

Gabe & Susan's Homeowner News™

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Location, Location, Location

What three factors impact a home's resale value the most? According to an old, overused saying, they are location, location and location. But what does this really mean? If you are about to buy a home, how do you evaluate its location, location and location to make sure you've got a winner? Being that these really are three different things, let's discuss them one by one.

The Neighborhood

As we all know, two homes that are exactly the same can have drastically different prices just because they are in different neighborhoods. What makes one part of town more expensive than the other? Desirability.

Neighborhoods with more desirable traits will be in higher demand, and higher demand means higher prices. At the top of the most wanted list are low crime rates, good schools and proximity to shopping. Having an easy access to the transportation network is also important, as is being close to parks, recreation and entertainment.

A neighborhood's reputation or image is also significant. Is it known as an upscale, prestigious place to live? Or is it more of a middle-class family area? Or mostly students and a younger crowd that likes to party? Are there a lot of rental properties with more transient residents? Property values and their rate of appreciation for a particular area will correspond to the purchasing power of the person most likely to live there.

The character of a neighborhood takes time to develop, so buying a home in an already established area is considered less risky than buying in a new development. However, neighborhoods can and do change, sometimes for the better and sometimes for the worse. Buying in a marginal area and hoping that it will eventually improve can turn out to be either profitable or disastrous, depending on your timing and luck.

Immediate Surroundings

Even within the same neighborhood property values can sometimes vary. Yes, that means that there is a location within a location - the home's immediate surroundings can boost



or depress its value beyond the neighborhood norm. The biggest value enhancer is being on the waterfront. Following close behind is being next to a greenbelt, golf course, having a nice view, or being in a gated community. The biggest value deflator is having abandoned properties nearby. Other strong negatives are trash and being close to an industrial building or a declining shopping center.

Homes that are in the middle of a community have a slight advantage over homes at the edges that are on busier streets. The same is true for homes that are in the middle of a block compared to those on street corners. And speaking of the block, its residents make a difference too. If your neighbors are the kind of
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Mortgage Points Explained Simply

This is one of those real estate topics that can make homebuyers feel clueless if they don't know what people are talking about. But there is an even more important reason for homebuyers to learn about points—they can end up paying a lot more than they anticipated for a mortgage if points remain a mystery. On the other hand, if they know what points are and how to utilize them, they can end up saving thousands. After reading this brief article, you'll know everything you need to know about points, and you won't be bored getting there, either.

The first thing to understand is that each point represents 1% of the loan amount. Therefore, a single point, applied to a \$200,000 loan, would equal \$2,000. The next thing to know is that there are essentially two kinds of points applied to a mortgage loan: origination points and discount points. Both types are paid by the borrower to the lender at the time of loan closing.

Origination points, just as the name suggests, are points the lender charges the borrower for originating, or launching, the loan. What they're saying is, "OK, all the work that we have to do to get this loan started is going to cost you a certain number of points."



Discount points are used to discount, or lower your interest rate. So adding discount points to your loan enables you to "buy down" the loan and lower your rate. Each discount point can lower your rate anywhere from .25% to .75%, offering you long term savings over the life of the loan.

So what are the practical applications of your newfound knowledge about points? Origination points can help you choose your lender. (There are other factors for you to think about, so don't let points be the only one.) One lender may tell you that they'll be charging more in origination points than another lender. Do the math and you'll know how much they're talking about.

Discount points, which are your decision, take some thought about your particular situation. The longer you stay in the house, the more you'll save by virtue of the points you paid up front. At a certain point you will reach a breakeven, when you will have saved as much as you paid in points; after that, your savings will be gravy. Have your mortgage broker explain the resulting savings over time. A good mortgage broker will present you with your choices, the financial impact of each, and let you make an informed decision.

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folks who take pride in their homes, keep them well-maintained, with lush green lawns, trimmed bushes, and great curb appeal, that helps boost everyone's property value. If on the other hand their lawns are brown, driveways decorated with junk cars on cinderblocks, it's hard to tell what color the façade is supposed to be, or they are fond of noise and loud music, then the value of every house on the block will suffer.

The Town

The 1980s were difficult years for the U.S. auto industry and difficult times for the town of Flint, Michigan. Hit hard by the massive layoffs at the local auto plants, the town experienced a severe economic downturn and plummeting property values. At the same time, the U.S. computer industry was booming. The towns in California's Silicon Valley saw home prices skyrocket, thanks to the plentiful jobs and economic prosperity brought by the high tech industry. Comparing Flint with Silicon Valley may be a little unfair, but we use it to illustrate the third aspect of the "location, location, location" - the importance of the city or a wider area where the home is located. The real estate market is inseparably tied to the economy of the area, and the two move in sync. That's why in a hot town even a "dumpy" place can sell quickly and for a premium, while in an economically depressed area even the most beautiful home can remain unsold for many months.

