

Rapid City Real Estate Update



WE HAVE MOVED!

COLDWELL BANKER

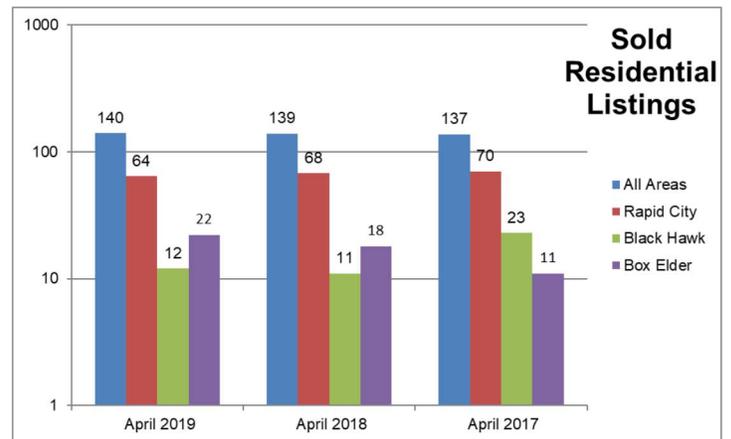
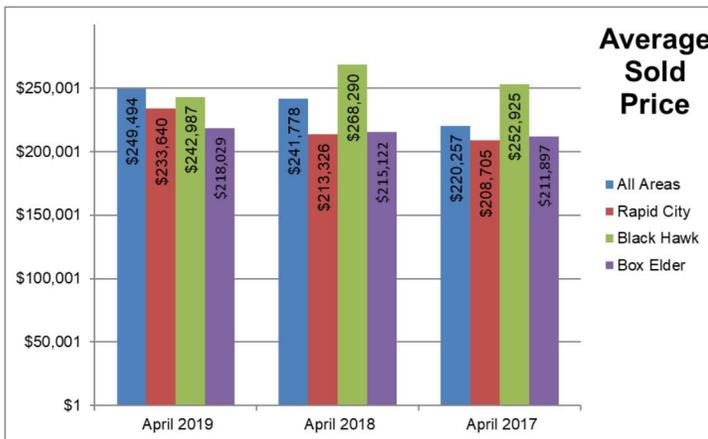
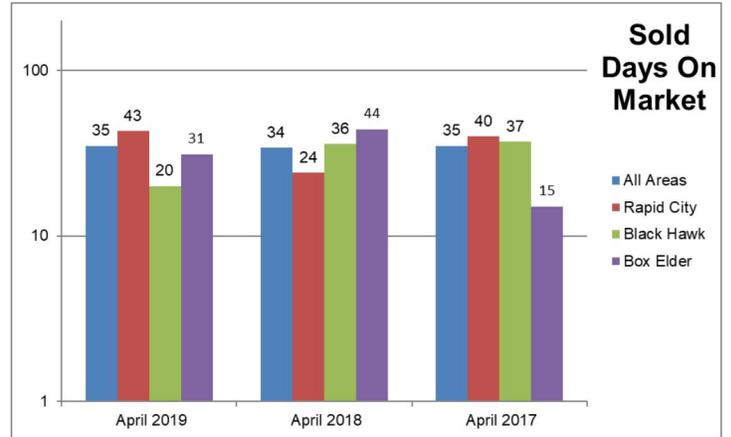
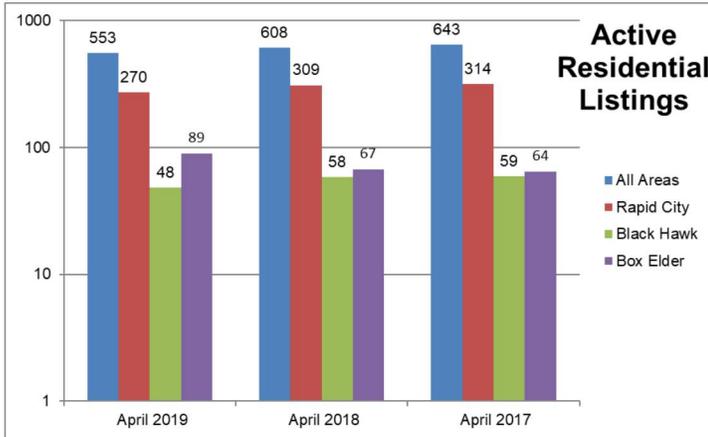
BLACK HILLS LEGACY

