



# MORTGAGE CONNECTION

Fall 2008



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## Must-Do Repairs Before Listing Your Home

Due to the nationwide housing slowdown, home sellers are facing challenges as the inventory of unsold homes grows and the time it takes to sell a home lengthens in many areas of the country.

In this environment, sellers need to do everything they can to set their homes apart from the competition. But before spending thousands on expensive upgrades and improvements, take care of those nagging little repairs on your “to-do” list, such as:

• **Cleaning the gutters.** Clogged and overflowing gutters are not only unattractive, but they also impede the free flow of water, which can cause serious water damage to your home’s exterior. Also apply a fresh coat of paint to the gutters if they look weathered. Similarly, missing or broken shingles and roofing tiles are a major red flag to many potential buyers, so hire a professional roofer to replace them.

• **Repairing wood rot.** Exposed wood on your home’s exterior—especially around windows and doors—is susceptible to damage from the elements. Have all rotting window sills and door frames repaired and repainted to help preserve the wood for as long as possible.

• **Patching nail holes.** Small nail holes are easy to patch with just a dab of lightweight putty or spackle and light sanding. Larger holes may require a little more drywall skill—consider hiring a handyman to patch them professionally so there’s no sign of any previous damage.

• **Fixing leaky faucets.** This is another easy-to-fix red flag—the problem is usually just a worn or broken washer. If you’re not confident in your plumbing skills, have a plumber fix all of your faucets at once, as well as take care of other neglected plumbing tasks like fixing broken garbage disposals and leaky shower heads and resealing leaky or rocking toilets.

• **Repairing damaged flooring and dinged baseboards.** Peeling vinyl, chipped tile and nicked hardwoods take away from the neat, finished look of your home. Depending on the extent of the damage, you may be able to fix it yourself or need to hire a professional. While you’re at it, wash and repaint your baseboards, preferably in white using a washable eggshell finish.

• **Touching up paint.** Daily family life can take its toll on the interior walls of most homes, especially homes with children. Touch up nicks and scratches in the paint where you can blend in the paint color; otherwise, repaint entire walls from corner to corner. Also, if you have rooms that are painted bright colors, consider repainting them white or a neutral color. ■

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If you have more questions about buying a home or what type of mortgage might be best for you, please contact your Regions Mortgage Loan Originator.

### +TIP

Wash and repaint your baseboards white so they look crisp and clean.

This will really stand out to potential homebuyers.





## Room by Room: Building a Home Office

With a growing number of Americans working from home—there are now roughly 18 million home-based business owners and some 24 million telecommuters in the U.S.—home offices have become one of the hottest home add-ons. But there's more to it than just sitting back casually with the laptop.

If you're not careful, you could spend more time tripping over cords and moving furniture and equipment around than actually producing work. Time spent up front planning and designing the right home office can help you reduce stress and improve productivity.

### DESIGNING AROUND YOUR WORK STYLE

It's important to have a designated space away from distractions, preferably a room where you can work in isolation. This also makes it easier to calculate home office expenses that you may be able to deduct from your income taxes.

But don't try to squeeze yourself into some imaginary model of efficiency. Start by thinking about the conditions in which you do your best work. Do you prefer a compact and tidy space where everything is in its place? Or do you need to spread out paperwork on a conference room-size table?

To figure out the best use of space, consider using one of the free design tools now available online—do an Internet search for "home design tools" to find a few options.

**+TIP:** To maximize small spaces, think vertically. Use the walls around your desk to keep work surfaces

clear and supplies close at hand with plenty of racks, shelves, hooks and hangers.

### LET THERE BE (LOTS OF) LIGHT

Lighting is one of the most important design decisions you will make. For computer work, a mix of natural and artificial light, with some bright spots for reading/writing tasks, is best. In general, the ambient light level in your office should be similar to the light coming from your computer display.

Save money and keep your office cool by installing compact fluorescent (CFL) light bulbs and task lighting. CFLs burn cooler and use up to 75 percent less energy than either halogen or incandescent bulbs.

**+TIP:** No windows? Buy full-spectrum bulbs that simulate sunlight.

### GEAR UP

If your eyes widen like the proverbial kid in the candy store whenever you walk into the computer store, you'll need to carefully plan your technological purchases.

- **Computer**—At a minimum, you should purchase a system that's business-capable, with at least a 2 GHz processor and the most memory you can afford, so you can multi-task efficiently with common business suites. You'll need to back-up your work regularly—consider an external hard-drive or automatic back-up system.
- **Phone system**—A second phone line is essential. Make sure your business line has its own answering mechanism (the digital messaging offered by telephone providers often offers the best quality).
- **Printer**—Depending on your print volume, a laser printer could be more cost-effective overall than an inkjet printer, even if it's more expensive up front.
- **Fax machine**—If you expect to send or receive many faxes daily, you may need a dedicated fax machine. Otherwise, an all-in-one printer and fax might work fine. Or, you might opt for receiving faxes electronically via your computer.
- **Wiring**—Many pundits say that the future belongs to wireless, or Wi-Fi. But Wi-Fi Internet connections aren't always as reliable as wired connections. If you are going to run traditional wiring, opt for the new hybrid telephone cable that mixes traditional copper lines, coaxial cable and fiber-optic technology. ■

To discuss financing options for your home office, please contact your Regions Bank representative.

