



# What is an Appraisal?

A home purchase is the largest, single investment most people will ever make. Whether it's a primary residence, a second vacation home or an investment, the purchase of real property is a complex financial transaction that requires multiple parties to pull it all off.

Most of the people involved are very familiar. The *Realtor* is the most common face of the transaction. The *Mortgage Company* provides the financial capital necessary to fund the transaction. The *Title Company* ensures that all aspects of the transaction are completed and that a clear title passes from the seller to the buyer.

So who makes sure the value of the property is in line with the amount being paid? There are too many people exposed in the real estate process to let such a transaction proceed without ensuring that the value of the property is commensurate with the amount being paid.

This is where the *Appraiser* comes in. An appraisal is an unbiased estimate of what a buyer might expect to pay - or a seller receive - for a parcel of

real estate, where both buyer and seller are informed parties. To be an informed party, most people turn to a licensed or certified, professional appraiser to provide them with the most accurate estimate of the true value of their property. The inspection process is often the most visible part of the appraisal process, but as you will see far more goes into preparing an accurate appraisal.

**The Inspection**  
So what goes into a real estate appraisal? It all starts with the inspection. An appraiser's duty is to inspect the property being appraised to ascertain the true status of that property. The appraiser must actually see features, such as the number of bedrooms, bathrooms, the location, and so on, to ensure that they really exist and are in the condition a reasonable buyer would expect them to be. The inspection often includes a sketch of the property, ensuring the proper square footage and conveying the layout of the property. Most importantly, the appraiser looks for any obvious features - or defects - that would affect the value of the house.

Once the site has been inspected,

an appraiser uses two or three approaches to determining the value of real property: a cost approach, a sales comparison and, in the case of a rental property, an income approach.

**Reconciliation**  
Combining information from all approaches, the appraiser is then ready to stipulate an estimated market value for the subject property. It is important to note that while this amount is probably the best indication of what a property is worth, it may not be the final sales price. There are always mitigating factors such as seller motivation, urgency or special circumstances that may adjust the final price up or down. But the appraised value is often used as a guideline for lenders who don't want to loan a buyer more money than the property is actually worth. The bottom line is: an appraiser will help you get the most accurate property value, so you can make the most informed real estate decisions.

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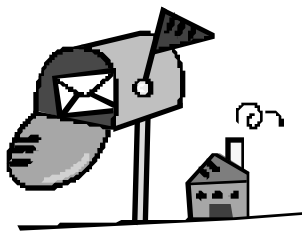
# Helpful steps to maintain a beautiful lawn

Your lawn is an investment in your home and must be protected with regular maintenance. We at Emerald Green Lawn Professionals recommend mowing your lawn at least three inches or higher for maximum health. Always keep your mower blades sharp to make clean cuts to avoid bruising and damage to your grass which could promote

disease. Maintaining a five step fertilization program with balanced amounts of nitrogen, potassium and potash will give your lawn the food it needs to stay healthy and defend against the elements. Step one is a crabgrass control with fertilizer. It is applied late February to early March. Step two is an application in mid April of a good fertilizer to control

broadleaf weeds such as dandelions. Step three is a mix applied in mid June to control clover and summer weeds. If you have a grub problem or want a preventative grub control, this is the time it should be applied.

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Lighthouse Lending, Inc works for you. Call us with any questions or concerns. 877-864-9070 MB 2563

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- Allison Rene' Vanderberg, Loan Officer
- Rob Werner, Loan Officer

# Selling Homes During the Holidays

## Featured Realtor—Priscilla Bowman, Roediger Realty

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Every year, at about this time, I am often asked by home owners if it is prudent to put their home on the market during the upcoming holiday season, or if they should wait until after the first of the year. My Answer, always, is that they should definitely consider putting their home on the market, because November and December offer a higher exposure ratio compared to other months.

