



## Are Anti-Flipping Bills the Future?



**T**hat dream of buying a house in a state of disrepair and fixing it up to sell for a big profit is one many of us share. And the people you see on TV aren't the only ones who are doing more than dreaming. According to ATTOM Data Solutions' most recent stats, more than 200,000 U.S. homes were bought and resold within a 12-month period in the year 2017.

But New York State is currently working to pass two bills that would add a "flip tax" on real estate sold within two years of purchase anywhere in the state of New York. Specifically, would-be flippers would be looking at a 20% tax on real estate that's sold within 12 months of the initial purchase and a 15% tax on those properties that are sold within two years.

Back in 2006 the state of Washington threw a wrench into flippers' plans after they passed Substitute House Bill 1843, which discouraged flipping by requiring "property owner developers, including flippers, to be registered and bonded as general contractors," said Curbed. Between the passing of the bill in 2006 and a 2016 report on national flipping trends, Washington State experienced nearly a 5% drop in flipped sales.

If you're looking to buy a piece of property with the intent of flipping it, make sure you do your research. In addition to local regulations (passed and in the works), there are also specific rules that might be imposed by your lender. For example, the FHA won't allow you to resell a home you purchased with an FHA loan within 90 days. You'll also want to make sure you resist the urge to play with the laws. No amount of profit is worth paying the price for mortgage fraud.

## Mortgage Rates U.S. averages as of April 2020:

30 yr. fixed: 3.5%  
15 yr. fixed: 2.92%  
5/1 yr. adj: 3.34%



## What Is a Home Renovation Loan?



**A**lthough they are growing in popularity, home renovation loans are not anywhere near as prevalent as FHA loans for first-time buyers, but maybe they should be.

Here's how it works. Renovation loans bundle funds for the home purchase and renovation. There are a few different options from which to choose. Here are the most popular:

Fannie Mae's HomeStyle Renovation loan—"The Fannie Mae HomeStyle loan is a single-close loan that includes the cost of home repairs in the overall loan amount," said ValuePenguin. "This loan can be used for repairs that an appraiser requires, or for changes the homeowner wants to make, and it can be used to pay for both structural and cosmetic repairs."

FHA 203(k)—Similar to the HomeStyle loan, this option is government-backed and has lower credit score requirements. Keep in mind that FHA loans require mortgage insurance premiums if you have less than a 20% down payment, which can raise your monthly payment. The FHA also requires the borrower to pay an upfront fee, which will make your initial out-of-pocket costs higher.

## Don't Try to Outsmart the Markets



**G**etting ready to refinance your mortgage but waiting for rates to fall just one

more time? Is that extra 1/8th percent ready to drop? Some consumers begin to follow economic news and perform no shortage of due diligence trying to pick the perfect time to lock in an interest rate. Loan officers are asked on a daily basis, "What are rates going to do?" The fact is nobody knows and for those who say they know, well, they don't. Yes, there are certainly general trends that can be pointed to but trying to outsmart interest rate markets can go wrong rather quickly.

If you're waiting on rates to fall just a little bit more, you run the risk of the opposite happening and when it does, rates could move higher and never look back. When you ask your loan officer what he or she thinks rates might do, the experienced loan officers know not to answer that question directly. They can tell you where rates have been and why, but they can't tell the future. Can you imagine how upset you would be if your loan officer suggested you hold off another week and wait for a particular economic report only to ultimately find out the loan officer was wrong and your refinance opportunity is now firmly in your rear view mirror?

The point is this: if you've got an attractive rate now and it makes sense to refinance, or you've got an accepted offer on a home and trying to time the markets, take what you have. The chances of rates moving up is higher compared to rates moving lower in our current environment. Don't try to outsmart the markets.





## **I Am Selling! Why Would I Put Money into a House I am Leaving?**

**By Christine Rae**

I would say this is one of the most frequently occurring questions professional stagers field every day! On the surface you can certainly understand why the question is raised repeatedly. There are many reasons to support the process of staging a property prior to bringing it to the public for review. Let's look at a few of them.