## Check Ergonomics

To avoid back and neck pain while working in your home office, pay attention to the relationship between your chair, computer screen and keyboard by conducting these quick ergonomic checks:

- ✓ Position the top of your monitor below or at eye level and 24 to 36 inches from your eyes.
- ✓ Place your feet on a footrest or plant them firmly on the floor.
- ✓ Sit with a slightly reclined chair posture to reduce vertebrae pressure and minimize lower back pain.

## Is It Time for a Homeowners Insurance Checkup?

If you own your home, have you given much thought lately to your homeowners insurance? A regular review of your homeowners policy is essential, including increases in your insurance limits every three to five years, if necessary.

Why is this important? Consider the recent devastating wildfires in California. According to the state's Department of Insurance, nearly half of the affected homeowners didn't have enough insurance.

Now consider the value of your own home. If you purchased your home 10 years ago for \$179,000 but it is now worth \$250,000, your insurance coverage may no longer be adequate. So when is it time for an insurance checkup?

- **If you've made alterations/improvements to your home**—That new sunroom or finished basement can result in being underinsured if you don't report the increase in square footage to your insurance company. Don't forget structures outside of your home, such as a new gazebo, tool shed or hot tub.
- **If you've made major purchases**—Talk to your agent about increasing coverage for valuable personal possessions. Most homeowners policies limit coverage for certain high-priced or hard-to-replace items such as jewelry, firearms and artwork. Additional endorsements or floaters will be necessary to protect these items (a floater provides higher and broader coverage).
- **If you've had a major lifestyle change**—Marriage, divorce or adult children moving back home can all affect your homeowners insurance.
- **If you've started a home-based business**—You will need additional coverage for business liability and equipment. If the business is your primary source of income, you may need a Business Owners Package policy (BOP).

### SAVE AT THE SAME TIME

As you review your homeowners insurance, make sure you take advantage of all possible opportunities to save:

- **SHOP AROUND.** Get at least three price quotes. Call companies directly or access information on the Internet. Your state insurance department may also provide comparisons of prices charged by major insurers. While you're comparing, be sure to check

insurers' financial health with ratings from independent rating agencies and by consumer magazines.

- **RAISE YOUR DEDUCTIBLE.** The deductible is the amount of money you have to pay toward a loss before your insurance company starts to pay a claim. The higher your deductible, the more money you'll save on your premium—but you'll also have to pay out more in the event of a loss. If you can "self-insure" the first \$1,000, you may save as much as 25 percent on your premiums.
- **BUY YOUR HOME AND AUTO POLICIES FROM THE SAME INSURER.** Some insurance companies will reduce your premiums by 5 to 15 percent if you buy two or more policies from them. Make sure this combined price is lower than buying the coverage from two different companies.
- **TAKE ADVANTAGE OF DISCOUNTS.** You can usually get discounts of at least 5 percent for smoke detectors, a burglar alarm or dead-bolt locks. Some companies may cut your premiums by as much as 15 to 20 percent if you install a sophisticated sprinkler system and a fire and burglar alarm that rings at the police, fire or other monitoring station. Before you buy one, find out what kind your insurer recommends, how much the device will cost and how much you'd save on premiums.
- **TRY TO GET GROUP COVERAGE.** Does your employer offer a group insurance program? If so, check to see if a homeowners policy is available through it and if it's a better deal than you can find elsewhere. Professional, alumni and business groups may also offer insurance packages at reduced prices.
- **STAY WITH THE SAME INSURER.** If you've been insured with the same company for several years, you may receive a discount for being a long-term policyholder. Some insurers will reduce premiums by 5 percent if you stay with them for between three and five years and 10 percent if you're a policyholder for six years or longer.

**THE KEY:** When it's renewal time, don't automatically send a check to your insurance company. Take the time to review your coverage and call your agent with any questions or concerns, or to ask about how you can save some money on your renewal. ■

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If you have questions about homeowners insurance, please contact your Regions Bank representative.

If you purchased your home 10 years ago, your insurance coverage may no longer be adequate.





## What Moves Mortgage Rates?

There are many factors that go into how banks set mortgage interest rates. One factor that doesn't have much impact on rates, however, is the Federal Funds rate.

This rate is widely publicized whenever the Federal Reserve meets to discuss raising or lowering "interest rates." However, the Fed Funds rate has very little, if any, effect on the rates banks set for home mortgages. It is simply the target overnight interest rate the Fed suggests that banks charge each other when they need to borrow money to meet their end-of-day reserve requirements.

A common misconception is that mortgage rates will rise and fall in relation to the Federal Funds rate. But this is an extreme short-term interest rate—literally, overnight—while fixed-rate mortgages are long-term rates that last up to 30 years. A better benchmark for mortgage rates is the interest rate paid on U.S. Treasury bonds; specifically, the 10-year Treasury note, since most 30-year

fixed-rate mortgages don't actually last longer than 10 years before they are paid off or refinanced.

Treasury notes are guaranteed to be repaid by the "full faith and credit" of the U.S. government, but mortgages are not, so they carry a degree of risk for the lender that must be priced into the loan. Therefore, mortgage rates are typically set at a percentage markup (or spread) over Treasuries.

The average spread between the 10-year Treasury and a 30-year fixed-rate mortgage is about 1.7 percent, but this will vary depending on market conditions and other factors. Generally speaking, though, as Treasury notes rise and fall in value, mortgage interest rates will rise and fall correspondingly, with mortgage rates roughly 1 to 2 percentage points higher. ■

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For more details on mortgage interest rates, please contact your Regions Mortgage Loan Originator.

### COMPREHENSIVE BANKING SERVICES

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