

Navigating Today's Real Estate Market

February 8, 2012

Presented by:

John Hughes

Guidant Realty

Hosted by:

Molly Walsworth

Peggy Nault

First Tech FCU



Presentation Overview



- **About the Speaker**
- **Market Overview**
- **Move-Up Sales**
- **Short Sales**
- **Buyer's Checklist**
- **Critical Contract Elements**
- **Tips and Tools**

About John



PRIMARY GOAL: Representing clients best interests at all times with professional habits, value-added tools, and strong contractual expertise

HIGHLIGHTS:

- Director, Treasurer, Placer County Association of Realtors
- Director, California Association of Realtors
- Broker, Guidant Realty
- 2008 – 2011 Masters Club – Top Performing Realtors
- Member – Short Sale Masterminds
- Fortune-500 Sales, Contracts, and Collections Experience
- Now Applying Big Business Skills to Properly Represent You!

John Hughes

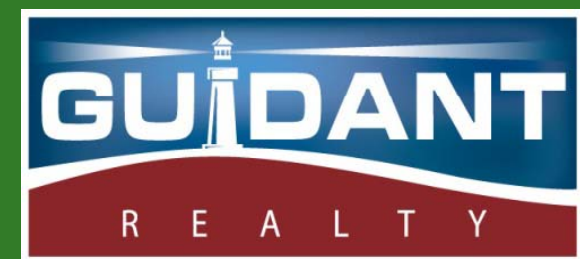
Broker / Owner

