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In This Issue:

- Fort Collins Real Estate Market
- 5 Ways to Pay Off Your Mortgage Early
- Ceramic Tile
- Ask An Expert
- New Lockset To Rekey Doors
- Prepare Your Garden For Winter And Spring Bulbs
- Modern Money Plan
- Gas Fireplaces Are Safe, But Take A Few Precautions

THE BUZZ Today's Real Estate News

You Could Save Like Ben Franklin or Try This Modern Money Plan

Founding Father Benjamin Franklin is well known for his frugal ways. At one time, he gave up eating meat in order to save money, but you shouldn't have to do that.

A good money plan covers all the bases from today through retirement. It should include household expenses, debts, savings, investments, pensions, Social Security, and more. Here's some advice from the experts on how to start now:

Your Expenses: Know exactly what your expenses are. One strategy suggested by Keystone Financial Planning is to put everything on a debit or credit card for a month or two.

Your Home: The greatest single savings you can make is downsizing your living space, according to T. Rowe Price.

Buy better, not bigger, advises AARP magazine.

College: Pay for education for your children, grandchildren or yourself with the tax exempt 529 savings plans. Everyone is eligible and your investment grows tax free.

Insurance: According to Cornell University, some types of insurance are almost always a waste:

-Airport Life Insurance. The possibility of a crash is very low, the premium is high.

-Zero Deductible Policies. Costs a lot but saves little on health or auto insurance claims.

-Extended Warranties on consumer products are big money-makers for retailers, but customers almost never need repairs during the warranty period.

Gas Fireplaces Are Safe, But Take A Few Precautions

As the cool breezes of September and October begin, few people want to start an expensive heating system. Instead, they take off the evening chill by using a fireplace.



Gas fireplaces are a modern choice for people who don't want the task of building a fire.

A vented fireplace should be your first choice. You can install one even if you don't have a chimney, because they require only a small vent pipe. Unvented gas fireplaces can go anywhere in a house, look nice, and are safe, according to a study by Consumer Reports. Whether vented or unvented, be cautious when buying and using a unit.

First, read the specified room dimensions carefully. The National Fuel Gas Code and many local

codes call only for the fireplace to be sized so sufficient air is available for combustion.

Buy a certified package rather than a separate firebox and log set.

Limit its use. Though occasional extended use poses little health risk, experts recommend using it for only a few hours at a time.

Use a CO alarm. All units they tested showed no tendency for high carbon monoxide levels, but study authors recommend a CO alarm for any combustion appliance.

Provide extra ventilation. Open the window when using an unvented fireplace, because air pollution can build up after several hours of use.

What's New In Northern Colorado Real Estate...



A Positive Sign For Housing or Just Another Bump In The Road To Recovery?

In a continuing effort to help put buyers into existing homes, prospective homeowners had until today, October 1st, to use down payment assistance from a seller to purchase a home. The Housing and Economic Recovery Act of 2008 (HERA), signed into law in July, bars such seller-funded aid on Federal Housing Administration-backed mortgages. Only those programs that are funded directly from the seller or other party to the transaction are prohibited. Other forms of assistance—such as family members, government-sponsored programs, or gifts from non-profits would still be permitted by FHA after October 1st. Lawmakers added the provision to the housing relief package because about 40 percent of FHA borrowers who went into foreclosure in the past year received down payment assistance from a seller.

FHA is the only mortgage program that has allowed seller-funded down payment assistance. Due to the current performance of its loans, FHA must either receive a federal subsidy for the first time in the 71-year history of the FHA program, or raise premiums for all FHA borrowers in order to remain solvent.

The National Association of Realtors, in a recent study, points out that "seller-funded down payment programs often results in inflated home prices and that homes sold using this type of down payment assistance typically sold for 2-3% higher than comparable homes without such assistance. When a borrower takes out a mortgage on a home with an inflated price, not only are they at greater risk for foreclosure, but the resulting inflated price can have ramifications for the housing market in that community. Home sale prices are used as comparables to determine the price of other homes. Inflated prices overstate the market demand and can lead to exaggerated home sales prices in the neighborhood."

However, some industry professionals are worried that the rule change will keep some buyers out of the market. Scott Syphax, President of the Nehemiah Corporation, which runs a privately funded down payment assistance program, cites a report by housing research firm Zelman & Associates. The report found that 10 to 25 percent of potential home buyers will have no way of securing home ownership without seller-funded down payment assistance. Nehemiah is trying to take this to court to get prohibited types of seller-funding reinstated, but the chance of that is very remote.