### **Who is Buying?**

Whether you know, or believe it, it is true; the buyer will determine IF your house will sell, when it will sell and for what price. You can have your hopes, wants and dreams but ultimately the power lies with the buyer. A great Staging professional is knowledgeable about which demographic is most likely to purchase your property and will make recommendations with that in mind. The largest property buying demographic today are Millennials. The younger members of this tribe may still favor renting, however once they hit their 30's and begin to settle down they want their version of a great house.

What they want is move in ready. Why? Pressing student debt is already a worry, they scrape together as much as possible for the down payment and simply don't have extra cashflow to invest in "fixing-up" the things you couldn't be bothered to do. The other factor to consider is this group of people do not want to be "DIY weekend warriors;" they want to have fun on the weekends! Also, they don't have the skills to do the work- and they are not interested in learning how to do it!

You may have finished with this property but to them it is their new home. They want it to look and feel like it from the outset. In fact, research shows they want the feel of new so much most of them are willing to pay more money to get it. What that means to you is this, if you choose to bring your property onto the market "as-is" you risk a) being on the market longer than you want or b) have offers for less than you expect.

### **Staging is the only service for selling property that has measurable value**

Whether the market is hot, cold or indifferent, staging is a powerful marketing tool which should never be discounted because of the outlay of money. If you want to maximize your ROI, why would you not do for your house, what you would do if you were selling anything else? Your car for instance? Wouldn't you clean, fix and polish it to make it feel new?

The largest investment most people ever make is in real estate. When selling, they want the most money possible in the shortest time for no effort and no money!?? Really who does that? 97% of prospective buyers look on the internet first, which means you need amazing photos to capture interest, to get on the MUST-SEE list. Don't play equity jeopardy with your investment! Your competition are new houses- yours must look and feel like one too!

Failure to do so will have a millennial moving on.





## What It Means When Your Loan Goes Into 'Processing' By David Reed

At the very early stages of your loan application, you've likely spent most if not all of your time speaking with your loan officer. It's your loan officer that prequalifies you, reviews your basic information such as income, credit and employment, among other items, and presents a list of loan options for your review. Your loan officer will also accept your loan application and can run a preliminary credit report including credit scores. Different lenders have different processes during this stage. Your loan officer may be the one that requests all your documentation upfront. Or, your loan officer may run an initial automated underwriting request which will list items needed both initially and at your closing.

This can mean sending copies of your most recent paycheck stubs, W2s and income tax returns. If you're self-employed you can be expected to provide both personal and business returns but also a year-to-date profit and loss statement. Bank and other asset statements will be forwarded to verify there are sufficient funds to close on your transaction. Once you've passed this initial stage, your loan application goes to the Loan Processor. What does your loan processor do and what can you expect?

Your loan officer will then hand off your file to the processor. The loan officer is always there to talk about the progress of your application and answer questions as your file moves along, but it's the processor's turn now. The loan processor will review the automated underwriting "findings" to make sure that what is asked for is being provided and if not, when the needed items will be submitted. The processor's primary job is to prepare your loan file for submission to the underwriter. If you're asked to provide your most recent paycheck stubs covering a 30 day period and there is only one in the file covering two weeks, the loan processor will ask for additional paycheck stubs to meet this 30 day requirement. The processor will also review the information you've submitted to make sure it matches up with what the lender needs.

The loan processor will also begin ordering information from third parties to complete the loan file prior to submission to underwriting. This means contacting the title company to get a preliminary title report and to open up an escrow and schedule a closing date. You'll need to have an insurance policy to cover the property and protect both you and the lender. You'll provide the processor with your insurance agent's contact information so insurance can be ordered. The processor will also provide your agent the Mortgagee Clause which will appear in policy. The mortgagee clause provides the insurance company with the legal entity which would receive a claim against the property and provide a payoff.

After the file has been completely documented, it is forwarded to the underwriter. The underwriter is the individual responsible for making sure the loan package conforms with the guidelines issued for the selected loan program. The underwriter will review the submission and in doing so may have additional questions or request more information or documentation. These requests go back to the loan processor who then contacts you to fulfill the underwriter's request. You won't be able to speak with the underwriter directly, instead you'll provide what is being asked for by the underwriter to your loan processor. After all questions have been answered and needed documentation supplied, your loan processor is no longer involved.