DRE License # 01726716

Phone: 916-663-5959

Fax: 916-237-4477

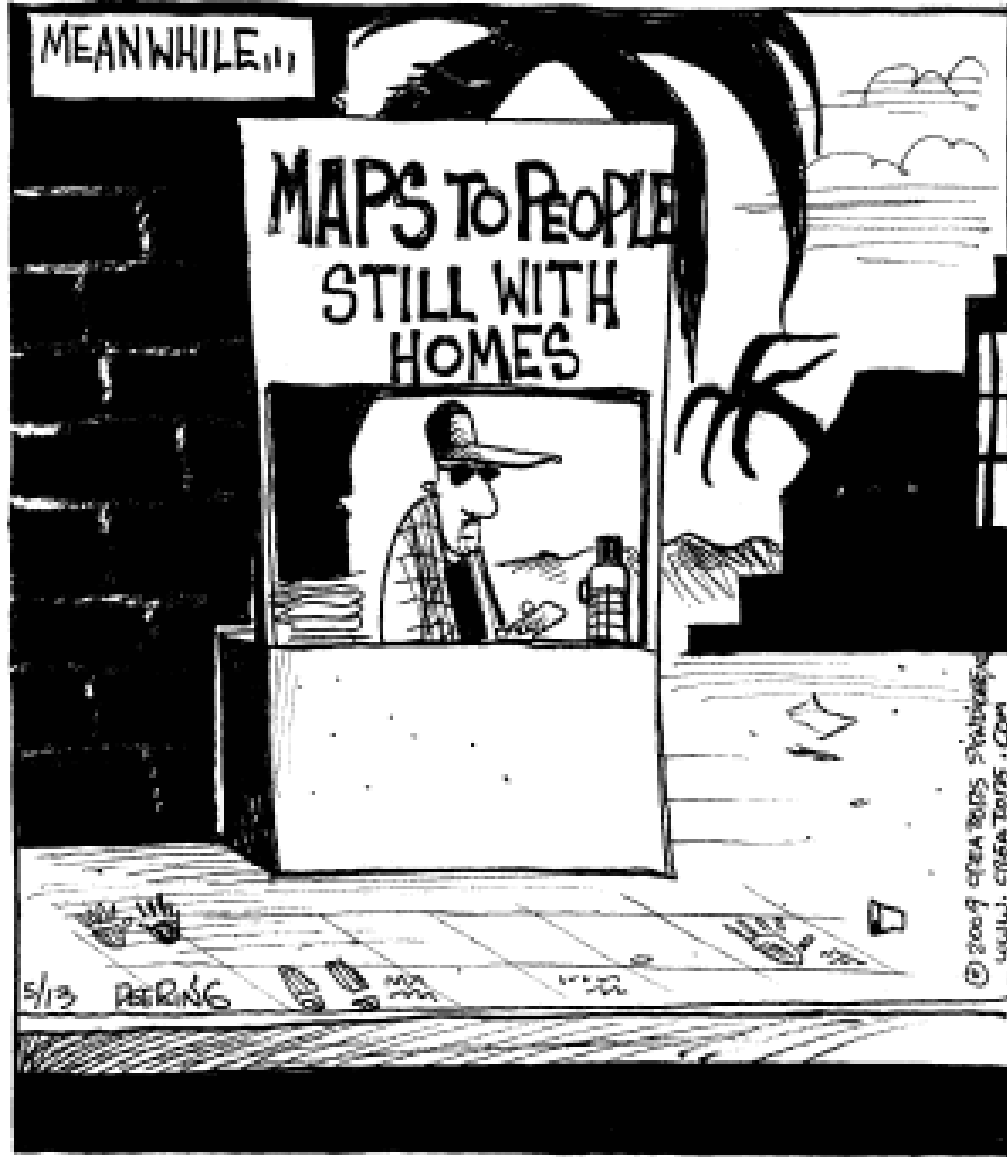
E-Mail: John@GuidantRealty.com



Market Overview

There Is Always Humor Somewhere

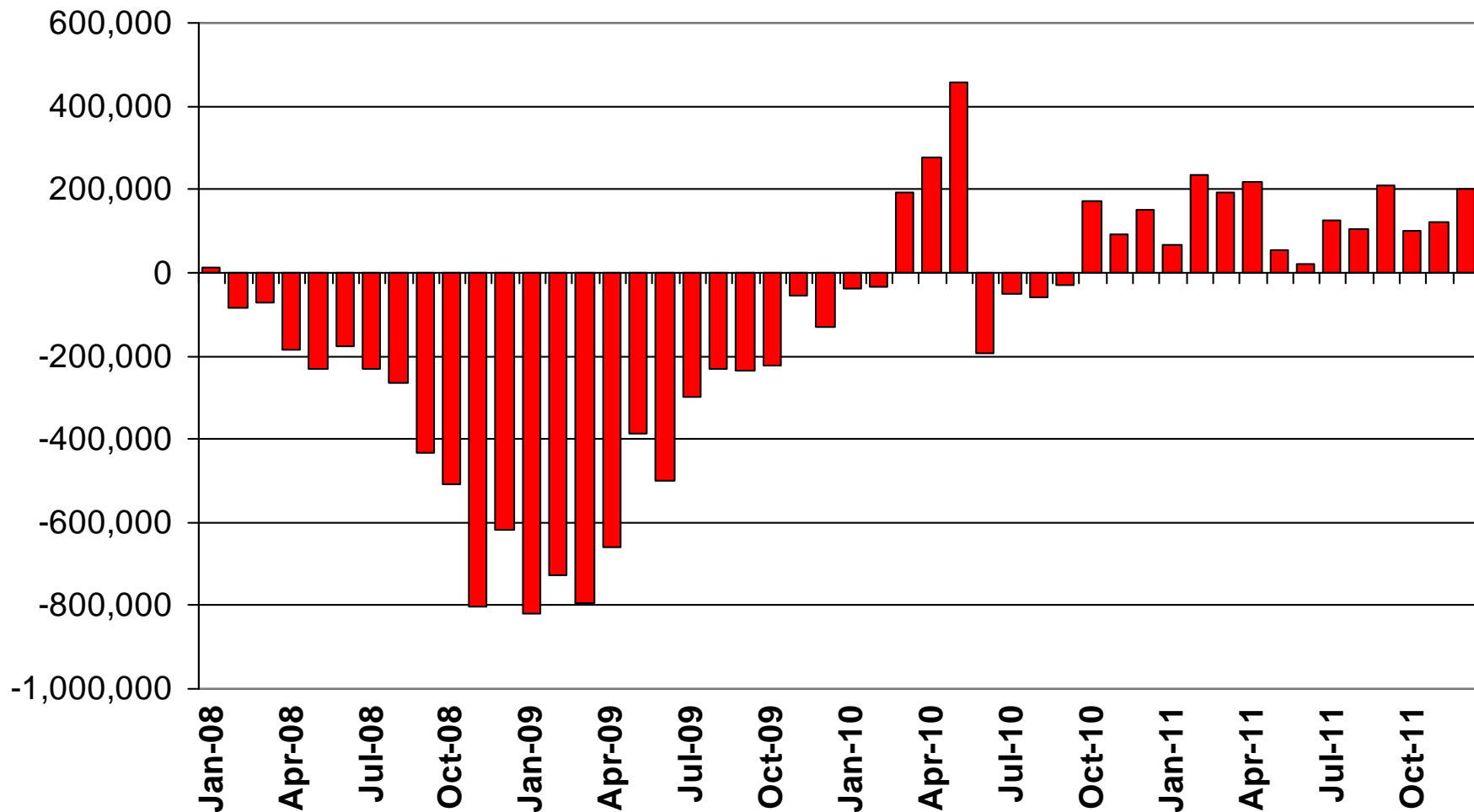
STRANGE BREW by John Deering



Market Overview

Month-to-Month Non-Farm Job Growth

Recession Job Losses: 8.8 million
Since Jan' 10: +2.4 million

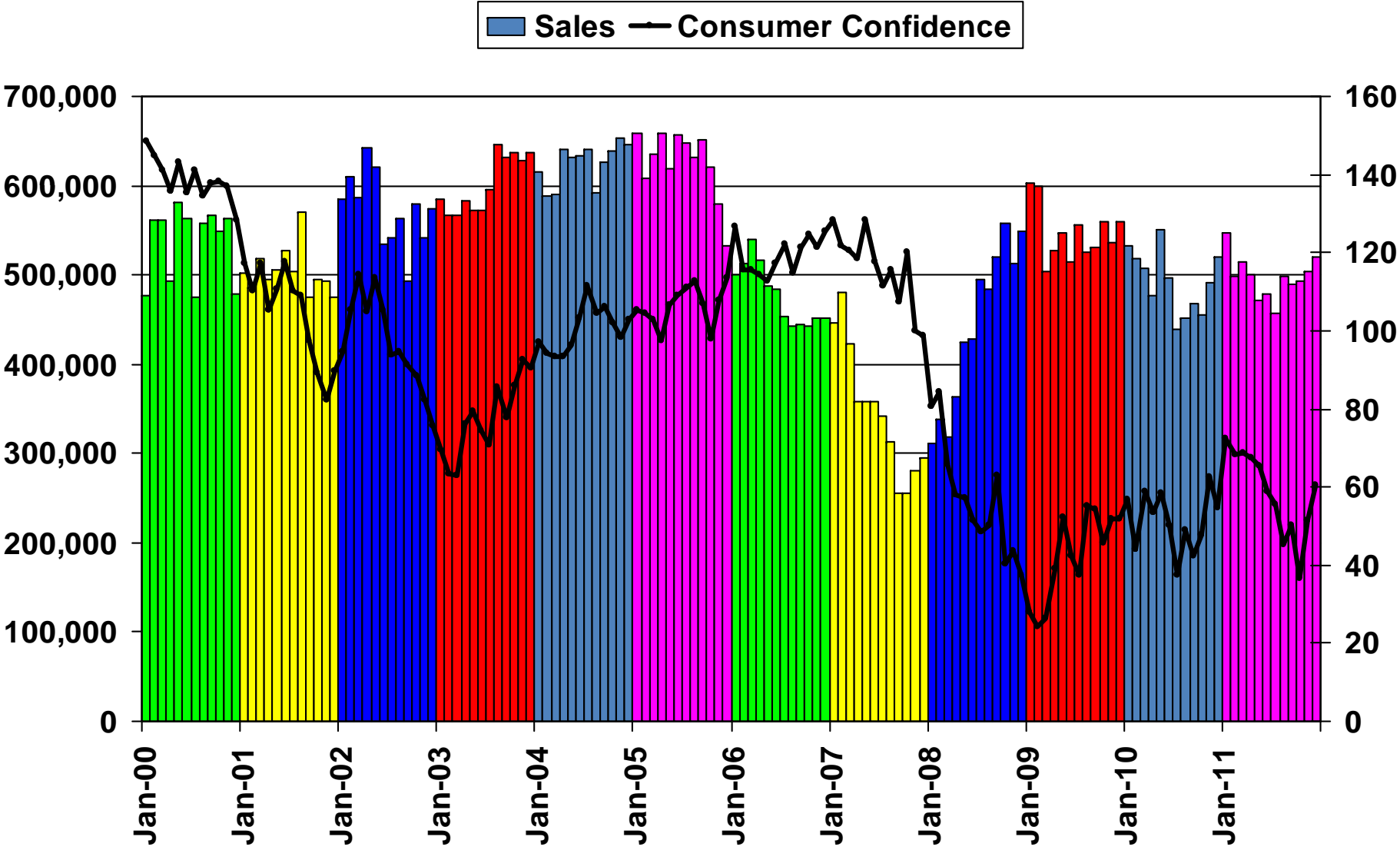


SOURCE: California Association of REALTORS®