November and December have the best exposure ratio of any other months of the year. It is true that February and March produce the highest amount of home sales, but when you compare the percentage of sales to the total number of new properties that come onto the market, November and December prove to be extremely good months to sell your home. A large part of what contributes to this high rate of exposure is that there are fewer homes listed during November and December. In other words, there is not as much competition for sales, so homes have



potential to receive much more exposure than they would during the spring and summer months when there are significantly more homes on the market. Furthermore, low interest rates are currently driving numerous home buyers into the market, further increasing the exposure. It's true that the months following New Year's Eve are traditionally the most productive for

the real estate market and many real estate professionals encourage their clients to wait and sell during that time. However, it is a common misconception that the holiday months are an unproductive time to sell, especially considering the current market conditions. When you combine the high exposure ratio for homes that are currently for sale with the surplus of buyers that continue to come into the market, this year's holiday season is an extremely advantageous time to consider selling.

If you are considering selling your current home, buying a home or you just want to sit down and discuss your options, please feel free to contact me.

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### Customer Comment:

**Bryan, We appreciate all the work you put into making the deal happen. We also appreciate the streamlined process—very easy. Good job!**

**Christina & Kevin Kampman**

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### Helpful steps .. (cont.)

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Step four should be applied mid September with a balanced slow release fertilizer and weed control. Finally, step five is applied mid to late November to feed the roots for storing nutrition to start healthy next season.

As winter is approaching now is the time for the care of your lawn and trees. Core aeration is one of the most beneficial steps along with winter fertilization. These steps are so helpful because your lawns roots are actively growing during this time and the aeration allows air, water and fertilizer to reach the root zone. In prepara-

tion for next year think about care given to ornamental plantings. You spend a lot of time and money on your landscapes. Protect your investments with treatments designed to control insect damage and give nutrition to the plants to produce bigger flowers or better growth results. Keep an active eye on your plants as the past few years have seen dramatic increases in insect activity. Bag worms, Japanese beetles and spider mites are some prevalent insects in our area. Please keep in mind our weather patterns have been unusual to say the least and this can lead to damage in both land-

scape areas and turf regions. Preventive care is always the best. An ounce of prevention is worth a pound of cure! If you have any questions call the experts to make sure you avoid costly mistakes or missed timing of applications. Correct timing and the right chemicals can save time and money with better results.

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# Do's and don'ts of debt consolidation and Creative ways to save cash

Your debt is piling up and you've got multiple creditors charging different interest rates and asking for money at different times of the month. Consolidating everything you owe and writing only one big debt-reduction check per month sounds like a good idea, but is it?

Credit experts say the major problem with debt consolidation is that it enables the very behaviors that get borrowers into trouble in the first place. By seeming to reduce the debt load, consolidation may only make the problem worse, as consumers rack up even more charges with their freed-up cash flow.

Of course, the big advantages of debt consolidation loans are convenience and lower rates. However, one handy payment doesn't always add up to savings. Before signing on the dotted line, run some numbers to make sure the costs of a bundled loan make sense. In most cases, you are trading lower payments for a longer period of being in debt.

Gather all your bills and calculate the interest rates and fees to find out the total of the payments you now make. Then compare those amounts to the consolidation loan numbers to make sure consolidating would really be worth it. Be sure to add up the number of years needed to pay back the loan under the new plan. Be sure you are really saving money.

Also, be aware that if you are looking for a consolidation loan, but have less-than-stellar credit history, you may not be eligible for the lowest-available interest rate. If there isn't anything to secure the loan (such as a home), the lender will most likely bump up the rate.

Remember, the best way to handle your debt load is to reduce it, not to add to it. If you can't seem to handle your bills yourself, you may want to consider credit counseling. Credit counseling can help you change borrowing behaviors and break the cycle of racking up debt. Wouldn't it be nice to put that credit card fee of \$250 per month into your own savings, instead?

Sure it's a good idea to save money—if only you had some to save! But experts say it's not how much you have, it's how motivated you are to put something away. A recent study by nationally recognized economists showed that people in lower income groups were actually able to save more than some of those in the middle-income categories.

Want to know the simple keys to savings success? Spend less than you earn, and put some measure of funds aside every month. I can help you establish a place to put your savings, so the money you've earned can earn money too.

