

Real Estate

YOUR HOME | YOUR LIFE



Rent-to-Own 101

With rising interest rates, homeowners and buyers may hit upon a mutually beneficial rent-to-own agreement to get a property off the market and a family into a home.

In most rent-to-own agreements, the buyer moves into the home as a renter. Part of the monthly rent may be set aside in an escrow account to help with financing the purchase later. For homeowners, there's a certain period after which the buyer is expected to pay up.

LEASE/OPTION VS. LEASE/PURCHASE

In a lease/option contract, buyers have the option of whether to purchase the home at the end of the agreement. There is no obligation for the buyer to follow through with a purchase. As part of a lease/purchase agreement, the buyer is obligated to purchase the home at the end of the contract and, if they change their mind or cannot follow through with the purchase, the buyer could face legal liability.

Either way, any late payments may result in the loss of the option to purchase, Investopedia says. The seller and buyer will agree to a purchase price, usually at the beginning of the agreement.



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Any change of the home's value over time does not affect the purchase price, Investopedia says.

LANDLORD AND TENANT RESPONSIBILITIES

Renting to own a home may come with slightly different responsibilities than a typical lease agreement. The

buyer-to-be may be responsible for repairs and maintenance before their purchase date. They may be responsible for property taxes, utilities and homeowners association fees, Investopedia says, depending on the agreement.

Buyers should obtain renters insurance to make sure any they are financially covered.

Once the home is purchased, the policy can be converted to a homeowners policy.

OPTION FEES

These contracts often include an option fee, a set price the buyer pays to secure their option to purchase the home. It's usually non-refundable and ranges from 2-7% of

the property's value. Should the buyer not opt to purchase the home, they usually lose that fee, but check the agreement paperwork to make sure.

Investopedia recommends both buyers and sellers work with a real estate attorney to make sure they're adequately covered by an agreement.



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Evaluating School Zones

School quality and reputation can be a big part of selling a home, the National Association of Realtors says.

A good school zone can even increase the value of a home. According to the organization's Profile of Home Buyers and Sellers, more than half of home buyers with children under 18 say the quality of local schools is an important factor when buying a home.

Here are some ways to evaluate a home's school zones and choices.

FINDING YOUR SCHOOL ZONE

Official school district maps can be accessed by calling the district. Parents and guardians should check on any home they're considering purchasing, even if the Realtor or listing has schools listed. District lines may have moved or changed.

EVALUATING SCHOOL ZONES

Websites such as GreatSchools.org and Niche.com can help parents and guardians assess schools. Use these sites and publicly available data from the district to look at academic performance such as school report cards, standardized test scores and graduation rates.

Also look at information on student growth and process to see how the school develops students throughout the year. Dig deeper by looking into school safety and discipline policies, student organizations, parent-teacher organizations, sports teams, clubs and more.

VISITING A SCHOOL

On-site visits will need to be scheduled through the district or school administration; most campuses are closed even to parents and prospective parents. During the summer or other school breaks, many schools may have limited staffed hours, so consider that as well.

While on campus, get a good look at classrooms and ask about sizes and technology.

Try to engage with teachers and other staff, if available, and ask about any programs to provide support to new students. Explore the surrounding community as well and evaluate whether it would be a good fit for your family.

TALK TO NEIGHBORS

You can get a good idea of schools through social media groups for parents and other community sites. Take the time to interact and ask questions about the schools your potential home would be zoned for. You may even make a few friends in the area.

5 Ways to Boost Curb Appeal

The front of your home is the first thing most potential buyers see.

Small investments in improving your home's curb appeal could pay off big in the long run. Here are some projects to help you fetch more bang for your buck.

INSTALL WINDOW BOXES

Window boxes offer a quick way to add color and charm to your home, Better Homes & Gardens says. Choose a box that complements the design of your home and mix and match plants to best suit your climate and lighting. Ask the experts at your local garden center for recommendations on low-maintenance plants for your area.

