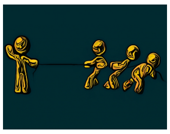
Your Broker:

Rob Cassam

# April 2021 Real Estate Update™

The right real estate advice makes ALL the difference!

## 6 Ways to Win a Bidding War



High demand and low inventory means bidding wars are common. Here are 6 tips to keep in mind to win a bidding war:

**1. Get Pre-Approved by Your Lender**
When you have a pre-approval letter in your hand, it means that you are very serious and you are ready to buy. Without pre-approval, if there's a lot of demand where you're looking for a house, you might get passed over by the seller altogether.

**2. Go All-Cash If You Can**
Not everyone can do this, but if you can go all-cash with your offer, you're likely to go to the top of the list. A seller again won't have to worry about you having financing problems.

**3. Skip the Contingencies**
Contingencies are conditions that have to be met before a sale can go through. What you're saying when you drop contingencies is that even if something goes wrong, for example, with the appraisal, you cover the costs.

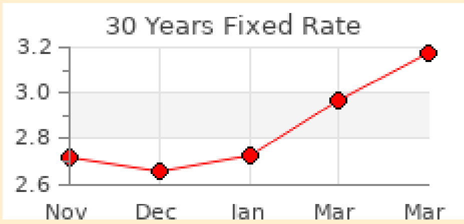
**4. Offer a Big Deposit**
A bigger deposit or down payment means you'll need less money from the bank. This can be key if a bidding war is putting a home's price above what it may end up appraising for.

**5. Use an Escalation Clause**
This will outline exactly how much you're willing to increase your bid if someone else offers the same amount as you.

**6. Write a Letter**
Sometimes, sellers have an emotional attachment to the home and want to sell to someone they feel is going to love it as they did. Tell them about yourself and your family, and share a few details of what made you fall in love with their home.

Mortgage Rates
U.S. averages as of April 2021:

30 yr. fixed: 3.17%
15 yr. fixed: 2.45%
5/1 yr. adj: 2.84%




## Reasons to Refinance You May Not Know About

Getting a lower rate is not the only reason to refinance…there are others. What are they?

One of them is to get someone off a mortgage loan that was taken out jointly. This primarily means a couple got married, bought a house together and later on divorced. The ex-spouse who vacates the property will still have that mortgage payment show up on the credit report. This can hamper the ability to qualify for a new mortgage to buy a new property. The way to avoid this situation is to have the occupying spouse qualify for a new mortgage by refinancing the existing one, removing the other spouse from the note and title.

Home owners can also refinance out of a mortgage program that has a balloon payment. A balloon payment happens at the end of the initial loan term. The initial period is fixed for say five or seven years and after that period the entire balance of the mortgage will be due.

Someone can also refinance to change the term of a loan. Switching from a 30 year fixed rate to a 15 year note means lower interest paid over the life of the loan.

## How to Handle Your Home Sale Falling Through

Selling a home can be an emotional and stressful experience. Then, finally, you find a buyer and you feel a huge sense of relief. What happens if your contract doesn't actually make it to closing, however? It's easy to feel defeated and emotionally pretty upset, but you can bounce back.

**Understand Why It Fell Through**
This is important so you can prevent it from happening again. A few reasons why home sales fall through include:

1. A home inspector finds something that would be expensive for the buyer to repair.
2. Your home appraises for less than the sale price.
3. There's an open lien on your property uncovered by a title search.
4. Your buyer's financing falls through.

**Minimize Your Risk for the Next Time**
First, get a pre-listing inspection. If there was an issue with the appraisal, you'll need to work with your agent to get the price right.

Get title insurance for coverage if issues arise, and you should ask for a pre-approval letter with each offer, so you don't have to worry about buyer financing falling through.

Also, watch for red flags from the buyer. Signs a buyer is going to back out can include not meeting deadlines and returning necessary paperwork, not returning calls, and making a lot of requests for contract changes.

If your sale does fall through, don't let yourself get too discouraged. Bounce back by evaluating what went wrong and working to make sure those are things that don't happen again.

Equal Housing Opportunity

Rob Cassam, ,CCIM BROKER MBA REALTOR
E-mail: rob@charlotteNCproperty.com
Website: http://www.charlotteNCproperty.com/residential
Toll Free: 800.587.4066
Office: 704.442.1774 ext.100
Fax: 704.442-8841

Carolina Realty Advisors
704-442-1774
1001 East Blvd. Suite B
Charlotte NC 28203

Your Broker:

Rob Cassam

April 2021

REAL ESTATE Update™

The right real estate advice makes ALL the difference!

