

Tips for both buying and selling your home

BY GAYLE CRAMPTON
Special to the Record-Eagle

A home is probably the biggest purchase most of us will make. Both buying and selling one involves emotional decisions — after all, our home is our center of security, our expression of ourselves.

But purely emotional decisions can be fraught with error and disappointment, so thoughtful buyers and sellers bring hard facts and a little research to the task as well.

Longtime Realtors agree that there's no secret to instantaneously selling your home, or finding a new one.

"The buying mind is a mysterious mind," said Andy Stireman of Coldwell Banker Schmidt Realtors in Traverse City, with a laugh. "Often I see people happily purchasing a home that's practically the opposite of what they originally went looking for."

Even after 16 years in his family's realty business, the only magic he's seen are the mental twists and turns that eventually convert lookers into buyers.

Realtors do suggest, however, some time-tested ideas that can reduce frustration for both buyers and sellers.

TIPS FOR BUYERS

Get Prequalified

"Prequalifying," or identifying how much money you might obtain from a lender, will clarify the price range of homes you can consider and will speed up your actual financing when you do find a house. Make sure that the lender breaks the full amount down, so that you can see what your monthly payments would be at various different levels. Lenders typically qualify you for a larger dollar amount than you expected. Remember, you have a better understanding of your monthly expenses than a lender.

Look Around

"I call this 'windshield time,'" said Stireman. "It's no pressure, no fuss, just spend some time driving around in various neighborhoods or areas, looking at homes for sale from your car."

Buyers Dave and Kari Speckman used this tactic.

"We'd pick an area each week, look online at the Traverse Area Association of Realtors Web site (see below) for any homes that seemed promising and pull the addresses," Dave Speckman said. "Then every

weekend we'd go look at them from the curb, drive around the neighborhoods, and make appointments to go see inside the ones we were interested in."

Get an Inspection

No home is trouble free, but a home inspection can identify any problems that can substantially impact value. Usually your purchase agreement (PA) is written to be "contingent upon housing inspection." The fee can be money well spent, as it can save you grief later. If a significant problem does arise, you have the option of trying to renegotiate the PA with the seller — many are willing to drop the price to allow for needed repairs, or will make repairs before the sale.

Stay calm until you close

Try not to get carried away about the home you plan to buy until the day you buy it. Problems can occur between PA and closing. Don't order the custom draperies and living room suite until the house is yours.

TIPS FOR SELLERS

Set the price right

"This is probably the most

important thing a seller can do, and there's no ideal way to get it right. If you bring in 100 potential buyers, 100 Realtors and 100 appraisers, you'll get 300 different answers, all valid. They're just from different perspectives," Stireman said. "But the market will always set the correct price, if you let it."

So be ready to move the price if you get 25 viewers in two weeks without offers or repeat visits.

Stage the house

Your house, of course, should be clean. Turn on the lights, open curtains or both — do everything you can to maximize light in the room. Make sure the house is warm enough and smells good. (The smell of baking cookies may seem gimmicky to some viewers, and fresh flowers or potpourri can set off allergies.) Give the potential buyers a chance to see it as their house, by removing yourself, your children and your pets.

Don't spend a nickel unless it nets you a dime
Don't invest in expensive repairs, new wallpaper or floor coverings. Potential buyers might not share your tastes. Important repairs should be weighed against

your asking price and the speed with which you want to sell. With a reduced price, you might be able to sell to someone who is happy with a "a fixer-upper." Instead, paint. It's cheap, relatively quick and removes a multitude of small sins. And if necessary, it can be easily replaced by a buyer.

Bargain with tenants

If you are selling property you are currently renting, keep the lines of communication open. Be honest and fair about the terms of the lease and whether your tenants have to move after a sale. Consider a longer wait before closing the sale, to give them time to move.

"You definitely want them on your side, helping," Stireman said. "Maybe you can give them ten bucks off the rent for every showing that goes as it's supposed to — when they're out of the house and it's clean."

When deciding whether to use a Realtor or to sell the house yourself, consider your available time.

Christine Stapleton, Realtor, broker and owner of Stapleton Realty in Honor, has worked in Grand Traverse and nearby counties for 10 years.

"We're not emotionally

involved with the house," Stapleton said. "We can help you set a better price, and we can spot a house that's way overpriced."

Marc and Janet Wood sold their house with a Realtor's help last year after they had trouble selling it themselves.

Janet said, "This time, (working with a Realtor) we had 48 showings! With two young children, I was just so glad I didn't have to do them myself."

Realtors can also save you from discomfort during negotiation.

"The Realtor is a sort of neutral party," Wood said. "Buyers don't have to worry that offers are insulting to owners."

Luckily, Realtors' assets can be very helpful: quick access to ad systems, web pages, comprehensive regional listings and lots of buyers.

To choose an agent, always seek referrals. Have they sold homes like yours, or like the home you want, in the area important to you?

Also, look for Realtors who maintain a Web site and belong to state and national Realtor's associations.

Gayle Crampton is a local freelance writer.

