

# Rapid City Real Estate Update

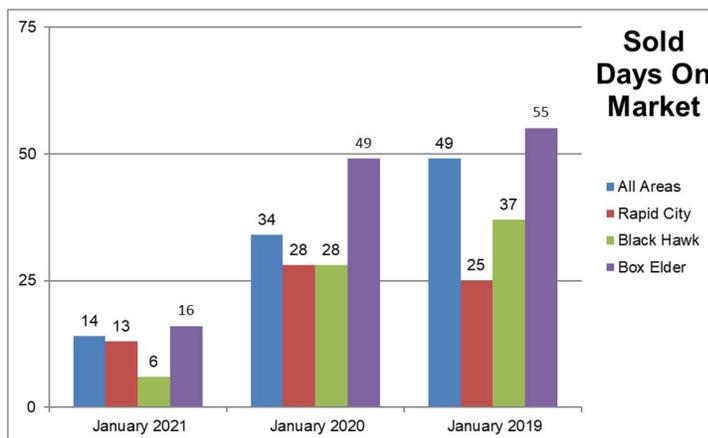
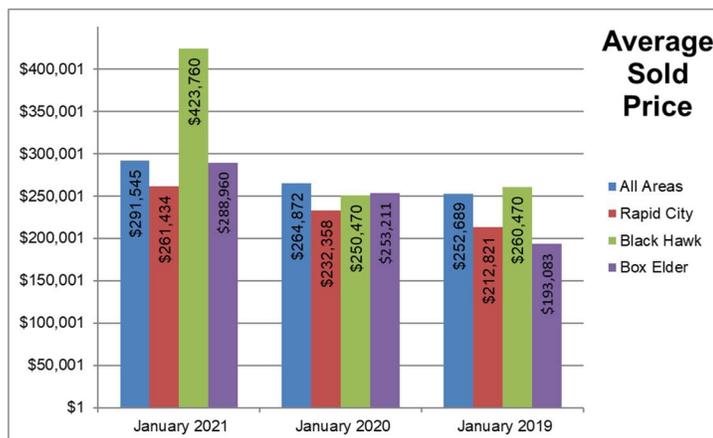
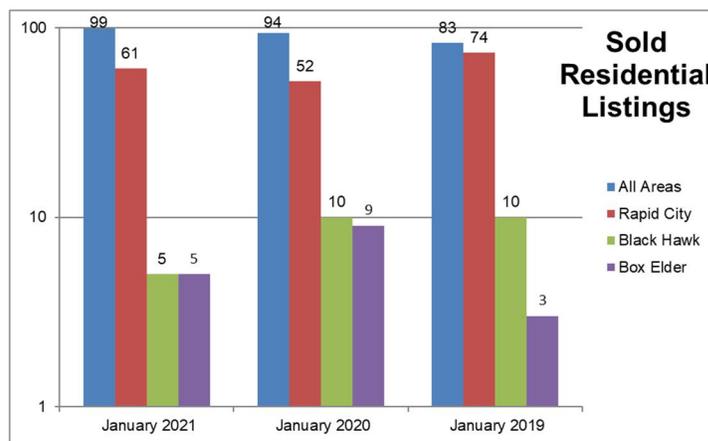
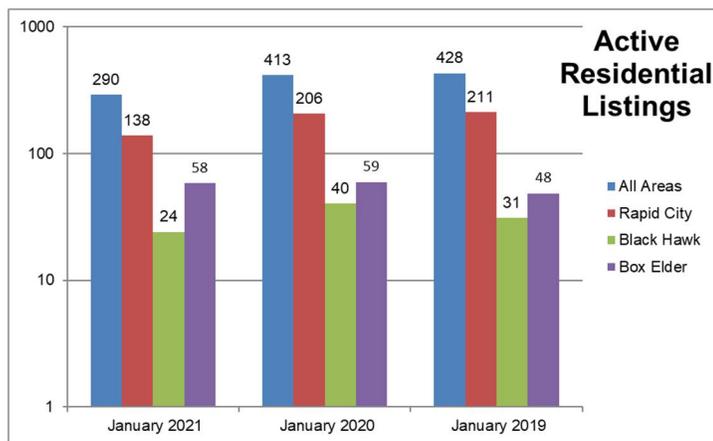


