

Your Broker:



Rob Cassam

July 2020

REAL ESTATE Update



The right real estate advice makes ALL the difference!

Home Equity Lines Of Credit On The Rise



The Coronavirus quarantine has you thinking about making upgrades to your home, and that has you thinking about tapping your equity to take out as a home equity loan (HELOC), right? If so, you're part of a real estate trend that's sweeping the nation right now.

Across the nation's 50 largest metro areas, "An average of 45.9% of home equity loans are being used to make home improvements," they said. That's up from 37.3% in January.

What you need to know about qualifying

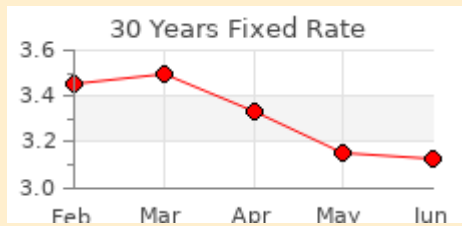
Even if you have plenty of equity in your home and decent credit, it might not be so easy to qualify for that HELOC. Some lenders have increased their qualification requirements while others have halted their HELOCs for the time being. "Chase, for instance, announced last month that it would be freezing new HELOC applications and requiring almost all new mortgage applicants to have 20 percent down and at least a 700 FICO credit score," said Bankrate. "Bank of America also raised its credit score requirements for home equity products from 660 to 720." Wells Fargo has stopped accepting HELOC applications altogether.

HELOC alternatives

If a HELOC isn't going to work for you, there are other options. According to Bankrate, "both Chase and Wells Fargo mentioned a cash-out refinance as a possible alternative option. In a cash-out refinance, you will receive a lump-sum payment for a certain percentage of your home equity." A personal loan might also be an option, although "personal loans generally have higher interest rates than home loans," said Investopedia.

Mortgage Rates U.S. averages as of July 2020:

30 yr. fixed: 3.13%
15 yr. fixed: 2.59%
5/1 yr. adj: 3.08%



Rates Drop During Your Lock Period? Here's What to Do



Lower rates mean lower monthly payments which means more people can qualify for a home loan.

Your loan officer can provide you with when it's okay for you to lock with a Lock In Agreement. In general these agreements spell out the lock procedures, when you're eligible to lock and what happens when your lock expires before you close on your transaction.

What if rates fall during your lock period? Most agreements state that in the instance of a locked rate, the borrower will be awarded the higher of the expired rate or the new rate. But there's another way that just might work in your situation.

Lenders know there really is no agreement that says if you submit a loan application that means you can't cancel your loan and go somewhere else. You certainly can. And that's where you start to have an upper hand. When making a request for a rate drop, don't expect to get the absolute lowest rate available, but one very close to it. You may also need to pay a small fee to get the new, lower rate. The numbers will pretty much mesh all this out and tell you whether or not it's a good idea. But if it is, there is a process. You just first have to ask.

What Will Homes Look Like In A Post-pandemic World?



"While the coronavirus still rages on, it's hard to predict what post-pandemic abodes might look like," said Barrons. "Yet, developers around the U.S. are already rethinking projects, anticipating residents' needs and preferences that Covid-19 would spur. In doing so, they are re-evaluating current in-unit aesthetics and in-demand amenities."

Home size

Homes had been trending smaller. But that may be over. With uncertainty about the future around spending more time in the home, which likely includes some form of work-from-home scenario, homeowners are likely looking for more space. Expect homes to grow in size accordingly.

Dependence on the home office

"More attention will be given to the arrangement of the workplace at home," said Dezeen. "Now it will be a completely separate room with large windows, blackout curtains and comfortable furniture. It will be technically equipped and sound-insulated."

Emphasis on "health and hygiene"

Architects and designers foresee a compartmentalization of spaces including entries, foyers, and mudrooms, incorporating sanitation stations to wash, disinfect, and remove contaminated clothing. "In a post-pandemic world, nobody wants to touch anything unnecessarily...Think of more touchless faucets and sensor-operated doors. Every doorknob, light switch, thermostat, and the high-traffic button will be swept away, replaced by motion activation or voice command." said Stambol.

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How To Support Anti-racism With Your Home Buying Or Homeowner Dollars By Jaymi Naciri

The country was rocked by the murder of George Floyd on May 26, and protests have been erupting all over the world ever since. In the aftermath of Floyd's death, many companies have spoken out to decry racism and commit their dollars—and their activism—to equality.

