

REAL ESTATE

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Homeowners: Refinancing in volatile economic times

UNIVERSAL UCLICK

To say the U.S. economy has been in turmoil lately is an understatement. Incalculable hours of sleep have been lost by people worried about family finances. Yet if you're seeking to refinance your home mortgage and can meet the

lending industry's challenging standards, economic turbulence might work in your favor.

"Because of what's going on in the economy, refinance opportunities are now excellent," says Keith Gumbinger, a vice president at HSH Associates,

(www.hsh.com), a firm that tracks mortgage rates throughout the country.

As Gumbinger notes, prevailing home loan rates are now in the vicinity of the 55-year low to which they fell in the fall of 2010. But he adds that homeowners seeking to refinance can expect to pay slightly more than those seeking a loan in order to buy a place.

During the last three years, the mortgage lending industry has become increasingly regulated, making it harder for borrowers to meet its borrowing requirements. At the same time, lenders have to meet tighter government paperwork and disclosure standards.

Consumers now face greater paperwork burdens when applying. Before approving a loan, the bank must verify an applicant's employment, income, assets and credit history. Also, the bank wants to know, in the event of default, that the market value of the property would be sufficiently high to protect its interests. And that requires an appraisal.

Unfortunately, there are many would-be refinancers who can't take advantage of low mortgage rates because they have little or no equity in their property. But for those who have a positive stake, here are a few pointers:

■ Do plenty of comparison-shopping before committing to any one lender.

Since the financial downturn started, the federal government has become increasingly involved in the mortgage market. The result is that government-backed mortgages now represent the lion's share of all home loans made in the U.S. Meanwhile, there's been a decline in the number of mortgage brokers – intermediaries between banks and consumers – operating in the field.

"But more of the brokers and lenders who are left are real pros in their field," says Guy Cecala, who heads Inside Mortgage Finance, which publishes industry newsletters and reports (www.insidemortgagefinance.com).

More stringent lending standards mean that homeowners face a greater risk that their mortgage application will be denied, thereby costing them the chance to take advantage of the lowest possible rates. To lessen your susceptibility to rejection, Cecala urges you to choose your lender carefully.

"You always want to shop around, not only for the best pos-



This demonstration kitchen at Pittsboro's Cassidy & Fahrbach Designers includes Denver stainless steel cabinetry.

PHOTOS BY HARRY LYNCH

Take it outside

An outdoor kitchen can increase your cooking options

BY CATHERINE WRIGHT
CORRESPONDENT

If you enjoy grilling or entertaining outdoors, an outdoor kitchen may be just for you.

This year's "House Beautiful" kitchen of the year, created with celebrity chef Tyler Florence, takes the heart of the home outside in a kitchen that extends outdoors in a big way. The U-shaped outdoor kitchen — set up in Manhattan's Rockefeller Center this summer — boasts a design that rivals most indoor kitchens, with its fireplace, brick oven and stainless steel appliances, all held together in gray, stacked stone.

Ruth Ann Taylor, a certified kitchen and bath designer with the Pittsboro-based Cassidy & Fahrbach Design Partners, expects the magazine's 2011 kitchen to spur a trend for more outdoor kitchens. She says she's seen some easing off due to the economy, but outdoor kitchens actually can increase a home's value and create differentiation in the current real estate market.

To add a unique element to the kitchen, designers often will suggest auxiliary areas, like a desk; wine, wet or dry bar; or baking, laundry or media center.

"Having the ability to cook outdoors is definitely a value add," Taylor says. "I think everyone should have a grill outside at least. If they've got space — even if just around a grill — it's a great, inexpensive way to increase your cooking ability in your home."

So What's an Outdoor Kitchen?

- An outdoor kitchen is any type of food preparation space outside. It can be as simple as a grill with table space around it or as elaborate as a full interior kitchen with a grill, cooktop, sink, refrigerator and pull-out garbage can. It can be as small as 5 or 6 feet or as large as an interior kitchen — as large as you want it to be.

- An outdoor kitchen can be exposed completely or placed partially or fully under a covered space. If it's under a covered area, it will require proper ventilation.

- Outdoor kitchens can be as inexpensive as \$2,000 or as high as \$30,000 or more. It all depends on how elaborate you want your outdoor kitchen to be. "A lot of times, people will build stonework to surround a kitchen," Taylor says. "You have to factor in that cost. It can get pretty costly."

To Build or Not to Build?

Besides adding value to a house, people choose to build outdoor kitchens for a number of reasons:

- The ability to cook outdoors more conveniently. A well-planned outdoor kitchen can prevent the need to run in and out of the house with clean or dirty platters or utensils.