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## In This Issue

- P.1 Rapid City & Area Market Conditions    P.2 What Are The Best Ways To Use Your Home Equity?
- P.2 6 Questions Your Loan Officer Is Sure To Ask    P.3 2021's Hottest Home Décor Trends
- P.3 January Real Estate Round-Up    P.4 4 Of The Most Colorful New Houseplants You Need For Brightening Up Your Home

## Rapid City & Area Market Conditions For January 2021



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## 6 Questions Your Loan Officer Is Sure To Ask

Whether you're a veteran real estate investor or a first time home-buyer, you can expect to provide your loan officer with no shortage of documents. The lender is gathering information needed in order to get your loan file completed and sent over to the underwriting department for an approval. Knowing in advance what your loan officer is sure to ask for will help ensure a smooth closing.

### Have You Ever Owned a Home Before?

This question does a couple of things. The first is to determine whether or not you've eligible for various loan programs designed to get someone into their first home. So-called 'first time buyer' programs are designed not just to get people into homes as easy as possible but to jump start the local real estate market. When you buy an existing home, the occupants will typically buy and move into another. As well, this gives the loan officer an idea of whether or not the person is somewhat familiar with the financing process.

### Are You Self-Employed?

Again, the answer helps the loan officer to the right path. Lenders are required to determine if the borrower can afford the new mortgage payment and they do so by comparing monthly income with the future mortgage, including property taxes, insurance and mortgage insurance when needed. With an employee, this income information is straightforward as both year to date and monthly income is listed. Self-Employed borrowers need to provide other information which verifies income such as a YTD profit and loss statement, bank statements and the last two years of business tax returns. This income is averaged over the two year period to arrive at qualifying income.

### How Is Your Credit?

This of course is a bit obvious but the difference here is how you view your personal credit compared to how a lender views it. Sometimes borrowers who have had a recent late payment on a credit card mistakenly assume their credit has been damaged. However, one or

(continued on page 3)



## What Are The Best Ways To Use Your Homes Equity?

Your home equity can be a valuable resource to you, depending on your financial situation. Your equity is the interest you have in your home, as the owner. Your equity increases over time in two ways. Equity increases if your property value goes up or if you work toward paying down the balance of your mortgage loan.

Equity is the part of your home that you truly own if you borrowed money to buy it. If you did get a mortgage, the lender has an interest in your property until you pay it off, despite you being considered the homeowner.

The equity you have in your home is considered one of the most valuable assets you have.

Since it is an asset, you can use it. There are three main ways people use the asset of their equity. One is to sell your home. If you decide to move, you receive your equity from the proceeds of the sale. You can also borrow against the equity, and you can use a reverse mortgage to fund your retirement.

### Buying a New Home

If you sell your home, you can put the equity aside, or you can use it to buy a new home. If you have, let's say \$70,000 in equity in your home, then you'll have a profit after closing. That profit can then be used for your down payment on your next home.

The bigger the down payment, the more expensive the home you may be able to afford. Your mortgage payments may be lower with a bigger down payment as well.

### Borrowing Against Your Equity

Another way to use equity is to borrow against it. There are three primary ways to do this—a home equity loan, a home equity line of credit, or a cash-out refinance.

When you use your home's equity as a way to borrow money, you'll get a lower interest rate than you likely would with something like a credit card or personal loan.

There's a downside too. If you don't make your payments, a lender could foreclose on your home. This wouldn't be the case if you were to use credit cards, for example. A home equity loan is somewhat like a second mortgage. You can use the proceeds of a home equity loan however you want, and you pay it back in monthly installments with interest added. It works very much like a traditional mortgage.

A home equity line of credit is structured more like a credit card in that a lender gives you a credit limit based on your equity. You borrow as you need with a HELOC and also pay it back as you borrow.

A cash-out refinance lets you refinance for more than what's owed on your mortgage, and you get the extra money as cash that you can use.

### How to Build Equity

Since equity is a valuable asset that gives you financial flexibility and options, building it is an important goal.

One of the fastest ways someone builds equity is by coming up with as large a down payment as possible. The bigger your down payment, the more equity you'll have right away.