## New vs. Existing Homes: Which Should You Buy?
### *By Ashley Sutphin*

If you're considering the purchase of a home, you have one big decision to make as you get started, to narrow down your search. You have to decide whether you'll buy a new home or an existing property. There are pros and cons to each, and you have to weigh them carefully during the decision-making process.

It used to be at one point that buying a new house was almost always going to be more expensive than an older house. Buying materials for new construction is less expensive now than in the past, so price alone isn't necessarily a determinant or at least the primary determinant for many people.

**What Are the Upsides of Buying an Older House?**

Some of the benefits of buying an existing, older home might include:

• More high-quality or detailed construction: This isn't to say that new homes can't be well-built, but older homes often have an attention to detail that is harder to find in something newer. There was a sense of craftsmanship utilized in the building of these homes that was often a point of pride for the people working on them and living in them.

• Bigger yards: In the past, land was cheaper, so many older homes will as a result have a bigger yard.

• Character: You may prefer the character and charm of an older home.

• Established neighborhoods: Neighborhoods with a lot of new homes don't have as many trees, and they do go through some growing pains. An established neighborhood may be more beautiful with towering trees and mature shrubbery.

• More walkability: In an older neighborhood, you're likely going to find that you have more walkability, and neighborhoods with older houses tend to be closer to city centers, as opposed to newer houses which tend to go further and further out from cities as part of suburban sprawl.

**What About the Downsides of an Older Home?**

Buying an older home isn't all about the dreamy craftsmanship and charm. There are some very real downsides you have to think about. Examples include:

• Smaller spaces: Older homes may have more rooms and are less likely to have an open-concept floorplan. Many of the spaces in an older home are going to be smaller than what we see now. For example, there may be smaller garages and closets, and it can be tough to remedy this issue.

• Maintenance: If you want a low-maintenance home, it's pretty unlikely you'll find that with older construction. For example, you might find that tree roots disrupt your sewer pipes, or you have issues with your foundation.

• Updates: You may need to update an older home in addition to the regular maintenance. For example, you might have to remodel the kitchen or the bathrooms to make the home truly functional for your needs.

**What Are the Pros and Cons of New Construction?**

If you go with new construction, some of the benefits include the lack of maintenance you're likely going to need to worry about, as well as the fact that these homes come with modern features that make life easier. For example, a new construction home is probably going to have a built-in dishwasher, wiring for electronics and even features like wine coolers. Some new construction homes even come with a builder's warranty. For example, if you're buying in California, the builder is required to provide a 10-year warranty.

Newer homes are more energy-efficient, so you can be more eco-friendly and save money on heating and cooling. A new home is going to be built to current code, and when you buy a new home, it feels like yours instantly, rather than carrying the emotional baggage of people who have lived in it before.

Finally, the downsides of new construction include the fact that sometimes these homes lack warmth, charm, or uniqueness. If you buy in a neighborhood with tract homes, every home is going to look essentially the same.

The trees and yards in these neighborhoods aren't mature, and you might be looking at a lot of dirt during construction. Your commute time may be longer since newer neighborhoods often aren't close to downtowns or city centers, and new homes settle meaning you might notice cracks in your walls, door frames, and even your foundation.

There are obviously pros and cons of either option, and you have to find the home that works for you. Some people think they want one thing and then realize when they start searching that it's not right for them. For example, you might think you want a charming older home, but as you begin your search and you start calculating the cost of upkeep, you realize you're not ready for that.



Rob Cassam, ,CCIM BROKER MBA REALTOR
E-mail: rob@charlotteNCproperty.com
Website: http://www.charlotteNCproperty.com/residential
Toll Free: 800.587.4066
Office: 704.442.1774 ext.100
Fax: 704.442-8841

Carolina Realty Advisors
704-442-1774
1001 East Blvd. Suite B
Charlotte NC 28203

Your Broker:

Rob Cassam

April 2021

REAL ESTATE Update™

CAROLINA REALTY ADVISORS

The right real estate advice makes ALL the difference!

## APR Explained
### *By David Reed*

As the federal government years ago attempted to help consumers more easily compare interest rates from multiple lenders, the Annual Percentage Rate, or APR was developed. In theory, this calculation would allow consumers to choose the best deal. But most, including many individual loan officers themselves, stumble when explaining what the APR actually represents. When someone applies for a mortgage, they'll receive no shortage of paperwork and one of the more prominent pieces included in that paperwork is the Truth in Lending disclosure, or TIL.

