also responsible for completing legal paperwork.
- Buyers may submit their offer with an inspection contingency, which then means they could have an option to renegotiate the sale price or request repairs, depending on what's found during the inspection.
- Then, it's time to review and sign the closing documents. Even with an all-cash transaction, you can expect a fair amount of paperwork.

Can You Compete If You Need a Mortgage?

Yes, buyers indeed tend to prefer all-cash buyers, especially right now in a seller's market. There are ways you can be considered an all-cash offer while still using a loan. For example, some lenders have what's called decision-now approval. It's not exactly cash, but in the eyes of a seller, it may have the same benefits because it has a preapproval that's underwritten. That means the loan is already funded, and the lender verifies that the remaining amount of the sales price is officially accounted for.

Then a buyer can take financing contingencies out of their offer without worrying about losing their earnest money because they've already secured a mortgage. Doing something like this, depending on what your lender offers, can make you a strong buyer that's almost as good as all-cash.

Finally, if you're interested in that approach, you'll have to shop around to find a lender offering upfront underwriting because not all do.



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