



**Real  
Estate**

- **Your Home**
- **Your Life**

# What Are Closing Costs?

Closing on a new home can be an exciting – and nerve-wracking – experience for buyers. Depending on how your bank does business, you may not know exactly how much your closing costs will be until the day you close.

And if you don't have enough money saved up to cover your costs, you could find yourself at the front end of a lengthy legal battle with the sellers, who at that point have likely invested money to fix your issues with inspection and moved all of their personal belongings out of the home.

But fear not. There is no reason to be unprepared for your home's close. Simple research on your bank's fees can go a long way in readying you for a seamless closing experience.

## CLOSING COSTS DEFINED

The following list of terms and explanations are meant to give you a clearer understanding of what goes into the closing costs calculation. They do not, however, cover the full extent of what your bank charges to process your mortgage loan. Contact your local mortgage specialist for a detailed list of their costs.

- **Real estate broker commission:** According to Realtor.org, most real estate brokers in the United States charge a 5 percent commission for their services. This percentage comes off the final selling

price and is due on closing.

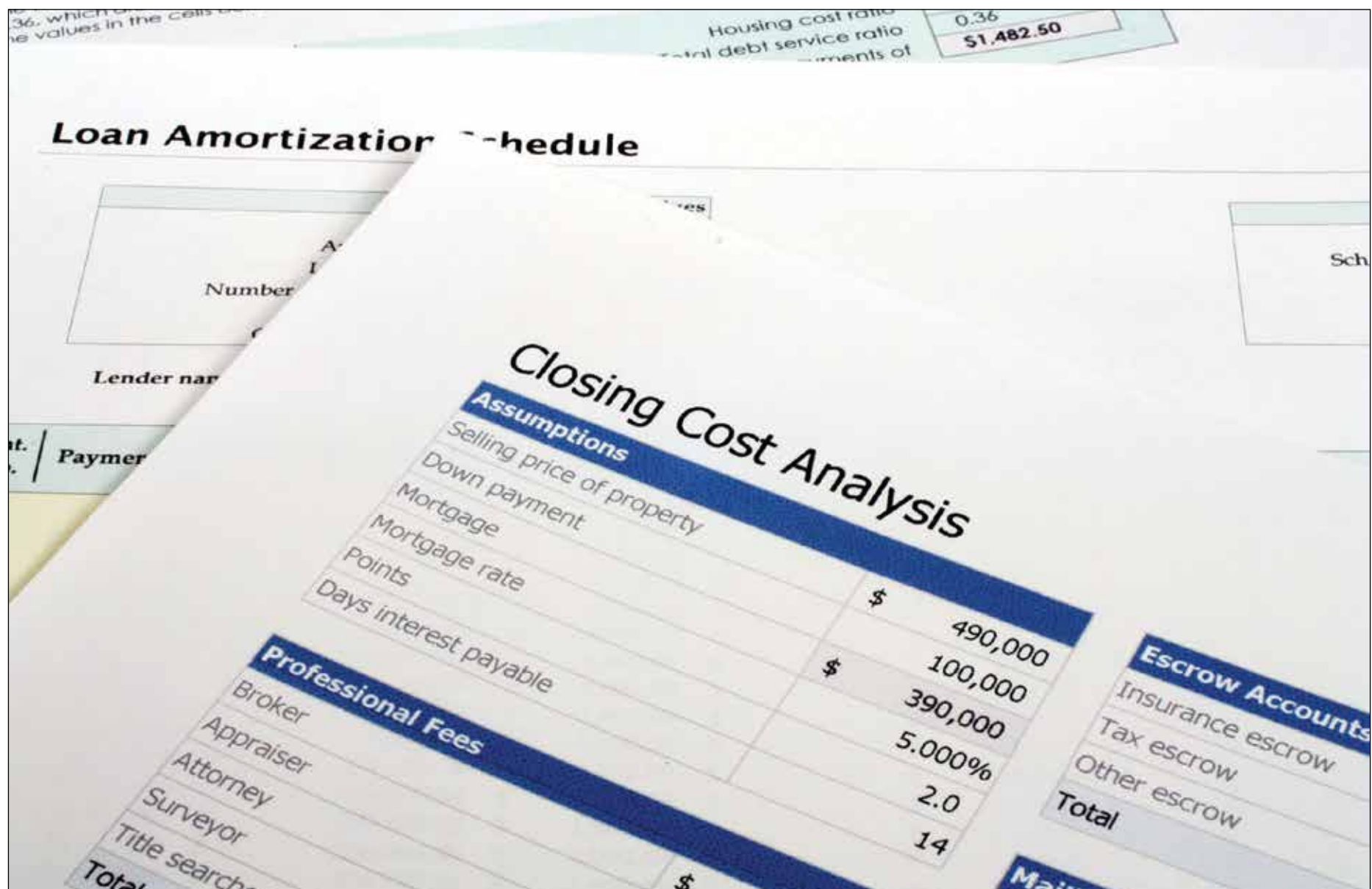
- **Loan origination fees:** This fee covers the lender's cost and effort of obtaining financing and oversight of your mortgage loan. Percentages vary by lender.