Wondering where you will find the extra money to sock away? Pinching pennies may sound painful, but it doesn't need to be. Here are some creative ways to find extra funds:

- Carpool or use public transportation. Driving less will save money on gas and maintenance costs.
- Refinance your mortgage or debt for a lower rate.
- Refinance your car loan at a lower rate.
- Quit smoking. A pack-per-day habit can easily cost nearly \$2000 a year. That is money that can go right into your savings account, and will also save on insurance and health care.
- Use coupons.
- Buy generic or non-name brand merchandise.
- Buy used clothing at consignment shops. According to the

U.S. Bureau of Labor Statistics' recent Consumer Expenditure Survey, the average consumer spends about \$1750 per year on clothing. See if you can cut that figure in half.

- Buy baby clothing from someone that has a child one year older than yours.
- Update older furniture by reupholstering, instead of buying new.
- Stay home. The average American reportedly spends \$1800 per year on outside entertainment. Consider staying in and renting movies, or have friends over for dinner instead of eating out.
- Shop for groceries "in bulk".
- Take your lunch to work every day.
- Cancel subscriptions to magazines you don't have time to read.
- Cancel phone options like caller ID and call waiting.

One of the best ways to find money for savings is to create a budget. Financial consultants recommend beginning the budgeting process by taking a look at your current financial picture. Then set some goals: How do you want to live? How do you want to spend your money?

Perhaps one of the surest ways to get ahead is to cut up your credit cards. The average American with at least one credit card currently carries nearly \$8500 in debt. Even if you pay minimum on a card bill each month, you could still be in debt for years, due to high interest rates.

The biggest lesson to be learned when saving money is to be patient. Even small amounts invested regularly can stack up to big savings over time.

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## Insurance Savvy

For the past few weeks we have watched with disbelief and amazement the powerful forces of hurricanes Charley, Ivan, and Jeanne. Ocean surf surges, killer winds, and inches upon inches of rain devastated much of Florida and the gulf states. By the time it's all over, damages may exceed 15 billion dollars, making them second to Hurricane Andrew in 1992 as the most costly storms. Couple that with the raging wildfires of California and devastating tornadoes of the Midwest and 2004 will go down in history as one of the worse ever for natural disasters. How do these tragic events affect us locally and how do the insurance companies survive?

Hurricane Andrew caused 11 insurance companies into bankruptcy and caused the industry to make drastic changes. They realized that many changes needed to be made and, with the help of state and local government, building codes were

made considerably tougher (without these stronger codes, hundred of additional homes would have been destroyed in the recent storms). Locally, we typically have homeowner deductibles ranging from \$250 to \$1,000. The hurricane-prone states have changed to percentage deductibles that may mean deductibles ranging from \$5,000 to \$20,000 or even more. State funds (sometimes called catastrophe funds) were also created to assist insurance companies in paying claims. All companies doing business in a state pay a percentage into the fund for future catastrophic claim activity. These additional funds allow the companies to more adequately pay the claims without raising rates in states not affected by the storms; i.e. Ohio. We perhaps should feel a bit lucky if you compare the U.S. to China, where natural disasters cause estimated \$17 million in damages every day.

Perhaps the most important item that may result from these storms is the discovery by homeowners on whether they truly were protected by replacement cost provisions in their policies. If your home were to burn to the ground today, could you rebuild it at the value on your current policy? Please take a few minutes to review your current policy to see how well you are protected. Remember, the value of coverage A (building) should be that of replacement value and not market or appraised value. If you're not certain how it has been calculated please call an agent at Hetico Insurance or your current agent for details. The last thing anyone wants is to find out after a claim that they did not have enough or inadequate coverage to provide full repairs.

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***We work for you!***

## *Letter from the Skipper*

### *Building and protecting your credit scores*

*Since lenders have moved to using automated underwriting, credit scores have taken on a significant role in the mortgage business. It is important for you to learn as much as possible and to establish good money management practices in order for you to be able to borrow money when you want with optimum terms and conditions. Consider these tips to maintain higher scores:*

- 1. Keep credit card accounts to 3 per person*
- 2. Never carry a balance more than 45% of your credit limit on an account. Balances over 45% of allowed amounts may reduce your scores 20-40 points.*
- 3. Always pay on time—one 30 day late payment can reduce your credit score 30 points or more.*

*For information on your credit, call Lighthouse Lending at 877-864-9070.*

*Gary McNeal*

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