



Homing in on Housing

Produced by: Suzan Schultz

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Special points of interest:

- Easy fix ups
- Finding the right home for your family.
- Negotiate with your lender for the best deal.
- Juneau's Multiple Listings

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Fix-it Projects to Speed the Sale of Your House

By Amy Hoak
From MarketWatch

The interior walls are neutral. The clutter is a distant memory. A shower door has been replaced and even the design of the bedspread has been factored in. The Green family's Chicago home also got a professional inspection and appraisal to limit any surprises down the road, said Dan Green. Now it is ready for sale.

"We're paving the road to make the closing process much smoother," Green said.

For some sellers, a little extra work can mean not only a difference in how smoothly the sale goes or how much they can ask for their home but also if they get to the closing table at all in an uncertain market.

"Talk to Realtors and they will tell you anything you do cosmetically to increase curb appeal is going to help the resale value," said Sal Alfano, editor of Remodeling magazine.

In addition, many home buyers stretch economically to get into a

home, said David Lupberger, home-improvement expert for Service-Magic.com, an online company that connects homeowners with screened home-service professionals. If a home has number of projects that will need to be addressed in the near future, a buyer might decide to pass it over.



"The last thing you want is a list of projects that has to be taken care of," Lupberger said.

Here's the bright spot: Many improvements that have an impact on selling a home aren't very expensive at all, said Jim Gillespie, president and CEO of Coldwell Banker. And some tasks, such as giving rooms a fresh coat of paint, quickly pay off.

Those planning on adding a "for sale" sign to the front lawn this spring might want to consider these five areas while creating their to-do list.

1. First impressions count

It's wise to make a good impression from the moment a potential buyer pulls up to the house, experts say. First glimpses of the home will include the home's exterior, the shrubbery, the gutters and the front door.

Peeling trim could be a kiss of death. Paint the exterior of the home in an odd color and you could lose their attention before they come inside. Don't underestimate the importance of good lawn care, either.

"A lawn that looks good on the outside gives the impression that someone cares about that home," said Trey Rogers, professor of turfgrass management at Michigan State University and author of "Lawn Geek," a book of tips on how to maintain a lawn.

His advice is "keep it green and keep it cut." Mow the lawn about

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How do you go about finding a mortgage?

By: Scott Mitchener

The commotion of house hunting is finally over. You found just the right house, and your offer has been accepted. It was a great buy. Now, just one more hurdle-getting a loan-and you're home free.

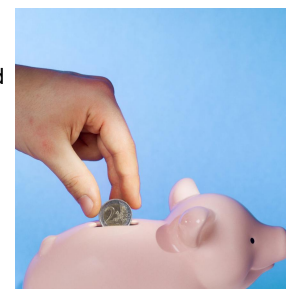
Often, buyers are so eager to get this "final detail" behind them, they rush through this portion of the transaction, and end up with less-than-ideal terms. Borrowers, however, have something lenders want-their business. This positions them to negotiate the best possible price (cost of loan), terms and service. Let's look at price, or the cost of the loan. The first thing to do is find out what

the current rates are, information readily available on the internet, in your newspaper or from your real estate agent. When comparing rates, figure the annual percentage rate (APR), which includes interest, extra fees and costs amortized over the life of the loan. Also determine the number of points, if any, that the lender will charge to make the loan. (A point is equal to one percent of the loan amount.)

Next, consider what loan options the lender offers. There are six or seven basic types of loans, which vary in their duration. Check how rates are calculated (fixed versus variable), and whether

charges are fully amortized over the life of the loan, or whether you'll have to pay points up front and/or balloon payments at the end. Is there a prepayment penalty clause?

Which terms are best for you depends on such factors as what changes you expect in your income and what you predict will happen in loan rates in the years ahead. For example, if you only plan to reside in the home for a year or two, starting



with a lower Adjustable Rate Mortgage (ARM) might be the best choice. If you have no plans to move, and feel that inflation will rise rapidly, a fixed rate would obviously be better.

Finally, and perhaps most importantly, consider speed and service. Buyers shouldn't have to wait days for approval and weeks for closing just because the lender is slow. Remember, qualified buyers are great prospects for lenders - so give your business to the lender who demonstrates they not only want it, they deserve it.

Tips on Making or Accepting A Lowball Offer

By June Fletcher

Question: I am a prospective first-time homeowner and plan to purchase in the next year. I have noticed an adjustment in asking prices compared to a year ago, but it isn't very significant. Many of the homes have been listed for many months. I'm hoping you could provide me with a general range of what is considered a low offer in relation to the current market conditions. I have heard 15% below asking price is what some people are offering, but don't really know.

-- Barry Fladeboe, Minneapolis, Minn.