Although it's generally the towns where one industry dominates that are more at risk of an economic downturn, it's hard to predict which way the local economy will swing. If it goes south, there's very little an individual homeowner can do to prevent the value of her home from following suit, short of towing it to a different town. And that's why the three most important things in real estate are still location, location and yes - location.

Free Special Report Available

The Seven Expensive Mistakes Buyers Frequently Make

is a three-page special report that no buyer should be without. If you are thinking of buying a home soon, arm yourself with the knowledge that can help you avoid expensive mistakes too many people have made. Request this report today - there is no cost or obligation.

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Caring for Your Best Friend

It is often said that owing a pet enriches a person's life. And if you have one, you probably want your best friend to have a long and healthy life. Here are a few tips often recommended by veterinarians that your pet will appreciate.

Providing a Safe Environment

Houses are not designed with pets in mind, so there are a few things to watch out for inside and outside of your home. Pets being pets, they like to chew or eat things, so it is important to keep harmful stuff out of their reach. Some houseplants (like philodendron and mistletoe) are poisonous to many animals, and so are some outside plants (hydrangea and wisteria, for example).

Household cleaning products should be securely stored away, as well as any pills and medications. If you are treating your own lawn with pesticides, carefully read the instructions

on the box about how long the pets should be kept away from the grass.

There are some things that are easily overlooked. For example, low-laying electrical cords can be real trouble if chewed-through. A puddle of anti-freeze in your garage will look delicious to a dog or a cat, but a single sip can mean certain death. And any standing water in your yard (ponds or fountains) can harbor harmful bacteria.

As we head in to the summer months, the biggest threat to pets may be when they are away from home. Each year too many pets are left inside their owners' cars

with windows rolled up. Even if the temperature outside does not seem that high, a car interior can heat up very quickly, and this can spell doom for the unfortunate animal. If you need to leave your pet in a car when running errands, then do yourself and your pet a favor, and leave the pet at home.



Medical Care

Many pet owners are good at keeping their pets vaccinated. One thing that is often neglected though, is the annual physical.

Preventive care and early detection of diseases are crucial to the long and healthy life of your pet.

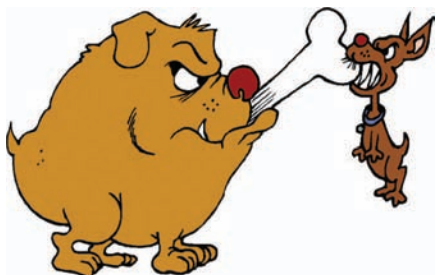
Many veterinarian offices and animal hospitals offer affordable physical exams that may include a heart check, a lab analysis, and dental exam.

Being that the warmer weather is upon us, it is also time to think about flea and tick protection. These insects are not only a nuisance, but can carry diseases as well. Preventive treatments are available in different forms, such as collars, sprays, and oral medications.

Diet and Exercise

Just like being a couch potato is not good for people, it is not good for pets either. Poor diet and lack of exercise can result in obesity, which in turn can result in heart disease and other health problems. When feeding your best friend, stick to the recommendations of your veterinarian. Same goes for the exercise - your vet can suggest the appropriate amount of activity. This probably won't require enrolling your pet in a health club, but regular walks and playtime should be the norm.

Follow these suggestions and your veterinarian's advice, and you pet will reward you with lots of love and affection.



Q: What's the advantage of closing at the end of the month?

A: The main benefit is that one part of your closing costs, the prepaid interest, is lower. Suppose your closing is on June 15. Your first payment will be due on August 1, and it will include the interest accumulated from July 1 through July 31, but the lender won't forgive you the interest owed on the 15 days of June from the day of the closing until the end of the month. You will need to pay the interest for those 15 days upfront, at the time of the closing. Now, if the closing is on June 29, then there is only one day of interest to prepay, so consequently you need less cash to close.

This "savings" is really no savings at all—just a postponement of the payment. If you are getting a 30-year mortgage, you will still pay 30 years of interest regardless of when you close (provided you keep the house for 30 years). But if you are buying your first home or are strapped for cash, then setting the closing date for the end of the month might be a good idea.

