

Three Noteworthy New Real Estate Books

by Joe Catalano

Mortgages, property investment, renovation and home building are the subjects of three recently published trade paperback books that are worth reading. You can become familiar with applying for and getting a first mortgage, loan rates, what projects to think about for resale, some how-to advice, and tips on hiring subcontractors.

In order to buy or build a waterfront home, most people need financing. *Mortgage Confidential* (AMACOM, \$16.95) by David Reed deals with, as its subtitle indicates, what you need to know that your lender won't tell you. Early chapters cover mortgages. Most lenders get their money by borrowing it from other lenders or investors. The loans are then packaged and sold on the secondary market, giving the lender more money to lend. Reed, a senior loan officer who claims to have closed more than 1,000 mortgages, brings this up early to explain why the loan you are about to make with Bank X will probably be sold one or more times while you are repaying it. Borrowers should be aware of this because it means they will end up sending their loan payments to a different institution at some point. And it could have other consequences also. Reed relates the story of a loan he made with a bank that got him free checking, a free safe deposit box and other privileges because he was a customer. Two years later his loan was sold and "I lost all of those freebies," he said. He was no longer a customer when Bank Y became the new owner.

The book gives insider information about aspects of applying for and getting a first mortgage as well as construction loans and refinancing. For example, Reed warns that a locked-in rate - a guarantee of what your interest rate will be when you close - really isn't guaranteed unless it's in writing. He brings this up because a majority of loans are now gotten through mortgage brokers who don't make loans, but match lenders with borrowers. Some brokers say you are locked in, but can't tell you with which lender. This means the broker is still shopping the loan, not to get

you a better rate, but to yield himself a better profit. Reed lists questions to ask for self-protection and advises to be suspicious of brokers doing this.

He also discusses the fact that loan rates adjust not weekly, but continuously, and that getting the lowest possible rate is more luck than anything. If you see an advertised rate in the newspaper or even online, chances are it will be changed by the time you call on it. There are also tips for avoiding or reducing some closing fees, comparing loans, mortgage insurance and getting financing even if you've had a recent bankruptcy. Once you've secured a loan, you can buy that waterfront home you've had your eye on either to use for your own personal use or as an investment.

Buying For Profit, Remodeling Investments That Pay (Meredith Books, \$19.95) is a comprehensive guide on selecting properties and the changes to make that translate to profit upon resale, even in today's slower market. The book doesn't list an author, only that it is based on the TLC cable series "Property Ladder" hosted by Kirsten Kemp. While it is aimed at investors, it's helpful for any homeowner who one day will sell and will need to attract a buyer.

The book begins with several makeovers featured on the show and the changes made that resulted in a sale and tidy profit. After motivating you with real life examples, chapter two goes room-by-room, focusing on specific things to look for when purchasing a home. It also talks about existing things to keep and what things to renovate with an eye towards resale.

For example, in a kitchen, "salvage appliances only if they are stylish, clean and working well." The cooking center is the main focus of the room so put your appliance dollars into these. Let the other appliances, like dishwashers, fade into the background by covering them with matching cabinetry. To save money on the appliances, shop for floor models and close-outs.

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In dining rooms, buyers love architectural features such as tray and coffered ceilings. If the house doesn't have these, consider adding crown molding or beefing up existing molding with trim. In the bathroom, some older homes come with vintage claw-foot tubs. If the home is loaded with vintage character and that's the buyer you are going after, an original claw-foot tub is a plus. Reproductions are available, but an original is a stronger selling point. But what if the finish on an original tub is stained or peeling? Refinishing is possible, usually takes three days and costs \$400, much less than buying a reproduction.

The third chapter is a do-it-yourself guide for all sorts of improvement projects including painting, flooring, crown molding, sinks, faucets, wainscoting, backsplashes, cabinet doors, lighting and landscaping. There are numerous photos illustrating each project, along with tips. For example, when installing crown molding, you'll need to miter the corners so pieces match up. The book advises practicing on scrap to avoid costly mistakes on the good materials.

The last chapter is a project price guide that gives a range for good, better and best products showing how much they cost and what you get for the money. For example, a good bathroom toilet runs \$80 to \$200. It will be a two-piece white round bowl with gravity action. A better toilet costs \$200 to \$700 and usually matches a similarly styled tub or sink. It will be a one-piece model with an elongated bowl and come with color choices. Some have pressure-assist flush mechanisms. The best toilets cost \$700 to \$2,000 or more and have designer styles and colors. They are one-piece models often with metal or other decorative trim with a pressure-assist mechanism.

The chapter concludes with advice on where to find remodeling materials and accessories at the best prices. It suggests going to thrift stores, browsing flea markets, checking damaged

freight stores, visiting salvage yards and considering floor models and discontinued lines. Of course, not all of us are handy enough to fix up our own or investor waterfront home. Sometimes you have to hire others to do the work.

Be Your Own House Contractor 5th Edition (Storey, \$16.95) by Carl Heldmann shows how to save 25 percent of a project's cost by hiring your own subcontractors rather than hiring a contractor and having him do it. It begins with the basic steps of either a new home or renovation project such as making a budget and determining the cost of the house you want to build or remodel.

Heldmann also addresses financing and getting the required permits and inspections prior to getting your bids and hiring subcontractors. He states that with any bid you should make sure all costs and items are included. For example, if it's plumbing, the bid should include all fixtures right down to the toilet seat specifying color and brand. Heldmann then addresses the order in which subcontractors should be scheduled and how long each step should take in building the house or doing the re-modeling. Each step also comes with a full explanation of what it entails.

The book concludes with 60 pages of appendices filled with sample contracts, forms, plans and photos of specific things to look for when certain subcontractors are done with their jobs. For example, one page addresses fireproofing details and what correctly installed fireproof baffles should look like when placed between recessed light fixtures and attic insulation.

While reading these books will probably not confer full expertise on all of the topics discussed, it will surely give you a substantial leg up when the time comes to deal with them.

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