

Rapid City Real Estate Update

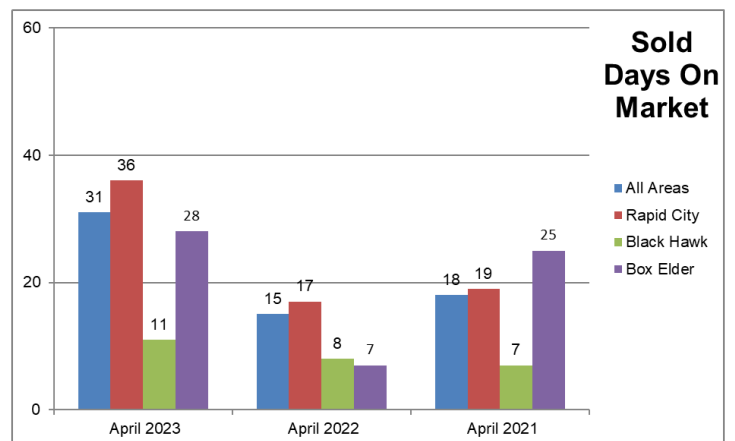
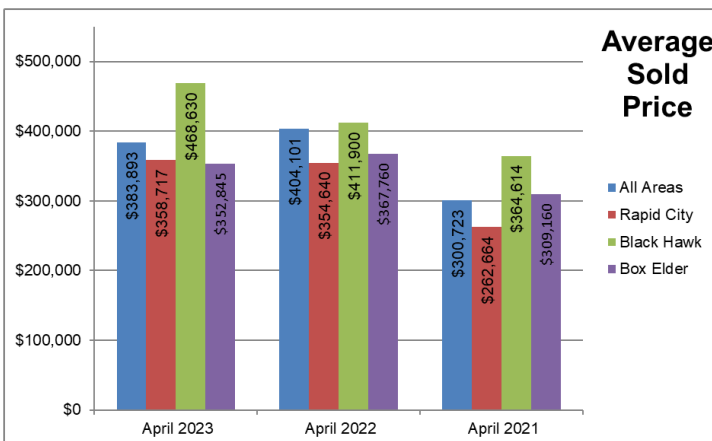
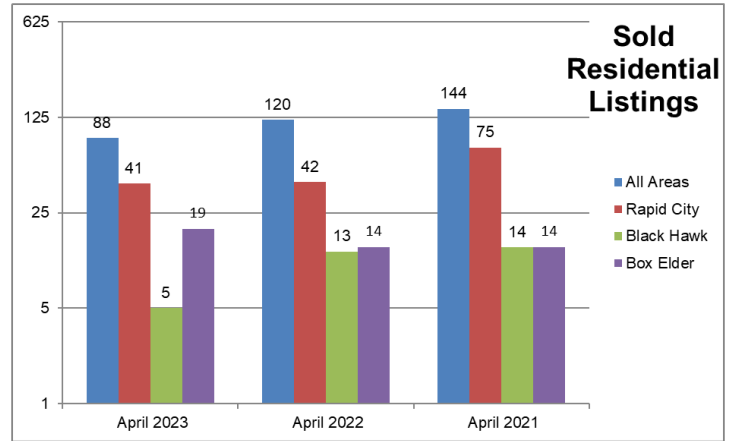
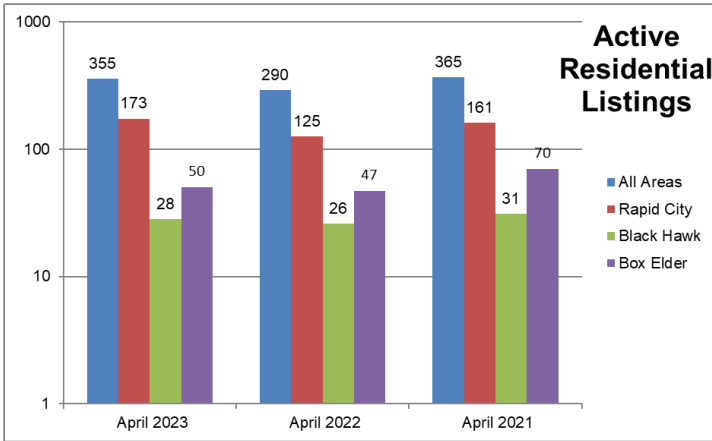


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Rapid City & Area Market Conditions For April 2023



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What's The Difference Between A Mortgage Lender and Servicer?

When you get a home loan, you'll begin the process by choosing a lender to work with. If you're the borrower, from your perspective, a lender is a term that will include every party that's part of your loan, but in reality, lenders don't handle everything. A mortgage servicer might also take over your loan after you close on it.