- **Appraisal fee:** Before your bank approves its loan to you, it will want to get an idea of what your new potential home is really worth. This fee, which is dependent upon market value and location,

will cover the services of an independent, certified, licensed appraiser.

- **Title charges:** This fee is dedicated to the administrative costs of a title search, examination and issuance by a local or

national abstract company. It may also cover the charges doled out by some settlement agents to pay for the preparation of legal papers, such as the mortgage, deed of trust and title.



© FOTOLIA

# Research a Property's History

**Y**our greatest tool in searching for a new home may not be the Internet or a real-estate agent. It may be you.

By conducting research on the properties you are interested in, you can gain great insight into how it evolved throughout the years. You can discover legal transactions, lease records, mortgage histories and much more with a little due diligence and a trip to your local records office.

The home-buying process is all about preparing yourself, so don't forget to research to help you make a smart, sound financial decision.

## INTERVIEW NEIGHBORS

Before you start to track down land records, you can find out a lot about potential properties via face-to-face interactions with current and past neighbors. If the property has been in your family, talk with family members about the history of the home and land. Look for information regarding the true age of the home, its original owners and any remodeling projects that have occurred in the past 10 to 15 years. Your local historian can be another great source of such information. Most areas throughout the nation have amateur experts of community history, especially pertaining to specific regions and neighborhoods.



© FOTOLIA

## DEED RESEARCH

Most real-estate agents will start their research process by looking into the property's deed. You can do the same. If you know the legal description of the property – including the official address and subdivision

lot number – you can find the description in the Register of Deeds at your local county courthouse. Once you have this information, you can ask the deed office staff to help you find and understand past deed transactions and other valuable information.

## OTHER DOCUMENTS

There are plenty of other documents and databases related to your potential property that may be of interest, including:

- Patent records of the

Bureau of Land Management's General Land Office, which will show you when the federal government first sold the land parcel to a private owner.

- Census data records.
- Insurance maps.
- Genealogical research databases.

# What is HUD?

**M**ore than a unique-sounding acronym, HUD is a major cog in the United States housing market.

The U.S. Department of Housing and Urban Development aims to create strong, sustainable communities and quality affordable homes for all citizens. According to [hud.gov](http://hud.gov), the department achieves this goal by ensuring the following:

- Protecting consumers and strengthening the housing market.
- Meeting the need for quality affordable rental homes.
- Utilizing housing as a platform for improving quality of life.
- Building communities free from discrimination.

## HUD HISTORY

HUD was founded as a Cabinet-level agency in 1965 as an offshoot of the Department of Housing and Urban Development Act. Three years later, in conjunction with the Civil Rights Act, HUD was handed enforcement responsibility to mitigate housing discrimination. It has evolved throughout the years and now even fields an enforcement center to take action against HUD-assisted multifamily property owners and other HUD fund recipients who violate certain laws and regulations.

