

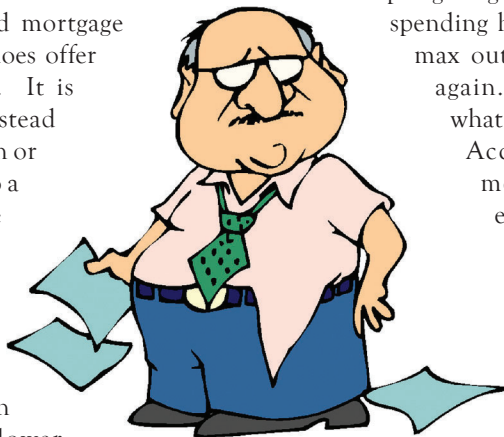
Jennifer & Jason's Homeowner News™

Courtesy of Jennifer Lange & Jason Kogok ☞ www.luxurymovers.com

The Unadvertised Pitfalls of Debt Consolidation

From junk mail, to newspapers, to TV, offers for debt consolidation loans abound. The promise is simple: combine all your high-interest monthly payments into one neatly packaged loan, and kiss your debt worries goodbye. Sounds good? Sure, for some people these loans are just the ticket out of debt, but for many they can have severe financial consequences. Let's go over some pluses and minuses.

A debt consolidation loan (usually a second mortgage on your home) does offer several benefits. It is convenient – instead of making a dozen or more payments to a dozen or more lenders, you just make one payment to one lender. Borrowers with good credit can usually get a lower interest rate on this type of loan compared to what they are paying on their unsecured debt (such as credit cards, car loans, etc.), so there is a potential for some savings. The total monthly payments are very often lowered with a debt consolidation loan, and this is very appealing to homeowners overburdened with credit obligations. And then there are potential tax benefits, as mortgage interest is often tax-deductible, whereas interest on unsecured debt usually isn't.



The flip side of the coin is that debt consolidation often leads people to actually incur more debt. How? Because this loan offers only a temporary relief from monthly payments, but not from the debt itself. In other words, debt consolidation treats the symptoms (high monthly payments) but not the real cause of debt (overspending). Once you take out a debt consolidation loan, and your credit cards are paid off, it's all too

tempting to go back to the old spending habits and quickly max out the credit cards again. This is exactly what many people do. According to mortgage industry estimates, as many as 70% of people who consolidate their debt end up owing the same amount or more on their credit cards

within just two years(!). To make things worse, getting deeper into debt can lower your credit score, which raises your interest rates, which raises your payments, which gets you into an even deeper hole than the one you just climbed out of.

But what if the borrower is really disciplined and does not incur additional debt? Then a debt consolidation loan saves him money, right? Not necessarily. Second

(continued, Page 2)



What is our recipe for a stress-free real estate transaction? First, we make a full-time commitment to you; real estate is our passion and our only profession. Secondly, we offer you our thorough knowledge of the local market and real estate laws. And thirdly, we utilize all the modern technologies available to find you the right home (or the buyer for your home), without losing that personal touch. Throughout the process we will spend the time needed with you serving as your guide and making sure that you are confident with every step taken. Thinking of buying or selling soon? Then let's get together and talk about your plans. The consultation is always free and there is never any pressure or obligation.

Jennifer Lange & Jason Kogok

(919) 601-2012 (Jennifer)
jennifer@luxurymovers.com
(919) 602-5969 (Jason)
jason@luxurymovers.com

**COLDWELL
BANKER**

**HOWARD PERRY
AND WALSTON**

Each Office is Independently Owned And Operated.

Should I Stay or Should I Go?

When you first bought your home it had everything you needed. The size, the features, everything was just right. But now you look around and wish you had more space, more up-to-date amenities, or a different floor plan. And you wonder – is it better to remodel or move? Here’s what to consider:

The Neighborhood

If you are not satisfied with your neighborhood the decision is simple. The location is probably the number one reason why people choose to move. No matter how well you remodel your home, the neighborhood will still remain the same.

