

August 2015

# HOMEFIT

Exercise the Best Ins and Out of Home Ownership

**6 Powerful  
Home Staging  
Secrets the  
Pros Use**

**Evaluation  
Tips to Help  
You Know  
If the Price  
is Right**

**Secrets for  
a Successful  
Yard Sale**

**Keeping Your  
Eyes Wide Open  
to Avoid a  
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Home Appraisal**

**5 THINGS YOU SHOULD DO  
BEFORE CHOOSING A NEIGHBORHOOD**





# Letter from the Editors



Home ownership can present homeowners with issues and concerns ranging from small, easy fixes to matters that, if not approached in the right way, can cause considerable hassles. Ultimately it can cost the home owner or seller a great deal of money.

This issue will highlight various processes homeowners and home buyers go through, with tips and information provided to help facilitate 'smooth sailing' all along the way.

Looking to clear away some of that old stuff before you even begin thinking about prepping your home for sale? Tips provided here can help your yard sale see successful results.

While planning on selling your home, you may be looking for areas of relocation, and you can find advice here that will help you to find a neighborhood that's a right fit for you. And if you do find that neighborhood, we provide insights to help you see that you get what you pay for.



Articles in this edition touch upon some serious, complicated issues many homeowners may face. The financial side of home ownership is perhaps someone's biggest investment in life, so money matters handled the right way are critically important. Advice here can help keep your eyes open to undervaluation in home appraisal, and legal entanglements with remodeling.

We hope that what you learn here can help you save time and money, and alleviate some of those concerns you may have when it comes to home buying and selling. Good luck!

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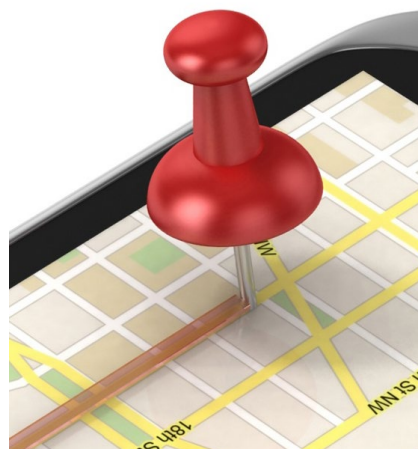
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## Secrets for a Successful Yard Sale

Every home owner has a closet or a garage filled with junk that they just can't let go. It is, after all, a known fact that as soon as you throw something away, you'll promptly need it. Aside from that pain in the butt law of physics, there really is no point in keeping all of that junk.

What's better than all of those mementos, you ask? How about extra storage space and some cold hard cash to spend on something a little more interesting (and useful)?

### Avoid the Rummage Sale Look

You've probably driven by dozens of garage sales because everything looks dirty, messy, or thrown together. Don't be that garage sale. Make sure your items are dusted and in good repair. If possible, avoid having everything scattered on the ground in your driveway or lawn. Tables go a long way towards making you look like you have things that are actually worth stopping for.

### Make Things Visible

During prime garage sale season, people like to hit as many sales as they can, meaning they don't want to rummage through your endless boxes of books, toys, and video games to find the good stuff.

Take the time to keep all of your items easily visible. Hang clothes up neatly, line books up on a table, and keep DVDs out where people can take a quick look. The more people have to dig, the less likely you're going to sell anything for what you want.

## Stick to Smart Pricing

While that chair might be comfortable and priceless to you, to someone else, it's probably just a lumpy chair they want to throw in the garage for their cat. Don't expect people to pay the prices you've set with emotional ties to the item. Realistically, you're only going to get 10 to 50 percent of your asking price, so mark things up a bit from the lowest price you'll actually take.

## Have Cash on Hand

You'll be breaking a lot of bigger bills, so start your day with at least \$25 in small bills, mostly fives and ones. You don't want to be digging through your purse for spare bills when someone hands you twenty for a three dollar item.

## Choose Your Timing Wisely

The best time to have a garage sale is during community yard sale weekends or around the time the area's major employers pay people.

People who just got paid usually have cash hot in their pocket and they like to hit deals while they've got the money.

## Price Your Items!

For the sake of everyone's sanity, don't be one of those "Make me

an offer" people. By the second hour of your sale, you're going to be sick to death of answering multiple calls of "How much?".

Put prices on visible places so people can take a quick glance and decide if the price is right. This is especially important on breakable items. You don't want dozens of people manhandling breakables looking for the price when you could have made it visible to begin with.