Barry: How low can you go?

As the housing bubble deflates -- slowly in some markets, rapidly in others -- both buyers and sellers are asking this important question. Everyone realizes that prices are falling, but no one knows where the floor is. Buyers like you are hesitant because they don't want to pay too much and get stuck with a mortgage that's higher than the value of their house a few months down the road. And sellers are desperate to hold on to equity.

So while many professional investors won't bid on a property unless they can get a 15% to 20% discount off the asking price, that "lowball" rule of thumb is too general to be of much use in today's transitional market.

Here are tips to keep in mind if you want to make -- or happen to receive -- a lowball offer.

Sellers:

Although we all have emotional attachments to our homes, try not to be insulted by a low offer. Think of it instead as an opening move by someone who likes your property.

First, do some research. Try to find out why the buyer is interested in your home and why the offer is low. Some of their assumptions may be wrong. For instance, they may be turned off by dated cabinets and assume that the whole kitchen needs updating, or they may have overlooked the fact that the appliances were all replaced a year ago.

If the offer is far below what you can accept, make a prompt counteroffer anyway. Don't counter with your lowest acceptable price. Buyers who make lowball offers often expect several rounds of negotiation.

Ask the buyers or their agent if there are other aspects of the deal that matter besides the selling price, like owner financing, help with closing costs or a quick move-in date.

See if other incentives can cement the deal without having to lower your asking price. The obvious choices are furnishings or a car you no longer need. But try more creative lures, too, like a year's worth of maid or lawn service, or a

paid consultation with an interior designer.

Try making low-budget fixes to the home. Sometimes, these are enough to impress buyers and get them to offer more for a property.



If you're only getting lowball offers and your price is higher than comparable homes, it's time to face facts: Your property is overpriced. Take it off the market and let it "rest" a while. Fix all the defects that potential buyers have complained about. When you re-list it, make sure it's the most sparkling home in its class, as well as one of the lowest priced. In a buyers' market, these are the only ones with a prayer of selling near their asking price.

Buyers:

Check comparables to see where the house falls in relation to prices for other similar homes. If the property is on the high end, you'll likely have more negotiating room.

See how long the house has been on the market, and how many times the price has been reduced. If it's been listed for months or years and has seen several price cuts, owners may have discounted it as low as they can go.

Check public records (now available online at places like RealEstateABC.com and Trulia.com) to see how much the owner paid for the property and when. Owners who've held the property for years have built up the most equity and have the most wiggle room on price. On the other hand, those who bought within the past two years may actually owe more than the house is worth.

Try to find out why the owner is selling. Owners are more likely to be open to a low offer if they have a compelling reason to sell, like divorce or a death in the family.

Look for ads with language that indicate that the owner is willing to deal, such as: "will entertain all offers" or "willing to negotiate."

Remember that nearly all sellers think their homes are better than comparable ones on the market. If you make a low offer, it helps if you or your agent justifies it with dollar amounts that need to be spent to bring the house up to par. For instance, mention that the roof needs to be replaced and that it will cost about \$20,000, or that the kitchen requires \$35,000 worth of remodeling.

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Guide for First Time Home Buyers

By Marshall Loeb
From MarketWatch

Owning a home is a key to the American dream, but with foreclosure rates at a 50-year high in the U.S. it has never been more important to be a responsible buyer. Here are four steps first-time home buyers should take before sinking their life savings into a house:

1. Assess your credit. Most mortgage lenders use FICO scores to determine loan eligibility. In general, the higher your FICO score, the better your interest rates. With a score of 650 or above, you're considered a good risk and should have no problem securing a mortgage. If your score is 600 or below, you may want to consider improving it before applying

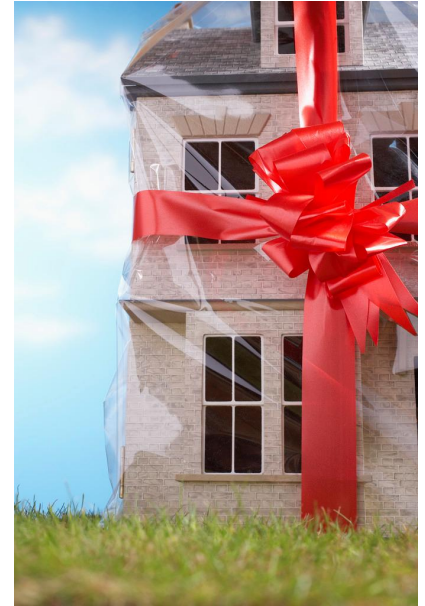
for loans. Also, keep in mind that mortgage lenders are reluctant to lend money to people spending more than 36% of their gross monthly income on debt. (For a free credit report, visit www.annualcreditreport.com.)

