

# Rick's Homeowner News™

Courtesy of Rick Crabtree ☞ Realty Executives Suncoast ☞ (727) 637-2346

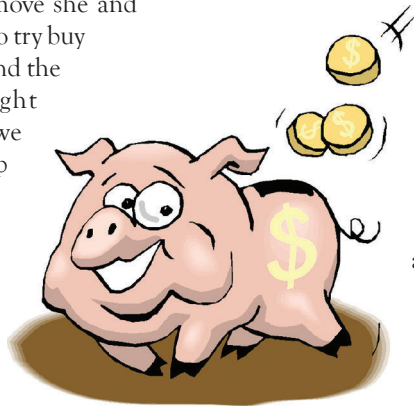
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## Where to Find Money for Down Payment

"I would love to buy a home, but I don't have the money for the down payment." This seems to be one of the main obstacles to home ownership for many folks I talk to. Well, with so many monthly bills to pay and so little left over for savings, how does one come up with the money? Here are a few ideas:

### Sell Some Stuff

A client once told me how she and her husband bought their first home. The house they were renting was put up for sale; not wanting to move she and her husband decided to try buy it. "So we looked around the house and thought 'hmm... what can we sell?'" They ended up selling all of their stuff that wasn't essential, including their TV and second car, and they scraped enough money together for the down payment. So, what can you sell?



### Real Estate

Keeping with the theme of borrowing against hard assets, you can also borrow money against any real estate you presently own. Refinancing to get some of the equity out, or getting a second mortgage, or using a line of credit are all acceptable options.

### Life Insurance

Certain types of life insurance (specifically, permanent life insurance) can also be used as a source of the down payment money. If you have accumulated enough cash value in your policy, you can take a loan against it. While this is also an additional loan, the benefit here is that the interest rates are usually lower compared to other sources.

### "Forgotten" Assets

Do you own stock or other investments? There are two ways to access that money; obviously you can liquidate (sell) them, or you can borrow against them. Now, you've probably heard that you are not allowed to borrow money for the down payment - and that's true - however there are exceptions and this is one of them. You can borrow money if a "hard asset" is used as collateral. However there is one caveat - this counts as any other loan on your mortgage application, and therefore will affect how large a mortgage you can qualify for.

### Retirement Account

Yes, you can use the money from some types of retirement accounts, most notably your 401(k). Should you do it? Most financial experts say only as a last resort. The problem with using your retirement money early is two-fold. If you withdraw the funds, you will have to pay a steep penalty, plus you will lose on the years of appreciation that you would have realized until your retirement. This is very costly. Now, you can borrow money from your 401(k), but that's where the second

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For me the most rewarding part of being a Realtor is being able to help people through one of the most important financial decisions they will ever make. My top priority is always my clients' satisfaction. My job - making sure that every transaction I am entrusted with is handled with the utmost care and professionalism. As my client you will feel like you are my only client, and my goal is that you are not merely satisfied with my service, but that you become a raving fan. I look forward to helping you with your next real estate transaction - just give me a call, or send me an e-mail.

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# APR Explained in Plain English

You see it on TV, you hear it on the radio, it creeps up in newspaper ads and finds its way into your loan documents: the mysterious APR. What exactly is this number? Simply put, its purpose is to show you what the true cost of every loan is so that you do not get slammed with hidden loan charges.

It all began when lenders started charging various fees in addition to the interest rate. This complicated loan comparisons for borrowers, so the government began requiring lenders to disclose the total cost of the loan with one simple number. This number was termed the "APR," or Annual Percentage Rate. It had to reflect not only the interest rate, but all other lender fees as well. How? Here is an example:



Let's suppose you decide to purchase a ring that costs \$100. Store A offers to finance it for you with a 1-year loan, no payments until the end of the loan term, and the interest rate is 10%. At the end of the term you will pay back the \$100 you borrowed, plus \$10 for the interest. In this case the total cost of the loan is \$10, so your APR is 10%. Store B on the other hand offers a seemingly better deal: also a 1-year loan, also no payments for one year, and the interest rate is only 7%. All you have to do is pay a \$5 application fee. Sounds good? Let's do the math: in this case your cost of the loan is \$7 for the interest plus \$5 for the application fee, which comes to \$12 total. This represents 12% of the \$100 you borrowed, so the APR in this case is 12%. Looking only at the advertised rate (10% at Store A vs. 7% at Store B) one would easily pick Store B. Only when you take into consideration the total cost of each loan does it become obvious that Store A offers a better deal. See how useful the APR can be?