When planning for an outdoor kitchen, don't forget to include some sort of drawer to hold cutting boards and grill tools, such as this pullout drawer in the demonstration kitchen at Pittsboro's Cassidy & Fahrbach Designers.

- Ease of entertaining. Even with little space, outdoor kitchens can provide a place for guests to sit around and talk with the hosts as they grill.
- Al fresco dining. Dining outdoors can be even simpler when all the preparation and cooking is done outside as well.

Take Inventory of What You Need

If you're planning an outdoor kitchen, it's important to take inventory of just what you need:

- Do you want a simple extension of your indoor kitchen? Perhaps a grill, counterspace and outdoor garbage can would be enough.
- Do you want to entertain and have full meals outside?
- Are outdoor entertaining spaces already available?
- Do you want any or all food preparation to be done outside?
- How much cooking do you want to do outside?

Choose Your Materials Carefully

In addition to planning the space, think carefully about the materials you want to use and be aware that outdoor kitchens tend to take a beating even if under covered areas.

- When selecting a countertop, consider the



Left to right: Linda Batley, Ed Fahrbach, Ruth Ann Taylor and Pierce Cassidy, members of the Cassidy & Fahrbach Design Partners team, on the company's patio with their demonstration outdoor kitchen.

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SEE **OUTDOORS**, PAGE 2B

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OUTDOORS

CONTINUED FROM PAGE 1B

space you're working with and choose a material that won't get too hot or be adversely affected by the weather. Some possible materials to consider are granite, tile, concrete and stacked stone. Larger pieces of flagstone are an option when little space is needed, such as simply for holding platters.

Granite and quartz can get hot, and granite will crack if it expands too much, Taylor says.

"Quartz will possibly fade," she says, noting the countertop material has a lot of manmade colors. "I know most of the quartz companies will not warranty their tops if put outside, so I would not use that as an option."

- For the cabinetry, consider stainless steel, teak or a polymer material that would be more weather resistant. But be prepared to see water spots on the stainless steel, eve if it's partially covered.

- Consider some type of tile or decking material for the flooring, but be sure to use something with a slip-resistant finish that does not absorb water.

Must-haves

Taylor considers the following to be must-haves for an outdoor kitchen:

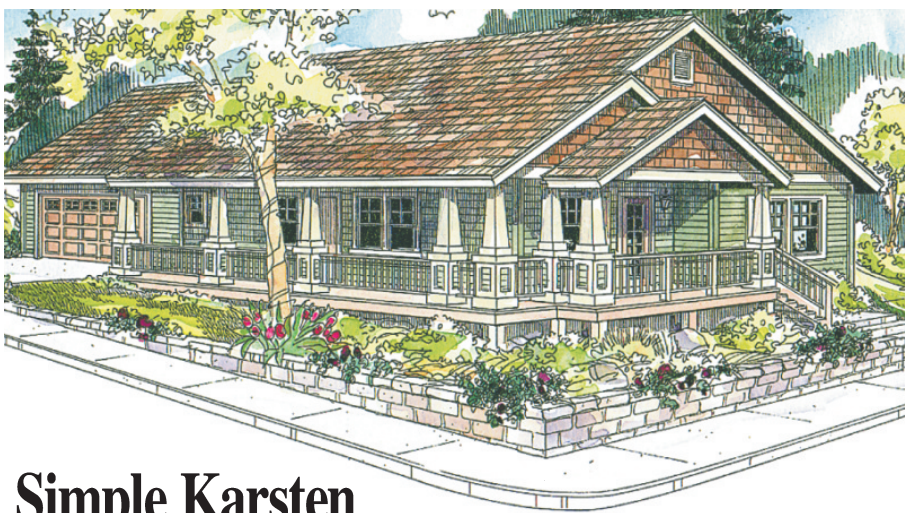
- Hidden garbage can — Choose a pull-out garbage can that is hidden inside a cabinet. "It's so much better than seeing somebody have their big old, black plastic trash can that they're scraping food into," Taylor says. "You want it to be aesthetically pleasing."

- Storage — Be sure to include drawers for storing cutting boards and grill tools, easing food preparation and cooking. "A lot of times when you're grilling outside, you hang them up and then take them in and wash them," Taylor says. "We don't think through the possibility of them staying outside."

- Refrigeration — Auxiliary refrigeration that sits under a counter is a must-have for easy entertaining. Think beverage cooler and ice maker. But it's also a must-have for keeping food cool and insects at bay. Refrigerator drawers can hold your meats and vegetables until you're ready to grill.

