

Your Broker:



Rob Cassam

June 2020

# REAL ESTATE Update



The right real estate advice makes ALL the difference!

## Credit and Coronavirus: What You Need to Know



**M**ake sure your credit stays good despite any economic difficulties with these tips.

### Government safeguarding credit?

There have already been steps taken to safeguard credit for those who enter into a forbearance program. Now, senators are attempting to take this safeguard even further, asking for protection to Americans' credit outside of mortgages.

So far, the progress consists of a letter from the trade group representing the three credit bureaus. Current assistance from the credit bureaus this far includes: 1. Free weekly credit reports for all Americans for the next year, available now. 2. Equifax has eliminated "the need for hard credit inquiries when opening phone service, wireless phone contracts, internet service and pay TV service accounts."

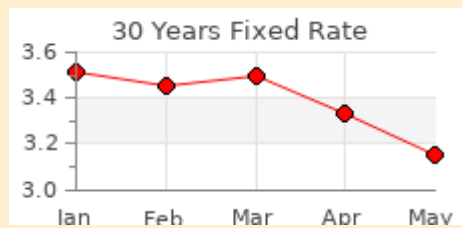
### What to do if you're falling behind

During this time, creditors seem to be more willing than ever to work with customers.

"It's in your best interest to stay informed as you manage your credit health through this coronavirus outbreak. Before bill payments are due, you should contact your bank and other creditors as soon as possible to make them aware of your situation. Your lender will likely have procedures in place to work with customers impacted by this unique health emergency. In fact, several federal and state regulators have already issued guidance to lenders encouraging financial institutions to work constructively with affected consumers, small business owners and communities," says FICO.

## Mortgage Rates U.S. averages as of June 2020:

30 yr. fixed: 3.15%  
15 yr. fixed: 2.62%  
5/1 yr. adj: 3.13%



## Tele-Maintenance: The Newest Thing in Virtual Service



**M**edical appointments have gone virtual. Zoom has all but replaced workplace meetings. And now, there's a new can't-live-without-it, at-home service offering free tele-maintenance to help owners keep their home functioning while we're all hunkered down.

Hippo Home Care offers a free tele-maintenance service where you can talk directly with a Home Pro whenever you have questions or issues around your home. The company has completely shifted to a virtual model for the time being as a service to customers who might not be comfortable having strangers in their house during the pandemic.

The free service is available to anyone in the U.S. who needs help with home repair or maintenance. Homeowners can visit the company's website to schedule a time to talk to a certified professional. During the appointment, Hippo's Home Pros can "walk you through resolving issues yourself or recommend getting professional help." Customers should be prepared with a general set of tools; screwdrivers, Allen wrenches, adjustable wrenches, and a cordless drill can typically do the trick.

## Are You Ready to Divorce Your House After the Quarantine?



**A** home may function perfectly fine when you're only there a few hours a day, but this quarantine has shined a light on many a flaw. Here's how to tell if you're just done or if your relationship with your house can recover.

### It's not something a renovation can fix

If fixing up your home to get it to modern standards or even make it more livable is impossible or unadvised, it may just be time to move on.

### It's just too small

It can be easy to say that we'll return to normalcy at some point, but no one really knows what that will look like. If the quarantine has made your small space even more uncomfortable, and there isn't an easy/affordable way to add more space, you might want to consider moving along.

### It's just too big

Have you been noticing that everyone is gravitating to the same few rooms during this time? One thing the quarantine is teaching us is just what we need in terms of space. Maybe that big, expensive house isn't what you needed after all. Time to downsize? Could be.

### It's too old

If the emotional and financial toll of living in a home that is just too much of a project is getting to you, think new construction. Will you get the same character? Likely no. But you will get a house that's brand new in every way and a warranty to boot.



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## 4 Outdoor Projects for a Beautiful and Fun Homecation Space By Cristina Miguelez

As the weather warms up, more families are starting to look forward to getting outside of the home to have some fun or just relax in the sun. And while a vacation may seem like the ultimate goal, most people find that by creating a better outdoor living area, they can have even more fun "homecationing" in their own yards. There are numerous projects that you can do to add some fun and recreation to your yard. The following 5 projects can help you maximize your space, improve your property, and increase your enjoyment of your space with the good weather.