A mortgage lender will either be a group of investors or a financial institution providing money to borrowers so they can buy or re-finance homes. A mortgage servicer will deal with the administration of a loan on a day-to-day basis until you pay it off.

Some lenders service their loans, but most are too small to make a profit doing so, which is where a loan servicing company becomes part of the situation.

The Role of a Mortgage Lender

Mortgage lenders handle the origination of a loan. Origination includes working with a homeowner to choose a loan, taking the application for the mortgage, and processing the loan. The origination process also includes underwriting a loan, drawing up the documents, funding the mortgage, and closing it.

After your loan closes, the administration is needed on an ongoing basis until it's paid off. This administration is known as servicing.

Most lenders transfer the mortgages they originate to a company that does loan servicing. You might not be notified until after closing, or your documents for your loan can tell you it will be transferred.

What Is a Mortgage Servicer?

Mortgage servicers can take on the tasks where a lender leaves off. The servicing of a loan can include taking and processing your payments, so that's why it's especially important to you as the borrower. You're actually paying the servicer. Mortgage servicing can also include tracking loan balances and any interest paid. Your tax forms to show how much interest you pay every year are

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How's The Spring Housing Market Expected to Look?

According to the calendar, we're officially already in spring, meaning it should be the busiest time in real estate. 2023 isn't shaping up to be a typical year, however, so what does that mean for the housing market?

Below, we take a look at some of the things most impactful in the housing and real estate market right now and what agents, buyers, and sellers alike should all know as we emerge from the cold winter and move towards warmer weather.

Home Prices

According to most analysts, the real estate market is in a period of correction, but the National Association of Realtors said the sales of existing homes went up 14.5% in February. That was the first increase in 12 months. It was also the biggest increase since 2020.

The median home price in February was hovering around \$363,000, which was a 0.2% drop from February of last year. That was the first year-over-year decline in home prices in over a decade.

As far as mortgages, interest rates are still high, especially compared to a couple of years ago. While they've been fluctuating, especially with the Silicon Valley Bank collapse, they're still around 7% for the 30-year fixed-rate mortgage.

So far, the Fed did nine interest rate hikes from a year ago, and they're indicating more on the horizon.

With mortgage rates between 6.5% and 7%, mortgage payments are as much as 50% higher than they would have been for the same house a year ago. That's leaving many with the impression the spring won't be as active as normal.

Inventory

The housing market is in a unique phase right now. While the prices are declining in some parts of the country, and interest rates are high, home prices continue to rise in oth-

er places. A lot of this divergence in the housing market depends on inventory. Inventory has been limited for years, and that's likely the biggest reason the market hasn't experienced a widespread crash like in 2007 and 2008.

Many analysts and real estate experts expect the spring will see stability in home values, but more inventory might slowly hit the market.

Because of the issues in the banking system, the interest rates might tick down a little this spring, which could lead to a more competitive market.

With that being said, analysts are closely watching how different the markets are depending on where you are in the country. Local markets are seeing huge discrepancies between one another. For example, in cities like Phoenix, Las Vegas, Austin, and San Francisco, there are likely to be double-digit declines in prices. Then, there may be price increases in places with a lot of job growth and an influx of new residents, like Florida and North Carolina.

Will There Be a Crash This Spring?

We've all been having will-it-won't-it conversations about a potential housing market crash for at least the better part of a year, but most experts say that a crash isn't likely this spring.

Fifteen years ago, when there was a crash, the conditions were a lot different than they are now. Along with limited inventory, something else that's different currently are the stricter lending and borrowing standards that have been in place since then.

There's likely to be more of a continued correction than a crash, based on what we know right now, and a lot of that, again, will be very dependent on local conditions versus national ones. Of course, no one can know for sure, but we know that unemployment is also low, along with the strict underwriting guidelines.

For real estate agents, buyers, and sellers, the spring of 2023 does hold opportunities but also some challenges.

Courtesy of Realty Times



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Can You Just Walk Away?

It happens that on somewhat rare occasions, buyers get cold feet. There can be any variety of reasons why someone would have a change of heart on a home. One reason might very well be that the person was encouraged to buy a home before really being ready. When buying a home, one can't readily show the home store the receipt and request a refund. Once those closing papers are signed and the loan is funded, the house is yours.

Once word gets around that you're thinking of buying a home, it's not surprising that referrals for real estate agents and mortgage companies begin to arrive. Some of these referrals can be very persuasive. It's not hard to imagine someone signing a sales contract did so primarily at the urging of others. Yes, they were exploring the possibility of buying but were essentially 'talked into' making a purchase when they weren't really sure they were ready.