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Rapid City & Area Market Conditions For April 2019



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How Lenders Evaluate The Self-Employed Borrower

One of the primary factors when issuing a loan approval is to make sure the borrowers can afford the new mortgage payment along with other monthly credit obligations. This is accomplished by comparing monthly payments with monthly income.

For someone who receives a pay check on the 1st and 15th it's relatively easy to figure out how much money someone makes. But for those who are self-employed and make money when their clients pay their bills, it's not so easy. Lenders do have a method to properly calculate qualifying monthly income for the self-employed, they just take a few extra steps.

These borrowers must show proof they've been self-employed for at least two years. For those who receive a regular pay check from their employers, they too must demonstrate they've been in the workforce and receiving a regular pay check for at least two years. This is one of the reasons lenders ask for the last two years of W2 forms.

But self-employed folk don't have W2s, they have 1099s sent to them by their clients. Self-employed borrowers can demonstrate they've been at it for at least two years with copies of their federal income tax returns. Borrowers will submit these returns and also sign a form called the IRS 4506-T. The 4506-T is an authorization form that allows the lender to independently receive copies of tax transcripts for the last two years. Upon receipt, the lender compares the returns provided by the borrowers with the information provided directly by the IRS.

Borrowers will also be asked to provide a year-to-date profit and loss statement. To calculate

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5 DIY Things You Can Do Now to Lower Your Electric Bills This Summer



Every year at this time you, (and we!) start thinking about what we can do to lower our energy output, and therefore our utility bills. If you live in a place where summer heat is an issue, you could be looking at substantially higher costs during the summer. The harsh summer sun and west-facing windows in our Texas house means our electric bill soars to around \$350 during the season after topping out at just around \$60 for the month in winter.

This year, we're concentrating on the DIY aspect of summer energy savings, so not only can you save a few bucks on an ongoing basis, but keep your cost low initially, as well. Here are 5 low-cost, high-impact changes you can make now.

Practice good window covering management

Seems easy enough, right? You can make a big difference in the amount of hot air getting into your home and the cool air escaping, just by choosing the right window coverings.

Cost: Depends on the product chosen, but could be as little as a Starbucks order if you buy on sale

Energy savings: "Appropriately hung draperies can decrease the discomfort associated with drafty windows," said Energy.gov. And those drafty windows can account for as much as 25% of a home's energy loss.

DIY level: With a ladder, a level, and an electric screwdriver, you should be good to go.

Clean your window sills

A few seasons' worth of dirt and soot can interrupt the seal and make it so your windows aren't closing all the way. Even a little air getting in can make your AC less efficient and raise your electric bill.

Cost: Nothing if you already have cleaning spray and paper towels. A few bucks for a toothbrush if you need more help with caked-on dirt.

Energy savings: File this one under drafty windows as well. "Your windows are the top energy leak in a typical home," said Panther Heating and Cooling. "When you are trying to cool your house, they are letting in heat."

DIY level: Easy-peasy. You can even make this a chore for the kids!

Get a door sweep

More of that cooled air is likely leaking out from underneath your doors. A couple of door sweeps can easily fix that problem, and all it will take is a quick trip to Home Depot.

"A common place where air leaks occur is under the door leading from the house to the garage because

they are often not as well sealed as doors leading directly to the outside," said Energy Star. "Install a door sweep to seal the gap between the bottom of your door and the threshold to prevent cold air from coming in and warm air from escaping from your home. Stopping this air flow will keep heated indoor living space more comfortable and prevent increased energy bills."