## 5 Home Projects to Enjoy Your Outdoor Space all Year Round By Cristina Miguez

For the last several years, homeowners have been putting a priority on creating outdoor living spaces for their homes. This has led to an increase in the building of outdoor spaces such as decks and patios

Having these kinds of spaces isn't always enough, however, if you aren't able to use the space year round. Many homeowners who would otherwise want to invest in these types of spaces may end up putting it off, simply because they don't believe it will get enough use to be viable.

That's why adding some features to an outdoor living space that can extend their use can be beneficial; it adds value to the area, and increases homeowner use and enjoyment. The following five projects are designed to help make an existing outdoor space more usable at any time of year.

### Fire Pit or Outdoor Fireplace

Fire pits and outdoor fireplaces make great focal points for any outdoor living space. They create a gathering point, and allow you to extend the use of the space into the evening hours as well as into the colder months of the year with the heat and light they provide.

Both of these features can add a lot of use and function to the area, but they are different in terms of operation and cost. A fire pit costs around \$700 on average for a built-in model, or you can purchase a movable version for about \$100. With a fire pit, you can gather around it on all sides, so it typically sits in the middle of your patio, which can mean it's in the way when not in use.

An outdoor fireplace can be more expensive, averaging \$5,000 - \$10,000 if you use a readymade insert. You can only gather in front of it, so it's a little less versatile, but it's also tucked out of the way, so you aren't using up valuable real estate on the patio as well. They make good additions to spaces that have other built-in features like outdoor kitchens, because you can typically add on in style easily.

### Hot Tub

Hot tubs can be used in all kinds of weather and temperatures, including during the snow. This makes them a great addition to outdoor spaces where a pool might not get a lot of use, but a water feature could be attractive.

Hot tubs come in all shapes and sizes including some that can be sunk into the ground, some that can be placed on a deck or patio, and even some that can double as an endless exercise pool. Because of these many choices, you'll also have a range of associated costs. The average hot tub installation will run around \$6,925 for a tub that seats four people. Keep in mind that many hot tubs are heavy, so if you want to place it on the deck, you may need to have it inspected to ensure it can handle the weight, since there are many factors that go into determining whether or not a deck can handle the additional load.

Hot tubs can be located alongside pools or on patios easily, however, so even if the deck isn't the best place to install one, it's possible to find a good location elsewhere.

### Sunroom

Sunrooms blur the line between indoor and outdoor spaces. They can be three-season rooms with walls made of screens or they can be four season spaces with highly insulated windows. Regardless of type, they can usually be designed to create wide-open views so you can feel like you're outdoors even when you aren't.

Sunroom additions have an ROI of just shy of 60%, which means that they can add some value to the home, as well as recreation and enjoyment. Sunrooms cost between \$35,000 and \$55,000 for a three season room with fans and outlets. Costs do go up as you winterize and create a more year round space, with most four-season sunrooms topping out around \$60,000 to \$90,000. This is mostly due to the amount of insulation and tightly fitting windows that are required for the space.

### Add Good Lighting

Good lighting is important year round, particularly when you want to extend the use of your outdoor space into the evening hours. During the winter months when the days are shorter, this becomes even more important to the use of the space. Installing good landscape lighting to your patio, deck, or pool area can help make the space more functional while opening up more opportunities for things like entertaining.

Outdoor lighting should ideally be customized to the space you're using. For example, if you have walking paths, you'll want to ensure they're well lit, while patios and decks may need additional lighting near seating and doorways to ensure the space is safe and functional. Outdoor lighting can therefore have a fairly wide range of associated costs, with the average being about \$3,800 for 20 outdoor lighting fixtures.

### Consider an Awning

Most people associate awnings with creating shade on a hot day, but they also have use year round as well. Awnings can offer some protection from the elements, which can help keep snow and ice off of decks and patios, extending the amount of time they can be used. This way, you won't have to spend as much time shoveling out an outdoor area on a nice winter's day.

Not all awnings are going to work well for this; cloth awnings and those designed solely for providing shade may not be able to offer the protection you need. Look for aluminum awnings or have a custom, attached pergola with a solid roof added above your patio. A metal awning installation can be installed for as low as \$600 to \$1,000, while an attached pergola with a roof can run around \$3,000 to \$6,000.