HOME HOW-TO

Cedar shake application

A homeowner with good fix-it skills and safety practices may be able to do some of the roofing work such as:

- Minor replacement or repairs.
- Repair of flashing or caulking.
- Stripping of existing roofing.
- Installation of new roofing.

Use a professional roofing company that has experience, proper equipment, professional licenses where required, liability coverage and workers' compensation insurance.

- Obtain all necessary permits.
- Ensure that contractors working on your house use safe working practices and are covered by workers' compensation.
- Staging and roof harnesses must be used to protect workers from falling.

Copley News Service / Pete Chenard

'Hybrid' mortgages offer 5 years of savings

BY JAMES M. WOODARD
Copley News Service

What kind of mortgage loan is best — fixed-rate or adjustable-rate? That question puzzles many consumers seeking to buy a home or refinance an existing mortgage. The answer differs for different people, but it may explain why adjustable-rate mortgages are popular and why "hybrid" adjustable mortgages are today's rising stars.

In recent months, the difference between interest rates for fixed-rate and adjustable-rate mortgages has narrowed. This would normally weaken demand for adjustable-rate loans. But in 2004 when starting interest rates for ARMs started inching up, lenders countered by offering discounts to make ARMs more appealing.

A year ago, the average initial interest rate for a conventional adjustable-rate loan was about one-third percent lower less than that for a mortgage with a fixed rate. By the end of 2004, the difference had increased by almost 1 percent to an average of 1.3 percent.

Over the past 21 years, initial discounts averaged about 1.7 percent, reports Freddie Mac, a government-chartered company that buys mortgages from lenders and sells them to investors

The most popular hybrid is known as a 5/1 ARM, which carries a 5-year fixed rate, then the rate is annually adjusted for the remaining term. In 2004, almost 40 percent of new adjustable-rate mortgages were 5/1 mortgages.

on the secondary market to assure a ready supply of home-loan funding.

"When the difference in interest rate between a 30-year fixed-rate mortgage and the ARM rate decreases, lenders generally offer a larger initial rate discount for ARM loans," said Frank Nothaft, Freddie Mac's chief economist. "The larger initial discounts increase the initial rate benefit of an ARM compared with fixed-rate loans, helping lenders to boost their ARM originations."

ARMs accounted for 34 percent of new mortgages in 2004. Popularity peaked in June with a 40 percent share. The highest annual share on record was in 1984, when ARMs rose to 62 percent of all mortgages, says a

Freddie Mac report.

Nothaft said there is growing popularity for ARMs, particularly those carrying no interest for the first five years in high-priced markets.

The most popular hybrid is known as a 5/1 ARM, which carries a 5-year fixed rate, then the rate is annually adjusted for the remaining term. In 2004, almost 40 percent of new adjustable-rate mortgages were 5/1 mortgages, the report said.

For example, the average initial interest rate for 5/1 hybrids in 2004 was just under 5 percent. That was

0.82 percentage points above the rate on the traditional 1-year ARM, and 0.65 percentage points below the rate on a 30-year fixed-rate mortgage.

"Hybrid ARMs provide consumers with the comfort of knowing that interest rate will be fixed over the first five years of the loan,"

Nothaft said. "However, the interest rate may jump as much as 5 percentage points on the fifth anniversary. Thus, the loan has been particularly popular with families who plan to have the mortgage for five years or less."

CHECK OUT OUR WEBSITE!
www.record-eagle.com

SUNBRELLA AWNINGS

RETRACTABLE & STATIONARY

Largest Selection of Sunbrella® Outdoor Fabric in Northwest Michigan

- Patio • Traditional • Domes • Custom Cushions

ADVANCED
Awnings • Upholstery • Canvas

5474 M-72 E. • PO Box 157 • Acme, MI 49610 • 231-938-2233 • 800-953-2288

HH12 702390

Northern Floor & Tile's 60th ANNIVERSARY SALE

SPECIAL SALE PRICING

Carpet • Ceramic • Wood • Laminate • Natural Stone

Register to Win 60 Yards of Stainmaster® Carpet with Basic Installation!

Northern Floor & Tile Services, Inc.
"Your Floor Specialists" Serving the area for over 60 years!

Monday-Friday 8:00-5:30; Saturday 9:00-3:00
435 Grandview Parkway, Traverse City • 947-8410

Free Estimates Easy Parking

*to qualified buyers. HI 4/12.792481

Spring's Here!

Time to Get Cooking Again With the **HEAVY DUTY CERAMIC Big Green Egg**

The World's Best Smoker and Grill

starting at **\$378**

- Ceramics that will last a lifetime
- Uses no water — will not rust
- Foods juicy — meats succulent
- Savory flavors — naturally tender
- No lighter fluid needed
- Reaches temperature in 10 minutes
- Year 'round use in any weather
- One bag of charcoal last months
- Practically no clean up — little ash
- Smokes & grills in less time

Larry's POOL & SPA
Your Water Wonderland Store

See our Full Line Of Patio Furniture!
— QUALITY BUILT POOLS & SPAS SINCE 1968 —
1238 S. Garfield Ave. • (231) 946-5530
www.larryspool.com

HI 4/12.792483