

Pay Off Debt with a Home Equity Loan!

The consumer is the true engine of our economy. The more people buy, the better our capitalist system works. While consumerism works well on a macro level, sometimes people over-extend themselves on the micro-level and accumulate debt. If you need to get yourself out of the red, consider using a home equity loan.

Being a good American takes a lot of money. Our businesses thrive when consumers are happy and flush with cash. Even in the harrowing days that followed 9/11, our politicians urged us to get out and go shopping.

Pumping money into the economy is a great way to help America, but it can hurt you on a personal level if you're not careful. Very often, people spend too much money on shopping trips, and acquire debt that they simply can't pay off.

If you've been a loyal consuming American who's now heavily in the red, a home equity loan can help you get back in the black.

HELOC Basics

There are two types of second mortgages: A home equity line of credit (HELOC) and a home equity loan. Both can be used to pay off debt, but each has a specific application.

A HELOC works like a credit card; it's a line of credit that uses the equity in your home as collateral. By switching your debt load over to a HELOC, you can take advantage of the loan's favorable interest

The Positive Side of the Housing Slump: Phenomenal Real Estate Deals!

The bursting housing bubble has reverberated around the country and the world, spurning a financial crisis that makes headlines daily. But the current downturn isn't all bad news. The historic fall in housing prices, coupled with rock bottom interest rates on fixed-rate mortgages, could mean the deal of a lifetime for many house hunters.

With home prices falling as much as 30% in some parts of the country over the past year, many home buyers are learning that they can afford homes in areas that they once believed were out of reach.

In some of these neighborhoods, current prices would have been unheard of even a year ago. A quick search on Cyberhomes — a real estate listing web site — for homes in Riverside, California, for example, finds a four-bedroom bungalow for \$179,900. The same house sold for \$259,425 in June of 2008. A historically famous neighborhood in Detroit, for another example, features a beautiful home for \$121,000; in 2005 it sold for \$200,000. A check of the Atlanta area reveals a duplex that sold in 2006 for \$292,500, now selling for \$50,000.

With inventory levels at an all-time high, and sellers willing to make concessions to move their homes in a slow market, buyers have the upper hand.

rate, which is often much lower than credit cards.

A HELOC is a good choice for paying off smaller amounts of debt, primarily because it carries a variable interest rate. However, if the Federal Reserve decides to hike rates, payment on a large amount of debt could prove burdensome.

Home Equity Loan Basics

For larger loads of debt, consider using a home equity loan. This is a fixed-rate, fixed-amount loan. You borrow the money in a lump sum, and make set payments over a certain period of time. Because you're locked into an interest rate, you don't have to worry about market fluctuations. It's ideal for large, one-time expenditures like home improvements or debt consolidation.

If you've built up a hefty amount of debt by spending a little too much time at the shopping mall, take comfort. You're not alone. Many Americans are in the same boat. However, just because others are in the same financial crunch doesn't mean that you shouldn't take

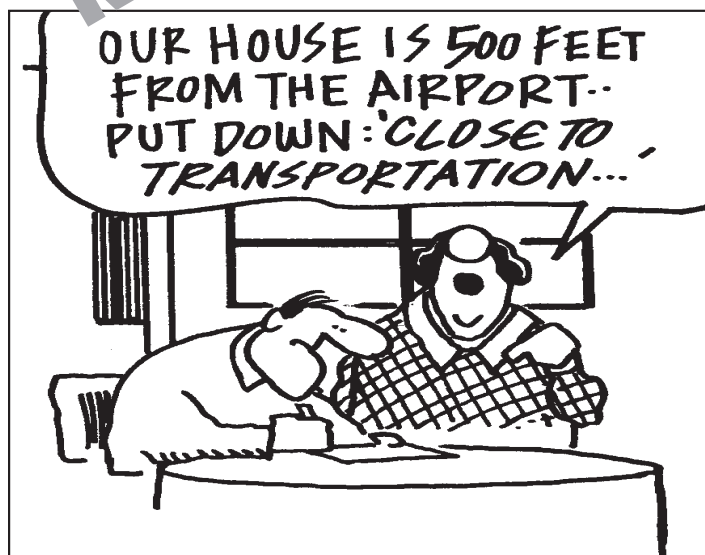
action. Get yourself back on the right track by seriously considering a home equity loan or line of credit. It's a smart way to pay off your debt, and get your own personal economy booming again.

For more information about home equity loans or home equity lines of credit, contact our office today!