The TIL attempts to provide a clear path to help consumers compare rates. Unfortunately, because the APR stands out so much on the TIL, many times the consumer begins to think there's somewhat of a 'bait and switch' going on because the APR will be higher than the actual note rate on the mortgage. The note rate is one of the components used when calculating the monthly payment.

It goes something like this. A consumer gets a rate quote from a loan officer, submits an application and within three days, a host of disclosures are sent over. The APR stands out and will be higher than the initial rate quote. When the consumer then calls the loan officer and asks for an explanation, many loan officers stumble in the response.

Many times, the loan officer can even say, 'don't pay any attention to the APR number, it's just a disclosure we have to provide.' But that's the wrong response. The correct response is 'The APR is the cost of money borrowed expressed as an annual rate.' That's it. An experienced loan officer will be able to easily explain this disparity. Nothing more. The APR reflects some closing costs associated with getting the new mortgage. But understanding the APR can be another story.

The disparity between the note rate and the APR shows which lender is charging more lender fees. Two mortgage lenders can quote the very same 30 year rate, but the APR can be different. How does that work? If Lender A and Lender B both quote 3.5% for a 30 year rate, the computed APRs might result in something closer to 3.62% and 3.84%. Still, the monthly payments remain the same, only that Lender B obviously has higher lender fees than Lender A. In this example, Lender A would appear to be the better choice.

Further still, the APR can only be used as a comparison tool when comparing mortgages of the same loan term. An APR for a 20 year fixed can't be used to compare with a 30 year note. The loan term is a key component when calculating the APR number. The APR number is a valuable tool but only when properly evaluated. When used properly however, the APR does indeed serve consumers well. But when a loan officer insists it's not that important and has trouble just explaining what it is, it might be time to start looking elsewhere for your financing needs.


Equal Housing Opportunity

Rob Cassam, ,CCIM BROKER MBA REALTOR
E-mail: rob@charlotteNCproperty.com
Website: http://www.charlotteNCproperty.com/residential
Toll Free: 800.587.4066
Office: 704.442.1774 ext.100
Fax: 704.442-8841

Carolina Realty Advisors
704-442-1774
1001 East Blvd. Suite B
Charlotte NC 28203

Your Broker:

Rob Cassam

April 2021

# REAL ESTATE *Update*™

The right real estate advice makes ALL the difference!

## The Best Ways to Save Money on a Bathroom Remodel
### *By Ashley Sutphin*

If you have an outdated bathroom or one that doesn't function the way you need it to, you might be planning a remodel. However, once you start the process of planning said remodel, it's very likely you're going to see it could be more expensive than you thought.

Bathroom remodels, while on a smaller scale, are similar to kitchens in that the costs can add up fast. It's important to start with a plan for your dream bathroom and then adjust accordingly as you need to.

A lot of different elements go into a bathroom remodel, like the surfaces, cabinets, hardware, and tile. To stay organized, you might want a spreadsheet where you track your must-haves and their costs. Along the way, consider the following tips to save money as well.

**Be Cautious Before You Change the Footprint**

A bathroom remodel can go a long way by changing the finishes and the appearance of what's already in it but leaving the footprint alone. The footprint is the layout of your bathroom. It includes things like your walls, plumbing, and the location of your toilet, shower, and bath. It also includes electrical wiring.

If you want to move a tub or shower, for example, this is going to make your remodel significantly more expensive. You'll save money by keeping the footprint the same, and you may also be able to do more of the work on your own. In particular, not moving your plumbing is going to be the best way to avoid a very expensive remodel project.

**Give Yourself Time and Be Patient**

A good way to spend more money than you need to is to make last-minute product decisions. Then, if you find out what you wanted isn't in stock, you may be in a time crunch so you spend more than you'd planned to.

Give yourself time, and start ordering items well in advance of when you'll need them, so you aren't feeling pressured to spend too much and go over budget. The more time you give yourself, and the more patience you have, the less likely you are to spend more than you plan for.

**Refinish Instead of Replacing**

If you can refinish certain parts of your bathroom instead of replacing them, you can keep your costs down. For example, rather than changing your bathtub, maybe you refinish it with a new coating. You can keep your vanity and repaint it and add new hardware instead of replacing it.

If you have shower walls, you can refurbish them too. If your current shower walls are tile, there are a lot of options. For example, you can clean them up and change the grout color.

If you have a vanity that you don't mind, but you don't like the countertop, there are some great kits so you can paint it to look like marble or granite, and they're designed specifically for bathroom sinks.