Market Overview

Home Sales vs. Consumer Confidence

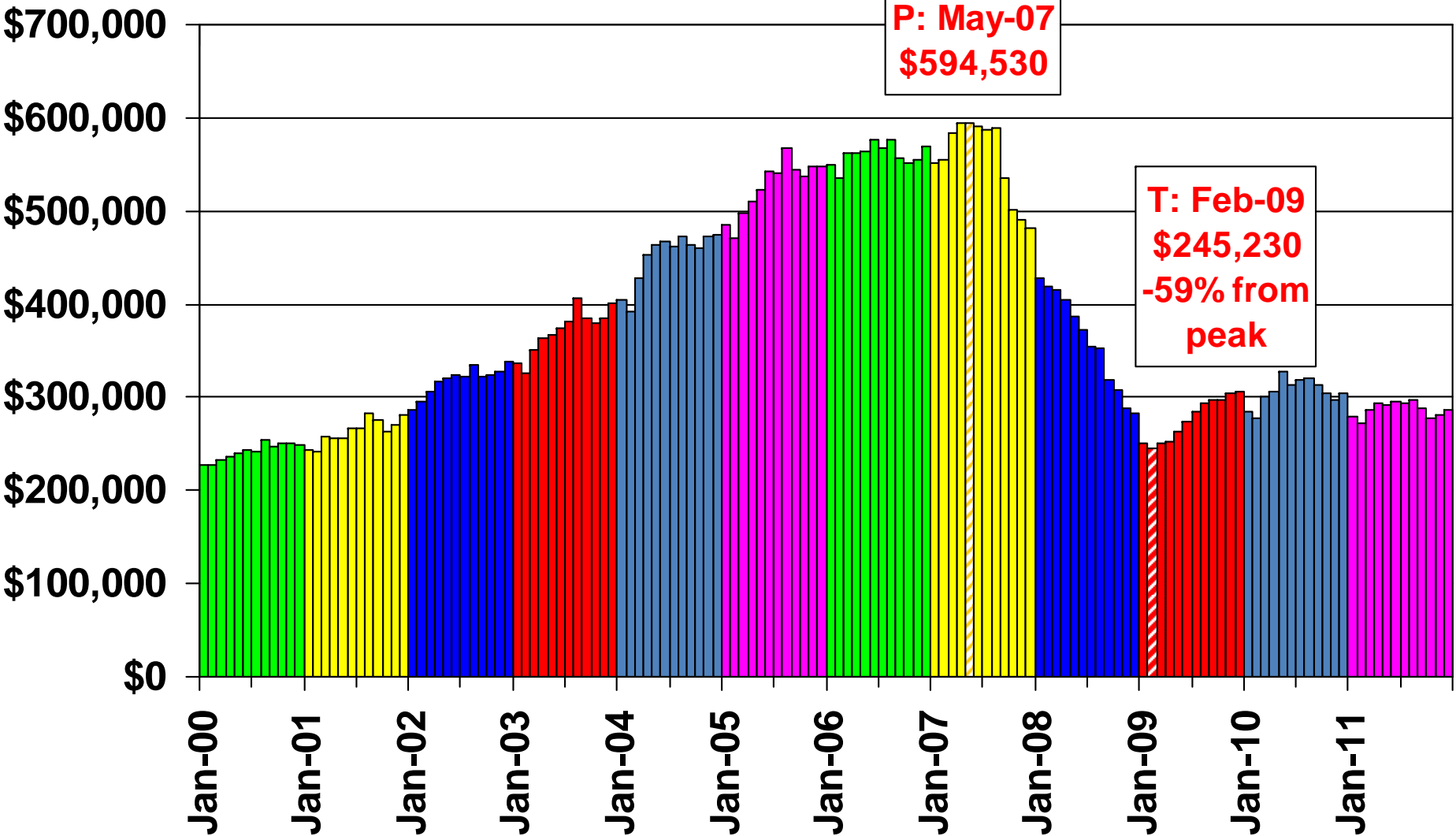


SOURCE: California Association of REALTORS®



Market Overview

Median Sales Price: California

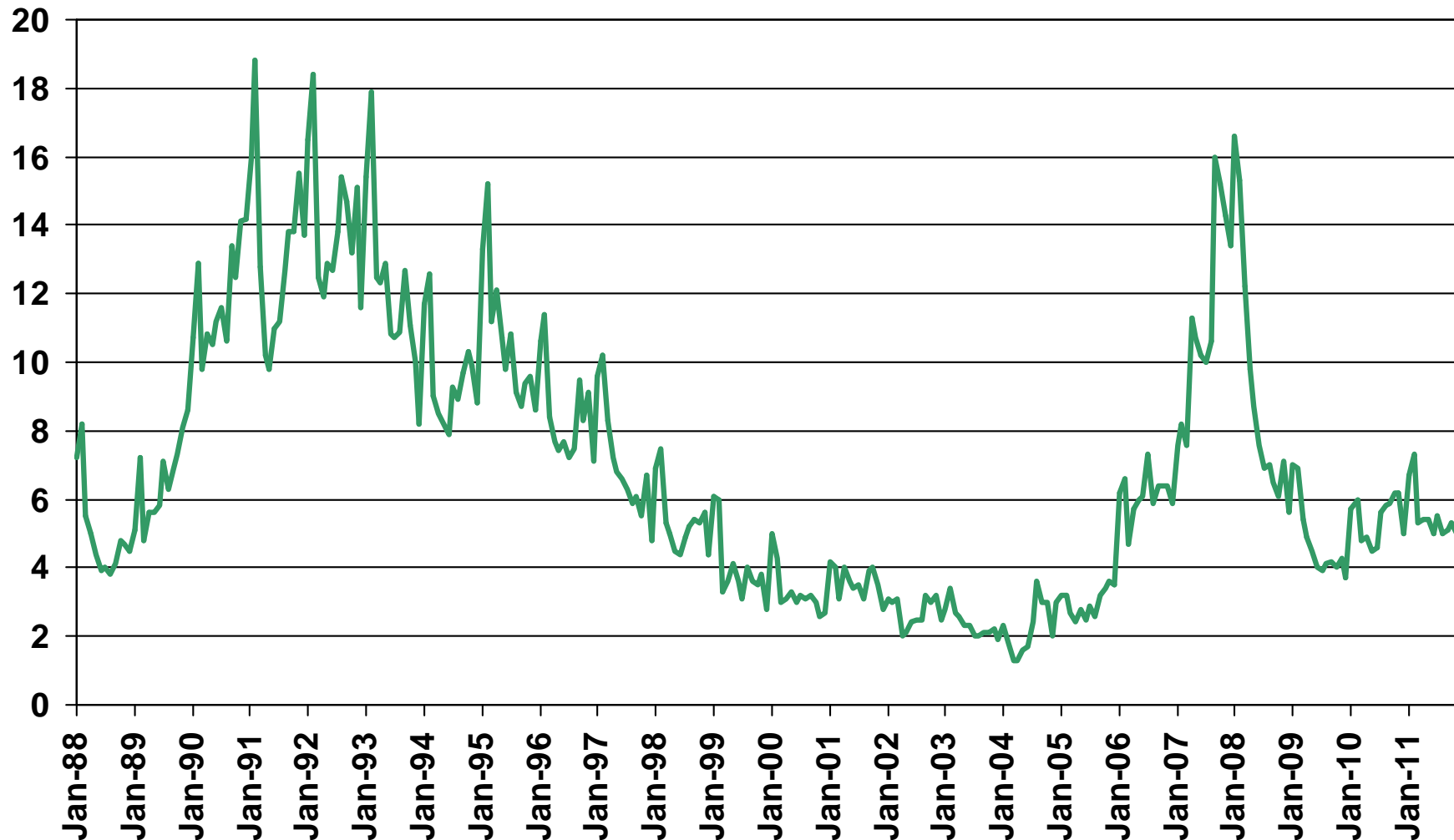


SOURCE: California Association of REALTORS®



Market Overview

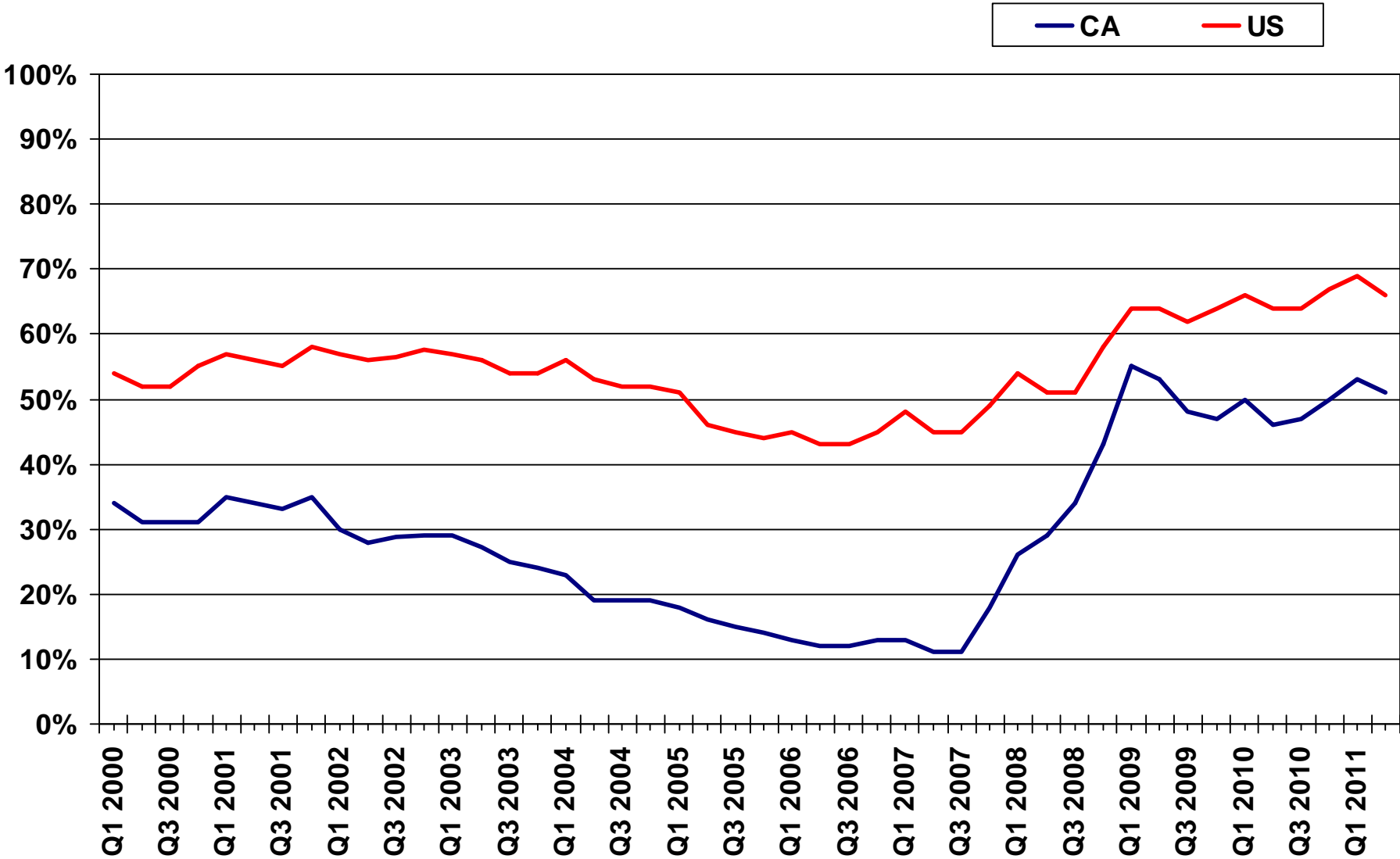
California, December 2011: 4.2 Months



SOURCE: California Association of REALTORS®

Market Overview

Housing Affordability Index



