

# Front Range HOME

The newsletter of your Colorado Real Estate agent

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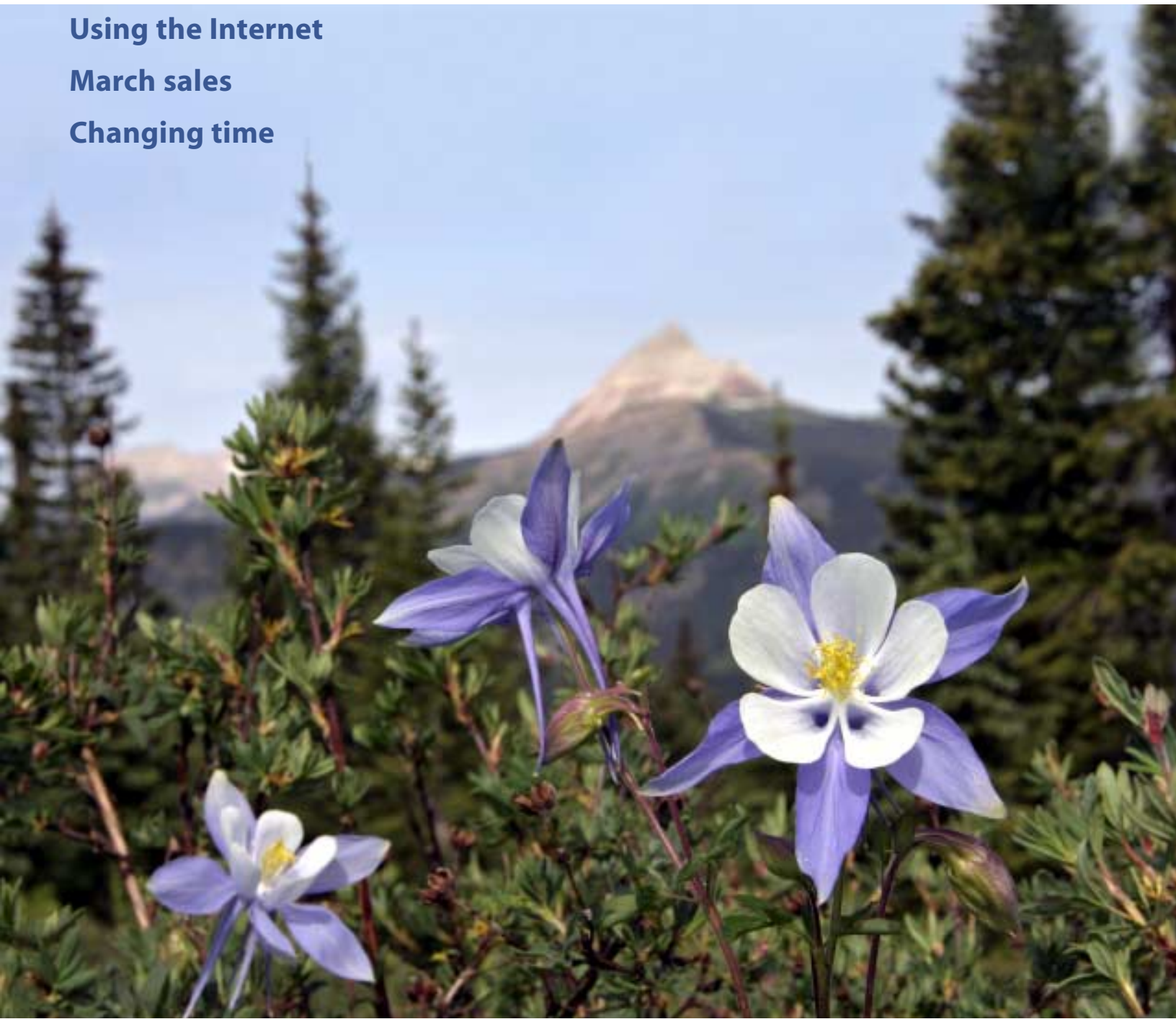
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## What is my house worth?

Whether buying a new home or refinancing your current loan, the first question most people ask is always the same: “What’s the house actually worth?”

The report used by lenders to estimate the value of a property is called an appraisal. An appraisal is simply an estimation of the property’s value by an authorized person, called an appraiser. The cost of an appraisal is typically between \$275 and \$350. To determine how much your home is worth, an appraiser would look at recently sold homes that are similar to yours. The appraiser would try to inspect other homes that a potential buyer would want to consider along with your own.

The most basic data analyzed when a property is being appraised is the price of at least three comparable properties, called “comps.” Price is not the only factor in determining an appraised value. Many factors are taken into account. Amenities, updates and proximity to shopping centers and neighborhood schools are also important to prospective buyers.

