Your Broker:

Rob Cassam

August 2021

REAL ESTATE Update™

The right real estate advice makes ALL the difference!

The Best Appliance Trends of the Year

The following are some of the appliance trends that are popular right now and can quickly turn your kitchen into your favorite room.

Hidden Appliances
While some people prefer that their appliances make a statement right now, for other people, they want them hidden altogether. Appliances are increasingly being included in kitchen designs in an integrated, hidden way. There are a number of appliances being developed that are panel-ready.

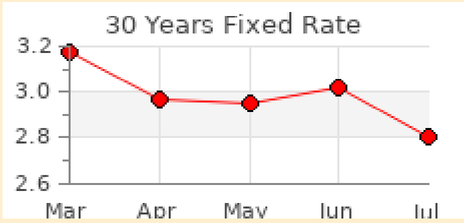
Decorative Range Hoods
There seems to be a general trend in home design that's focused on self-expression and doing what feels right for you. With that comes the desire to include a decorative range hood in kitchen design. That might mean something sculptural or colorful, for example, rather than the typical stainless steel range hood. These hoods can be custom-designed in terms of not only materials and façade but additional features like lighting and dimmer switches.

At-Home Bars
Whether it's a coffee bar or a cocktail bar, you might be interested in bringing a bit of the outside world into your kitchen.Some people are adding wine refrigerators and even wine dispensers. The Dacor company has an integrated wine dispenser that lets you store four open bottles for up to 60 days. Bartesian has cocktail makers that go onto your countertop and create the perfect libation.

As people return to entertaining, a lot of these appliance trends are likely to continue serving them well.

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

30 yr. fixed: 2.8%
15 yr. fixed: 2.1%
5/1 yr. adj: 2.45%



What Does It Mean to Build Equity?

Equity refers to the amount of your home that you truly own after you take into account the debt you owe.

The primary way you increase your equity is by paying off your loan. If you have a standard amortizing loan, that means you're making equal monthly payments. Those payments in this scenario go toward the interest and principal. Over time the amount that's going toward your principal goes up. Each year that you own your home and pay your mortgage means you're gradually paying it off faster.

You can also grow your equity by working to increase the value of your home. Home prices do tend to rise in a healthy economy on their own as long as the real estate market is doing well, and you can speed that up based on the work you do to your home.

You can also make accelerated payments on your mortgage. Often as a homeowner, you'll make 12 payments a year. If you split a payment into two equal amounts and send it every two weeks, you end up making 26 payments a year. That ends up being the same as having paid 13 monthly payments.

How Does Inflation Affect Real Estate?

Inflation refers to the decline of purchasing power of a currency over time.

Home Construction Costs
Right now, one of the most obvious and direct effects we see of inflation on the real estate market is in the rising cost of the items used to build a home. For example, for the past year, lumber prices have been rising. Those prices have added a significant percentage to the cost of new homes. That's just one example of an item that's used to build new homes. There are bricks, drywall, concrete and more that go into it. When the required items are more expensive for homebuilders because of inflation, those costs do ultimately get passed onto the buyer.

Less Financing
Sometimes when there's inflation, then debt is affected. Specifically, if inflation goes up, it's more expensive to borrow money. With rising interest rates, then people might not borrow money at all. Then, when there are fewer home purchases being financed with a mortgage, economic growth may be affected.

Existing Homeowners
If you already have a fixed mortgage on your home your cost of living with regard to your home isn't going to change much. Your taxes and insurance might a bit, but still, not a huge impact. You don't see the change unless you're moving. There's a note of distinction to be made here, though. Inflation is not appreciation. Appreciation refers to the increase of your property value over time. The value's not increasing in relation to the currency. It's increasing because of demand. Your home can appreciate more or less than the rate of inflation at any given time.

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

What Happens If There's a Lien On Your Home?
By Ashley Sutphin

If you have a mortgage, then you already have a lien on your house. Many people don't realize that. The bank that gave you a mortgage has a legal right to your property if you default on your loan. That's normal, but what about other types of home liens?

A lien is a legal claim against your property by a creditor. When someone has a lien against your property, it can allow them to collect the money they're owed. If you have an obligation that you don't settle, then a lienholder could seize your property and sell it.

Liens can be placed against not only homes but also cars, and they can also be removed. So what does it all mean?

What Types of House Liens Are There?

There are various types of liens that can be attached to your home. A home lien is a creditor's legal claim to your physical property. There can also be a general lien. In this case, a creditor might have a legal claim to any of your assets, including your bank accounts.

A lien can be voluntary or involuntary too. A voluntary lien example is your mortgage. An involuntary lien is something a creditor can do as part of their legal recourse when you default on a financial obligation.

• A contractor, government agency, or other types of creditors can place a lien.

• There are also tax liens, which are put on your property by the government when you don't pay your income, business, or property taxes.

• A general judgment lien is granted to a creditor after a court rules in their favor.

• Another specific type of lien is a mechanic's lien. If you're a property owner and you don't pay for work or supplies, a contractor, builder, or construction company can file a mechanic's lien. A mechanic's lien is also sometimes known as a construction or property lien.

