



REAL ESTATE

The real estate industry is one of the most competitive—but potentially profitable—industries in the country.

When we read news about the real estate market, we see terms like “seller’s market” or “buyer’s market” or “rate increase” and it is difficult, as consumers, to keep up with it all.

Regardless of what the market looks like, it impacts everyone from potential buyers, sellers and investors to current homeowners. Approximately 64% of U.S. citizens own property –so it is extremely important to stay in the know.

Sellers, Buyers and Basic Mortgage Information

by Derek J. Savoy

Here in central South Carolina, specifically Richland and Lexington counties, we are experiencing what is referred to as a “seller’s market.” What this really boils down to is that there are more buyers than sellers in the area, giving those who are looking to sell their houses a bit more leverage. Inventory is low so local real estate agents are repeatedly seeing properties go under contract before they can even get with their client to view it. The Annual Report on the South Carolina Housing Market by the South Carolina Realtors Association (SCRA) notes, “There is an ongoing and undeniable national housing shortage. That trend is expected to persist in 2018.”

In the Greater Columbia Area total closed sales were up 4.7% between 2016 and 2017 with an average of 97.1% of list price received. This means that sellers are getting very close to their listing price—and that number is expected to rise, both in cost of property and percentage of list price received. Not only are buyers paying list price most of the time, but median prices in the Greater Columbia Area have also increased 11.1% since 2011. As more people are moving to the Greater Columbia Area, now is the time to sell.



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“More sellers should feel ready and willing to list in 2018. Economic indicators such as unemployment rates and consumer confidence are in an improved state, and sellers currently hold the keys to the buyer-seller relationship,” according to the SCRA.

If you’re planning on putting your home on the market, here are a few tips to keep in mind:

- A first impression is everything. When a prospective buyer walks into your home with their agent that means they have already shown interested in the property. Now is the time to sell them on the idea of this home being theirs. That means taking down personal photos, removing any décor that is gender specific, decluttering the home of excess furniture and knickknacks and making sure everything is neat and clean.

- If you have pets be sure to have them somewhere completely out of the way when the house is being shown (and preferably not on the property at all). Some people simply do not like animals and if they are visible, this could turn away a prospective buyer. Take them for a walk or for a ride in the car until your showing is over.

- When staging and prepping a property to sell, neutral tones are the way to go. Greys, beiges, whites and light blues appeal to both sexes and can help avoid turning anyone away based on the color scheme. Furniture should be positioned to help a room look and feel more open and, when staging furniture, remember that less is more.

- Curb appeal is vital. Having your yard trimmed and edged, the hedges cut to proper height, new mulch or pine straw in the garden beds, some flower pots by the front door – these things set the expectation from the moment a prospective buyer pulls up to the driveway. You might consider pressure washing the siding, re-painting the front door and/or replacing the mailbox as well. The more that you can do on your own prior to listing, the less negotiation that will be involved in the deal later.

No matter if you have purchased a home before or not, the mortgage process can be daunting for residential home buyers. Mortgage laws, rates and programs can change multiple times throughout each year and it is important for buyers to know where you stand when shopping for your next home. There are different programs for different buyers, each with their own sets of pros and cons. For example, an FHA loan backed by the Federal Housing Administration allows for buyers to put an

average of only 3.5% of their approved loan amount as a down payment. This is an excellent option for first time buyers or people who have limited funds for deposit. However, these loans come with MIP, or Mortgage Insurance Protection, which is an extra cost fixed into your loan that is a requirement until you have 22% equity in the property. Another common type of loan is called a conventional loan. Conventional loans typically require 20% down and do not always require any form of Private Mortgage Insurance. But of course, that varies depending on which

lender you choose to go with. Conventional loans usually come with a lower APR, or Annual Percentage Rate, because the loan is more “secure” with a larger down payment.