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## What is a Reverse Mortgage?

FINANCE

Imagine a senior couple trying to live on a small Social Security income of \$950 per month. This is barely a sustaining income. But the same couple could more than double their income, take a trip to Europe and buy a new car—and it would not cost them one cent out of pocket.

This couple, we’ll call them the Stevens, were born in 1933 and have a home worth \$400,000. The mortgage has long been paid off, but they are living in what amounts to poverty. A reverse mortgage could allow them to borrow more than \$155,000 on the value of their house, thereby using their well-earned assets to enjoy their remaining years.

### Home Equity Conversion Mortgage

One reverse mortgage option is the Home Equity Conversion Mortgage (HECM), which is insured by the Federal Housing Administration.

It allows seniors to borrow a calculated percentage of their home’s value. This amount varies with the appraised value of the home and the applicant’s age. To qualify, you must be at least 62 years old. The older you are and the more valuable the house, the more you can borrow.

Payments can come in four ways:

1) a monthly amount; 2) a gross sum, which can be invested; 3) a series of drawdowns from a credit account; or 4) any combination of the above. The cost of the mortgage can be attached to the loan, so there

are no out-of-pocket expenses for you to pay. If the Stevens chose option 3 and their account grew larger each year by

5.46%, they would have nearly \$205,000 in just five years.

**A reverse mortgage is not a buyout of your home by a bank. Over the course of the loan, you continue to be the owner.**

### Not a Buyout

A reverse mortgage is not a buyout of your home by a bank. Over the course of the loan, you continue to be the owner of your home and are still responsible for taxes and upkeep. However, no mortgage payments are required until the home is sold. The lender charges interest, just the same as for a conventional mortgage. Upon sale of the house, the lender may not extract any money from any other source, such as your other assets or those of your heirs.

The loan is the primary mortgage and the reverse mortgage lender is usually the primary lender. There is a debt limit, which is set based on the value of the house. A reverse mortgage carries certain other restrictions as well. You must live in the mortgaged dwelling for the life of the loan. You may not transfer title (or part of the title). You may not rent any portion of the house. You may not take out an additional loan without the lender’s permission.

Before obtaining a reverse mortgage, you must meet with a counselor from the U. S. Department of Housing and Urban Development (HUD). You should also talk over your plans for a reverse mortgage with your heirs, as their inheritance will definitely be affected. Many children of reverse mortgage owners appreciate that their parents can experience an improved lifestyle and continue to enjoy the amenities of life.



[www.reverse.org](http://www.reverse.org)

# At Your Fingertips

## Real Estate on the 'Net

**ONLINE**

The Internet is a great place to help you buy, sell and get acquainted with a local market. Searching for "Colorado Real Estate" with the popular search engine Google returned more than 19 million hits. A search for "Denver Real Estate" returned more than 7 million.

Aside from actual property listings for any given region, there exists a wealth of information concerning loans, taxes, tips for buying and selling and more. The consumer can find an appraiser, contact a real estate agent and even download standard rental contracts.

Here are site descriptions from some of the top results returned from a recent Google search for "Colorado Home Sales." These are just the beginning, though. This search brought up 16 million results.

### Realtor.com

[www.realtor.com](http://www.realtor.com)

The official site of the National Association of REALTORS®. One of the most popular real estate sites on the Internet, it allows you to search for home in a given area. It has links to a wealth of sites of interest to both buyers and sellers. A recent search for homes in Boulder, Colorado, brought up 681 listings, displayed

with photos and a good amount of detail.

### Real Estate Guide USA

[www.reguideusa.com](http://www.reguideusa.com)

A state-by-state guide to available homes. Also has links to area real estate agencies as well as helpful tools such as "Colorado's Top Real Estate Agents" and a mortgage calculator.

### Electronic Appraiser

[www.electronicappraiser.com](http://www.electronicappraiser.com)

Allows the user to fill out a form and then, for a small fee, have the appraiser return a value. The report can be quite detailed. Costs are from \$3.95 to \$29.95.

### Realty Times

[www.realtytimes.com](http://www.realtytimes.com)

A monthly Internet newsletter dealing with real estate matters, such as local market conditions, news and advice, articles about selling and buying and money-making tips for agents. Realty Times calls itself the "leading real estate news site on the Internet" with a readership of more than half a million.



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The comparable properties' prices are adjusted based upon differences, good and bad, between your property and the "comps." For example, did a "comp's" seller pay toward its buyer's closing costs? Does your home have a better view? More updates? A corner lot? Is your home next to a busy road? Factors such as traffic noise can influence whether a buyer chooses your home or another just down the street.