How Can a Lien Affect You as a Homeowner?

In the situation of an involuntary lien, then you have an unpaid debt that led to legal action. A lien doesn't automatically mean a title was transferred for a property, but that can happen eventually. There are a few different possible outcomes if there's a lien on your property. The property could be seized and then sold. An example of when this could happen is if you have unpaid property taxes, but it doesn't happen that frequently . A lienholder usually tries to avoid foreclosing. They instead prefer for the homeowner to settle the debt or to sell the property themselves.

If you don't pay a property lien and settle your obligations, then you might have to pay the lien in full before you can sell or finance the home. Again, the creditor can also force the sale of the property. If your home is sold in a foreclosure, you might have to pay the lien before you can receive any proceeds. In many states, a lien is attached to the title of a property. If you were to sell the property, the buyer is taking on the responsibility to pay the lien. In other states, the lien might follow the person who owes the debt.

Removing a Lien

Having a lien against your home can affect you in a variety of ways. It can prevent you from selling the property, or you might even be forced to sell it. The best way to have a lien removed is to settle the debt. This means you might work something out with the lienholder, such as a settlement. If you can agree to a payment plan, the creditor might agree to remove the lien. After you pay off a lien, then you can file a Release of Lien form.

It's not typical that you would buy a home with an existing lien because most sellers try to fix the issue before they list their property. Even if a buyer were theoretically willing to take over a lien that was attached to a title, it's not likely a lender would finance it. The exception might be if you bought a home through an auction or foreclosure, in which case an attached lien could become your responsibility.

During the title search phase of buying a home, an attorney or title company will make sure there aren't any liens.

If you have an involuntary lien, the best course of action is to figure out how to pay off the debt. Otherwise, you could face foreclosure or seizure of the asset.

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

August 2021

REAL ESTATE Update™

CAROLINA REALTY ADVISORS

The right real estate advice makes ALL the difference!

Don’t Get Paid Once Per Month? How Lenders Calculate Qualifying Income
By David Reed

Lenders want to make sure you can afford the new monthly payments that come with a new mortgage. Makes sense, right? Well, not only does it make sense but so-called ‘Ability to Repay’ or ATR determinations are the requirement of most every residential mortgage made in today’s environment. Lenders make that determination by comparing gross monthly income with the new mortgage payment, which includes taxes, insurance and private mortgage insurance when required. The key word here is ‘monthly.’

Lenders reviewing someone who gets paid on the 1st of each month have it pretty easy. There’s one paycheck issued each month, hence the ‘monthly’ requirement is satisfied. So too are those who get paid on the 1st and 15th. The lender will ask for copies of recent paycheck stubs to third-party verify gross monthly income. The paycheck stub will clearly show the amount of gross monthly income along with year-to-date totals. The paycheck stub will also show various deductions, but those deductions have little to do with calculating qualifying income. It’s income that’s the concern, not deductions.

Bonus income may also be used but it too must follow certain rules. Bonus income must have at least a two-year history of being both consistent and disbursed. There’s a little twist here though. If there is only one bonus issued, such as an annual merit bonus, it won’t be used to help calculate qualifying income. Why not? Because a bonus issued in December probably won’t be around next August. It’s been spent. Quarterly bonuses can work as long as there’s the history of receiving it, but a one-time payment or occasional bonus probably can’t be used.

For the self-employed borrower, it’s a bit more involved. Someone that is self-employed can withdraw funds on a particular day or days of the month. This consistency is important to a lender. If someone has been withdrawing a specific amount of funds from the business to be used as income, it’s relatively plain what amounts are used in order to qualify. Most self-employed borrowers don’t set up this arrangement but get paid when a client pays an invoice for products or services provided. In this instance, lenders want to see the previous two years of tax returns and a year-to-date P&L. With this information, those total payments are then averaged over that period. The result is the amount lenders will use to determine affordability.

But there’s another kink for those who receive a paycheck from their employer. What happens when someone gets paid every other week? Getting paid every other Friday for example isn’t the same as getting paid on the 1st and 15th. In this instance, a little more math is needed. Not much more but a couple of additional steps, anyway.

Qualifying income for someone getting paid every other week means 26 paychecks. Since there are 52 weeks in the year and getting paid every other week means 26, right? The paychecks are then reviewed and the total gross income appearing is added up. Then, the total is divided by 12 (months). If each paycheck stubs show gross disbursement of say $3,000, the lender multiplies that amount by 26 (weeks) to arrive at a figure of $78,000. Finally, that amount is divided by 12. The result is $6,500 per month.

Your loan officer will help you calculate qualifying income if you get paid every other week, it’s really not hard. But for those trying to calculate their income on their own and they use $6,000 for qualifying income (two checks per month) they’ll be short-changing themselves.

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

August 2021

REAL ESTATE Update™

The right real estate advice makes ALL the difference!

CAROLINA REALTY ADVISORS

Here’s What to Know Before You Buy a House with a Pool
By Ashley Sutphin

If you’re in the market for a new home, you might think a pool sounds like a great idea. Pools are in high demand right now—so much so that pool contractors have waiting lists and there’s a shortage of maintenance items like chlorine.