### Patio: Affordable and Versatile

When you think about your outdoor living area, your patio should be home base. Patios are one of the most versatile things to add to your yard in terms of enjoyment and use, as well as style and appearance.

Your patio can be covered or open, have a fire pit or fireplace for gathering around in the evenings, host a grill and table, or be the base for a pool deck. You can even add bigger projects to the patio itself, like a hot tub, pergola, or outdoor kitchen. Basically, adding a patio adds a blank slate to your yard that can give you endless ways to customize it to your needs. Start with leveling and adding some pavers, then add furniture, lights, and a gathering place such as a fire pit or picnic table to start using the area right away.

Project cost: Most homeowners spend around \$4,000 for a living room-sized patio of 12 x 18 feet made of stamped pavers.

### Pool: Perfect for Kids and Hot Climates

If you're planning on staying home all summer, a swimming pool may be a good investment. Pools can be tricky, as a large, inground pool needs a lot of space while an above ground pool doesn't add a lot to your home's value.

However, any pool can add a great way to cool off on a hot summer's day, and can give you a way to relax and have some fun. Pools come in a wide variety of shapes and sizes. You can add an inflatable pool that's big enough to cool off in just for the summer or you can go further and add a small inground pool like a plunge pool or an endless pool that will give you the chance to cool off without taking up your whole yard.

Project cost: The cost of building a pool varies greatly depending on the type of pool you choose. Above-ground inflatable pools start at \$200, while you would pay around \$20,000 for a plunge pool and \$29,000 for an endless pool.

### Deck: for Enjoyment and Increased Home Value

Decks are a great addition to any home. Decks give you a place to relax, gather, entertain, cook, eat, and more. Decks are also incredibly versatile - they can be a low wooden platform on a one-story home or an elevated backyard oasis on a larger property. Wood decks also have a fairly good ROI, so you're not only increasing your enjoyment in your property, you're also increasing its value at the same time.

Think about what things you would do on the deck before building to get the most out of the project. A deck built for entertaining might include a gas fire pit, built in benches, and a bar, while a deck made for the family might include a table, shade, and some built in swings underneath.

Project cost: Homeowners usually spend \$17,200 to \$19,000 for a 16' x 20' composite deck.

### Front Porch: for Trendy Curb Appeal

One of the biggest trends of the last few years has been the farmhouse. The modern farmhouse has commanded great prices at time of resale and has everyone clamoring for one. One of the things that every farmhouse needs and that helps make the style is the extra wide front porch. The front porch not only helps create the look of a farmhouse, it's also practical and highly sought after for its use. The porch enhances your entry to the home, gives you a place to relax and unwind on beautiful spring mornings and long summer evenings, and is often big enough to fit the whole family along with furniture and a porch swing. Adding a front porch will add utility and enjoyment to any home, farmhouse or not.

Project cost: Homeowners spend around \$21,440 to build a porch.

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## The Things That Matter The Most In Your Credit Report *By David Reed*

If you haven't looked at your credit report in a while, it's probably time to go ahead and pull another free one at [www.annualcreditreport.com](http://www.annualcreditreport.com). This is a site supported by the three main credit repositories, Equifax, Experian and TransUnion and allows consumers to get a free report once per year. Consumers are encouraged to retrieve this report primarily to make sure there are no errors showing up. Unfortunately, credit reports have their fair share of mistakes.

But it's really not the fault of these repositories because they only report what is sent to them by merchants and businesses who issue credit. When data is forwarded to them, they include it. They're not going to verify data on their own each time someone's payment history is sent to them. They'll review it when a consumer sees a mistake and informs them of the offending line item.

For example, someone with a similar name might show up on your report and show some late payments which don't belong to you. That's the sort of thing to look out for. You'd be surprised about what all is included in your report. The property addresses where you've lived over the years will appear. So will any other names you've gone by. John Smith, J. Smith, John D. Smith, John David Smith...you get the idea.

When consumers do view their report, they should look for mistakes, but they also want some assurances what's being put out there is accurate. For those building a strong credit history, it's important to make sure these credit agencies are reporting your timely payments. Some of the data bits being reported are more important than others. What are they?