There are many different loan types, down payment assistance programs, grants and other avenues to explore when purchasing a home. This is most prominent to first-time home buyers, as many state-governed programs are put in place specifically to help people segue from renting to owning property. For example, the Homeownership Program mandated by the South Carolina State Housing Finance and Development Authority (SC Housing) helps low-to-moderate-income buyers obtain financing and aid in the initial deposit. Additionally, one might look into VA backed loans offering 100% financing for Veterans, USDA Rural Housing loans that offer 100% financing in certain “rural” areas of the state or a Bridge Loan for those looking to purchase a home before selling the one they currently own.

Local real estate agent Jason Comp-ton contributes the following advice: “Buying a home is most likely the largest purchase in an individual’s lifetime. It is important for the homebuyer to surround themselves with a great team, so include a real estate agent, lender, insurance agent, inspectors, and attorney. This team plays a vital role in making the



home buying process an enjoyable and memorable experience.”

Mortgage Tips:

- Know your credit history. Have you ever been delinquent on payments? Have you recently purchased a vehicle, or made any other large investment? Do you have any outstanding debt with a debt collector? Having a good idea of your credit history helps make the mortgage prequalification process easier, as your mortgage lender will be able to be much more accurate with their preliminary estimate of your approval amount / APR without having to hard-pull your credit.

- No large purchases after prequalification! Once prequalified, you should never go out and purchase a boat or a car or even open a new credit card account without first speaking to your lender. Any new account or payment could adjust your Debt-to-Income (DTI) ratio and change your prequalification amount so it is best practice to hold off on any new purchases until closing on the home loan.

- Shop around. Rates vary among banks, brokerages and credit unions. Never settle for the first rate that you



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hear - call other brokers and lenders to see what they have to offer. Credit unions are also an excellent choice for home loans as they often finance them in-house and can be more flexible with their underwriting process.

The home buying process may seem simple, but with so many moving parts (even after mortgage prequalification and choosing a house) a knowledgeable and dedicated real estate agent can make the process much smoother. Many people find houses they want to tour long before meeting with a real estate agent by using online tools like Zillow, Trulia and Realtor.com. These are all great resources to get the ball rolling in the beginning but having a local real estate agent who knows the market and is familiar with the area you are searching is vital.

After picking a house, making an offer and working with your agent to negotiate an acceptance, or ratification, there is a period of "due diligence" that allows for you to have the home in question inspected. Inspections can (and should) include a general home inspection, a termite/pest inspection, an HVAC inspection for all units on the property and a

survey of the property to confirm where the property lines begin and end. There are many other inspections that can be done, but the ones noted above are the most crucial. Ask your real estate agent who they would recommend to do these inspections - since they do this every day, it is typical of an agent to have a list of preferred vendors and contractors they work with on a regular basis.

Tips for Buyers:

- Often in a seller's market such as ours properties can hit the internet and be under contract before you even get the opportunity to see them. Real estate agents get notifications from the Multiple Listing Service every time a new property hits the market. Having a reliable agent can make the difference when you're trying to put in an offer before it's off the market (versus just looking at a house on Zillow and waiting to make your move).

- Save up for closing costs and move-in costs. It has become common in our market for sellers to pay some of, if not all the closing costs for a buyer in any given transaction. This is not always the case, however, so it is smart to save up in

advance just in case.

- Get preapproved. A prequalification letter is simply a note from a lender stating an estimate of what they think you could afford based on your expenses and income. A preapproval is a more thorough investigation of your finances, so a lender can give you an exact maximum loan amount and APR for your upcoming purchase.

- Know what you need vs. what you want in a home. Some things, such as bedroom count, are non-negotiable. Unless the house is new-construction and custom built, it may be difficult if not impossible to find a house that checks off every single box on your list. It is important to know in advance what you are willing to let go of and what is a must-have.

Whether you are looking to buy or sell, it is fortunate that Lexington and the Greater Columbia Area is currently experiencing a real estate boom. To get more information on your options in financing, how to list your property for sale, or to learn more about properties currently for sale, contact one of our area's premier agents today. ■

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