Of course, mortgages are not nearly as simple and straightforward as the example above. They have a lot more fees and are amortized differently. To be sure, APR is

still a good starting point when comparing home loans, but you should take other details into consideration. First, not all lenders include the same fees in their calculations. It is possible that two loans have identical interest rates and fees, but the APRs are different because the lenders use different formulas for calculating them. The confusion is easily solved by asking for a Good Faith Estimate from the lender, which lists all costs associated with the loan. The second thing to consider is the loan term. A 30-year mortgage and a 15-year mortgage may have the same rate, but the APR will usually be higher for the 15-year mortgage because the loan fees are spread out over a shorter period of time. This does not mean that one mortgage is necessarily better than the other; it simply means that you should compare apples to apples, 30-year loans to 30-year loans and 15-year loans to 15-year loans. Finally, keep in mind that the APR does not take into consideration things like balloon payments, how long the rate can be locked for, or interest rate adjustments (in the case of adjustable rate mortgages). Any of these factors can skew the APR, so in order to get the complete picture about a particular loan digging deeper into the details is advised.

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problem is - what if you leave the company? Then you would most likely have to immediately repay the loan or it will count as an early withdrawal, triggering the IRS penalties again. Be mindful of this if your retirement account is the only option available to you.

## Relatives

"Maybe I can borrow some money from a relative or a friend?" Maybe not. Banks don't allow this. However, if a relative wants to give you money for the down payment, then accepting a gift is allowed. There are rules though. First, it has to be a gift, not a loan in disguise. Second, it must come from a "blood-relative" (to use a lenders' term). And third, the relative must state in writing that this is in fact a gift and that you do not have to repay it.

## Assistance Programs

For those who qualify, there are a number of special programs available. Some are well-known (such as FHA and VA loans) and some are not. All these programs have different rules and guidelines; since the space here is limited I can't list them all. But if you are thinking about buying a home, just give me a call and I will be happy to recommend a good lender that is well versed in all of them.

## 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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# Fighting the Weeds the Natural Way

In the epic battle between man and weeds, man has often used toxic chemicals as his weapon of choice. This is too bad because herbicides are harmful to pets and other small animals, and aren't too good for the environment either. Fortunately, there are simple, non-toxic ways to combat weeds. Here are a few:

## Healthy Lawn

An ounce of prevention is worth a pound of cure, the old saying goes, and the best way to prevent a weed problem is to have a healthy lawn. Having thin, unhealthy grass, compacted or soggy soil, and not enough organic material in soil will allow weeds to thrive. On the other hand, aeration and overseeding in spring and fall will allow your grass to grow strong, thick roots and help it out-compete the weeds. In the summer, making sure that you don't mow your grass to below 2-2½ inches in height will further discourage uninvited plants. And removing weeds before they go to seed prevents a small problem turning into a big one.

## Tools

Manually removing weeds is the most common non-chemical way of controlling them. Long-handled hoes make slicing and chopping weeds easy since you don't have to bend over to reach them. A collinear hoe with a sharp blade is great for cutting weeds just below surface. The diamond hoe, which is dragged over the surface in a back-and-forth fashion like a vacuum cleaner, is good for ripping the roots apart and

cultivating topsoil. There are also a number of mechanical weed pullers available at garden supply stores and through mail order. Most are pincer-type

contraptions that are designed to remove the weed and as much of the root system as possible. Whichever tool you choose, having moist soil will make your job easier. Also, it's a good idea to have some topsoil mixed with grass seed handy, so that you can fill any holes that you make while you work.

## Fire

For clearing weeds around the sidewalk, stone or brick pathways, driveway cracks and along fences, consider using a flame weeder. This device is similar to what firefighters use to set backfires - a small propane tank with a hose that has controllable flame at its end. To kill a weed you simply "flame" it for a few seconds, and that's it. You have to be careful not to burn the weed completely, since paradoxically this can encourage it to grow back. Flame weeders are easy to use and aren't very expensive.

## Natural Weed Killers

If you feel compelled to use a chemical of some sort, try non-toxic ones first. Herbicides that are made of soap or vinegar are good non-poisonous choices. Lately there's been much talk about using corn gluten too, but this weed suppressant must be applied before the weeds appear. If all fails and you must use a chemical herbicide, Roundup and Finale are two products considered least toxic if used as directed.