Size

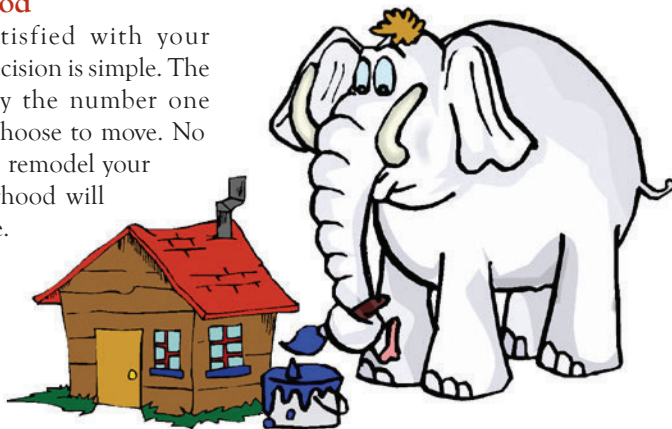
If you need more space you may have considered building an addition or even adding a second story. If your home is **smaller** than the average, than bringing its size up to par may be a good idea. But if your home is about the **same size** or **larger** than your neighbors’ homes, than expanding it even more might make it a “white elephant” - a house that will be harder to sell later, and usually at a discount. A good rule of thumb is to keep the value **after** the remodel within 15% of the median home price for the area. If that is not possible, moving may be a better idea.

Appearance and Amenities

A new kitchen or a bathroom are usually good investments. But certain changes, such as moving walls to create a new layout or adding a swimming pool, are almost always money-losers. In fact, other than a bathroom or kitchen remodel, there aren’t that many improvements that can pay off financially. Before you make the decision consider how long you plan to stay in your current home. If you see yourself moving within a few years, then forgo the remodel and save your money for your next purchase.

Pros and Cons

A remodel involves living in a messy house while the work is being done, and the cost in many cases is difficult to recoup. But once it’s finished, hopefully you will end up with the house personalized exactly according to your taste. Moving involves selling and



moving costs, and leaving the neighborhood you are already familiar with. Fortunately, a competent Realtor can make the transition smooth for you.

In the end, trust your gut feeling. Most homeowners know deep down how they feel about their house and what trade offs they are willing to make. And if you need help deciding on which option makes more financial sense, feel free to give us a call – we’ll be glad to be of service.

(continued from Page 1)

mortgages can have terms of up to 30 years, so what was supposed to be a short-term debt (credit cards) now turns into a long-term debt. Even if the interest rate is lower, over the long run you may end up paying more. And that’s not to mention that you are now also risking your house. By converting non-secured debt (credit cards and personal loans) to a loan that’s secured by your home (a second mortgage), you are placing your home in jeopardy if an unforeseen financial difficulty arises and you are unable to make your payments for a while.

These negatives are precisely why many financial experts strongly caution against using your home equity to pay off other debt. Home equity is best used for (1.) emergencies, and (2.) home improvements that increase the home’s value. However, if you decide that you must use your home equity for debt consolidation, then make sure that the loan you take out will both lower your payments and allow you to pay off your debt sooner. Check with your credit union and search the Internet for the best deal. Read the fine print. Consult your financial advisor. But keep in mind that the real solution to getting rid of debt, which admittedly is not always easy, is to pay down the debt (not refinance it) and spend less.

Free
Special
Report
Available

The Seven Expensive Mistakes Sellers Frequently Make is a four-page special report that no seller should be without. If you are thinking of selling your home soon, arm yourself with the knowledge that can help you avoid expensive mistakes too many people have made. Order this report today – there is no cost or obligation.

jennifer@luxurymovers.com

jason@luxurymovers.com

What, Mold? In My Home?

While they have their role in nature, molds are a most unwelcome sight indoors. And not only are they unsightly, but they can cause allergic reactions and other potential health problems. That is why, if you notice them in your home, you should evict them as soon as possible.

Molds are fungi that reproduce by microscopic spores which float through air. Once a spore falls on a wet spot, it grows into a mold, spreads, and starts to churn out more spores. The more moisture is available, the faster the mold will spread.

Bathrooms and kitchens are the rooms most susceptible to mold because they are exposed to moisture the most. Areas of particular concern are under the sink and behind the toilet seat, since they are out of sight for the most part, and usually that is where the pipes are. Damp basements are also fertile grounds for mold growth, as is anything that's been damaged by water (carpet or a wall, for example).

If you detect mold in your home, you must both clean it and treat the source of moisture.

