

May 2015

HOME **FIT**

Exercis... st Ins and f... wnership

**Why Your
Credit Rating
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the Big
Deal About
Appraisals?**

**5 Things to
Avoid When
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A House**

**10 Home
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Under \$150**

**AVOID THESE COSTLY MISTAKES
BEFORE SELLING YOUR HOME**

Letter from the Editors



It takes a lot of work to turn a house into a home. But when it doesn't work out the way you planned and it's time to sell, preparing your dream home for the market can become an outright nightmare. In this issue, we help you avoid the pitfalls and stresses of selling and get ready to dream again.

From the start, it's important to know what your home is really worth. We offer insights into the world of appraisals and some suggestions for when to get yours done. After all, you might need to reevaluate your plans if the number comes out lower than you expected.

Luckily, there are some easy ways to make your home shine and encourage buyers to pay every penny of the appraised price. Check out our tips on affordable home improvement projects and how to keep your home comfortable along the way.

It's easy to make mistakes when selling a home. We've put together some suggestions on how to avoid these pricey missteps and get top dollar for your home. Just keep them in mind when you're putting up that "For Sale" sign.



It can also be tough to keep on top of your house hunting game between showings. From the very beginning, try not to let it get away from you. Get your credit rating early and try to get the most bang for your buck by avoiding the little things that can cost you big when you buy.

We hope you enjoy this issue and learn plenty from it. Don't hesitate to reach out if there's something you'd like to read about in a future issue!

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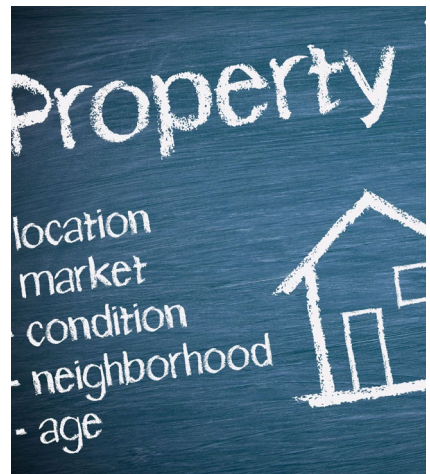
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10 Home Improvement Ideas for Under \$150

When you hear “home improvement”, don’t let the image of dollar signs be burned into your mind. You can absolutely renovate your home a little bit at a time for as little as \$150.

With some creativity, your house can be given a fresh face lift for a veritable steal.

Shine Up Your Floors

Dingy, dull floors can really be a drag on the overall look of your house. If mopping isn’t quite doing the job, consider restoring the wood’s natural luster with a product that is specifically made for shining wood. Ensure

the floor is clean and dry before applying the product via the manufacturer’s directions.

High traffic areas benefit from a twice yearly polish, while lower traffic areas can get away with an annual shine-up.

Affix a New Light Fixture

An outdated light fixture is akin to those hideous 1970s macrame earrings your Great Aunt Tessa loves to sport. Whether it’s a tacky brass or a gaudy gold fixture, that eyesore hanging above your kitchen sink or dining room table can drag your modern space back into the hole of the 1990s.

Pendant lights, sconces, or chandeliers instantly improve the ambience and appeal of the room.

Add Some Shelving

Do you ever feel like you need a slap on the hand when you start to add to the pile of clutter on your end tables and countertops?

Perhaps some appropriate storage is what you need to end that everlasting battle between clutter and minimalism.

A modular shelving unit can showcase your favorite pieces or serve to mask the pile of bills that

come on the regular. Add some baskets to a few of the shelves to hide the unsightly things and fill the rest of the shelves with books or your favorite knick knacks.

Perk Up Your Curb Appeal

Adding a few accessories to the outside of your home can completely change your house from cookie cutter rancher to quaint abode.

Repaint your house numbers and add a punch of color to your mailbox. Some large potted plants or seasonal fixtures add additional coziness to a space in the home that's usually neglected aesthetically.

Install a Backsplash

A backsplash can make your kitchen charming with character or sleek with modern flair. Backsplashes are relatively cheap to install if you're creative and use your thrifty side. Beadboard is very cheap and an affordable way to add some country charm to your kitchen.

Stainless steel is a viable option for a modern look, and tile is also affordable and easy to install without a professional.

Do a Little Landscaping

You can quickly give new life to your front yard with just a few carefully chosen and placed plants. Hardy perennials placed along your walkway gives your yard texture and depth, not to mention color when they bloom in the spring and summer.

Give an Antique New Life

If your dining room needs a little something extra, consider repurposing an antique hutch or armoire and giving it a new job as a beverage station.

