



“Ask the Pink Realtor” Hollywood Real Estate Q&A

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Dear Pink Realtor,

I need to do a home loan modification, and it is very important to find out my home’s actual value. Can you tell where to go and find out?

**Sincerely,
Looking for the answer**

Dear Looking ,

First, I will answer the question you asked, “How do I know what my home is worth?” Then, I will answer the question I think you are really asking, which is “How do I know if I can do a loan modification?” Both are excellent questions.

“How do I know what my home is worth?”

When people ask about what a house is worth, there are many ways to answer. In reality, there is only one test of the actual value of anything: market value.

Market value is exactly the amount of money one person is willing – and able – and actually pays to another for that item. Market value is often used interchangeably with the term fair market value. At the moment the transaction takes place, the market value is established. Five minutes later, that is no longer the market value but was the market value five minutes prior. Therefore, actual market value is tough to pin down with any certainty.

There are many ways to “guess-timate” the value of property. Realtors can do a comparative market analysis or CMA to determine what a piece of real estate will likely sell for. Some appraisers believe the fair market value listed by the county property appraiser is a reliable indicator. However, it is not based on the market value as defined and widely used in the world of economics. In my opinion, the former (CMA) is far more likely to be close.

The bottom line is this: There is no way to know with a high degree of certainty the market value of any property, particularly in the foreclosure-riddled South Florida real estate market and nationwide depressed economy.

For those folks who like to refer to the “real” value of their home as what it was appraised or sold for in 2006...well, I think you know where I’m headed with this one. That was then and this is now.

“How do I know if I can do a loan modification?”

Struggling to make mortgage payments while weighing the options (i.e., allow the home to be foreclosed, try to negotiate with the lender, list the home for sale, etc.) is stressful and confusing for any homeowner.

First things first. You do not need to know the value of your home to do a loan modification. The primary criteria

in determining qualification for a loan modification is the borrower’s ability to make the new modified payment now and in the future.

There are 1,600,000 results on Google for the search “loan modification,” and there is a lot of bad information out there. In addition, there are many companies offering to “help,” most of which would like to collect some fees first. I recommend speaking with your lender directly and researching the process using trustworthy sources, such as the U.S. Department of Housing and Urban Development at www.hud.gov.

If the source of your information is a company selling services, then proceed with caution. There are some honest folks out there helping homeowners through this difficult process, but I am simply suggesting that you do your own research and take responsibility for managing the process.

According to HUD, a loan modification is a permanent change in one or more of the terms of a mortgagor’s loan, allows the loan to be reinstated and results in a payment the mortgagor can afford.

This is determined by the lender reviewing income and a detailed financial statement including income and expenses provided and prepared by you, the borrower. The lender will review income and expenses to demonstrate that if granted the modification, you will be able to afford the new, lower payment. You must also demonstrate that you face a financial hardship as a result of lower income or higher expenses, for example.

Dear Pink Realtor,

How can we buy a second home in Hollywood, Fla.?

**Sincerely,
Snow Birds**

Dear Birds,

We always know “The Season” is upon us when we begin to get calls and questions about second homes.

For many, there has never been a better time to consider buying a second home in Florida. Our sunny and beautiful Florida winters have historically been our primary selling point and have made us one of the second-home capitals of the United States and the world. Where else can you swim in the ocean on Christmas Day without freezing?

Pair the allure of the tropics with the depressed housing market, add a side of strong foreign currencies, and voila... second home heaven!

We have established that your idea is a good one, Dear Birds. The process for acquiring a second home is very simple. Following a few vital steps will ensure a smooth transaction and a good experience,

and these can all be done at the same time and are listed in no particular order.

Decide what you want to invest in your second home. Take the time to consider all of the expenses that go along with ownership of a second home and weigh your options carefully. Speak with several lenders, banks, credit unions and mortgage brokers about what loan programs they can offer you. Also, it is important that you not allow multiple companies to run your credit as this may lower your score. Once you select your lender, then consent to a credit check.

Find a good realtor. You will know your realtor is good when you have spoken with him/her several times and have established that he/she knows the market, understands both real estate and your goals clearly, returns your calls, follows through with promises made and has provided references which you have verified. I recommend interviewing a few realtors and asking them what they will do for you. Choose carefully and you will be happy you did.

Do some home shopping online and educate yourself about the neighborhoods you are considering. Make it a fun experience and imagine yourself living in the homes you see. Ask yourself, “Is it close enough to the beach?” or “Where would I have dinner?” Searching for homes that will fit every aspect of the lifestyle you desire in a second home will make a world of difference.

There are several websites that allow you to gather volumes of data about the market as well as see actual homes for sale. Some even allow you to save your searches and come back later. Check out zillow.com, realtor.com and (my personal favorite) pinkrealtor.com for community information, helpful links, real estate resources, mortgage calculators and real-time access to homes listed on the multiple listing service (MLS). 

LeCavalier has an extensive background in land development, construction, mortgage banking, and real estate sales, marketing and management with more than 15 years experience in the industry. She is known as the “Pink Realtor” around South Florida where she and her team cheerfully serve the real estate needs of many clients. In addition, LeCavalier serves as Fund Manager for SISCO Limited Partners, a private equity fund that rehabilitates foreclosed properties and rents them via affordable housing programs in Broward County, and she is a licensed Real Estate Agent and an Accredited Residential Manager (IREM, ARM).