In that vein, we're posting a list of companies who have been outspoken in their support of racial equality. For the purpose of this article, we're focusing on those that are in some way related to buying or selling a home, renovating, decorating, and even celebrating a purchase or home-related milestone. But you can track corporate donations and see a growing list of companies across nearly every type of industry who have taken a stand.

Look to your lender

Choosing between financial institutions for a purchase or refi? "Bank of America pledged \$1 billion over four years to help communities across the country address economic and racial inequality and said the commitment will include programs such as virus testing and other health services, especially focusing on communities of color, support to minority-owned small businesses, and partnerships with historically black and Hispanic educational institutions," said Forbes.

Buy some appliances or new flooring at Lowe's

The home improvement store has given \$25 million in grants "to help minority businesses reopen," said CNBC. The company's CEO has also challenged other executives to "do our part."

Change your cellular carrier

When it comes to cellular companies, so far it's Verizon leading the way. The company has committed \$10 million, which will be split between The National Urban League, NAACP, National Action Network, Leadership Conference for Civil and Human Rights, Rainbow Push Coalition, National Coalition on Black Civic Participation and the NAACP Legal Defense and Educational Fund.

Get your sweat on

Since it's not super safe to be in the gym right now, anyway, get a piece of home equipment for your new place instead. Peloton's \$500,000 donation to the NAACP Legal Defense and Educational Fund makes this an easier decision.

Order some dinner

Get a meal delivered from your fave new restaurant by DoorDash, who has announced they're donating \$1 million to the cause, including \$500,000 to Black Lives Matter.

Get some new sheets

Brooklinen already has some of the most coveted sheets out there, and the company has now announced plans "to donate an undisclosed amount of money to the 'right partner(s)' as 'the needs of the movement change,'" said Yahoo.

Book an Airbnb

Once it's safe to travel again, keep in mind that Airbnb is donating \$500,000 to be split between the NAACP and Black Lives Matter.

Get some custom décor

Etsy donated \$1 million, which will go to the Equal Justice Initiative and Borealis Philanthropy's Black-Led Movement Fund.

Buy some Legos

"The Denmark-based Lego Group said it will donate \$4 million to organizations dedicated to supporting black children and educating all children about racial equality," said Forbes.

Keep reading Architectural Digest

The magazine's online portal has been using its platform to highlight and showcase black-owned design and décor businesses. "If you're looking for more ways to support black-owned businesses, shopping with them is a direct way to make an impact. We've compiled this list—which is by no means exhaustive—of some of our favorite black-owned brands and new finds."

Keep watching HGTV

You likely weren't going to stop anyway, but you can feel even better about watching shows like Property Brothers with star Jonathan Scott's proclamation that he will "use my voice, my platform and my vote to affect lasting change," said House Beautiful. He also vowed to donate "to four nonprofits working nationwide: the NAACP, Fair Fight, The Conscious Kid, and the ACLU." His brother and co-star, Drew, commented that he believes, "We can use this rage to fuel change and justice, peacefully. It's hard to find words... but I have a duty to learn all that I can to help. Donate if you are able, have conversations that might be uncomfortable, help the helpers."

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Is It Safe To Use Your Community Pool?

By Jaymi Naciri

After months of being quarantined at home, the world is opening up again. And that's perfect timing for many, considering it's hot outside, and hot=time to swim. If you have your own swimming pool, you're probably considering yourself pretty lucky right now. But what if you don't? Is it safe to use the community pool? We're diving in.

Can you get coronavirus from swimming pools?

"First, the growing consensus among experts is that the possibility of catching the coronavirus outdoors is much lower than indoors. But it is not zero," said the New York Times.

The latest research indicates that the water itself doesn't pose a danger. "There's nothing inherent about ocean water or especially pool water that is risky," Dr. Ebb Lautenbach, chief of infectious diseases at the University of Pennsylvania's Perelman School of Medicine, told them. "The bug isn't transmitted via a waterborne route. Chlorine and bromine that are in pools inactivate the virus and makes it even lower risk in terms of catching it from the water."

The U.S. Centers for Disease Control and Prevention (CDC) confirmed in its recent guidelines for operating swimming pools during the coronavirus pandemic that, "There is no evidence that the virus that causes COVID-19 can be spread to people through the water in pools, hot tubs, spas, or water play areas," said USA Today.

So, the problem isn't in the water. But that doesn't mean it's safe to run to the pool in droves. In fact, the droves are precisely the issue.

