



OBSERVATIONS FROM THE DESK OF ALICE OLDFORD

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Drink from the well of yourself and begin again.

Charles Bukowski, Author

How will higher interest rates affect housing?

Good news. “The housing market isn’t doomed by a Fed rate increase, but demand would fall modestly,” according to Mark Fleming, chief economist at First American Financial. Rates are expected to bump up gradually. The fact remains, inventory and rates are still very low, good for both sellers and buyers.



Remodeling Helps

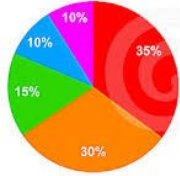
NAR 2015 Remodeling Impact Report notes remodeling projects are beneficial to homeowners whether or not they are planning to sell their homes. Kitchen upgrades, complete kitchen renovations, bathroom renovations or addition and new wood flooring are interior projects that appeal most to potential buyers. These projects make existing homeowners smile and enjoy their homes more as well. On the exterior new roofing, new vinyl windows, new garage doors and new siding appeal most to potential buyers and bring satisfaction to homeowners. So which projects could enhance your current quality of life and happiness?

Home Inspection Deal Breakers

Home inspectors perform an objective evaluation of a home’s condition. Here are some of the things they find.

- **Cover-ups.** Although a house may look great, a deeper inspection reveals short cuts on repairs or renovations.
- **More repairs than expected.** This is often an issue with younger homes, say 20 years. This is the time in its life when a home starts to need repairs and replacements.
- **Bad bones.** Especially in a fixer upper, do consider the foundation, frame, roofline, floor plan and drainage.

CREDIT SCORE FACTORS



- payment history
- capacity used
- credit history
- types of credit used
- past credit applications

Credit score considerations

If your credit score is not up to prime, Freddie Mac warns of some common fraud schemes to raise your credit score.

- Disputing credit with credit bureaus.
- Claiming identity theft falsely.
- Misusing credit protection numbers.

Don't let a scammer talk you into a short cut to improve your score. Diligently take your time to reduce debt and improve payment history.

On the other hand, Amy Crews Cutts, chief economist at Equifax, says "We are seeing a rise in first mortgage and home equity installment loan origination subprime shares. It appears that American lenders still believe in second chances, and without subprime loans, there would be no second chances in the housing market."

FSBO or Not?

Half of all homeowners who decide to sell their homes on their own believe it will take more work but pay off in savings on commissions and closing fees. According to National Association of Realtors research For Sale By Owner sellers spend more time than expected and net less money than comparable listings sold. NAR survey says median sales price for a FSBO was \$210,000 while agent sold home went for \$249,000.



Home Value Estimates/Appraisals

Who can resist checking the Zillow "Zestimate" of a property? Experts say consumers should look at any home-value estimate generated by an algorithm with healthy skepticism. Lance Coyle, president of Appraisal Institute, contends "There's no substitute for humans who come and look at your property and understand what the features are about your property that are going to create or take away from value."

According to NAR about one in five home sale contracts gets delayed due to an appraisal issue, and 11% of transactions fail to close. Why? Comparables create a home's value, but differences between a comparable and the house being appraised cause an adjustment in 99% of cases. It's the human factor, the subjective adjustments like "view" and "location" that seem to make the biggest difference.

Buy the Worst House

A thought on home buying offered by Brendon DeSimone, author of *Next Generation Real Estate*, "A lot of buyers forget a home is an investment. The world changes. Things happen fast. People transfer, people lose their jobs. Now imagine yourself as a home seller." "If you're choosing between an awesome house in a crappy location or an awful house in a great location, I would choose the latter." Regular maintenance, refreshing the paint and making minor repairs could add to the home's value. On the other hand if the home is already priced above the rest of the neighborhood, even minor changes won't make much difference to the value. Food for thought!