## SPECIFIC PROGRAMMING

HUD develops and implements many programs aimed at enhancing and protecting the homeowner experience. Here are a few examples:

- Disaster recovery assistance: HUD provides flexible grants to help cities, counties, parishes and states recover from presidentially declared disasters.
- Continuum of care program: This HUD effort promotes community-wide initiatives geared toward ending homelessness and provides funding for efforts to quickly “re-house” homeless individuals and families.
- Community Development Block Grant: This section of HUD funding offers communities a source of financing for certain community develop-



© FOTOLIA

ment activities, including housing rehabilitation, economic development and large-scale physical development projects.

## HOMEOWNER HELP

HUD-approved housing counselors are available

to provide information and resources to homeowners, especially those in danger of foreclosure on their home or property. Their hotline (888-995-HOPE) is a convenient, secure way of reaching out to an expert about your situation. You can find tips and advice on foreclosure and other housing issues on [hud.gov](http://hud.gov).

# Tips and Tricks to Buying Land

**S**o you're in the market for buying land? Maybe you have some extra capital you are looking to invest. Maybe there is a plot of land out there that would serve as the perfect spot for your custom-built home.

Or maybe your family has always had its eyes on a piece of land. No matter the reason, buying land can be an investment that pays big dividends down the line. There are many positives, indeed, but there are also definitely some things to consider, especially if this will be your first land purchase.

## GETTING A GOOD PRICE

When we hear on the news that real estate prices are down, many of us may consider jumping on the opportunity to buy a bigger, better home. Some can afford to purchase a second home for vacations or summer stays. While owning two homes can be a major plus, it can also be a maintenance and logistical nightmare. A better alternative, in many cases, is adding land to your portfolio. Once you own it, you can decide to build on it later or just let its value rise as prices eventually come back.

## CONSIDER THE MAINTENANCE

Keep in mind that not all land is maintenance-free. If it has been cleared for construction, farming or recreational use, it may need some general care from time to time. Any fencing, dirt access roads or trees could also require some maintenance to keep your purchase looking great. Also, consider the property taxes affixed to the site. The more land you acquire, the more your wallet will be hit with an annual property-tax bill.



© FOTOLIA

## MARKET TRENDS

Thumb through a local real estate booklet, and you will find land galore. That's because investors buy up big plots, section them and sell them for

profits. There are also generally fewer potential buyers looking to pick up a piece of land. These two factors make it an advantageous time to purchase land. But consider your life situation before settling to buy raw land. Will

you be moving in the next few years, or can you see yourself building? Are you patient enough to let the land sit vacant for 10 to 15 years, when you may see a generous return on investment?

# Factor in the Children

The biggest factors in many home-buying decisions can, in fact, be the smallest members of the family. Children are monumental influencers in the real-estate market, even if they aren't born yet.

Factors such as school systems, safety and proximity to family can all play major roles in determining where a family puts down its roots.

Families may also decide to trade in one lifestyle for another to help improve the quality of life for their children. Moving from in town to a rural area, for example, can be a way to slow life down a bit and involve children in nature. Trading in country life for city life can have its benefits, too, with more opportunities for various activities. Regardless of your moving situation, it will most likely be strongly influenced by your children.

## SCHOOL SYSTEM

School boundaries are a major factor in home-buying decisions, according to a 2013 study by realtor.com. Of those surveyed, about 60 percent of home buyers would go over budget by nearly 20 percent to obtain a home in their desired school district. Ninety percent of those polled stated that school boundaries were important or somewhat important in guiding their decisions.

## SAFETY

Neighborhood safety is another defining factor for



© FOTOLIA

many new home buyers — and not just safety from crime and known gang-affiliated territory. Parents want to be close to good hospitals and their pediatricians in the case of emergencies. You can generally find out where the nearby healthcare facilities

and hospitals are located by asking your real-estate agent or doing a little research on your prospective new community.