Got a remodeling story to suggest? Or would you like to see a particular aspect of remodeling featured? Contact Catherine Wright at catherine.wright@gmail.com.

NEW HOME DESIGN



Simple Karsten features a broad covered porch

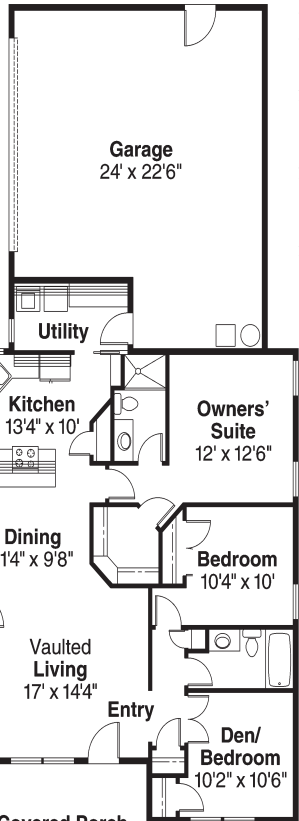
By Associated Designs

A parade of tapered Craftsman columns creates a colonnade effect while highlighting an inviting covered porch that wraps around two sides of the Karsten. It's spacious enough for dining, and great for simply relaxing in the afternoon breezes.

This compact Craftsman-style, single-level plan could be built as a get-away cabin, but it is equally well-suited for use as a year-round residence. Gathering spaces fill the left side; bedrooms (or two bedrooms and a den) are on the right.

Entering, you step into a bright and spacious, vaulted living room. A coat closet is tucked into an alcove just around the corner to the right. Plenty of natural light washes into the living room through wide windows on two sides. The ceiling flattens and drops to eight feet as the space flows into the dining room and kitchen.

Working at the kitchen sink, you have a view to the rear though win-



the bright triangle of space that fronts the sink. Meals and snacks can be served up directly from the cook top to the eating bar with no wasted steps. This counter also doubles as a buffet for the dining area.

A roomy pantry adds to the storage space, and laundry appliances are nearby, in an ample utility room that links directly to the garage.

The owners' suite has a private bathroom plus a large walk-in closet with built-in shelves in one corner. Additional shelving rims the walls, extending over the long rods.

Double doors open into the Karsten's front bedroom, or den. This space could also be used as a home office.

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SMART

CONTINUED FROM PAGE 1B

sible rates and fees but also for a lender who offers good service and processing speed," he says.

- Use referrals to help ensure that you'll choose a reliable lender.

As Cecala says, real estate agents are in a good position to know which lenders will offer the smoothest and swiftest loan processing. After all, they work with lenders year after year and need to identify those most likely to get their deals to the finish line on time.

Though mortgage brokers who shop your loan application to multiple lenders are now fewer in number, large banks, community banks and credit unions are still making many home loans.

"Contact at least three different types of lenders before making your selection. Try to include on your list one mortgage broker, one major bank and one smaller bank or credit union," Cecala says.

- Don't give out your Social Security number prematurely.

To be sure, no self-respecting lender will guarantee that your mortgage rate has been locked in without first pulling your credit scores. But that doesn't mean you should give out your Social Security number (the key to pulling your credit scores) while you're still doing comparison shopping, Gumbinger says.

Granted, those with credit scores at the highest end of the range are eligible for the best possible mortgage rates. But getting your credit checked too often can hurt your scores.

- Watch out for excessive closing costs imposed by a lender.

There are a number of costs and fees involved in refinancing and only some of them are imposed by lenders, including include the cost for a home appraisal and a copy of your credit report.

To better protect consumers, the U.S. Department of Housing and Urban Development (www.hud.gov) has set tighter rules to let borrowers compare lenders on the basis of their charges. As a result, HUD now requires lenders to give borrowers an early and accurate listing of their closing costs.

But Gumbinger says it's up to consumers to carefully compare a lender's charges before deciding whether to proceed. To do this, it's important to study a copy of the lender's Good Faith Estimate, which lists all the fees you'd pay at closing. The lender must give you this estimate shortly after you apply for a mortgage.

By carefully reviewing your Good Faith Estimate early in the process, you'll have a chance to ask for lower lender fees or to change lenders to get a better deal.

Though mortgage lenders face stricter disclosure requirements in recent years, their fees have also climbed because of their heavier workloads, according to Gumbinger.

To contact Ellen James Martin, e-mail her at ellenjamesmartin@gmail.com.

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