You don't need a fancy butler's pantry to store your assortment of fine liquors and decanters. Fix wine glass holders to the underside of the shelves to create even more space.

Put the Family Entertainment Away

Those unsightly towers for your CDs may have been all of the rage in the 90s, but that couldn't be farther from the truth nowadays. Hide away the family movies, games, and other objects away in an armoire or that extra linen closet. This will keep them organized and prevent those boxes of Clue and Twister being scattered around your family room.

Add Some Light to the Yard

Just because the sun has gone down doesn't mean your yard

can't have a little oomph thrown in. Add some solar lights to your walkway or even toss some small LED lights to your porch stairs for a bit of classical whimsy. It will also invite you out to use the space even more when there are some warm lights to guide you.

Treat Your Kitchen to a New Appliance

Don't let your larger scale appliances do all the work. You can lighten the burden on your stove by purchasing a new toaster oven or enjoy a fancy coffee every morning with a new espresso machine. Match your countertop appliances with your permanent ones for a cohesive look.

You don't have to have an unlimited budget to update your home and give it a more streamlined look. Small changes can create big looks. You don't need to tear down walls, replace flooring, or change out fixtures to get the new look you've always wanted in your home on an affordable budget.



Why Your Credit Rating Matters

Before a lending institution will give you a mortgage to purchase a new home, it wants to estimate how much risk you present as a borrower. If the bank perceives you as having a high default risk, it will protect itself by charging you a higher interest rate for a loan or if the perceived risk is high enough, by denying you altogether.

So how do banks determine how risky of a proposition it is to loan you money? The most valuable tool they have is your credit report.

What is a Credit Report?

Your credit report is a summary of the credit you have been extended in the past and how you have handled it.

Are most or all of your payments made on time? Have you had a repossession or foreclosure due to nonpayment? Any accounts in collections? How close are your balances to your credit limits?

This is the kind of information that is visible to prospective lenders in your credit report.

What's the Difference?

It is important to differentiate between a credit report and a credit score, both of which are used by most lenders to make credit decisions.

Your credit report features the summary of information on your credit history as described above.

There are three major bureaus that issue credit reports:

- Experian
- Equifax
- Transunion

The information from the three bureaus is very similar; however, there are occasionally slight discrepancies, as some creditors do not report to all three bureaus.

In addition to providing credit reports, each bureau has a formula for taking the information within the report and using it to generate a numerical credit score, also known as your FICO score.

FICO scores range from 350 to 850. Most lenders consider borrowers with 720 FICOs and above to be "A" borrowers.

Borrowers with FICOs between 620 and 720 can generally still get a mortgage but with less favorable rates and terms.



“Maybe we’d better airbrush this credit report before applying for a loan.”



With a FICO below 620, it can be difficult to get a mortgage at all; however, there are some niche programs such as FHA loans which offer mortgages to people with very low FICO scores in certain circumstances.

How are Credit Scores Calculated?

To better understand your FICO score and the steps you can take to improve it, it is important to know how it is calculated.

Each bureau uses a slightly different formula, but for the most part, here are the components of your credit report that affect your score and what percentage of your score they account for:

- 35 percent is your payment history. How many of your monthly payments have been 30, 60, or 90 days late?

- 30 percent is your debt to credit limit ratio. The closer your debt is to your total credit available, the higher default risk you are perceived to be.

- 15 percent is based on your length of credit history. The longer your credit history, the more of a track record is established for lenders to make an educated judgment on your creditworthiness.

- 10 percent involves the types of credit used. Lenders like to see a diversity in type of credit used, but too much revolving (credit card) debt is a red flag. A track record of taking out mortgages and paying them on time will help you here.

- 10 percent is based on new credit. Applying for new credit cards or car loans immediately before trying to get a mortgage sends up a red flag and therefore is not advised.

How to Improve Your Score

If a bad credit report or low FICO is holding you back from getting a mortgage, there are steps you can take to clean up your report and improve your score.

The first step is to fix erroneous information on your credit report by disputing it directly with the credit bureaus. This can be done online through their respective web sites.

When you file a dispute, the creditor who reported the information must respond within 30 days; otherwise, the information in question is automatically deleted.

Next, you should try to pay down any credit card balances that are close to your credit limit. This will lower the ratio of your debt to available credit and make you a more attractive borrower.

Also, don't apply for any new credit. Not only will this lower your score by decreasing your average length of open accounts, but new hard inquiries make it look like you're "credit shopping," a no-no when trying to get a mortgage.

Finally, see to it that you make all your payments by their due dates each month. This means paying at least the minimum payment on your credit cards. On-time payments establish you as a responsible borrower who pays his bills.