If the home being purchased will be a rental property, the appraiser considers additional information. The appraisal not only confirms the value for a sale, but also indicates how much rent the property could likely demand. Again, appraisers look at comparable, rented properties to determine a rental value.

A common misconception among first-time buyers is that an appraisal guarantees the property will sell for at least the value shown on the appraisal report. However, an appraisal is really just an opinion of value. The property's actual "worth" really comes down to how much someone is willing to pay for it.

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## Metro Denver Housing Market Report

### Single Family Dwellings

	March 05	February 05	March 04	YTD 05	YTD 04
Sales	2,978	2,161	2,855	7,237	7,464
Average Price	\$291,903	\$286,248	\$275,634	\$289,692	\$279,782
Inventory	16,111	15,175	17,912	15,333	16,767
Days on Market	95	99	90	96	92

### Condominium Townhome Dwellings

	March 05	February 05	March 04	YTD 05	YTD 04
Sales	800	618	840	2,033	2,199
Average Price	\$183,791	\$190,154	\$178,030	\$186,601	\$182,156
Inventory	6,912	6,555	6,997	6,557	6,555
Days on Market	118	127	106	119	108

March 2005 data from Feb. 21 2005 to Mar. 21 2005. Source: Metrolist Inc. and Denver Board of REALTORS®



[www.homegain.com](http://www.homegain.com)

## HISTORY



### Changing Time

Before the advent of railroads, time was a local issue, reckoned by the sun and set by the local community. A city set its time not according to some government standard but by measuring the sun's position in the sky. Each town kept its own time and its people set their watches by a prominent town clock, often located on a church steeple.

Although standardized time was proposed in the United States in 1809, it was not generally accepted for another 74 years. Amateur astronomer William Lambert was the first to present a recommendation to the United States Congress calling for the standardization of time. But standard time did not come to the Western Hemisphere until 1883.

Across the Atlantic, most railroads in England had accepted Greenwich Mean Time (GMT) by 1847. Railway companies were most affected by the irregularity of local time. Trains traveling across Britain necessitated it.

Stanford Fleming, a Canadian railway engineer, was the first to envision the adaptation of regional meridians to further standardize time changes across the U.S. and Canada. Sir Stanford was also the prime mover in convening the International Prime Meridian Conference in Washington in 1884. It was at this meeting that the internationalization of standard time, with its longitudinal changes, was adopted. It took Congress another 34 years before enacting the law that set our present day time zones.

Local preference has often left these zonal boundaries a ragged affair, which seems to suit local needs. Even today, the U.S. Department of Transportation

occasionally makes changes to time zone boundaries. The standard upon which such decisions are made is the "convenience of commerce."

Although the United States' adjustment to Daylight Savings Time came about in the days of WWII, it had been tried on several occasions in U.S. history. Benjamin Franklin, who is credited with the original idea, wrote an article recommending its adoption. Our final adoption of the seasonal time shift came by federal legislation in 1987.

Most countries observe Daylight Savings Time to some degree, but in Canada most of Saskatchewan and parts of British Columbia leave their clocks alone. While most of Europe and all of Russia have some sort of summer time change, equatorial countries and the tropics do not participate, as their daylight hours are the same regardless of season. Japan remains the sole industrialized country to disregard Daylight Savings Time. Even within the United States, however, Daylight Savings Time it is not universally accepted. Arizona and Hawaii do not fiddle with their clocks, nor do Puerto Rico, the Virgin Islands nor Guam.

#### Real Estate on the 'Net

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#### Foreclosed Homes For Sale

[www.realestateforeclosures.net](http://www.realestateforeclosures.net)

State-by-state guide to an inventory of foreclosed homes available in a given area. Has links to various directories of homes available because of foreclosure.

#### Melissa Data

[www.melissadata.com/ssl/HomeSales.asp](http://www.melissadata.com/ssl/HomeSales.asp)

Entering a ZIP code brings up a table of home sales in that area over

the past four or five years, listed by the number of homes sold and their average price. You can then purchase a list of new homeowners. The e-mailed spreadsheet tells you the name of the buyer and seller, the address and phone number, the purchase price and more. The site also offers a number of free downloads of interest to professionals.

#### Colorado Rent Clicks

[www.colorado.rentclicks.com](http://www.colorado.rentclicks.com)

A rental guide to all Colorado cities. The site allows you to search by

locale, type of property (house, apartment, loft, etc.) and price.

#### Neighborhood Scout

[www.neighborhoodscout.com](http://www.neighborhoodscout.com)

A searchable site lets you find a neighborhood you like in any Colorado location. Searches start with categories such as Families with Children, First-time Homebuyers and Best Public Schools. You enter additional criteria and see a list of Real Estate listings for the neighborhood you choose. Some categories require a paid subscription, but this is relatively inexpensive.