**Q: What's a biweekly mortgage and can it really save me money?**

*A: If you already have a mortgage, chances are your lender offers a biweekly "version" of it. The difference? With a regular mortgage you make monthly payments, which means twelve payments per year. With the biweekly mortgage you make a half payment every two weeks, which translates into thirteen full payments per year (26 half payments). In other words, you "unknowingly" end up paying one extra payment each year, which helps you pay off your mortgage faster. How much faster? A 30-year loan can be paid off in 24 years, saving you six years worth of interest. Any negatives? Well, yes. Not all lenders offer this program, and some that do charge an extra fee for it. While switching from a regular mortgage to a biweekly one is simple with some lenders, others require you to pretty much refinance your home. A biweekly mortgage can be a great idea, but make sure you understand all the costs and details before committing to it.*

**Have a tough real estate question? I am only a phone call or an e-mail away:**

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ARCHITECTURE CORNER

## RENAISSANCE REVIVAL

If one was to describe the Renaissance Revival style in two words, those would be – opulence and sophistication. Drawing its inspiration from the Italian Renaissance (think Michelangelo and da Vinci), this revival style was characterized by elaborate ornamentation and the large size of the buildings. It first appeared in the U.S. in the 1840's, and saw its heyday between 1900 and 1915. Only the very rich could afford to build homes in this style, but the not-so-rich also got to enjoy some of it – the Renaissance Revival was popular for public buildings too.

Structures built in this style have an imposing look about them, partially because of their gargantuan size (almost always multiple stories) and partially because of their castle-like appearance. Their main characteristics include symmetrical façade, smooth stone walls, horizontal stone bands separating the floors, and quoins – large stones that reinforce the corners. Windows have elaborately carved trims, and one unique thing about them – they are built in different styles on each floor, with the windows on the top floor almost always being smaller in size. Roof is typically low-pitched and is often topped with a balustrade.

The interior of Renaissance Revival buildings is characterized by smooth stone or stucco walls, with either stone or tile floors. There is often a central hall with a formal staircase, and columns are sometimes present too. The more elaborate examples of this style have arched doorways and niches carved into the walls.

The Breakers (pictured) in Newport, Rhode Island is perhaps the best known example of Renaissance Revival in the U.S. The style can be seen throughout the country though, but mostly in public buildings. The private residences built in this style belong only to the mega-rich, and are unfortunately most often hidden from view.



# For Rent It's NICE inside!



2782 Countryside Bl #2 - Clearwater

## Wonderful Lakeside Townhome in Countryside

Large 4 bedrooms (2400 Sq ft), 3 bath, 1-car garage w/storage attic  
Dramatic lakefront view from screened porch, high ceilings, fireplace  
Convenient inside laundry, dining room, living room, ceiling fans  
Central A/C. Low-traffic street. Close to shopping.  
Community pool, wonderful surroundings.  
Most pets welcome  
\$1595/month + sec deposit – 1 year lease



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Rental – 1932 Sky Dr – Clearwater  
2 bed, 2 bath, 2 car garage, updated int  
Central air, tile flooring, gorgeous colors  
\$995/m + sec



Rental – 2782 Countryside #2 - Clearwater  
Huge 4-bedroom lakeside townhome  
4 bedroom, 3 1/2 bath, 1 Car grg, w/d inside  
Lake in back yard! Wonderful interior, must see.  
\$1595/month + sec



Rental – 601 N Keene Unit D – Clearwater  
3 bed, 2 bath corner unit  
Private balcony, w/d hookups in unit  
\$950/month + sec



Rental -  
102 Lady Mary – Clearwater- close to golf crs  
3 bedroom, 2 bath, 1 car grg  
\$1095/month + security



Rental -  
1550 S Belcher Unit 522 – Clearwater  
2+2 updated condo, stainless kitchen  
Fully furnished, w/d in unit  
\$895/month + sec



Furnished Ground Floor Rental -  
2717 Via Cipriani Unit 610b – Grand Bellagio, Clearwater  
2/2/2 Luxury townhome, granite kitchen, fireplace  
w/d in unit, all the amenities, waterfront community  
\$1295/mo + sec



Rental – (House + cottage) - Clearwater  
1665 Drew St –  
Front house = 1400 sq ft – 3 bed + 1 ba  
Cottage = 300 sq ft – 1 bed + 1 ba  
\$1095/month + sec



Rental – 102 Steeplechase – Palm Harbor  
2 bedrooms, 2 bath, 1 car garage  
Park-like setting, screen porch  
\$1095/month + sec

For more information on any of these rental properties, phone Realty Executives Suncoast, Rick Crabtree at 727-637-2347 or e-mail us at : rick@rickcrabtree.com