CDC concerns

The CDC's concern is about spread through close proximity and unhygienic areas. Among their recommendations are:

Keep your distance—"Many homeowner's associations are already limiting the number of people allowed in common areas at one time so that everyone can stay at least 6 feet apart," said HOA RESOURCES. But if there are more than six people at your pool, you'll have to be even more aware of social distancing techniques. Avoid "group events, gatherings, or meetings both in and out of the water if social distancing of at least 6 feet between people who don't live together cannot be maintained," said the CDC.

Keep clean—Make sure to wash hands often and cover sneezes and coughs. It also helps to be aware of frequently touched surfaces at the pool, like door handles, handrails, lounge chairs, and tabletops.

Bring your own disinfectant—Especially now, community pools should be well-stocked with cleaning supplies and should have advanced procedures for keeping common areas disinfected. But it doesn't hurt to be prepared. Stock your swim bag with soap, hand sanitizer, and wipes so you can help everyone stay safe.

Wear a mask, when appropriate—The CDC encourages "the use of cloth face coverings as feasible. Face coverings are most essential in times when physical distancing is difficult." However, masks shouldn't be worn in the water because they can make it hard to breathe.

Know when to stay home—Stay home if you have symptoms of COVID-19, have tested positive for COVID-19, or were exposed to someone with COVID-19 within the last 14 days.)"

Don't share objects—If you plan to bring accessories like balls, goggles, or pool noodles, be sure they're not being shared with other people. "Discourage people from sharing items that are difficult to clean, sanitize, or disinfect or that are meant to come in contact with the face (for example, goggles, nose clips, and snorkels)," said the Community Associations Institute. "Discourage sharing of items such as food, equipment, toys, and supplies with those they don't live with."



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Hot Real Estate Alert: Home Flipping Hits 14-Year High By Jaymi Naciri

While the real estate market in general experiences a bit of chaos related to the Coronavirus pandemic and employment challenges, there is one segment of the market that is going strong. Home flipping is boasting its best numbers in 14 years.

The newly released first-quarter 2020 U.S. Home Flipping Report from ATTOM Data Solutions shows that "53,705 single-family homes and condominiums in the United States were flipped in the first quarter. That number represented 7.5 percent of all home sales in the nation during the quarter, up from 6.3 percent in the fourth quarter of 2019 and from 7.3 percent in the first quarter of last year." Those are the highest numbers since the second quarter of 2006.

The gross profit for home flips across the country also rose over the same time period, to \$62,300. "That was up slightly from \$62,000 in the fourth quarter of 2019 and from \$60,675 in the first quarter of last year," they said.

That \$62,300 translated to a 36.7 percent return on investment, which is down from 39.5 percent in Q4 2019 and marks the lowest profit margin since the Q3 2011.

"Home flipping has gradually taken up a larger portion of the housing market over the last couple of years," said Todd Teta, chief product officer at ATTOM Data Solutions. "But profits are down and are lower than they've been since the dark days following the Great Recession, which is a sign that investors aren't keeping up with price increases in the broader market,"

Impact on local markets

Home flips as a percentage of real estate sales "increased from the fourth quarter of 2019 to the first quarter of 2020 in 122 of the 140 metropolitan statistical areas analyzed in the report (87.1 percent)," they said. The largest quarterly increases in home flipping rates came in Boston, MA (up 80.2 percent); Springfield, MA (up 76 percent); Olympia, WA (up 73 percent); York, PA (up 71.4 percent) and Minneapolis, MN (up 69.3 percent).

Interestingly, there were only four metros with a population of 1 million+ that experienced a decrease in annual flipping rates, and three of them were in Texas: San Antonio (-12.9 percent); Austin (-11.8 percent), and Houston (down -0.6 percent).); Oklahoma City was the fourth city, down 6.1 percent.

If you're looking to get in on the flipping trend, here are a few key pieces of info to consider:

You don't need to buy a million-dollar fixer. "Homes flipped in the first quarter of 2020 were sold for a median price of \$232,000."

Your profits will be larger where the home prices are higher. "The highest first-quarter 2020 profits, measured in dollars, were concentrated in the West and Northeast. Among metro areas with enough data to analyze, 13 of the top 15 were in those regions, led by San Francisco, CA (gross profit of \$171,000); San Jose, CA (\$165,000); Los Angeles, CA (\$145,000); New York, NY (\$141,899) and Honolulu, HI (\$140,190)."