Surely the addresses of where you've lived over the past few years isn't that important. At least to you, anyway, right? And of course, any other surnames you've used. If you married John Doe and you're Jane Smith, you'll be recorded as both Jane Smith and Jane Doe. Pretty simple.

Paying on time is the most important factor in your credit report. So too are account balances. Someone who regularly keeps a balance at or near the allowable limit will see their scores fall. On the other hand, keeping a relatively low balance at all times improves scores.

A late payment on a credit card you've had for a while won't hit your scores very hard as long as the late payment (more than 30 days past the due date) is relatively isolated. But a late payment on a mortgage will count more against you compared to a late credit card payment. A bankruptcy or a foreclosure is the most damaging to a credit report, although the damage is lessened over time. What's more important on a credit report is what has happened over the past couple of years, not something that happened say five or six years ago. Old, bad information will be shown, just largely ignored as long as current and timely payment patterns are being reported.

When applying for new credit, an "inquiry" will be entered into your record. An occasional inquiry for new credit won't affect your credit but if there are multiple inquiries for new credit within a specific period, that will harm your credit. Not as much as a late payment or high balance accounts, but an impact, nonetheless. Multiple inquiries will carry more weight when there are other negative marks appearing.

In general, it all goes back to making sure payments aren't made more than 30 days past the due date and keeping balances somewhere around one-third of credit lines. These two are the biggies. When a mortgage company reviews a credit report and credit scores, if payment history and balances are kept in check, your credit will be just fine.



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## Should I Sell Now?

By PJ Wade

The pandemic has put the world on pause. Should you put your real estate plans on pause, too?

The seemingly-simple "sell or not" question can only be answered after tackling a series of other questions. Even without the pandemic, making the decision to sell your home is complex and usually involves significant emotional elements:

- If you had planned to list your property this spring, before you abandon that project, take a fresh look at that decision to sell. Identify your crucial criteria and how they may have changed during the pandemic.
- If you are now asking yourself whether you should sell because of the pandemic, the first step is deciding which are the crucial criteria involved in making a good decision to sell now or not to.

Don't just let conflicting thoughts rattle around in your head. Jot down ideas to get your brain going. Identify issues and goals. Mind mapping may be helpful here. Keep track of what you discover.

### What's driving you?

#### 1. The Heart: Why do you want to move from this home right now?

Is the motivation based on location, family changes, finances, work, or other issues important to you and your family? Prioritize these criteria. For instance, do record-low interest rates provide an exciting opportunity to buy your "dream home?" Has your work shifted permanently online, so where you live is no longer a work-related issue? Has your family situation changed, so that this home is no longer an ideal fit? How is the pandemic affecting your thinking? Will your decision be valid after the pandemic is resolved?

#### 2. The Head: Why do you consider this the right time to cash in your main financial asset?

Pre-pandemic real estate values made many homeowners feel "house rich." The pandemic has created stock market volatility and unexpected financial pressures that have devastated savings, investments, business assets, job security, financial prospects, and lives. Will real estate values in your area remain at, or return to, pre-pandemic levels? This financial pressure or its related uncertainty may be a driving force in your decision to sell. Does that make it the right decision?

No one knows the future, but a lot of people talk like they do. Be skeptical. Real estate professionals are excellent resources and are experts at decision making. Real estate markets are local. Locate knowledgeable local professionals who understand the type of real estate you are interested in. Ask them what all your options are since their broad experience has taught them a degree of creativity that will amaze you.

### Stick to the original sell decision?

Once you've re-examined your original decision to sell, talk to a local experienced professional to add a broader real estate perspective. Ask a lot of questions to understand exactly what has changed or improved in your local real estate market:

- Are current buyers intent on significant price declines which may conflict with your selling goals?
- How much could selling in this market net you?
- Are lenders receptive to mortgage lending in your area? Will deals close?
- In uncertain times, planning to close the deal months down the road can be risky. Would it be possible for you to close relatively quickly? How important is that for you?