**Be Realistic With the Work You Can Do**

Depending on your skill set, you may be able to do a lot of the work on your bathroom yourself, especially if you keep the footprint the same. However, you need to be honest with yourself and know what you can do versus what you need to outsource.

Yes, hiring someone to do work on your bathroom is going to cost money, but if you try to take on something that's out of your depth, then you're probably going to have to pay someone to fix it, and it may cost even more.

Finally, don't underestimate how much of a difference small changes can make. For example, try changing out your light fixtures and mirrors before you do anything else, and then go from there. You don't always need an overhaul, even if you initially think you do.

Equal Housing Opportunity

Rob Cassam, ,CCIM BROKER MBA REALTOR
E-mail: rob@charlotteNCproperty.com
Website: http://www.charlotteNCproperty.com/residential
Toll Free: 800.587.4066
Office: 704.442.1774 ext.100
Fax: 704.442-8841

Carolina Realty Advisors
704-442-1774
1001 East Blvd. Suite B
Charlotte NC 28203

Your Broker:

Rob Cassam

April 2021

REAL ESTATE Update™

The right real estate advice makes ALL the difference!

# Everything You Should Know About Property Taxes
## *By Ashley Sutphin*

When you're preparing to become a homeowner, there are some things you might not think about as far as the costs of maintaining a home. One of those is property taxes. Property taxes are easy to overlook when you're calculating your true bottom line.

Local governments use property taxes to cover public services in the community. Property tax revenue goes towards schools, roads, and police and fire departments primarily.

If you own property, you have to pay property taxes. That includes rental properties and property you might have inherited, as well as vacant land.

### How Are Property Taxes Calculated?

Your property taxes are calculated based on the tax rate set by your local government and then your property's assessed value. You use the assessed value of your home and multiply it by your tax rate, and that's your owed property tax.

### What Is Assessed Value?

The assessed value is a term that can bring confusion for some people. Assessed value is not how much you can sell your house for, nor is it what you bought it for. Terms for those are market or appraised value. The assessed value of a home or property is set by a property assessor in the local government. It tends to be lower than market value, which is good because then you pay less on your property taxes.

### What is the Property Tax Rate?

Your property tax rate depends on where you live. States with the highest average property tax rates include New Jersey, Illinois and Vermont. The lowest property tax rates are in Hawaii, Alabama, and Colorado.

The national average effective property tax rate is around 1.1% of a home's value. In Hawaii, the average property tax rate paid is just 0.3% of a home's value.

### What to Think About When You're Buying a New House

If you're searching for a new home, property taxes could be the last thing on your priority list. However, when you have to pay your first mortgage payment they could seem a lot more relevant. You need to think about what your monthly mortgage payment will be, including your property taxes.

Most financial advisors say that your mortgage payment with your property taxes included should be no more than 25% of your take-home pay. If your property taxes would push you over that when included with your mortgage payment, maybe you should reconsider the house you're looking at or even the city or town. For example, you could go to a different town and move from a 2% to a 1% property tax rate, which is a big difference.

### How Do You Pay Property Taxes?

Most people's mortgage payment includes their property tax as well as their homeowner's insurance. That's preferable for the vast majority of homeowners because the bill is spread out over 12 months, rather than having a big bill coming due at the end of the year. A lender will usually put the money in a separate account, which is an escrow account. Then, they'll pay the property taxes that are due.

Property taxes are estimated throughout the year, so you could have a refund, or you could end up owing more. Even if your house is paid for, you still have to pay property taxes, and rather than the lender paying them, it's up to you.

If you don't pay your property taxes or get behind, you could lose your home. If you don't pay your property taxes on time, penalties vary depending on where you live, but in addition to the risk of foreclosure, you may have to pay hefty penalties.

Finally, when you buy a home, you may be eligible for some other tax breaks related to your property taxes. For example, you can deduct what you pay in property taxes when you file your federal income tax return, as long as you've paid by the deadline.

Property taxes aren't fun to think about, but they are a big part of the puzzle when it comes to deciding where you live and how much house you can afford.

Equal Housing Opportunity

Rob Cassam, ,CCIM BROKER MBA REALTOR
E-mail: rob@charlotteNCproperty.com
Website: http://www.charlotteNCproperty.com/residential
Toll Free: 800.587.4066
Office: 704.442.1774 ext.100
Fax: 704.442-8841

Carolina Realty Advisors
704-442-1774
1001 East Blvd. Suite B
Charlotte NC 28203