SOURCE: California Association of REALTORS®

Market Overview

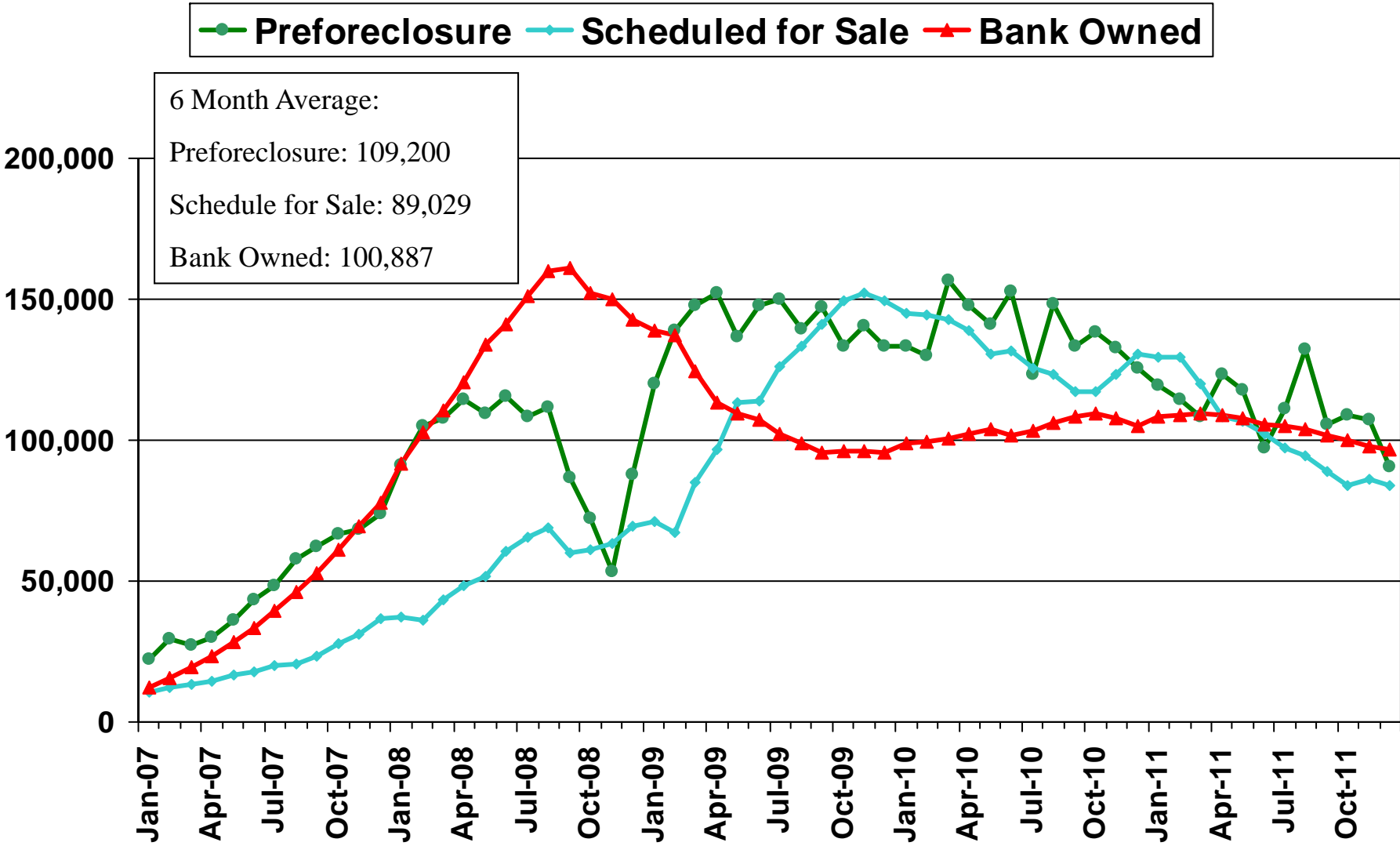
Trough vs. Current Price – August 2011

Region	Trough Month	Trough Price	Aug-11 Median	% Chg From Trough
Monterey Region	Feb-09	\$241,130	\$359,230	49.0%
Santa Clara	Feb-09	\$445,000	\$595,000	33.7%
San Francisco Bay Area	Feb-09	\$378,520	\$498,190	31.6%
Los Angeles	May-09	\$248,850	\$312,900	25.7%
CALIFORNIA	Feb-09	\$245,230	\$297,060	21.1%
Ventura	Feb-09	\$359,630	\$424,400	18.0%
Riverside/San Bernardino	Apr-09	\$150,860	\$173,670	15.1%
Orange County	Jan-09	\$442,170	\$508,910	15.1%
High Desert	May-09	\$106,210	\$121,139	14.1%
San Diego	Mar-09	\$326,830	\$369,390	13.0%
Palm Springs/Lower Desert	Apr-09	\$150,140	\$158,253	5.4%
San Luis Obispo	Apr-09	\$338,890	\$352,310	4.0%
Northern California	May-11	\$217,890	\$223,891	2.8%
Northern Wine Country	Feb-09	\$324,418	\$330,065	1.7%
Sacramento	Apr-09	\$167,340	\$167,040	-0.2%