### Cash-in in the current market?

If you hadn't planned to sell this spring, but now feel you should, what's behind this dramatic change? With so much rumor, unsubstantiated opinion, and fraud out there, take care you don't fall prey to flawed thinking or fraudulent scams that can take your property from you. Real estate decisions are not easily reversed.

Local real estate professionals can bring you up-to-date with what's really going on in your area. They can share analysis of local sales and listings to provide solid information on what you could expect from the sale of your home and how quickly. They can explain the "nuts and bolts" of safely showing and selling in this altered "social-distance" market. They'll also reveal risks that should be considered, including:

- What benefits to selling now do you want to cash-in on? Perhaps, you are concerned real estate values will drop and you'll lose out on pre-pandemic values. Or, do you see advantages in what you could buy as your next home because of price depression in other markets?
- If you haven't had time to renovate or modernize the most dated areas of your home, would low listing inventories cause buyers to overlook these failings just so they can now buy a home in their price range?

### What's the next step?

Before you get too involved in selling, take time to evaluate what your choices will be once your home is sold and you must move:

- Are you intent on taking cash out of the sale to invest or save? Is this the right time to take advantage of these financial strategies? Be cautious of a financial advisor who encourages the sale or mortgaging of your home to "make a killing" from stock market volatility. Be skeptical. If you lose everything, that advisor would still have made commission on the trades. What will you be left with?
- If you intend to rent once you sell, investigate your preferred rental market to be sure you can find what you want at the price you can afford. The pandemic has had devastating impact on many communities with no end in sight.
- Investigate the market you intend to buy into. What if inventories are so low that your choices are limited? This scarcity may inflate prices. On the other hand, low interest rates should enhance your purchasing power. Less competition from other buyers may give you a chance at property that might otherwise have been out of reach.

Should you sell now? Your decision should be based on research and thoughtful consideration, not fear. Relax into the decision. You'll only be 100% sure in hindsight. Choose the answer that you can live with and thrive on.

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## Forbearance News: Borrowers Can Now Defer Payments Until The End Of Their Loan By Jaymi Naciri

Have a forbearance agreement with Fannie Mae or Freddie Mac? You can breathe a big sigh of relief. The Federal Housing Finance Agency (FHFA) has announced that homeowners in COVID-19 related forbearance programs with Fannie and Freddie can defer their missed payments until "the home is sold, refinanced, or at maturity," they said in a news release.

The release spelled out the details of the new deferment plan. "For homeowners in forbearance due to COVID-19, payment deferral allows them to make up missed forbearance payments when they sell their home or refinance," said FHFA Director Mark Calabria. "This new forbearance repayment solution responsibly simplifies options for homeowners while providing an additional tool for mortgage servicers. Borrowers who can pay their mortgage should, because missed payments remain an obligation that will ultimately have to be repaid."

Previously, there was some question as to whether borrowers would have to make a lump sum payment at the end of their forbearance period or enter into some other type of agreement that would potentially increase their monthly payments.

"Payment deferral is one of the repayment options," they said. "Servicers will begin offering the payment deferral repayment option starting July 1, 2020. In addition to the new payment deferral option, borrowers with COVID-19 related hardships can still utilize other options that include reinstatement, repayment plan, or loan modifications based on their individual situations."

Up to 12 months of deferred payments can be added to the end of the loan term. "The deferred sums to be repaid include principal, interest and escrow advances," said National Mortgage News. Borrowers will not have to make the missed payments in a lump sum.

### And now for the bad news

There is one piece of not-so-good news related to forbearance. "U.S. homeowners hurt by coronavirus were told they could delay their mortgage payments without facing consequences. Now, some are learning they're at risk of being shut out of the housing market," said Yahoo Finance.

The stimulus bill contained language that was meant to protect borrowers from credit issues related to their forbearance agreement. "But the law didn't address long-standing policies that restrict consumers from getting new loans for a year after their forbearances end," they said. "For instance, Fannie Mae and Freddie Mac...won't buy such mortgages. Some borrowers who took advantage of the relief lawmakers provided are now being told that they will have to wait before they can refinance or obtain a fresh mortgage to purchase a home. That's true even for those who ultimately make their payments on time, as the forbearances are still being noted on some consumers' credit reports."



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