Avoid These Costly Mistakes Before Selling Your Home

For homeowners who are ready to list their property on the market and find the right buyer, there are many steps to take to prepare the home before it sells.

Although most people are aware of the process that is involved with listing a home, there are a number of mistakes that are often made before it's on the market.

To earn more profit and prevent losing money, avoid some of the most common mistakes that are made by homeowners.

Doing Business with Non-Qualified Buyers

One of the easiest ways to waste time and miss out on other

opportunities that come up when listing your home is by trying to do business with buyers who are not yet qualified for a loan.

If a buyer has not yet been approved, move on to targeting other potential buyers who have the freedom to make an offer immediately. Waiting for a buyer to become pre-approved for a loan and then negotiate a price can mean missing out on buyers who make higher offers.

In the same regard, it's important to avoid selling your home before you become qualified for a loan, which could mean temporarily moving into a hotel or renting out another property. Becoming qualified beforehand will allow you to determine just how much you need to sell your property for and what you can afford.

Making Decisions Off of Your Emotions

One of the main ways that home sellers go wrong is by making decisions based on their emotions during the selling process. From stressing over the home inspection to wanting the house to look perfect, it can be easy to distort your perception of the process if you don't look at it as a business transaction.



It's important to remain flexible to the buyers' requests and make repairs if they're necessary.

For sellers who have spent several years living at their residence and have likely formed many memories, it's important to avoid trying to find the perfect buyers. You may want to find someone who will treat the property as well as you have or find a growing family who is similar to your own, but this can easily make you lose out on a higher offer.

Skipping the Inspection

For home sellers who have made it a point to maintain the upkeep of their property, it can seem unnecessary to have a home inspection before it's time to sell. However, this step can save money by having more time to fix the problems and working within a budget instead of rushing to make repairs with a potential buyer waiting.

By fixing any issues beforehand, it will allow potential buyers to feel more confident making an offer instead of hearing about repairs that are needed on the property and finding a different house to purchase.

Neglecting Your Curb Appeal

As you repaint the home or stain an old deck in the backyard, it's just as important to pay attention to the curb appeal of the front yard. Potential buyers will not be impressed by an overgrown lawn

or an outdated front door, which can quickly reduce the value of your home.

Enhance the aesthetics of the property by adding extra lighting, incorporating more plants, and by replacing old hardware. The changes will allow the home to look updated and contemporary for a property that won't be considered a fixer upper.

Overpricing the Property

Before it's time to sell, homeowners can make the mistake of overpricing their property due to a lack of research and knowledge. Obtain a strong market analysis from a real estate agent who is familiar with your neighborhood.

Overpricing your home can lead to reducing the price multiple times once it's listed, which can cause you to sell it at a much lower rate than it would have initially if it was priced accurately from the start.

Moving the Furniture Out

You may be in a rush to move out of your home and sell it, but if you remove your belongings too quickly it can cause it to stay on the market for a longer period of time.

Selling an empty house makes it difficult for buyers to see the potential of the property and view it as a home. If you're unable to leave your belongings inside of the home, hire a professional to stage the property.

By doing your research and preparing the home in various ways before it's listed on the market, it will make for a smooth selling process once you find the right buyers.

It will not only save more money, but will allow you to afford a better property for your next purchase. With enough patience and effort, the extra work will payoff with long-term results.



Property Value

- location
- market
- condition
- neighborhood
- age



What's the Big Deal About Appraisals?

Even if you are a professional salesperson, trying to sell your own home can be quite the challenge. From the beginning to the end of the process, paying attention to the details is of utmost importance.

Understanding the components of a home appraisal, as well as what it means for you, is crucial before you leap into the selling adventure.

Why It Matters

When you put your house up for sale on the market, you need to determine the price at which you're going to list it. Randomly selecting a cost, or estimating how much it is worth, is just going to leave you in the dark at least a bit.

A home appraisal will help you to efficiently and professionally determine the current worth of your property. While it may not choose to list it at exactly that price for a number of reasons, you will use it as a guide.

Types of Appraisals Available

Different appraising entities are going to have various methods for conducting one. Some will simply collect values of similar properties in the area and make a judgment based on these amounts.

Other entities are going to drive-by the house and assess it from the outside. Later, you'll learn why curb appeal is so important, and it is particularly critical to this type of appraisal.

Generally, however, you are going to have a full appraisal, which involves an agent coming to the house and going through the entire property to determine its worth.

Which Method to Select

Depending upon the exact scenario you are in, you might be limited to certain options. In the event that you have the choice of which avenue you'd like to walk, selecting the full appraisal is the best idea.