2. Determine how much to borrow. Many first-time home buyers make the mistake of borrowing as much as their banks or credit unions are willing to offer. While most lenders are comfortable issuing loans worth up to 33% of your gross income, many financial planners believe 25% is a more prudent number.

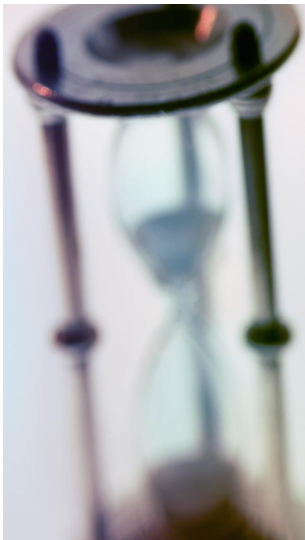
3. Factor in ongoing costs. One of the upsides of renting is that when the pipes break or the refrigerator goes kaput, you can simply call your landlord to have it repaired.

As a homeowner, you'll be charged with these responsibilities. So, before taking out a mortgage be sure to factor in expenses like home improvements, basic maintenance and property taxes.

4. Save up to buy. Buying your first home isn't just a matter of bidding on a house and signing on the dotted line. Before you make an offer on a home, be sure to set aside enough money for a home inspection and appraisal. These fees vary from region to region, so ask your real-estate agent how much you can expect to pay. And don't forget about closing costs! They generally run you from 3% to 6% of the cost of the house, according to the National Foundation for Credit and Counseling.



Buy a house now? Or wait for Prices to Fall some More?



By June Fletcher

Question: Is now a good time to buy a home, or should I wait for prices to fall further?

-- *Everybody, Everywhere*

Everybody: With the housing market on life support, just about everyone I talk to these days is asking some version of this question.

So rather than answering for one person in a specific market, I'll tackle the issue generically.

Nineteen months past its peak, residential real estate continues to weaken, with prices and sales down and inventories rising across the U.S. For sellers, this is ghastly news, of course, but buyers have mixed feelings. On the one hand, after years of bidding wars, instant offers without home inspections and even penning poems to convince sellers to hand over the keys, it's delightful to finally have choices and negotiating room. On the other hand, it's a bit frightening to make a commitment now, when there's a chance that prices could drop even lower.

Caught between opportunity and risk, what's a buyer to do? Here are some ideas to keep in mind in our current "buyer's market":

Buyers, not sellers, set prices. This may seem counterintuitive, but all a seller can do is suggest an asking price. The real price is whatever a buyer pays for it.

In 2004 and 2005, home prices rose because buyers flooded the market -- now prices are falling because buyers are sitting on the sidelines. Meanwhile, the number of homes being built hasn't changed drastically; rather, supply is growing because existing-home sellers can't figure out what buyers are now willing to pay, so their homes are sitting on the market.

Comps may not matter now. When markets are in upheaval, either up or down, recent sales of comparable houses are of less value than they are in more stable times. So take a look at public records, which are now often listed on Web sites, as well as Internet tools like Zillow and Trulia. But take them all with a grain of salt. They may be guiding sellers as they set their asking prices, but they don't necessarily indicate what a seller will accept, since the market is in flux.

Agents are talking. When times are good, listing agents typically reveal little about their sellers' motivations or pricing strategies ... which is as it should be. Listing agents have a duty to get the best possible deal for the seller.

But agents don't get paid unless deals are made, and many are hurting now. So many have looser lips than usual -- something that sellers should

keep in mind when they tell their agents about why they're moving and what price they'd ultimately expect. Buyers, however, aren't breaking any rules by asking, and the information they receive could help them decide what and when to bid.

For instance, I recently visited two open houses in Naples, Fla. -- a place with extremely high levels of unsold inventory -- where the respective agents both told me their sellers planned to drop prices drastically the following week. That's not what agents are "supposed" to do, but it's happening, especially in the softest markets.

Timing the market isn't possible. Although many economists predict that nationally, housing still has a way to go to reach bottom, you don't have to wait for that to happen to get a good deal. In fact, it's better to buy when housing is trending down than when it reaches the floor, since at that exact moment, the balance of power begins to shift toward the seller again. So if you see a house you like and can afford, make a bid now. And don't worry about insulting sellers with a "lowball" offer. They may be desperate to move because of a new job, marriage, divorce, overstretched bank account or other motive. Yours may be the only bid they've received in months and they may be very glad to have it.

-- *June Fletcher is a staff reporter at The Wall Street Journal and the author of "House Poor"*

Does My Realtor Really Have My Best Interest at Heart?

Until recently, the real estate industry exclusively represented the Seller. A growing number of Real Estate Licensees (and the public) want Buyers to have an equal level of representation in the real estate transaction.

