

Ask the Loan Man

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Is now a good time to buy a house?

I was asked this question a lot back in 1992-1993 and it seems to have become the favorite question again lately. We were in a similar market back then, we had come off of a nice run up in real estate values followed by a pretty hard crash and we were limping along trying to make sense of it all. Hey! I might be onto something here! Real estate moves in cycles! Now, if I could just get my hands on a calendar that shows me exactly when the highs and lows will happen, I can answer the question. The problem is that NOONE has that type of investment calendar.

The mainstream media is out there telling us the sky is falling and generally running amok. If you listen to them, you would think that this is the worst time in the history of the world to sell a home yet there are people selling their homes today. These people need to sell because they are divorcing, retiring, relocating, having children and many other reasons. It is not as good a time to sell today as it was a few years ago but if I had answered yes to you in 1992 and you acted on my advice, you would be able to sell for a handsome profit today. It is a good thing that there are people out there who need to sell today because if you want to buy a home, you can get a better deal than you could a few years ago. Real estate was never meant to be a short term investment. If you can find a house that fits your needs and budget and lifestyle for several years to come then now might be a great time for you to buy a house.

I bought my current home in June 2003 for \$330,000 and I thought it would be worth closer to \$300,000 within 6 months because I was expecting a drop in home values (hey, I was only off by 3 years). I bought the house because I expected to be there at least until my daughter graduates high school in 2011 and I KNEW that it would be worth

more than I paid for it by then. What made me so sure?

Property values in the United States have gone up an average of 6.6% annually for decades. It is not a perfectly straight line, it is like a yo-yo on an up escalator. At 6.6% appreciation, my home will be worth over \$557,000 by the time my daughter graduates from high school. I did a little research at www.oftheo.gov and I found that California is on a better pace than the rest of the nation at 9.2% average annual appreciation (from 1976 through the 3rd quarter of 2007). I like this number better because at 9.2% appreciation, my home will be worth over \$728,000 when my daughter graduates from high school. Since I put in new hardwood floors and a heating system, it will probably be worth millions!

In 1992 my mother in-law asked me what her house was worth and I told her it was worth about \$350,000 and she felt she had lost money since it was worth about \$380,000 a few years earlier. I reminded her that she bought the home in 1972 for \$32,000 and I felt she was doing OK. She sold the home in early 2007 in a "bad market" for \$650,000 and I think most people would agree that she had done well with that house. The fact that she raised her kids and loved the home and the neighborhood for 25 years was just icing on the cake.

The bottom line is that nobody can tell you when we might hit rock bottom, but real estate in California is a good investment over the long run. So, don't ask your neighbor, don't ask your brother, and for heaven's sake, DON'T ASK AN ECONOMIST! Look to yourself for the answers to the truly important questions and you can't go wrong no matter what the answer is.

Hans Bruhner, CMPS is licensed in CA, OR & HI. If you have a question, please contact Him at (707) 887-1275 or hans@hbloans.net.

"The sheer numbers involved overloaded their ability, both mentally and electronically, to handle the attack.

The whole thing was over in 5, maybe 10 minutes."

- LT. GEN. PAUL K. VAN RIPER, a retired Marine officer who took part in a war game where small, agile speedboats devastated U.S. warships.

(Remember the movie Toy Story?)

Real Estate Review

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Pricing your Home to Sell in Today's Market

The west county real estate market is still moving forward, slower than 2007 yet nevertheless moving. Properties listed for sale today are generated by divorce, job change, retirement and death in the family and there are more sales today by home foreclosures and financial losses. And yes, there are buyers, albeit cautious ones and bargain hunters. These buyers have money from new jobs and want to move into the area, have inherited money from wealthy relatives or have saved money and have found a business partner to invest with.

One of the most important things a good real estate agent can do is help you price your home for the current real estate market. Often sellers believe that they should price their home higher than its value, thinking that they can come down in price if it doesn't sell—but this thinking can backfire. Buyers, especially in this market will shop around before buying, and they recognize values in specific price ranges because of their ability to do comparison shopping! A bargain might be missed that could have been saved for the pricing and timing.

In the coming year, March through October will still be our most active selling period, and last year's rapid appreciation drained off all chance of further spiraling prices for this spring (pop went the bubble!). I believe that our sales prices will remain constant for another 6 to 12 months. Until demand catches up with supply, and rising income brings the buyers' ability to qualify up to higher levels, I don't see an economic base that will support higher prices. Last year's rapid appreciation has hurt us, and brought on the correction period we're in now. Bear this in mind when pricing your home in this current economy.

A good real estate agent will develop a comprehensive marketing plan to include listing your property on the

Multiple Listing Service, so that other agents become aware of your property. Networking with other agents is of vital importance to assure proper exposure of your home. The Multiple Listing Service has proven time and again to be the number one way to get your home sold, quickly and effectively. There are thousands and thousands of agents who review the new listings daily within this easily accessed database of homes.

An agent can help you screen buyers. Agents are trained to recognize and follow up on prospective buyers with a high level of interest. Our Multiple Listing Service has a special programming feature (not available to the public) that allows an automatic matching scheme to take place (think match.com for home buyers and sellers). This type of prospecting is a highly defined tool agents are now using to keep buyers as a resource.

The agent you choose should have a solid working knowledge of your geographical area and all the current real estate regulations and requirements. If they don't have the answer you're looking for, how do they conduct themselves in the conversation? Choose an agent who will be available to you, when the need arises. Choosing an agent should be a comfortable process whereby questions are posed by you and answered easily by them and with simple language you understand.

Carolyn Harris is a Broker with Sequoia Properties in Forestville, for questions email: Carolyn@sequoiaproperties.com

Matt Needs Our Help

16 year old Matt Kirchner, resident of Rio Nido, was badly injured when he was a passenger in a single car accident on Armstrong Woods Rd. Guerneville, Dec. 25, 2007. He remains in intensive care at Memorial Hospital, Santa Rosa. He's recovering from head, spine, ribs and other injuries. An account in his name has been opened at Westamerica Bank for donations to help support his family and the extensive rehabilitation he will need. For more information contact Joani Shaw at 707-869-3323. Thank you very much.