Even though comparisons can be useful, they do not say anything about the condition of your house. Also, simply having someone drive past the property does not guarantee that the person is going to be able to

obtain the full appeal of your home.

Having a thorough appraisal offers you the best opportunity to get the most accurate reading on your house.

When to Schedule It

You don't want to have an appraisal too far in advance of the time you list the house on the market. Otherwise, you are going to have a difficult time making sure that the appraisal includes any modifications or up-to-date features.

Also, the market can ebb and flow, so an appraisal that you had a year ago could be different now.

If the selling process takes awhile, you might want to have another appraisal done to ensure that the first one you had was still accurate.

Your Appraisal and Curb Appeal

When people know that an appraisal professional is coming to the house, they might start to

clean every inch of the interior and work to make a lot of changes inside of the house.

However, you also need to pay a great deal of attention to the curb appeal of your property because this element has a significant amount of weight when it comes to how much the house is worth. Take the time to clean up the outside of the house and to make sure that it is safe. For example, you want to ensure that cracks in the driveway are filled in.

The Interior of Your Home

The curb appeal is an important element that carries a great deal of significance in the appraisal value of your house, but you also want to consider any updates that the inside needs.

For example, if some of the cabinet doors are falling apart or the tiles on the bathroom floor are starting to come up, you need to take care of these issues before the appraisal actually happens. Failure to do so could mean that your house is not appraised for as much as it could have been otherwise.

Meeting the Appraisal Price

Some people go through a lot of trouble to get their house into the best condition possible because they are adamant about selling their house for more than the appraisal price.

However, you must think realistically. You probably would not want to pay more for an item than it is worth, so you should not expect that other people would want to do that.

Therefore, when you are setting the price, you need to be realistic about what you can get. The buyers are likely going to want to know the appraisal price, so you should expect that the offers are going to be closer to that ballpark than well over it.

The home appraisal is a process that you should not ignore. When you want to make an acceptable amount of money on your property, you need to really take this element into consideration.





5 Things To Avoid When Buying A House

First-time home buyers have a big task ahead - they need to find a house that meets all of their requirements for space, comfort, yardage, school quality, and dozens of other characteristics while keeping to a budget.

These evaluations need to be carried out on a limited set of choices, under deadline, and while the buyers are busy with their jobs. It's not easy! Lacking the experience of doing it once or more just adds to the difficulty. Here's a list of things to remember when it comes to buying a first house.

1. Don't Overpay

It's essential to come up with a hard budget before looking at houses, not after. Think about current lifestyle, like rent payments, utilities bills, and renter's insurance. If it is hard to manage those bills now, don't plan to pay more than that for housing bills.

Sure, it is true that at the end of the mortgage, the house becomes an asset rather than a cost. But in the meantime, it is still going to be a big monthly liability.

Don't fall into the trap of extending the mortgage for a longer time to decrease the payments, either. That vastly increases the amount of insurance the mortgage accumulates and could lead to paying double what a shorter mortgage would cost over the lifetime of the loan.

2. Don't Anticipate Wealth

Everyone loves to have a rosy view of the future. It's true that for most people, they will experience an increase in income as they move up in their field and grow older. However, nobody

can predict exactly when a promotion or new job is going to start bringing in more money. Especially these days, once-secure jobs are turning from lifelong guarantees into surprise layoff targets.

It is never a good idea to budget for more money than you know you have, and that goes double for a house, which is likely the most expensive thing you will ever buy. Combine that with the major risk of assuming a loan hundreds of thousands of dollars in size, and it is clear that it literally pays to err on the conservative side. If anything, budget for a house payment that would still be affordable in a crisis, like the loss of a primary income stream.

3. Don't Forget The Fees

Buying a house comes with a lot of extra fees and payments that first-time buyers sometimes don't know. Closing fees, insurance payments, homeowner's insurance, property taxes - these are different all over the country and from house to house, and they might be an unpleasant surprise.

Find out how much they will cost as far in advance as possible. The initial payment for settling in and the monthly costs of running the house can both be much higher than expected if the new owners haven't done their due diligence. Figures for these costs should be available early in the process. The easiest way to find them is just to ask the previous owner. If that is somehow too burdensome,

state-level averages are often free to view on the Internet.

4. Do Get An Inspector And Other Protections

When dealing with something as big as a mortgage, it's important to protect yourself as much as possible. First of all, make absolutely sure to get the house inspected. No seller tells a buyer about hidden deficiencies like mold or bad floorboards.