Cost: \$10 and up

Energy savings: Don't be surprised to see a difference in your electric bill when you're keeping more of your cooled air in, and keeping the hot air out.

DIY level: If you can use a drill to make holes in the door and screen the sweep in, you can install a door sweep.

Check your ducts

"Ducts are used to distribute conditioned air throughout houses with forced-air heating and cooling systems," said Energy Star. You can check the ducts yourself, looking for "holes, tears, and other signs of leaking ducts and seal them using mastic or metal (foil) tape (never use 'duct tape,' as it is not long-lasting). Insulate all the ducts you can access (such as those in the attic, crawlspace, unfinished basement, or garage)."

Cost: As little as \$7.82 for a roll of tape

Energy savings: "In typical houses, about 20% of the air that moves through the duct system is lost due to leaks, holes and poorly connected ducts," they said. "The result is an inefficient HVAC system, high utility bills, and difficulty keeping the house comfortable, no matter how the thermostat is set."

DIY level: You'll likely be dealing with high places and tight spaces, and may also have to fend off a few creepy-crawlies.

Caulk and weatherstrip

"Window air leakage can be reduced by applying a continuous bead of caulk around the window trim where it meets the wall, at the mitred joints of the trim, and between the trim and the frame," Natural Resources Canada. "Make sure the caulk is intended for indoor use (do not use exterior caulking indoors), can be painted and is of good quality."

Cost: Caulking, under \$2, just over \$2 for weatherstripping

Energy savings: Using Charlotte, NC as an example, the Department of Energy estimated that the average homeowner could "save 14% on heating and cooling costs each year with proper air sealing and insulation," said Panther Heating and Cooling.

DIY level: A rookie can master this one.

Courtesy of Realty Times



We Have Moved!

Come visit our new office at 6015 Mount Rushmore Road, Rapid City, next to Stonewalls Restaurant. We are proud to continue in our new location with our commitment of high standards of service and dedication to our clients and the community.

Speed Along The Real Estate Transaction With A Pre-Listing Home Inspection

Arguably one of the more significant steps of the home-buying process is the home inspection. Done properly, the home inspection allows buyers to gain a clear understanding of the property they are about to purchase as well as provide sellers the knowledge of what can (or should) be improved at their home.

As the real estate market becomes increasingly competitive and consumer confidence rises, buyers and sellers are more motivated to seek opportunities to close deals efficiently. That's why real estate professionals often suggest a pre-listing home inspection -- an inspection prior to putting the home on the market. Pre-listing inspections provide an added benefit for the buyer, seller and real estate agent, and often allows sales transaction to be completed more quickly.

Here are some key points to remember for your pre-listing inspection:

Involve your Real Estate Agent

When it comes to real estate, agents are pros and they play a key role in moving the home buying transaction along. During a pre-listing inspection, agents know what questions to ask the inspector to be sure they fully understand any issues, and to alleviate client concerns. Good real estate agents take the time to work with their clients post-inspection to go over the inspection report. Their goal is to make sure buyers and sellers fully understand the findings of the inspection report.

Build Trust with the Buyer

For homebuyers, a pre-listing inspection builds confidence. It allows buyers to immediately know all the under-the-surface details within the home. If there are parts of the home that need fixing, the seller's repairs can increase the ask-

ing price or be touted in the listing description to help a home stand out. Where repair issues are identified but not repaired, credibility through disclosure is gained and the issue is factored into the pricing upfront. In each case, sellers who disclose the condition of a home upfront gain the trust and faith in a buyer during the initial stages of their purchasing decision.

Spotlight Your Home

A pre-listing home inspection report is a great marketing tool for sellers and agents because it clearly points out the best features of the property. Any recent home renovations will be noted and stand out to buyers. These updates can offer both aesthetic and mechanical value with items such as new flooring, new appliances or a new furnace or air conditioning unit. A home buyer likes to see updates have been made to the home as they are often costly -- and it reassures them the home is properly maintained. This assurance will help to accelerate the transaction.