SOURCE: California Association of REALTORS®

Market Overview

Proportion of First Time Home Buyers - California



SOURCE: ForeclosureRadar.com

Market Overview

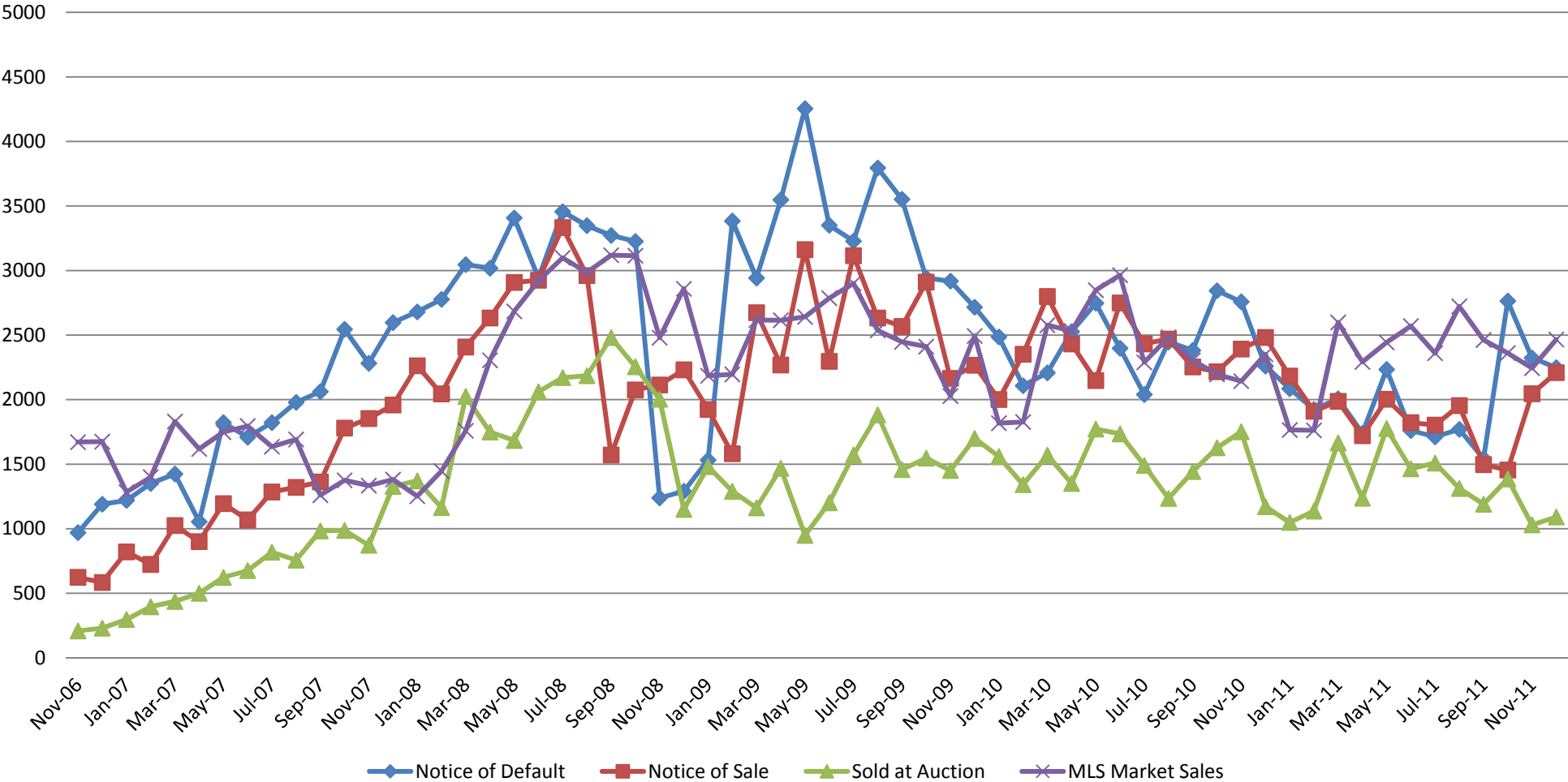
Classes of Sales and Trade-Offs

	Standard Sale	Short Sale	Auction	REO
Foreclosure Progression		+90 Notice of Default +90 Notice of Sale + <u>16</u> Point of No Return ~ 7 Months	5 Days min. from Point of No Return Auction	~ 10 Days min. from Auction Date
PROPERTY IDENTIFICATION	MLS / Drive-By	MLS	Bank List Title Reports	MLS Comments Bank List
TRANSACTION RISKS or * PROTECTIONS	*Standard Contracts *Set Timing *Motivated Sellers *Consumer Recourse	Unstable Sellers Bank Indifference Unpredictable Process Uninformed Agents	No Disclosure Full Cash Pmnt. at Auction No Property Inspection Frequently Rescheduled	No Disclosure Bank Contracts Passive Property Damage
OPPORTUNITY	+5% => +10%	-3% => -5%	-15% => -25%	MARKET PRICE!
PRICE TRADE-OFFS	CHOICE PREDICTABILITY	WASTED TIME	PROPERTY CONDITION LIENS!	PROPERTY CONDITION COMPETITION