It's the responsibility of the buyer to be on top of that and have everything checked out by an external inspector. They can find all kinds of things that a layman can't, and they have more time to dedicate to just looking for flaws. They also don't have a vested interest in making a potential dream house look good.

Another useful precaution is a contingency clause in the mortgage. A contingency clause protects the buyer in case they

lose a job or other source of income and become unable to pay for the house because they are no longer approved for a loan. They need not take on the burden of the house out-of-pocket, although the buyer does forfeit any money they put down to secure the house.

5. Don't Be Too Trusting Or Cynical

While buying a house should be something to worry about, just because of the money involved, it does not need to be a cause for unjustified paranoia. As long as you get an inspector and take a good look at the house, there is no need to harbor further fears of secret flaws.

If you follow these tips, you'll avoid the biggest financial pitfalls that come up during a house hunt. Remember to stay grounded and don't get dazzled by presentation - a house is a living space, so treat it like one.





5 Ways to a More Comfortable Home

A house is a castle, and that castle should come complete with both your special touch as a homeowner and security to keep outside annoyances away from your space.

Below are a few ways to make your house the perfect home free from irritation.

Much Ado About Mold

Mold is unsightly, smelly, and in some cases dangerous. Every homeowner seeking the perfect home should eradicate this beast of an invader ASAP.

Preventing mold is as easy as

1-2-3. Simply mix up a basic bleach water solution, which is generally one cup of bleach to every gallon of water. Spray the solution anywhere that you spy mold beginning to grow, and scrub off with a strong brush.

Common hiding places for mold include showers, basement nooks and crannies, and crawlspaces. Be sure to check these places regularly to nip a mold problem in the bud!

Be careful when cleaning mold. The bleach solution is an incredibly powerful disinfectant, but it also can permanently stain clothes and fabrics. Wear old clothes and remove any towels

or bathmats from the bathroom before proceeding.

Tackle Home Odor

Different household tasks can produce different odors, and things like cooking, pets, laundry, or a wide variety of hobbies can send noses running when they cross the threshold of your home.

Carpets and fabrics hold the bulk of most of a home's smelly odors. To remove the offensive smells from these surfaces, sprinkle baking soda across the surface you wish to deodorize. Let the baking powder sit overnight, and then vacuum the next day.

Another source of potentially powerful pungency is the fridge. Forget what you heard about a box of baking soda to absorb odors, instead opt for an activated charcoal odor absorber, which works much better.

A Piece of Peace

While some folks may prefer living away from cities in quiet rural areas or suburbs, that isn't the life for everyone. If you have a house on a noisy street, don't fret. Put down the checkbook and try a few simple steps before spending beaucoup bucks on the latest and greatest in soundproofing technology.

Spend a good deal of time looking for gaps around windows that may allow sound to enter your home. A good time to do this is right before a chillier season approaches, when you are inspecting for weatherproofing. Seal up all cracks you find with caulk and enjoy a quieter existence in your

home. Pay special attention to areas where pipes enter the house. Patching up all the cracks and gaps your home can drop the annoying outside noises to a more tolerable level.

Just a Little Dust Up

Here it is: the burden of every homeowner, dust. To control this tiny irritant and keep air quality and cleanliness in check takes only a few simple steps. Start by installing a high-quality HEPA filter into your furnace. This will knock dust right out of the air whenever you are running your climate control.

Always be sure to vacuum as well. Dust settles, and vacuuming can remove the bulk of dust without costly air purifiers or additional filters beyond the one sitting in your furnace.

Finally, always be sure to dust other surfaces regularly with a rag specifically designed for dusting. Following these

steps will create a noticeable difference in the level of dust floating in your home.

The Dark Side of Light

Who doesn't love a sun filled house on a beautiful day? The other side of the coin however, comes in the form of light intrusion from the sun when you are sleeping, and streetlights, signs, or other bright objects that seek to cast a ray of unpleasantness into your home.

Consider purchasing a set of heavy-duty curtains specifically designed to block light. Look at the placement of furniture in your house. If the morning rays of sunshine cast a beam directly on your pillow, consider redecorating and shifting some furniture for better light control.

Another benefit of controlling light access comes in the form of light's good friend, heat. A blazing sun on a hot summer day can send your air conditioner into overdrive. Consider placing heat-control film on your windows to let in some of that gorgeous summer sun, without sending your energy bill through the roof in the process.

A house should always produce a welcoming, relaxing and friendly atmosphere. Following the above tips will let you have the perfect home free from outside irritation and annoyances. Remember, a little bit of prevention, care, and maintenance can go a long way to making your house the ideal spot to unwind.



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