The lowest profits were generally in southern metro areas, such as "Fort Collins, CO (\$14,000 profit); Springfield, MO (\$20,203); Daphne, AL (\$20,650); Raleigh, NC (\$21,250) and Durham, NC (\$25,000)."

Don't think you have to turn the home around and sell it in 30 days. "The average time to flip nationwide is 174 days."

You don't need to pay cash upfront for the home. "Nationally, the percentage of flipped homes purchased with financing dipped in the first quarter of 2020 to 40.5 percent, from 44 percent in the fourth quarter of 2019 and 46.4 percent in the first quarter of 2019, to the lowest point since the fourth quarter of 2016. Meanwhile, 59.5 percent of homes flipped in the first quarter of 2020 were bought with all-cash, up from 56 percent in the prior quarter and 53.6 percent a year earlier."

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Buyer Beware: What You Need To Know About Warranty Companies By Jaymi Naciri

True story: Our four-year-old refrigerator died an ugly death late last year. After being diagnosed and fixed—more than once—by the same repair company, our warranty company finally authorized the purchase of a brand-new fridge.

We were, frankly, pleasantly surprised by how easy the process was and also chalked it up to financial karma for having paid \$60+ every month for the last six years just to have the peace of mind of a warranty, plus \$75 for each service call.

Those calls were few and far between, save for an annual air-conditioning issue and the occasional other appliance/plumbing concern. To our very unpleasant surprise, the company canceled our existing deal when our contract ended. Apparently, we had made “too many service calls.” This was, of course, code for “We had to replace your refrigerator and we need our \$2,000 back.”

We were invited to reinstate our coverage—for 2 ½ times what we had been paying per month. Welcome to the world of home warranties.

The truth is, we had minimal problems in the six years leading up to our refrigerator replacement. The tradespeople were generally fine, the service was as expected, and the fixes were typically timely. Being dumped by our company and having to scramble for new coverage wasn't fun, but it definitely wasn't the worst that can happen with home warranties. If you've bought a new home and are considering whether you should renew your warranty after your initial period is over, or are buying/have bought an older home and are mulling a warranty, here are a few things to think about.

The cost

For many people, the fact that they can pay a small amount every month that protects them against a potentially huge expense like an air conditioning issue, provides peace of mind. But ask yourself this: Are you better off putting that \$60 or so in an interest-bearing account and saving for a what-if?

Also, just because you have coverage doesn't mean everything will be taken care of by the company. “Some problems won't be covered by the warranty, whether because the homeowner didn't purchase coverage for that item or because the warranty company doesn't offer coverage for that item,” said Investopedia. “Also, home warranties usually don't cover components that haven't been properly maintained. Furthermore, if the warranty company denies a claim, the homeowner will still have to pay the service fee and will also be responsible for repair costs. In addition, warranties have numerous exclusions, as well as dollar limits per repair and per year.”

The coverage

Many companies have tiered offerings and the lowest tier is just basic coverage. “The cost of a home warranty ranges from \$350 to \$600 a year—more if you want enhanced coverage for such things as washers and dryers, pools and septic systems,” said Bankrate. “In addition to the annual premium, expect to pay a fee for service calls—anywhere from \$50 to \$125, depending on the type of contract you purchase.

The rules

Your barely running, 25-year-old water heater may have been on its last legs for more than a decade, but if it can be fixed, a warranty company isn't going to go out of its way to replace it. Same goes for other high-priced items.

“Most major home warranty providers include air conditioning as one of their covered systems. In most cases, a home warranty company is going to do everything it can to repair an AC system before replacing it,” said Consumer Affairs. “Be sure to check your contract for fine print on what AC components may or may not be covered. Also check for the maximum coverage limit listed in your contract for AC units. Remember, you will be responsible for paying for any cost above this dollar amount if your AC needs to be replaced. If you know your home is at risk of needing repairs or replacement of costly items like an AC unit, it's worth it to look for a provider that has a generous per item coverage limit.”

Other options

Ask a friend, or give it a Google search and you'll find lots of tales about frustrated and irritated homeowners ranging to horror stories about their home warranties. Ultimately, the choice is yours when it comes to opting for one—or not.

There are some other options you might want to explore before locking yourself into a contract. “Before buying a home warranty, learn what coverage you may already have,” said Money Talk News. “For example, if you're buying a newly built home, know that: The home appliances and systems typically have one-year warranties. Most states require builders to warranty the home's structural elements for up to 10 years. Also, when you buy new furnishings and appliances, use a credit card that extends the product's warranty. That can add as much as an extra year of protection.”

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