## Be Strategic

Most people do a slow drive by before they decide if they're stopping. Put your more interesting items at the end of your driveway to entice people. Also, have you ever noticed how many men are dragged along by their wives? Make your sale interesting to them, too, and they're more likely to stop for their wives. Park a lawn mower at the end of your driveway or make your tools widely visible. Set up a "man table" so he has something to keep him busy and his wife can browse without a whining husband.

## Show Electronics Work

If you're selling a TV or game system, make sure you have a place to show that it works. Run an extension cord from the house so people can give things a test drive.

## Have a Fill A Bag Sale

If you have a lot of baby clothes or small toys to get rid of, have a "sale" where they can have a bag of items for a set price. Set out plastic grocery bags and let them fill them up. You're more likely to offload a bunch of baby onesies or kids books if you can sell them en masse.

Garage sales should be fun! Keep your stuff organized and use a little strategy and you're sure to walk away with a tidy little chunk of cash before you pass out on the couch with well earned pizza.





## 5 Things You Should Do Before Choosing a Neighborhood

It's not uncommon for homebuyers to spend months pouring over hundreds of real estate listings until they find the perfect home that they can afford and that will fulfill their quest for a better lifestyle.

Yet, the surprising fact is that by focusing mostly on a house, many homebuyers end up buying a property in a neighborhood they know little about even though they will probably live there for a decade or longer.

The reality is that even if you have purchased a perfect house with everything you wanted in it and more, but you discover your

neighborhood doesn't have the amenities, recreational facilities, schools and other lifestyle factors you expected, then your American dream could soon become a nightmare.

That's why it makes sense to choose the neighborhood where you want to live before you focus in on a specific property. Here are 5 things you should do before choosing a neighborhood that will ensure you'll enjoy the home you buy there:

### 1. Do Your Own Research

Many homebuyers naturally consult their friends, relatives

and co-workers when they begin their neighborhood research. However, the flaw in this approach is that a widowed aunt is unlikely to know about the schools in an area just as a co-worker with babies in diapers probably won't know if the area has a jazz club or an art gallery that has afternoon single gatherings.

It's always best to do your own research, and if you are going to ask someone about a particular neighborhood, make sure the individual's circumstances are similar to yours and that they are interested in the same lifestyle you are. You also can go online



and research neighborhoods on such sites as <http://www.neighborhoodscout.com/>. You can use a series of keywords like “young families,” upwardly mobile” and “young singles” to find areas that make sense for you. Such sites will also give you crime statistics of a neighborhood and the schools in the area.

## 2. Trust But Verify

While talking to people and checking out stats on Web sites are good sources of information as far as they go, the information they give needs to be verified. After all, if someone you spoke to hasn't lived in the neighborhood for five years and the crime stats on the Web site are a year old, it makes sense for you to go to the primary sources to check their accuracy. Go to the local police station and ask to see the latest crime stats. Are there any upward trends? Call a couple members of the local school board. Most of the time they are accessible. If not, talk to their aides and get the latest info on area schools.

## 3. Don't Underestimate Your Commute

If you find the perfect neighborhood in a rural area, before you buy a house there, make sure you didn't underestimate the commute. It is a common error made by buyers that when they view a home on a weekend or during the day, they assume the amount of time it took to reach the property will be the same when they commute to and from work. This

is never the case, because rush hour traffic can turn a commute that is normally 30 minutes during the day into a 1-1/2-hour tension-filled drive. So before you purchase a house in a neighborhood of your choosing, drive from your workplace to the property during both morning and evening rush hours. This is the only way you can truly measure what your commute would be like, if you purchased the home.

## 4. Check Out Your Neighbors

When you move into a new home your neighbors will have a profound effect on your quality of life. Yet many people purchase a house without knowing anything about their neighbors. Before you buy a house in a neighborhood try getting out of your car, taking a walk and touring it objectively. Is there a lot of noise? Are there a lot of barking dogs chained to fences?

If you see someone outside working in their yard or walking their dog, approach them and ask them how they like the area and tell them that you're thinking of moving there. Most people you meet will be helpful and truthful.

## 5. Consider The Neighborhood's Amenities

By this time you have decided that the new neighborhood is great and you fit in with the neighbors. Now the question becomes what amenities are in the immediate area? Are there a wide variety of restaurants and stores, or just a few strip malls with sub shops and stores selling brands you never heard of? One good way to find out what the area has to offer in the way of amenities is to spend a weekend at a motel or hotel in the area before you purchase the home. This way you can explore and see for yourself everything the area has or doesn't have in the way of amenities.