Mark Afman, Loan consultant with Universal Lending in Denver, says in regard to the new legislation, "FHA borrowers can still receive a 100% loan. The only new requirement is that after Jan 1, 2009, they must contribute 3.5% of the total costs in either the down payment and/or closing costs. There are a lot of implications for this. For example, if the buyer pays their own closing costs and that adds up to 3.5% then they can get a loan for 100% of the purchase price. We think that they can also use an FHA loan and run it through CHFA to get the CHFA 2nd. They then can get a 100% loan for the purchase and the CHFA 2nd will pay the closing costs because the CHFA 2nd is a loan in the buyers name so that counts towards the 3.5% contribution needed by the buyer."

The rule change will have far-reaching implications for the real estate industry at large. The actual investors that buy and service these FHA loans have to let us know how they will be treating what FHA says. So really it may be 2-4 months before any of this legislation is able to be implemented. Just another bump in the road.

Mortgage Rates On 09/22/08	
30 Year Fixed:	6.16
15 Year Fixed:	5.84
5/1 ARM:	6.07
<small>(U.S. Weekly Averages provided by Bankrate.com)</small>	



**Mary M. Rhoades
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Hello, and welcome to the October issue of my newsletter, "THE BUZZ". It's my way of sharing with you pertinent information about today's real estate topics that affect you and our community.

Did you know that there are over 1.28 million Realtors® in business today? Only 37,000 Realtors® hold the Certified Residential Specialist Designation. CRS is the recognized symbol of excellence in residential real estate. As a member of CRS, I have advanced training in listing, selling and marketing residential property. Buying or selling a home can seem like an overwhelming task, so put my eleven years of experience to work for you and let me make the process easier. Serving you would be my pleasure!

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5 Ways to Pay Off Your Mortgage Early

By Ben Schmitt

I know, you wish you didn't have to put that mortgage payment in the mailbox each month. So what if you could take that mortgage payment and put it into your pocket instead? Well you can and I'll show you how. The bottom line is this, if you aren't trying to pay off your mortgage early or adjust your mortgage payment, you're leaving mega-bucks on the table.

There are really only 5 ways that you can make a mortgage payment that will help you pay off your mortgage early. Some are good, some are not. It really just depends on your financial situation and how much you're willing to sacrifice.

Regardless of your situation, there is always a method or two that will work perfectly for you. So here are 5 ways to accomplish this:

1. Use a biweekly mortgage payment plan.
2. Make an additional mortgage payment to the principle each month. Keep your own ledger sheet to record the extra payment and check it each month with the mortgage statement from your lender to make sure the amount has been recorded against the principal.
3. Refinance at a lower rate and keep the monthly mortgage payment the same.
4. Make a lump sum mortgage payment to the principle (maybe with a salary bonus you get)
5. Refinance to a 15-year mortgage. The mortgage payment increases, but it gets the job done.

The most important thing to remember about choosing a mortgage payment to pay off your mortgage early is to understand what it will do for you financially in the future, compared to what the mortgage payment method is doing to you financially right now.

Often, making the decision on which payment method to use comes down to your family and lifestyle. It may seem hard to choose which one of these options will work best for you, but if you're truly serious about taking control of your financial life, it won't be tough.



New Tile Floor Gives A Dated Bathroom A Modern Look



The bathroom is the most-used room in the house. With high traffic and high moisture, the floor begins to show its age after ten or 15 years.

One good thing about replacing it is that the room is small. That means you can choose high-quality materials and not have a huge amount of money or a great deal of time invested.

Here's some advice from Lowe's, the home improvement store. Tile comes in ceramic, porcelain, stone, and mosaic. Any of these choices will give you a great range of possibilities for color, style, and pattern.

Ceramic comes in many colors and shapes that make it easy to create patterns and features, such as a border or center medallion.

Porcelain is a denser tile and offers superior resistance to mold and stains. Stone-look porcelain looks very much like real stone.

Natural Stone is available in marble, granite, limestone slate. It's more expensive but has an outstanding appearance and comes in many colors.

When considering tile, leaf through design books and home magazines. Your personal preferences will narrow your choices.

You might decide to take the project a step farther with a new tub surround or elegant tile wainscote.