REPLACE OLD HARDWARE

Give your home a new look with fresh, updated hardware. The entry door handle and lock, a wall-mounted mailbox, light fixtures, house numbers and more pack more of a punch when they're coordinated, Better Homes & Gardens says. The magazine recommends going for oiled bronze for traditional homes and brushed nickel for contemporary houses.

INSTALL OUTDOOR LIGHTING

Outdoor lighting, when properly placed, increases curb appeal and can also



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improve safety and security. Add lighting to trees to give landscaping an almost sculptural feel at night and illuminate walkways, steps and any other trip hazards with lighting.

Even solar fixtures can be budget friendly and add plenty of appeal.

RENEW AND REFRESH LANDSCAPING

Make gardens nice and neat by pruning, pulling weeds and filling gaps with low-maintenance plants. Freshen up mulch and replace any soiled, broken or dislodged edging. Consider a punch of color by filling spaces with blooming plants in

interesting containers of varying heights. Small, ornamental trees are another good solution. Consider fast-growing species such as pagoda dogwood, red-bud or Japanese maple.

SCRUB AND POLISH

Get out the power washer and clean the exterior of the

home, along with any side-walks, patios, decks and driveways visible from the road. Learn how to work the equipment safely, including proper ratios for mixing the cleaners. If you don't own a power washer, you can usually rent one from local home improvement centers.



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What Are Comparative Values?

Comparable properties are used to help determine real estate values.

Analyzing the sale prices of similar homes and properties in the same area can give real estate professionals a good idea of property values. Comps should be around the same age, square footage and have similar numbers of bedrooms and bathrooms.

Real estate comps are often pulled from the area's multiple listing service, or MLS. Real estate professionals use MLS entries of homes on the

market or recently sold homes, to create comparable property value analyses. Prospective buyers and others can use public property records, such as those available through assessor's offices, and general searches on websites.

This can be a complicated process. Rely on real estate professionals to handle and fully explain the comparative value process.

COMPS FOR BUYERS

For home buyers, comps can help determine whether a listing price is fair and how much they should offer on a home. Real estate professionals can help buyers navigate the negotiation process with solid information.

COMPS FOR SELLERS

Comps can help sellers determine how to price their home and how to negotiate the best deal. They can give sellers and real estate professionals clues as to which selling points to highlight for a market's buyers.

COMPS FOR APPRAISERS

Before they're sold, most homes go through an appraisal process. Especially if the purchase will be financed. Comps — along with many other factors — can help appraisal professionals determine the value of a home.

FACTORS IN COMPARABLE VALUES

Some factors in comparable values, Rocket Mortgage says, are location, condition, age, number of rooms, lot size and time frame. Optimal comps

should be no further than a mile from the property, in similar condition and of the same age, have the same number of rooms and around the same lot size. Comparable properties should have sold fairly recently as the housing market can fluctuate a lot over time.

Widen the search as needed to between three to five comparable properties to evaluate your home or prospective home against.

The more sources you have, Rocket Mortgage says, the more accurate the comps will be.

Navigating a Bidding War

Bidding wars can happen when a home gets more than one offer.

They're less common nowadays, but can still happen in hot real estate markets. Buyers in bidding wars will sweeten their offers with tactics such as pushing the price higher or waiving inspections.

Here are some strategies to come out on top in a real estate bidding war.

BE PREAPPROVED

Bankrate says having a pre-approved mortgage is one way to show a seller you mean business. There is a difference between being prequalified and preapproved. Prequalified means a buyer could be approved for a loan. Preapproval means the buyer is approved for a certain amount of money and is ready to begin the closing process.

BE PREPARED TO INCREASE YOUR OFFER OR DOWN PAYMENT

Buyers in a bidding war often increase prices to get their offer accepted. This can be a risky tactic, however, especially if the home is already priced at the top of the market.

Real estate professionals can help guide sellers through this process. Another option is to increase an earnest money deposit or the down payment on the mortgage to



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get a seller's attention.