### Get More from Your Outdoor Living Spaces

Outdoor living is becoming more important not only to homeowners, but also their properties. And the more versatile the space is, the more use it will get. Add any of these projects to your existing outdoor space to increase its value and the amount of use that the area will get and start expecting more from outdoor living.





April 2020

# REAL ESTATE Update

Deb Killian, CRMS & Don DeRespinis

Serving Connecticut Residents since 1995

## How to Buy a House Right Now By Jaymi Naciri

As we navigate the (hopefully temporary) new-world order in an attempt to control and contain the global coronavirus pandemic, the real estate industry is making its own constantly evolving set of adjustments. The industry over the past few weeks has centered around two major themes: 1) Super-low mortgage rates that have created a refinancing boom; 2) And the possibility that the coronavirus will force a widespread pause of mortgage payments.

These are uncertain times, to be sure. But those same low rates that are driving refis are also attracting homebuyers. "The 30-year fixed mortgage rate hovers above 3 percent, the lowest that it has been in nearly 50 years," Andrina Valdes, executive sales leader and CEO of Cornerstone Home Lending, Inc., told Apartment Therapy. "The lower the mortgage rate, the lower a monthly mortgage payment is likely to be. So, anyone who's on the fence and thinking about buying a home could really benefit right now by purchasing at a record-low rate."

The truth is, there are still homes on the market. There are still people who need to sell. And there are still people who need or want to buy. If you're one of them, you're probably wondering how to go about it. iBuyers have largely shut down entirely or shuttered at least temporarily, and several companies, including Keller Williams, have cancelled all open houses, "while smaller brokerages, like the about 100-agent New York-based brokerage Modern Spaces, has closed offices and sales centers, instead offering virtual walk-throughs and tours," said Yahoo Finance.

So how can you buy something you can't see? It's time for technology to take over. "This time the use of technology may have a significant part to play in how the housing market can try and continue in a 'normal' fashion," said Bindi Norwell, chief executive of the Real Estate Institute of New Zealand on One Roof.

That means that your house tour will probably be virtual. Agents are embracing the tech available to them to bring homes to buyers since they can't bring buyers to homes.

"As an alternative to in-person viewings, some agents are turning to tech, offering buyers virtual tours," said the New York Times. "The NYC-based Ideal Properties Group launched a virtual listing viewer called Showings on Demand.

Individual real estate agents have followed suit. Kendyl Young, Broker/Owner at Glendale DIGGS, just held a Facebook Live Open House for her new restored Post and Beam, mid-century modern listing near Brand Park in Glendale, with plans to do more. "I'll show you around the space and take your direction," she said on Facebook. "Want me to show you a particular room? I will. Missed the part where I showed off the family room? Tell me—I'll go back. A close up of the super cool family room fireplace wall? I'll get closer. You are the PUPPET MASTER and I am at your direction."

It's all part of being able to adapt to clients' needs during this time.

"Buying a home will always be a very human experience, but we need to adapt to this crisis," she told us. "Physical showings are not safe, and we can marry technologies like 3-D scans, Webb meetings, and video conferencing to provide a pretty reasonable virtual experience. We must find ways to serve our clients while staying safe."

Elle Jones of Keller Williams' Harma Real Estate team is showing her new San Fernando Valley, CA listing, among others, via FaceTime. "If you'd like to view a house, I'm happy to go by and do a FaceTime walk through for you," she posted on Facebook. "If you'd like to see my #Newlisting in #ShermanOaks even better! Let's get through this together!"



Equal Housing Opportunity

Deb Killian, CRMS & Don DeRespinis, CPA, MLO # 7657, MLO # 81076  
E-mail: [dekillian@snet.net](mailto:dekillian@snet.net)  
Website: <http://CharterOakCT.com>  
203-778-9999 Ext. 301  
d/b/a Danbury Mortgage

Charter Oak Lending Group LLC NMLS  
# 7748  
203-778-9999 Ext.301  
5 Plantation Court,  
Bethel, CT 06801