If you already have a mortgage, make every effort to pay it off. When you first start paying a mortgage, smaller amounts go toward your principal, and more goes toward your interest. However, the longer you've had your mortgage, the more goes toward your principal, helping you build equity.

If you ever have opportunities to pay more than the minimum on your mortgage payment, do it. Some people make an extra payment each year, or they make biweekly payments. Even paying just a little more each month can help you reduce your principal balance and increase your equity faster.

If you stay in your home longer, you build more equity, particularly if it increases in value.

Finally, certain renovations that add value can also help you build equity. For example, adding a bathroom or doing a kitchen remodel can improve your home's value, increasing your equity.

*Courtesy of Realty Times*



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# 2021's Hottest Home Décor Trends

Most of us were more than happy to say goodbye to 2020, but we could still be spending a fair amount of time at home early on in 2021. With that in mind, the following is a roundup of some of the décor and design trends that are popular right now.

## Comfort and Functionality

2020 was a year when most of us spent more time at home possibly than ever before. We were not just spending our free time at home, but perhaps cooking more at home, working from home, and working out from home. That made comfort and functionality top priorities in home design.

Instead of the unused guest room or formal living room, the focus of home design right now is on creating spaces that work for our lifestyles.

Think about the overstuffed furniture styles made popular by retailers like Pottery Barn, for example. There is likely to be a move toward softer and more traditional décor styles for many people.

For a lot of us, home design right now is also about utilizing all of the spaces in our home and maximizing what we're able to do from home. That might mean revamping your home office or adding a gym.

## Lighter Wood

If you're thinking about buying new furniture or installing new floors, lighter wood will be popular in 2021. Think about blonde and light oak woods. They can keep a space still feeling airy and modern, even if the furniture is more traditional. Light wood can open up a space and make a small room appear much larger.

## Grandmillennial

The term "grandmillennial" is one being used by some designers. What it means is that you might see a move toward those traditional styles that were

often seen in grandparents' homes, but with trendy updates. For example, floral wallpapers, velvet sofas and oriental rugs are good examples. There are elements of history and nostalgia in these styles.

What's great is that you can also buy antiques or use pieces handed down through your family, which is valuable from a sustainability standpoint.

## Don't Count Out the 80s

Everything old is new again, and 2021 is the year the 80s décor style makes a comeback.

Barrel chairs, glass, and stone are a few examples of the 80s that are popular right now. Colors that incorporate a hint of the 80s include black, gold, and mauve. Another way the 80s is inching back into home design? Wicker and rattan furniture. Made from woven twigs and palm stems, this furniture is chic, lightweight, and versatile.

## Goodbye to Shiplap

What about those trends that we might say goodbye to in 2021? Shiplap may be one. For years, shiplap was the go-to wall trend made popular by Joanna Gaines. It was everywhere, and it did offer an easy way to incorporate texture into a space, but for many of us, we're feeling a bit tired of shiplap.

Shiplap might take barn doors with it as it exits. To continue with texture, shiplap could be replaced with plaster walls, which are once again growing in popularity.

## No More Gray...Buy Maybe Green?

Finally, in kitchens for years gray cabinets were coveted. Now, we may see a move away from that and instead we could see green cabinets becoming popular. Indigo blue is another bold choice that could become increasingly utilized in 2021.

Courtesy of Realty Times

(continued from page 2)

two late payments over the past couple of years won't matter. In addition, late payments on a credit report are only reported if the payment was received more than 30 days past the due date. Someone who gets a bill on the 1st of the month and pays it on the 15th might consider that as a late payment when it's not. At least in the lender's eyes.

## How Much Money Do You Have Available for the Transaction?

There's a difference between how much money you have and how much you have available to close on a purchase. Your personal funds might have some reserved for other transactions such as simply going to the grocery store or making a car payment. How much you have available guides the loan officer toward your ideal loan options. Remember, there will be funds needed for your down payment but there will also be closing costs to consider. In addition, the lender wants to make sure you won't be completely 'tapped out' and have some cash left over after closing. These funds are referred to as 'cash reserves.'

## When Do You Want to Close?

Is this a short term purchase that needs to close soon, such as 20-30 days or are you looking at buying and financing sometime down the road? This gives the loan officer the window needed to make sure you meet the contract date without fail. Many escrow periods are for 30 days but other transactions can take longer. Many long term transactions don't yet have a property identified and are looking just to get a preapproval.