## Challenging a Home Appraisal

It's every home seller's worst nightmare. You've finally got an offer on your house and you're ready to get that deal signed and over with so you can get on with the purchase of your new home. Then, you're crushed. Your appraisal comes along and it's lower than you've listed your house for. You've been told from the moment you've listed your house that if it appraises for less than your sale price, you either have to lower your asking price or the deal is off.

If you're one of nine percent of homeowners faced with this

dilemma, you need to know the steps you can take to challenge this home appraisal and hopefully get your deal back on track.

### How An Appraisal Works

Before you can challenge one, you need to know how an appraisal works. It is possible your house isn't worth as much as you thought, but in the rare situation where the appraisal is wrong, being armed with the right knowledge will only help you in the long run.

The point of an appraisal is to protect the bank. Banks don't want to invest six figures in a house that isn't worth what they're paying out. By ordering an appraisal, they're saying they're only going to loan money if the house is actually worth that. If it's worth less, they're entering a bum deal and they're not going to invest. The appraisal is always ordered by the bank; they choose the non-involved third party every time. They take things like cosmetic updates, the condition of structural aspects like the roof, and the overall condition of the home into consideration.



When they've finished inspecting the house, they will study the area's comparable houses. They'll see what other houses similar to yours have sold for before they assign your house a fair market value. Say you've listed your house for \$300,000, but the fair market value placed on your house is only \$285,000. What are your next steps to take to avoid having your deal fall through?

### Show Your Appraiser Different Data

You can't just call the appraiser up and tell them they're wrong. They'll probably hang up on you, and according to the data they've researched, they probably aren't wrong. To prove to them that they may be mistaken, you have to give them different information than what they've used.

The best thing you can do is give them a new point of comparison, ie "comps". You may have gotten

lucky and a house sold after the appraisal for more than it sold for last time. Things like this can go a long way in swaying the appraiser--and the bank.

### Point Out Any Poor or Missing Comps

The appraiser will only use the comps that have been listed in the Multiple Listing Service (MLS). If you're in an area prone to "for sale by owner" sales, there is a lot of information your appraiser is missing. Homes that are sold by their owners without the aid of an agent aren't listed, so your appraiser won't have used that information. Amp up your Sherlock skills and find any homes in your area that are similar to yours and see what they've sold for.

Short sales and foreclosures can also bring down your appraisal value. If some of the comps used for your appraisal were

foreclosures or short sales, that means they were sold below their worth. When you bring this to the appraiser's attention, tell them that this comp is considered a "distressed sale", and while it may have been sold for less, it's because it didn't have any doors, the kitchen was gutted, or there was damage done by vandals.

If your house is unique, it can be hard to find any similar homes. Say you have a condo with unique square footage, then you could potentially argue that the comps used weren't appropriate for your property. Some banks have been known to accept comps from other suburbs as long as the other sales are still similar to your house.

You can use a low turn over rate to your advantage. If you're lucky enough to live in one of those neighborhoods where nobody leaves, then you should keep in mind that comps need to be properties that have sold within the last 90 days. If older comps were used, you could argue that the market has changed recently and the bank might agree to a new appraisal.

Getting a second appraisal can be very difficult. Appraisers are highly trained and give their due diligence when it comes to accurately assigning a value to a home. The bank usually agrees with their expert opinion, but if your real estate agent agrees that the appraisal is off, you might have good reason to seek a second opinion.





# 6 Powerful Home Staging Secrets the Pros Use

The art of staging a home so it will have the most appeal to potential buyers is something anyone can do, if they just follow the example of professional decorators.

Here are six staging secrets that you can use to make your house stand out and capture the attention of potential buyers:

## 1. Dress Up Your Porch

Whether you have a large porch or just a few steps in front of your house, adding a new doormat and a few exotic flowers or plants can help make your home stand out. A nice porch can come alive with just a couple of pieces of outside furniture, while a few

strategically placed solar lights on either side of your walkway will do much to make your house sparkle as will porch lights kept on when a potential buyer drives by at dusk or at dawn.

## 2. Make Your House Spotless But Lived-In

While it's critical to keep your house super clean and spotless when it's being shown, you don't want it to appear sterile or unpopulated. After all, a house is a place where people live. Professionals use a few fresh flowers in vases or a basket of produce to make a house look lived in. A few lemons on a cutting board in the kitchen is also not a bad idea.

## 3. Stylize Your Plain Dining Room Table

A bare dining room table is a little like a black hole. It is unfriendly and tends to suck the positive energy out of anyone who passes by it. The pros say decorating such a table with an assortment of small colorful arrangements will breathe life into an otherwise dreary dining chamber.