CASH OFFERS

A cash offer, which can close quickly and eliminate any risk with financing, can be very appealing to the seller and is a great way to stand out in a sea of offers. Don't back out on an appraisal or inspection,

though, even if no mortgage lender is requiring it.

ADD AN ESCALATION CLAUSE

An escalation clause is sort of like bidding on eBay where you set an automatic increase. This clause says buyers will automatically increase offers

incrementally up to a maximum amount. Bankrate warns, though, this tactic can backfire if a home has been intentionally underpriced by the seller to trigger a bidding war.

WRITE A PERSONAL LETTER

Humanize your offer by

writing a personal letter to the seller to convince them you're the best buyer for their property. The National Association of Realtors, however, says there could be Fair Housing implications if you reveal personal information that influences the seller to accept or reject an offer.

Purchasing a Condominium

Condominiums have some unique purchase considerations, owing to being a unit in a property held in common ownership.

Condo owners own their particular unit and all the condo owners in the property own the common elements, such as patios, pools, parking lots, garages and any other shared spaces.

People looking to buy a condo should consider all the things that are usually part of a real estate transaction, but also need to consider the management of the complex. Potential sellers should request and read documents that apply to the whole property, including the condo's reserve fund, how management works and deals with requests and complaints, the rules of the property and more.

Condo associations, like homeowners associations, may assess fees to pay for collective amenities and, before you sign on the dotted line, you need to make sure you understand those fees and how they're to be paid. These fees could cover reserve funds and repairs, and you need to know how any deficiencies in those funds are covered. Usually, that's through a special assessment that, as an owner, you will be liable for.

Condos may have different financing requirements.



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Conventional condo loans usually require a 3-5% down payment, at least a 620 credit score and a debt-to-income ratio of no more than 43%, Bankrate says. FHA loans are only available for qualifying properties, but can be advantageous for buyers with a lower

credit score or down payment.

Condo mortgages may be looked at more closely in underwriting, particularly the finances and overall health of the condominium community. Underwriters will look at lawsuits, pending or settled; whether unit owners are up to

date on dues; and that the condo association has an adequate budget. Some lenders have a spot approval process that allows them to make a decision based on the unit alone, but Bankrate says the underwriter will still need the same information.

When it comes to insurance, both the unit owner and the larger condo community will need to pass muster.

Buyers will usually have to submit a copy of the community's master insurance policy to the underwriter, the insurer or both.

How to Hire Movers

Movers can provide some much-needed muscle in the home stretch of any real estate transaction.

But buyers beware — the Better Business Bureau says that, in 2023, consumers filed more than 5,900 complaints about movers and moving companies.

AVOIDING MOVING SCAMS

Some of these complaints include fly-by-night movers that steal a homeowner's possessions; movers that hold the goods hostage, demanding more money before they release them; and movers that don't want to provide a written contract, potentially leaving the person moving liable for costs and damages.

The bureau says professional movers should be wearing uniforms or at least matching shirts, and provide a written contract and order number. It advises looking for the BBB Seal that indicates a bureau-certified business.

KNOW THY MOVER

Before contracting with a mover and certainly before handing them your stuff, do your research. Check with the BBB or other organizations, such as the American Trucking Associations or Canadian Association of Movers. The business should have been in business for a while and have



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reviews and references from previous customers.

Ensure any presented credentials and memberships are legit. Movers in the U.S. should be registered with the federal government and have a U.S. Department of Transportation number, which can be verified on the DOT website. Know what payment is

required and when. Many movers will require a deposit to secure your date with payment due before delivery.

GET EVERYTHING IN WRITING

Get at least three written estimates from different movers, and those movers should come to the home to give that

estimate, not just provide one over the phone. Also get any contracts in writing and make sure they're fully filled out before signing. Read and understand all of the contract and get any questions or clarifications in writing as well.

Especially know what the mover's policy is regarding any damages and know what

they will and will not carry. Some movers won't transport things such as hazardous materials or currency. Document the condition of your home and your things before the movers arrive and after they leave in case damage occurs. Check your homeowners' policy about what is and isn't covered.