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So if you've been considering buying a home, the time is now! Mortgage rates are the lowest they've been in decades, and home prices have fallen dramatically, creating the perfect conditions to shop for your dream home. Seize the moment! Contact our office today!

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The Top 10 Things You Need to Know About Real Estate Appraisal Inspections!

Did you know that real estate appraisals are required on a property whenever it's financed — whether you're buying a home or refinancing a mortgage?

The sad truth is few people really know how appraisals fit into the home buying process. That's not a good thing. People need to understand what appraisals are, who does them, and why they're required. And most importantly, a real estate appraisal inspection is NOT the same thing as a home inspection (when buying a home). A home inspection is much more in-depth and designed to find things wrong with a home, such as problems with the foundation, furnace or roof improperly installed, etc. An appraisal will take obvious defects into account, but not nearly as much as a home inspection.

The Top 10 Things You Need to Know About Real Estate Appraisal Inspections:

1. The appraiser confirms that the property exists and is in livable condition.
2. The appraiser confirms reported square footage.
3. The appraiser checks all rooms for obvious damage that could affect value.
4. The appraiser will verify reported upgrades (you'll provide that information prior to the inspection).
5. The appraiser will note all permanent features to a home that could affect value. Like the built-in appliances in the kitchen. Removable items are not included in appraised value.
6. The appraiser will check the basement for updates and finishing, but will NEVER include it in the home's total square footage. Updated basements can increase a property's value, but they can't be included in square footage.
7. The appraiser verifies there is a working furnace and air. But remember, they don't test a furnace the way a home inspector would. They just



- confirm it exists and appears to work.
8. The appraisal verifies the number of bedrooms. To be counted as a bedroom, the room must have closets and windows. Keep in mind: DON'T start a room project you don't plan on finishing before the inspection. It may hurt your value.
9. The appraiser checks the front and back of the house and measures all land area on the property
10. Finally, remember: What you spend on updates may or may not raise the value of your home by the same amount. Don't expect that recent \$25,000 kitchen remodel to raise the value of your home \$25,000. It may or may not.

One last tidbit — don't worry about how clean your house is. Appraisers don't take that into consideration. But DO cover over cracks in walls or finish any minor retouching you may have started. Make your home look as finished and as nice as possible; don't leave any unfinished painting or renovation jobs in limbo. Get those projects done and you'll do your appraisal a favor.

Understanding Real Estate Appraisals

Real estate appraisals are one of the most misunderstood parts of the home buying or refinancing processes. By understanding appraisals and being prepared for the real estate appraisal inspection, you'll know how to maximize your home's appraised value. In today's real estate market, that's good information to know. It may also mean the difference between helping you qualify for a mortgage and not qualify for a mortgage.

For more information about real estate appraisal inspections, contact our office today!

From the Inside: How Do I Improve My Credit Score?

As the great German philosopher Friedrich Nietzsche said: "Whatever doesn't kill you only makes you stronger." This sentiment also applies to the world of bad credit. Late payments on a loan, or too much debt, can wreak havoc on your credit score. To reverse this toxic effect, consider taking these steps to improve your credit rating.

Examine your credit report

Your credit report is a financial snapshot. It reflects your payment history and the amount of debt that you're currently carrying. If you have quite a few late payments, you'll naturally find that you have a low score. However, credit bureaus sometimes make mistakes on your report. There may be an account that reported an erroneous late payment, or your credit report may list several open accounts that are actually closed. These types of errors can be detrimental to your overall score. Carefully review your report for such confusion.

Learn what makes your credit bad

Take a step back and really understand what caused your score to plummet. If late payments and excessive debt loads are the cause, you'll need to take action. Analyze your bill-paying procedures. Do you have

a system in place? Ensure that they're paid in a timely fashion. For your debt load, try to pay off credit cards that have hefty balances. Also, be sure to keep your balances well below your credit limit. If the bureaus see that you're maxing out on a card, they'll lower your score.

Use different accounts

If credit cards got you into a financial mess, you may have a tough time getting a new one without a sky-high rate. You may need to use alternative forms of credit to rebuild your score. Consider opening a checking and savings account, for example, but be careful to avoid overdrafts. Credit bureaus monitor your overall financial picture; so managing these accounts well could reflect positively on your score.

While a bad credit crunch may feel like the world has come to an end, you can work your way out of it. By understanding your credit score, and opening alternative credit accounts, you can regain your financial footing. You'll be taking baby steps out of the gates but, with a little time, effort, and patience, your financial status will be stronger than ever.

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