Planning Can Save Time and Money

For the seller, a pre-listing home inspection allows for time to make repairs before putting the house on the market. They can then make these repairs on their own budget and timeline rather than having to pay for a buyer's contractor to quickly complete the work.

Remember, the goal of a home inspection is to provide a true reflection of the issues concerning the home and offer a non-alarmist, practical solution. Leveraging the knowledge and experience of professionals ensures important things aren't missed, reports are received in a timely fashion and all parties are enabled to move the home smoothly and successfully through the real estate transaction.

Courtesy of Realty Times

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qualifying income, the lender will average the two years of self-employed income plus the year-to-date amount. The result is the qualifying income lenders use when evaluating a loan application for someone who is self-employed.

When reviewing the year-over-year income, the lender also wants to see some stability. If year one the income shown on the tax returns is \$60,000 and in year two the income is \$70,000, the lenders will average these two amounts along with year-to-date totals. On the other hand, if the income is \$70,000 in year one and \$60,000 in year two, that can be a red flag. In this example the income dropped by more than 10% in one year.

Is the business doing okay? Does the P&L also show declining income? In this instance, the lender will want an explanation for the declining income. If there is too much of a decline, the lender can make the determination the income is not likely to continue into the future. The continuation guideline is typically for at least three years.

Note, it's a judgment call by the lender because no one can see that far into the future but if the person has been self-employed for the minimum amount of time and the business has demonstrated not just stability but growth, the lender can reasonably determine the business and the income that goes along with it will continue.

Lenders understand that self-employed income will be received at different times during the month. That's why an average is used. And, more importantly, it's not how much the business is bringing in this month or last or even this year. If you're self-employed, keep this in mind. And if you're not sure about your qualifying income, it's time for a phone call to your loan officer.

Courtesy of Realty Times

Black Hills Events

Thursdays On The Square

May 30, June 6, 13, 20 & 27
Main Street Square, Rapid City

Summer Nights

May 30, June 6, 13, 20 & 27
Downtown Rapid City

Kid's Carnival

Saturday, June 1
Main Street Square, Rapid City

Spring Volksmarch

June 1 & June 2
Crazy Horse Memorial, Custer

45th Annual Black Hills Quilt Show & Sale

June 6 - 5:00 PM to 8:00 PM
June 7 - 9:00 AM to 6:00 PM
June 8 - 9:00 AM to 4:00 PM
Rushmore Plaza Civic Center

Wild Bill Days

June 14 & 15
Deadwood

Black Hills Bluegrass Festival

June 14 - 16, 5:00 PM to 12:00 PM
Rush No More RV Resort & Campground

West Boulevard Summer Festival

June 15 & 16
Wilson Park, Rapid City

Information provided by:

www.visitrapidcity.com
& www.downtownrapidcity.com

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BLACK HILLS LEGACY

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Reasons To Love A Tiny Garden

Gardens on a grand scale can be gorgeous, to be sure, but they are not without their drawbacks. They can be pricey to install and labor-intensive to maintain, and they need huge amounts of water to stay green. A small garden, however, can be just as charming and rewarding to spend time in, but with far less effort. If you have a tiny garden to call your own, here are 6 reasons to count your blessings.

1. A Tiny Garden Can Offer Your Own Patch of Green in the City
2. A Tiny Garden Allows for Bigger Splurges
3. A Tiny Garden Is the Perfect Size for Beginners
4. A Tiny Garden Can Be Magical: A small space begs for a dramatic touch. Why not add a really special piece to your compact garden?
5. A Tiny Garden Can Be Lush: Fill in your garden with layers of plantings in different heights for a really lush look.
6. A Tiny Garden Can Be Simple: Not so big on gardening? Even a few small pots of plants or fresh herbs on the balcony can make your outdoor space feel more welcoming and lively, without requiring any more care than a houseplant.

Courtesy of Houzz.com