Is pool ownership all it’s cracked up to be? It can be, but you need to be prepared.

What Are the Pros of Having a Pool?

We’ll cover some of the perks of a home with a pool before getting into the downsides.

It May Improve Your Quality of Life

A pool can be a lot of fun, and having one at home can improve your quality of life. You might use it for exercising, and it gives you a good excuse to get outside more and take in vitamin D and fresh air. Many families with pools find that they enjoy time together, and you might be able to build your social life around having it.

A Pool Can be Beautiful

When you buy a home with a pool, it might be something you enjoy aesthetically. It’s a lot of fun to look outside and see your pool or have a view of the water from your deck. For many people, the view of water in any form, including a pool, is relaxing.

A Pool Can be Beautiful

When you buy a home with a pool, it might be something you enjoy aesthetically. It’s a lot of fun to look outside and see your pool or have a view of the water from your deck. For many people, the view of water in any form, including a pool, is relaxing.

Pools Can Increase Your Home’s Value

There are a lot of instances where having a pool can increase the value of your home. This is especially true if you live somewhere with a warm climate. In places like Arizona and Florida, having a pool is practically seen as a necessity.

If you have a pool and your neighbors don’t and you ever want to sell, your property might be more in-demand or get more money than a nearby home without one.

What Are the Cons of Having a Pool?

Even if you’re excited about the potential of having a pool at home, there are some possible downsides you need to be well aware of.

Are You Ready for the Cleaning and Maintenance?

Some people actually like cleaning and maintaining their pool, but if you don’t think you’re going to be one of those people, rethink buying a home with one. It can take several hours a week if you’re going to maintain your pool yourself. If you hire a pool service company, plan to spend anywhere from $50 to $150 a week. Along with the work required to clean and maintain a pool, you also have to pay for the supplies.

Safety

If you buy a house with a pool, you have to make sure it meets existing codes and safety requirements. You might end up having to install a new fence or alarm. If you have children or pets, you also want to think about safety and how having a pool could affect your family in that regard.

Your Insurance Costs May Go Up

Your homeowner’s insurance will usually cover a pool as part of “other structures” in your policy. However, you could be held liable if someone is injured in a situation relating to your pool. Sometimes, because of that, a pool is referred to as an “attractive nuisance” in an insurance policy. That means you’ll need liability coverage, and this could increase your insurance rates.

It Might Not Always Be a Good Thing for Resale

Another consideration is the fact that a pool might not always be a plus in the eyes of prospective buyers. It could actually end up limiting you if you wanted to sell your home. Finally, what condition is the pool in if you’re buying an existing home? Is there a chance that when you move in, you might have to pay for major repairs or upgrades?

Whether or not a pool is right for you is a personal decision, and it’s one you need to think about strategically rather than emotionally.

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

Buying and Financing Investment Real Estate With Friends and Family
By David Reed

A lot has been made about crowdfunding lately. It's a way for individual investors or buyers to pool funds with others in order to finance whatever it is they want to finance. With real estate, it's also an opportunity to pool funds and financing together to invest with the assistance of others instead of flying solo on a particular project.

When buying and financing a property individually, the buyer assumes every single bit of risk associated with the purchase. The buyer must vet a potential renter by performing basic background checks. Tenants must provide copies of recent paycheck stubs and contact information for their employer.

Certainly, determining whether or not the potential tenants can afford the rent payments is an essential task. Bank statements should be reviewed to make sure what the prospect says he or she makes is reflected as deposits in a bank statement. Credit is reviewed. Rent is collected each and every month. Late payments must be tracked down. There are maintenance issues involved. When the hot water heater goes out, it's the owner of the property that must stop and take care of the issue.

And, as it relates to financing the purchase, the buyer must qualify for a rental loan. If it's the first rental being purchased, the buyer must qualify without the benefit of the rental income generated from the unit. There's certainly a lot to consider before making such a move. But when buying with others, the risk is associated with all parties on the note. It can also mean making a larger purchase instead of a three bedroom single family home. Apartment buildings come to mind.

When pooling investment funds together with others, lenders will treat everyone involved the very same. Everyone's income must be verified. That's relatively easy to accomplish but instead of reviewing one paycheck stub and one suite of bank statements, everyone involved must provide the same amount of paperwork. This will be a bit more complicated when there are four investors buying together instead of just one. It's relatively easy to add up the income but there is also the situation of reviewing everyone's monthly credit obligations. All income and all bills are lumped together to arrive at a single set of debt ratios.

Further, credit must be reviewed individually. In such a situation, if four people are buying together, it takes just one of the buyers to have less than stellar credit scores. For instance, three buyers have credit scores of 745, 776 and 750. But the fourth buyer has a representative credit score of 590. Guess which score the lender will use when reviewing the application? That's right, the 590. The higher credit scores of the other three can't overcome the 590 and no, they're not averaged together. In this situation if the transaction is to move forward, the fourth buyer will have to be removed from the contract.

When buying together and financing will be sought, all parties must be prepared to show to everyone their income, asset and credit histories so there won't be any surprises. Buying with others increases leverage, but care should be taken that everyone involved is financially stable to take on the new project.

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