If you only remove the mold, but the moisture remains, the mold will reappear. Small affected areas (less than 3 feet by 3 feet) you can clean yourself with mold-killing cleaners or bleach solution (avoid direct contact with mold and always follow manufacturers instructions when using bleach or any other cleaning product).

For areas larger than 3 feet by 3 feet, it is best to consult a professional.

Leaky pipes and leaky roofs can be quite

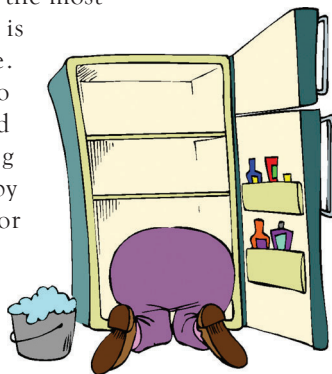
problematic, and therefore should be repaired as soon as possible. Any areas permeated by water must be dried and cleaned within 48 hours to prevent mold from developing. Once mold penetrates any porous surface (like wood or carpet) it is nearly impossible to get rid of it, and you may need to replace the surface.

Of course, the best way for dealing with mold is to prevent it from developing in the first place. The way you do this is by controlling moisture

in your home. The humidity should be kept to below 60%, using a dehumidifier if necessary. Make sure to have ample ventilation when cooking and taking showers. All moisture-producing appliances should vent to the outside (for example,

the dryer and the kitchen hood). Installing carpet in bathrooms and damp basements is a definite no-no. And, of course, any area that gets wet should be cleaned and thoroughly dried right away.

It is not possible to completely eliminate mold and its spores just like it is not possible to completely eliminate germs. But by keeping your home dry, and by keeping an eye to potential problem areas, you can keep its presence to almost zero.



Q: Is there such a thing as a no-cost loan?

A: Is there such a thing as a free lunch? Costs associated with obtaining a mortgage can be divided into two groups. In one are costs not charged by the lender but by third parties, such as the cost of appraisal, survey and title work. In the other group are the lender's fees, such as points and assorted document fees. Lenders who advertise "no-cost" loans will not forgive you any of these fees, but will simply make you pay for them in a different way. Non-lender fees can be rolled into your loan—you borrow a little more to cover these costs, then pay for them over time. Lender fees can also be rolled into the loan, or they can be paid through a higher interest rate. There is generally nothing wrong with these strategies, as long as the true costs have been clearly explained to you, and as long as you remember that, unfortunately, there is still no such thing as a free lunch.

Have a tough real estate question you need answered? Just give us a call or send us an e-mail

(919) 601-2012 (Jennifer)
(919) 602-5969 (Jason)
www.luxurymovers.com



Jennifer Lange & Jason Kogok

Coldwell Banker
Howard, Perry & Walston
5000 Falls of Neuse Rd., Ste 100
Raleigh, NC 27609



ARCHITECTURE CORNER

RICHARDSONIAN ROMANESQUE

During second half of the Nineteenth Century, the revival of architectural styles from bygone days enjoyed great popularity with the American public. The Romanesque Revival style had its roots in religious architecture and reached its pinnacle in the 1880s thanks to the work of one architect, Henry Hobson Richardson.

Inspired by traditional French and Spanish designs, he created a unique style known as “Richardsonian Romanesque”. Although Trinity Church in Boston is considered his masterpiece, Richardson also designed many grand public buildings, as well as a number of imposing private residences for wealthy clients.

The essence of Richardsonian Romanesque architecture is its heavy, fortress-like form. Characterized by massive textured stone walls and dramatic semicircular arches, each structure appears to grow out of its site, not merely sit on top of it. Richardson’s innovative style is easily recognized by the low broad arches over arcades and doorways, squat columns, deeply set windows, recessed door openings and elaborate stone detailing. The Glessner House in Chicago is regarded to be the finest example of all his residential work.

Richardson’s designs had a powerful effect on noted Chicago architects Louis Sullivan and Frank Lloyd Wright. Subsequent work by his followers can be found throughout the country, recognizable by the striking style that he originated. Because they were based on expensive load-bearing masonry building techniques, Richardson Romanesque houses eventually faded in popularity around the turn of the century in favor of the less expensive wood construction commonly used in more contemporary styles.