## 4. Closets Wide Open

Professionals say you should open closets wide after you have thoroughly cleaned and removed any clutter. By doing so, you create a feeling of spaciousness and you're declaring affirmatively that there is larger closet space.



## 5. Install a Pedestal Sink to Create the Illusion of More Space

If you have a tiny bathroom that's cramped and makes you want to scream, imagine the effect it might have on a potential buyer. One possible and inexpensive fix the pros use is to remove the big, old sink in your tiny bathroom and replace it with a small pedestal sink and decorate it with a few red roses. The result is the optical illusion of much space and style, transforming the bathroom from a liability to an asset.

## 6. Use Art to Draw People In

Unfortunately, many prospective homebuyers tour a house with blinders on. It's almost as though they have tunnel vision. How in the world can you get them to explore the entire depth and breadth of your home? Professional stagers use a piece of artwork hanging at the top of the stairs, or a colorful vase near the back of the house to catch the eye of prospective buyers. Such a strategy gets them to view the house in its blissful totality, rather than segmenting it into little chunks.

# Busting the Myth That Home Improvements Pay For Themselves

For years, homeowners cherished and embraced the myth that expensive renovations and improvements to their homes were great investments that would more than pay for themselves in the long run by adding to the overall value of their properties when they were sold some day in the near future.

Many major home improvement contracts have been signed and justified by this financial myth.

## Remodeling and Improvements Equals Poor Return

According to Remodeling Magazine, over the last decade, payback on the average remodeling job has fallen from

82 percent in 2003 to 57 percent in 2013.

Here are the payback percentages on some popular home improvements:

- Garage doors only paid back 71.9 percent of their cost when the house was sold.
- Steel Entry doors only paid back 73 percent of their initial cost.
- Built-in, back-up power generators only returned 47.5 percent of their cost at the sale of a property.
- Popular additions such as a sun room only returned 45.9 percent of their original cost.

*\*Remodeling Magazine*





## Evaluation Tips to Help You Know If the Price is Right

So you want to buy your first home? Well, that is the best decision you have ever made.

However, because you are in the home buying process for the first time, just how do you know you are not paying more than what the house is worth?

### Research Comparable Properties

A comparable property, normally referred to as comp, refers to a property that has similar conditions, size, neighborhood as well as amenities. One of the ways of how to know a

good offer is to see how the price of the house you have set sights on compares with comparable properties. Is the house significantly less expensive compared to nicer or larger properties? Is the property more expensive than less attractive or smaller properties? To get accurate and latest information on comparable properties, get in touch with your estate agent.

### Comparable Properties on the Market

Home prices, while they may vary, tend to be in a certain range. Make actual visits to

the comps currently on sale and see how their conditions, amenities and sizes compare to the property that you are looking to buy. Compare their prices to know what offer is fairer. Any reasonable seller knows that for them to be competitive, they have to price their homes fairly. This will give you a hint as to whether the offer you received was a fair one or whether you were being overcharged.

### Appraised Value & Home Inspection Reports

Having signed the contract, your lender will commission experts to



appraise the property. The lender does this because they want to know that the money they lend you is safe. They want to be sure that should you default in payment, they can sell the house and recover their money.

Look at the appraisal value: is it less than what you are being charged? If yes, then you are being ripped off. In fact, your lender cannot finance the house if they know that the seller is overpricing it. Also, a home inspection is another indicator of whether you get a fair price or not. In case the property requires a lot of repairing, ask the property seller to do the repairs or bring the price down so that you can repair the house yourself.

### Is It For-Sale-By-Owner?

Abbreviated as FSBO, this is a type of property where the seller is selling without a real estate agent. It is supposed to be cheaper than that in which a real estate agent is involved because it does not include an agent's fee (6% on average). FSBOs have another problem in the sense that the price the seller set may not have been with the help of an agent so it's very possible that the seller overprices the house.

Also, it might just be that the seller might have disagreed with the suggestion of the agent with regard to the right price of the house, and this is why the seller decided to ditch the agent. Any of the situations above will only mean that the house is overpriced.

### Consider Opinions of Your Real Estate Agent

Thanks to years of experience, your agent can tell if you are getting a raw deal or a fair one on the property. The simple thing is to ask them to also give their input. This way, you can avoid paying too much.

### Expected Appreciation

In most cases, the price of the house is influenced by your neighborhood's future prospects. Developments like building of a major mall, construction of roads in the neighborhood or a big company coming into the area mean that there are good prospects of the area appreciating in future. Also, check to see if there are plans to build a new school or add more roads as these may be positive signs.