## LOCATION

Considering a cross-coun-

try move away from your child's grandparents, relatives and friends? Then you know how tough the decision can be.

The happiness of your child is probably one of the driving forces telling you to stay. But many parents

make such decisions for a higher-paying job or more exciting career opportunities.

Consider all factors before making the leap, including the long-term effects that moving may have on your family.

# Return for Your Effort

**T**he real-estate industry is abuzz with the hottest new remodeling projects and how they can earn you a substantial return on investment.

A new kitchen, for instance, can pay back 72 percent of your initial investment, according to Remodeling Magazine's 2012 Cost vs. Value Report. Upgrading a bathroom or adding an extra bedroom also can have a major positive impact on your home's value. But what about the costly additions that don't exactly pay off? Swimming pools, home offices and basement movie theater add-ons are just a few of the remodeling projects that many buyers find to be too much expense for not enough payoff.

## THE FACTORS

If you own your home, not every remodeling decision should be made with the next buyer in mind. You have to enjoy where you live, after all, and if adding a massive underground swimming pool is going to add tons of excitement to your summertime fun, then your home's resale value should be the farthest thing from your mind. Make your decisions with your family's needs at the forefront. Consider how long you will be staying in the home and if you will get the most out of your time investment, as well as the cash you will pour into making your home a happier place.



© FOTOLIA

## THE NUMBERS

The following statistics are from Remodeling Magazine's Report:

**Home office:** Homeowners spent an average of \$8,888 on home offices and can expect to earn back less than half of their investment. That's because new buyers may not require the same work-from-home setup and would rather use the space for an extra

bedroom.

**Backup power generator:** While definitely handy in areas that experience volatile weather conditions on a regular basis, the average recoup of a backup power generator that costs more than \$14,000 is about 48 percent.

**Sunroom addition:** Consider the same factors as the home office. A sunroom is just not for everyone. Buyers

want square footage they can get functional, regular use out of. The average cost of a sunroom addition is more than \$75,000. The average return is about 48 percent.

## ASK A REAL ESTATE AGENT

No one knows real-estate pricing like your friendly local agent. If you're considering

putting a little sweat equity into your home, reach out to your realty professionals to see how much your investment will be worth in five to 10 years. Many may even come visit your home to consider all other factors such as neighborhood, age of home and floor plan to see how your renovations would add to or deter from your home value.

# Help With the Marketing

**Y**es, you're paying a real-estate agent a commission of 5 percent or more for selling your home, but that doesn't mean you should sit back and let the sale come to you.

The overall point of putting your home on the market is selling it, no matter who attracts the buyer. Your agent may have the firepower of an online home site with searchable features and wide reach. That's good. You'll definitely need that. But there are tactics you can use to make sure that news of your home being on sale is available to the most people possible.

## **SOCIAL MEDIA**

If you are active on Facebook or Twitter, you likely have 100 or so connections through social media. Use them. Even if they are not in the market for buying a home, network with your friends and followers. They may know someone who is. Post a link to your home's online profile page and add a few lines about what makes your home special. Upload a few of your favorite photos, as well. Broadcasting your home's best features may be the perfect way to start spreading the word.

## **MARKET RESEARCH**

Take a look around your neighborhood. Are there three homes similar to yours for sale? Five? 10? So how can you make your home stand out? The answer could be all in the price. Conduct a little market research online and check to see what other homes in your neck of the woods are listed at. You can also ask your real-estate agent for a comparative analysis of similar listings. This will help you determine the most aggressive price point for your home.

## **WORD OF MOUTH**

The day you put your home on the market, you should make sure everyone in your network of friends, family and co-workers knows about it. Word of mouth has long been an effective way of sharing news and can open doors to a rapid sale of your home. The people closest to you probably have a positive image of your home and know all of the work you have put into it. Their positive endorsement to someone they know may mean more than an agent's advice, since it's coming from a trusted source.