Have a tough real estate question? Your calls and e-mails are always welcome:

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ARCHITECTURE CORNER

WIDOW'S WALK AND MULLIONS

Articles about architecture can sometimes be full of obscure terms. Learning these terms will not only allow you to understand architecture better, but more importantly, when you use them, you will sound really cool and sophisticated. Here are a few to start with:



Common Bond
Bricks laid in five or six rows with long side facing out, then one row with short side facing out



Gambrel Roof
Typically associated with Dutch Colonial style, this type of roof has two slopes on each side



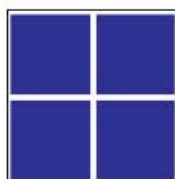
Lights
Window panes



Widow's Walk
A rooftop platform common to early New England homes



Mansard Roof
A French invention, this type of roof also has two slopes on each side, the lower ones being almost vertical



Mullions
Vertical strips that divide a window into panes; the horizontal strips are called *transoms*



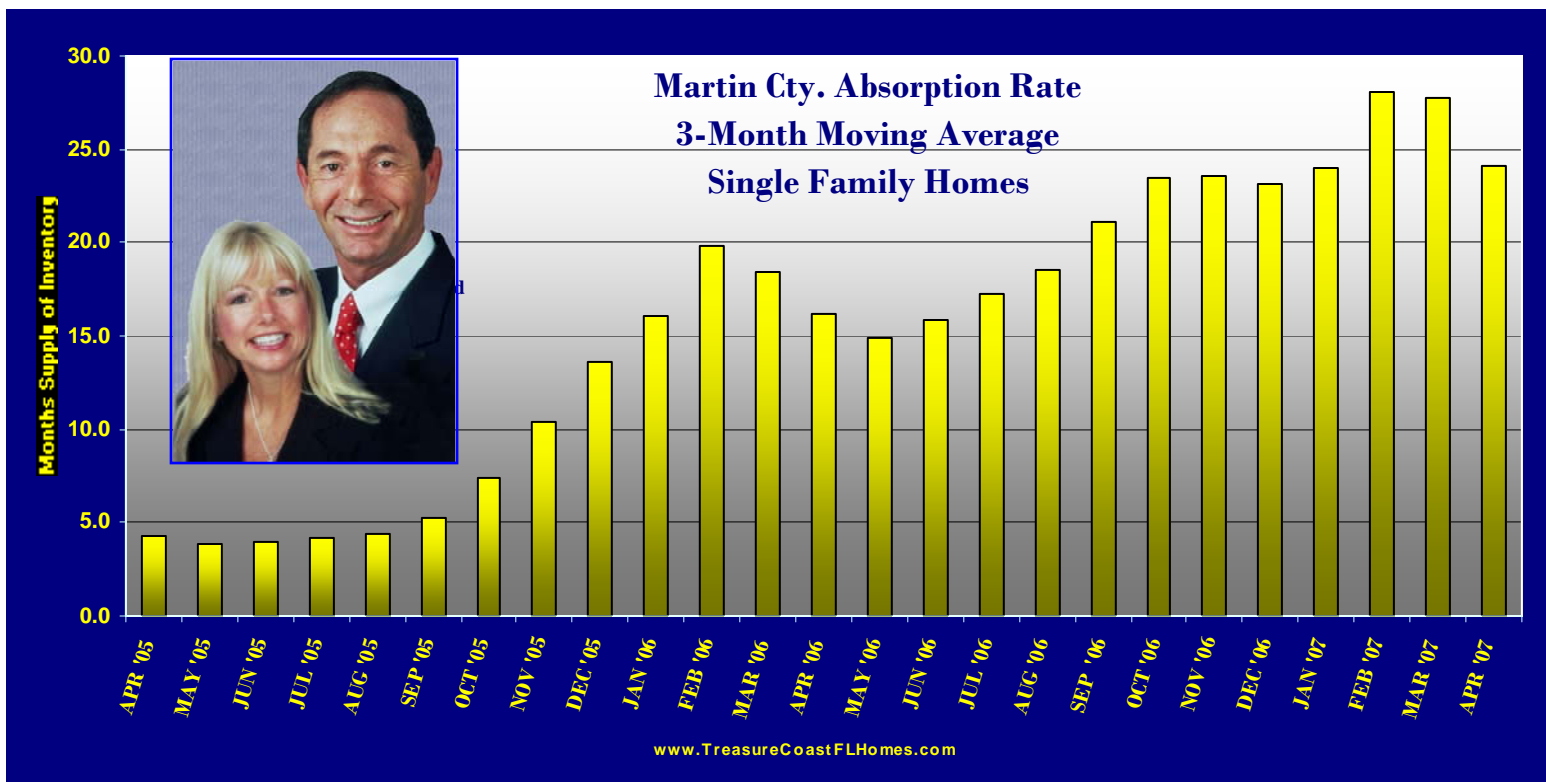
Pediment
A triangular element above a door, window, portico, etc. Common to Colonial Revival and Neoclassical styles



Truss
Wooden or metal frame comprised of triangles designed to support a structure or a part of it



Parquet
Type of ornamental flooring made of wood strips arranged into a pattern



The Definition of Absorption Rate:

Number of weeks it takes to sell the current inventory at the present rate of sales.

Knowing your area's Absorption Rate, helps to track trends. Understanding the market and where it is headed is part of our job as real estate professionals.

Absorption rate is NOT an exact science. Figuring it is based on the premise that one will be looking for a TREND. It is advised to consistently do the numbers each month, to be able to track a trend.