Maybe there were some life changes that needed a course correction. Maybe interest rates suddenly shot through the roof and they could no longer afford the home they really want. In this instance, the lender will help you change your mind by

letting you know that you can no longer afford what you could afford just a few weeks ago. This doesn't happen very often but it has happened before which also tells you it's possible it can happen again. When such events, and others, seemingly appear out of nowhere, can you just walk away?

The answer is yes, but with a few caveats. The first to note that any funds you've given to your lender will likely be forfeited. Did you pay for an appraisal upfront but now have decided you want to cool things down and rethink your mission? If an appraisal hasn't been performed, then it's possible your lender will refund your money. But if the appraisal has been completed, those funds go to the appraiser who performed the work. The same can be said for application fees. As the name implies, it's a fee that gets your loan application in motion.

If you do decide to walk away, understand that you're not obligated to move forward with the loan. You can quit anytime you want. It may not always seem like it but you are indeed the one in control. If you decide you want to wait, you can walk away at any time you choose.

Courtesy of Realty Times

April Real Estate Roundup

Freddie Mac's results of its Primary Mortgage Market Survey® shows that "The 30-year fixed-rate mortgage increased modestly for the second straight week, but with the rate of inflation decelerating rates should gently decline over the course of 2023. Incoming data suggest the housing market has stabilized from a sales and house price perspective. The prospect of lower mortgage rates for the remainder of the year should be welcome news to borrowers who are looking to purchase a home."

- 30-year fixed-rate mortgage (FRM) averaged 6.43 percent for the week ending April 27, 2023, up from last month when it averaged 6.42 percent. A year ago, at this time, the 30-year FRM averaged 5.10 percent.
- 15-year FRM this week averaged 5.71 percent, up from last month when it averaged 5.68 percent. A year ago, at this time, the 15-year FRM averaged 4.40 percent.

Courtesy Of Realty Times

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provided by your servicer, if there is one.

The servicer will manage your escrow accounts, so the company is responsible for collecting and paying your homeowners' insurance and property taxes.

If you default on your loan, the servicer begins the foreclosure process, and servicers can also do loss mitigation, which can help borrowers avoid foreclosure. If you want to cancel your mortgage insurance and you have a loan servicer, you'll go through them with that request.

Mortgage servicers can report the payment history on loans to credit bureaus, so if you think there's been an error, you will contact this company rather than your lender.

Finding the Servicer on Your Mortgage

It's possible that throughout the life of a home loan, you'll have multiple servicers. You should see the name of the servicer on your mortgage statement. You can also get in touch with your original lender to ask them where they transferred the loan. There's also the Mortgage Electronic Registration System or MERS. If a loan is registered with MERS, you can find it online and search with your property address, name, or Social Security number.

When a mortgage gets transferred to a servicer, the loan terms don't change. You might get a different account number; otherwise, you're just sending your payment to someone else instead of your original lender.

Your mortgage servicer can play a big role in your experience as a borrower. Good companies have strong customer service and make it easy to contact them, especially if you have questions. You don't, however, get a choice in who your company is, nor can you opt to change your servicer. Your only recourse is to file a complaint with the Consumer Financial Protection Bureau if you don't like your servicer or work with a lender that services its own loans.

Finally, when you apply for a mortgage, a lender is legally required to provide you with a Mortgage Servicing Disclosure Statement that will tell you if they plan to service the loan themselves or transfer it

Courtesy of Realty Times



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Black Hills Events

Black Hills Farmers Market

May 20 & 27, June 3, 10, 17 & 24
Market Park, Rapid City

Family Food Truck Night

May 23 & 30, June 6, 13, 20 & 27
5:00 PM to 8:00 PM
Canyon Lake Park, Rapid City

Food Truck Friday

May 26, June 2, 9, 16, 23 & 30
11:00 AM to 2:00 PM
Main Street Square, Rapid City

100th Anniversary Celebration

May 27 - 9:00 AM to 6:00 PM
Museum of Geology, Rapid City

Summer Nights

June 1, 8, 15, 22 & 29 - 6:00 PM to 9:00 PM
Downtown Rapid City

Kids Carnival

June 3 - 11:00 AM to 3:00 PM
Main Street Square, Rapid City

Spring Volksmarch

June 3 & 4 - 6:00 AM to 4:00 PM
Crazy Horse Memorial, Custer

West Boulevard Summer Festival

June 17 & 18
Wilson Park, Rapid City

Wild Bill Days

June 15 - 17
Deadwood