In the past, home buyers often assumed their real estate agent worked in their behalf. After all, the agent showed them lots of properties, called regularly to tell them about new listings, wrote the offer to purchase, and answered questions about mortgages and other issues related to the sale. Buyers felt free to give confidential information to an agent, unaware that it was the agent's duty to pass the information on to the seller.

A real estate buyer's representative represents the buyer who is purchasing property in a real estate transaction not the seller. Research by the National Association of REALTORS® has shown that when a buyer's representative is used, the prospective buyer found a home one week

faster and examined three more properties than consumers who did not use a buyer's representative.

The buyer's representative works for, and owes fiduciary responsibilities to, the real estate buyer and has buyer's best interests in mind throughout the entire real estate process. A buyer's representative will:

- Evaluate the specific needs and wants of the buyer and locate properties that fit those specifications.
- Assist in viewing properties -- accompany the buyer on the showings, or preview the properties on behalf of the buyer to insure that the identified specifications are met.
- Research the selected properties to identify any problems or issues to help the buyer make an informed decision prior to making an offer to purchase the property.
- Advise the buyer on structuring an appropriate offer to purchase the selected property.

- Present the offer to the seller's agent and the seller on the buyer's behalf.
- Negotiate on behalf of the buyer to help obtain the identified property -- keeping the buyer's best interests in mind.
- Most importantly, fully-represent the buyer throughout the real estate transaction.

It pays to be represented. When working with a real estate licensee make sure you are being represented by someone with your best interest at heart. Ask your Realtor if they are a buyers agent today.



Fix-it Projects cont.

and keep it cut." Mow the lawn about three inches high at least twice a week when a home is on the market; two inches if the home is in a Southern state. The more it is mowed, the denser it will become. And get on a fertilization program, starting at the beginning of the season, he said.

Bypass store-bought sod and instead borrow some grass from an inconspicuous place elsewhere on the lawn if there are small spots that need to be filled in, Rogers said. The grasses will match better if they come from the same lawn.

Early birds selling at the tail end of winter should keep the sidewalks shoveled if there is snow on the ground.

2. Neutralize and declutter

When it comes to preparing a home's interior, any real-estate professional or stager worth their paycheck will advise a client to make a move to more neutral colors in a home.

"People can't visualize beyond what they see," Gillespie said. Neutral colors, including beige and ivory, can also have an added advantage of making a room ap-

pear larger -- an effect that Dan Green noticed right away when he repainted his bedroom walls.

Removing a home's clutter is also extremely important in getting potential buyers to imagine their family living in the home, Gillespie added.

Beyond that, do some basic spring cleaning: Shampoo the carpets, rebuff hardwood floors and oil any wood cabinetry, Lupberger said.

3. Consider replacement projects

Sellers might also consider having a home inspection done prior to listing the home as a way to detect any overdue replacement projects, Gillespie said. A seller has the option of either fixing the problem or giving the buyer a discount to account for the needed repairs, but Gillespie is an advocate for making the necessary repairs before selling.

Home buyers recognize the value of a house that doesn't need major repairs, Alfano said.

"The house is probably not going to move, or you're not going to get all the value out of it, if the new

buyer knows they're going to have to replace the roof sometime soon," he said.

4. Kitchens and bathrooms rule

It's no secret that buyers tend to be awed by updated kitchens and bathrooms.

"If the last time it was remodeled was in 1980, that's going to be points against versus another house that was upgraded even five years ago with sort of a modern look," Alfano said. "It's hard to go wrong with a kitchen or bath remodel unless you get a little too edgy with the design or the materials you use."

That said, a seller with less than a couple years to spend in a house probably isn't going to do a complete remodel of either room. Sellers should decide where these rooms need the most improvement, and then zero in on how much they want to spend, Lupberger said.

If kitchen cabinets are structurally fine but their exteriors are outdated, it might be worth it to reface them, Lupberger said. If counters are old, maybe replacing them will add new life to the room. In the bathroom, there are compa-

nies that will come in and resurface chipped and damaged bathtubs, he said.

5. Warranty coverage and documentation

Sellers can provide some extra peace of mind to buyers by purchasing a home warranty on their home that will cover such things as heating and plumbing should the buyer run into problems after closing. The coverage is getting a bit more popular nowadays, Gillespie said.

"Little things like that ... you need that today to set the property apart with all the competition out there," Gillespie said.

Gillespie also recommends displaying the age of the water heater and furnace; if either one is on the older side, have it inspected for proof that it works correctly.

And if replacement projects have been done in the past few years, dig out the documentation to prove it, Alfano said. Also, explain if any of the improvements have produced a cost savings in terms of energy usage.