## Have You Been Preapproved?

Getting a preapproval letter from your lender lets the sellers know you're serious about this. A preapproval means you've already submitted a loan application along with needed documentation. The lender will also review a credit report. This answer will also alert the lender that you've submitted an application to another mortgage company. Remember, a preapproval isn't the same as a prequalification. A prequalification can occur with a phone call but has no verification of the information provided.

Courtesy of Realty Times

## January Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "

As the market reacts to a new administration in Washington and COVID-19 driven economic malaise, mortgage rates continued to decrease this week, just slightly. Even as house prices increase at the fastest rate we've seen in years, competition to buy is strong given the low inventory that exists across the country. The fact that there are not enough homes to meet demand is going to be an ongoing issue for the foreseeable future."

- 30-year fixed-rate mortgage (FRM) averaged 2.73 percent with an average 0.7 points for the week ending January 28, 2021, down from last month when it averaged 2.66 percent. A year ago, at this time, the 30-year FRM averaged 3.51 percent.
- 15-year FRM this week averaged 2.20 percent with an average 0.6 points, down from last month when it averaged 2.19 percent. A year ago, at this time, the 15-year FRM averaged 3.00 percent.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 2.8 percent this week with an average 0.3 points, up from last month when it averaged 2.79 percent. A year ago, at this time, the 5-year ARM averaged 3.24 percent.

Courtesy of Realty Times



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## 4 of the Most Colorful New Houseplants You Need For Brightening Up Your Home

Here are five newer houseplant varieties that can create a statement on their own, or can provide the contrast our eyes instinctively seek out in a grouping with all-green or lightly variegated houseplants.

### 1. **Aglaonema 'Golden Fluorite'**

Aglaonema, also called Chinese evergreen, provides incredible foliage color in an easy-to-maintain package, and 'Golden Fluorite' is one of the best newer varieties. Yellows, greens and white suffuse the shiny foliage, with a beautiful blush of rose-red running down the center of each leaf. Aglaonema can handle the drier air indoors while providing gorgeous color in practically any room of your home. It's best to grow this forest understory plant in indirect light away from the temperature fluctuations of windows and vents. Water on the moist side, but don't let it sit with wet feet (empty the saucer after watering). Busy life? Don't worry, Aglaonema can tolerate drying out from time to time.



### 2. **Neoregelia 'Guacamole'**

If you're not growing bromeliads yet, especially Neoregelia, let me be the first to implore that you do. The color variation is unreal, the shape is architectural, and the care is minimal. 'Guacamole' is one of my favorites. It's a smaller house neo with stiff, arching yellow-green leaves that have intense burgundy bands. It's compact enough to cluster several in a pot or to simply showcase solo on a minimalist shelf. Indoors, neoregelia appreciate plenty of light to keep that color strong. They also love a humid environment, and a pebble tray is an attractive solution. As for water, they provide their own cup in the center of the leaves. Fill it each week, dumping any stale water first, and dribble a little on the soil to keep your neo happy.

### 3. **Philodendron 'Birkin'**

From Costa Farms' Trending Tropicals collection, 'Birkin' is a stunning new philodendron whose creamy, one-of-a-kind variegation appears almost white as it unfurls large pin-striped leaves on an upright plant. The variegation of each individual leaf is dramatically different and adds to its appeal. White may not technically be a color, but the variegation is so unusual, and so strong, that it squeaks in under the wire for me. The care couldn't be easier: bright indirect light and water on the dry side. Overwater this precious find and you'll, unfortunately, be hunting for a replacement.



### 4. **Dracaena 'Harvest Moon'**

So new that you probably won't find it for sale until next spring, 'Harvest Moon' is a striking Dracaena fragrans that was a 2020 Cool New Products award winner at the Tropical Plant International Expo in January. This is one to showcase on a stand in your dullest corner, because it can handle the lower light levels that usually characterize those darker spaces. There, it will bring an architectural presence to the room with golden, strappy leaves double-edged with deep green. Much like most dracaena, you can get away with letting the top inch of soil dry out between waterings, but never let it go bone dry. It also appreciates any extra humidity you can provide, which will help keep the leaf tips from turning dry and brown.

Courtesy of BHG.com