However, if gas stations and grocery stores are moving out of the area, the price of the home should be on the lower side. You might reconsider your decision to buy into such an area. If more houses are being developed in the area, this could mean one of two things. The first could be that the neighborhood is hot and that it might be in demand in the future. Also, more houses can mean oversupply, something that will lower the price of your home in future.

It can be difficult to tell whether the price is right for the home you want to buy especially if it is your first time to buy a home.

The best thing is upon identifying a home for sale you need to do your research to know whether you have a good offer and if it's right for you.



# Keeping Your Eyes Wide Open to Avoid a Remodeling Legal Nightmare

The last house on the street of romantic old homes in the historical district, it was a steal - anybody could see that. The elegant old manor looked impeccable on the outside although it was far from modern inside. "This will take a lot of work, but we could do it," the young husband gushed as they explored the echoey rooms with the breezy fireplaces. The real estate agent nodded and cleared her throat, glancing at the man's pregnant wife who smiled and shrugged.

"Have you guys ever remodeled before?" the agent asked carefully. The husband grinned at his wife. "Well, we painted some rooms in our old house, and they looked great. I've even built a shelf before." The agent smiled and nodded, wondering if she should offer her opinion.

"It wouldn't be too hard to make this really nice, y'know?" the optimistic wife agreed as she stepped into the tiny restroom that must have been designed a century earlier. "We could probably be finished before the baby comes!"

Hesitant to "bust their bubble," the agent studied their hopeful faces and pictured them after the baby's arrival. Still mid-remodel, eyes bleary from lack of sleep,

with a screaming newborn demanding attention despite the codes inspector on the phone, she imagined their accusing "why-didn't-you-warn-us" faces. Reluctantly, she began, "Welllll..."

DIY projects, as inspiring as they may be, are not for everybody at every season of life. Knowing your limits and the potential roadblocks you may encounter is not pessimism, it's wisdom. Even for the most skilled craftsmen, unexpected delays arise that test the patience of the most experienced remodelers. For rookies with little expensive equipment, limited experience,

and no background in the legalities of construction, do-it-yourself can sometimes equal do-yourself-in.

One of the main reasons remodeling can be an absolute nightmare for the inexperienced is codes. Although professional builders are accustomed to the legal hurdles that come with any job, amateur do-it-yourselfers often forge naively ahead, unaware of the codes they may be violating.

In some places, your work can be halted if inspection reveals you have failed to abide by





existing codes, resulting in loss of time and money. If you are considering a large scale remodeling project, here are some important things to consider before you get in over your head.

### Codes Exist for a Reason

Although it might seem that permits and codes exist only to make a sane person mentally unstable, they really do serve an important purpose. Each local municipality determines what standard of construction is acceptable for the homes in the area so that buyers can purchase with confidence.

Without accountability, unscrupulous builders could throw together any piece of slipshod construction and make a hefty check from innocent homebuyers. Like the old saying goes, "Don't expect what you don't inspect," local governments devise codes, permits, and inspections to make it possible for purchasers to expect a well-made, quality home.

### Permits Take Time

One of the biggest mistakes remodelers make is underestimating the amount of time and money a project will require. No one plans for accidents or equipment failures, but things do happen that can throw a monkey wrench into even the best-planned timetable.

One of the main ways a project gets stretched way past its estimated end date is permits. Because you are dealing with people that can be helpful, unconcerned, or even hindering, you really never can tell exactly how long things will take.

Sometimes an inspector will leave do-it-yourselfers to the last spot on the list, preferring to give immediate attention to contractors he knows well and deals with regularly. From the inspector's perspective, this is perfectly understandable. If, on the other hand, you are the remodeler who's been stuck at a standstill without electricity for two weeks because the inspector is busy at other jobs, you are not happy. No wonder inspectors don't enjoy dealing with rookies:

especially when that inspection ends with a long list of things to fix.

As frustrating as dealing with codes and permits may be, the inspection process can actually give you confidence that your work is up to par when all is said and done. Whenever you try to sell the house, every dollar you spent obtaining permits and following codes will not be regretted. Skipping these vital steps can even result in having to go back and redo your work to meet codes, and you can be sure you won't want to do it over. If you do decide to try your hand at remodeling, take heart: it can be done, just not that easily. If you understand what you're getting into, including the legal hurdles, you can wisely determine if remodeling is right for you.



# Opening Doors...



...Making the Dream of Home Ownership a Reality

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