If you have the time and skill, you could install the new floor yourself. First remove the old floor down to the sub-flooring. Then screw down sheets of cement-fiber tile-backer to create a solid underlayment.

Lay out tiles along the room's center lines, and cut the tiles to fit up to the walls. Then spread adhesive with a notched trowel and press the tile into place. The next day, mix grout and spread it into the gaps.

Too much work and worry? Professional installation costs more but could produce a more perfect job.

Ask An Expert

By Mary M. Rhoades, CRS, GRI



Question: We've hired a professional home inspector to pre-inspect our home before listing it for sale. What's your advise about getting a termite inspection completed at the same time? Do we need one?

Answer: A termite inspection now could save money and grief in the future. As with any problem that causes deterioration of a building, early detection prevents extensive damage.

To find out whether or not such an inspection is warranted, I contacted several Certified ASHI Home Inspectors and received the same response. They have rarely seen termites in the Fort Collins area and if they did, it was usually in much older homes with crumbling foundations and improper landscape drainage.



If you decide to get one, it will cost about \$125 and it will take a half hour to 45 minutes for the inspector to complete his work. It should include inspection of the basement, foundation, woodwork and the attic. The inspector will also check for ants, bugs and fungus. The inspector will already be inspecting these areas as

part of his routine inspection and can be looking for specific termite signs at the same time.

I was surprised to learn that it can happen in cold climates as well as in warmer places. Termites are fairly common in Chicago, for example, and they've been found as far north as Alaska. Ice and snow slow them down but don't get rid of them.

Common conditions that encourage termite infestation include earth-to-wood contact at support posts, cellulose debris and boards left in the crawlspace, improper drainage away from the structure, and inadequate ventilation in the crawlspace.

Wood mulch should not touch the foundation or be too close to it. The same is true for stacked firewood. Old tree stumps near the building should be removed, along with roots. Correcting these conditions can reduce the likelihood of a termite problem.

New Lock Set Lets You Rekey Doors

The **Kwikset Smartkey Deadbolt System** lets you rekey locks in seconds. The locks use bars instead of pins and tumblers that protect against 'lock bumping'- a technique used by burglars who have special deep cut keys that defeat pin and tumbler deadbolts. The \$30 lock kit includes a lock and key plus a 'learning tool' that, when inserted along with the lock's original key, resets a lock. This allows property owners to rekey all doors to one key. www.kwikset.com

October Is An Important Month For Yard And Garden

Spring is fun because perennials and bulbs are sprouting, and you are eager to get out and plant a garden. Summer is nice because you harvest vegetables and enjoy the flowers. Autumn, well, it's the poor relation when it comes to outdoor enthusiasm. But October is a particularly important time because that's when you set the stage for next year's bounty. What to do now:

1. Dig and store tender summer- and fall-flowering bulbs like dahlias.
2. Bring tender container or tropical plants inside. Put them in the garage, in a heated shed or indoors.
3. Till the garden or turn the soil with a garden fork to expose underground pests to cold temperatures.
4. Help the roses. Remove foliage around the base of the plant to prevent diseases. Cut away branches that show signs of decay or insect infestation. Spray roses and soil beneath with a fungicide. Put down a layer of mulch.
5. Trim perennials to about four inches from the ground. Keep some ornamental grasses and perennials with seed heads to provide winter food for birds.
6. Reduce soil dryness and erosion in the garden by covering it with mulch or leaves. Do it after the first hard frost so critters don't decide to nest in it.
7. Avoid extensive pruning of trees and shrubs before winter.

If you were filled with admiration this year when other yards exploded with spring flowers, it's the time to make sure yours can be as beautiful!



Late October and early November are also the best times to plant spring-flowering bulbs such as tulips and daffodils. Here's how to do it:

First, select a site that has good soil and good drainage so bulbs will continue to flower year after year.

For tulip, daffodil, and hyacinth bulbs, prepare the soil 8 inches deep or more. Plant them 6 inches deep, measured from the bottom of the bulb, and 6 inches apart.

For small bulbs such as crocus, glory-of-the-snow, and grape hyacinth, prepare the soil 6 inches deep. Plant bulbs 3 inches deep and 3 inches apart.

Broadcast a tablespoon per square foot of 12-12-12 or 13-13-13 analysis fertilizer and water well. When the ground freezes, mulch with 2 inches of fine mulch or straw.