Market Overview

Foreclosure Leading Indicators Counties: Placer, Sacramento, El Dorado, Yolo

Foreclosure Pipeline



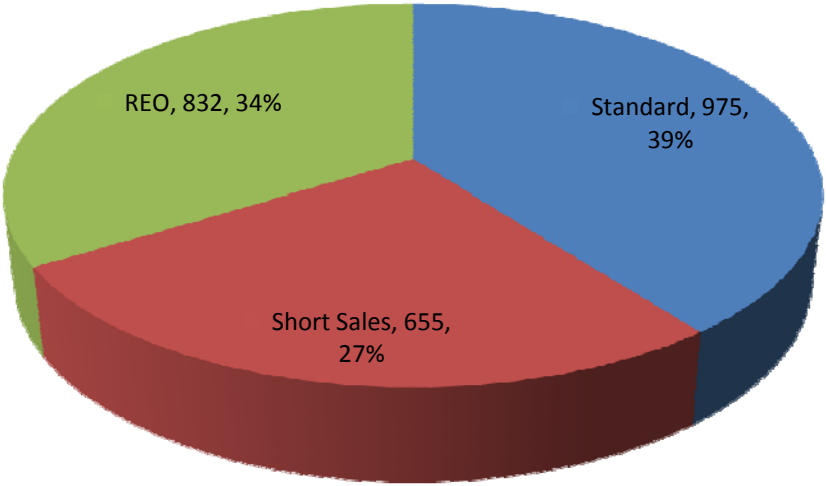
Data: ForeclosureRadar.com

Market Overview

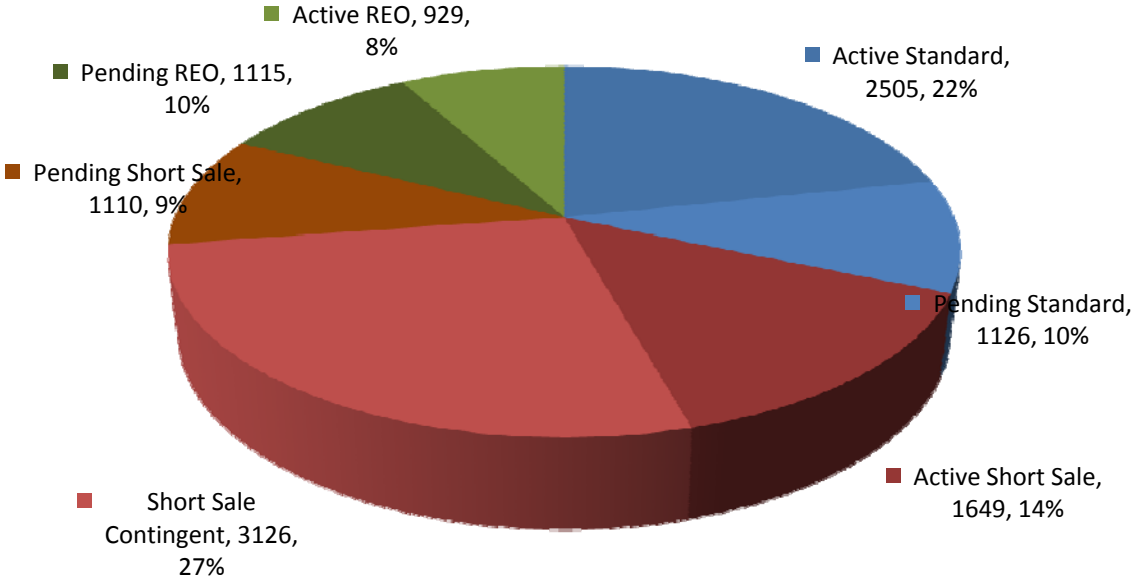
Inventory Split vs. Actual Sales Split

Counties: Placer, Sacramento, El Dorado, Yolo

Sales Split, December 2011



Inventory Split, January 2012



Move-Up Sales

Marketing Considerations

- **“Identification of Next Home” Contingency**
- **Shortage of “Good Homes”**
- **Professional Staging**
- **Open Houses**
- **Agent Accessibility**
- **Detail Your House Like You Would Detail Your Car**
- **Multiple Offers Are the Goal**
- **Smart Pricing**

Buyer's Checklist

Important Steps

- **Identify Budget**
- **Obtain Pre-Approval**
- **Choose a Strategy**
- **Write Down Key Criteria (“Musts” vs. “Wants”)**
- **Initiate Electronic Searches – Don’t Be Too Stringent**
- **Drive Neighborhoods**
- **View Homes**
- **Don’t Sign In at New Construction!**
- **Adjust Criteria**
- **Make an Appropriate Offer**

Critical Contract Elements

“Dials” You Can Turn In the Offer

- **Price:** OK, this one is obvious.
- **Escrow Period:** The shorter, the better, but make sure your lender can actually close in that amount of time. This is a big hitter for foreclosure homes.
- **Contingency Period:** Again, the shorter, the better, but be realistic. Consider a 10-Day Inspection Period Instead of 17.
- **Deposit:** “Skin in the Game”, the amount you will pledge to prove you are serious. 1% - 3% is standard. Your deposit is not truly at risk until you remove contingencies (loan, inspection, etc.).
- **Pre-Approval Letter:** “Show me the money”, the biggest reason a home falls out of escrow is that the buyer does not get their loan. Show them you have yours.
- **Proof of Funds to Close:** “Show me the rest of the money”, you are bringing some amount as a down payment and to cover closing costs, prove it exists.
- **Pest Inspection:** Not asking for one is more attractive, but for the \$100 you should still do it on the side.
- **Home Warranty:** Unless it is a standard deal, go hard on price and cover this your self. It is one of the most hated line items by the banks.

Short Sales – Seller’s Perspective

Highlights & Tips

Highlights

- **All Fees Should Be Covered In The Transaction – No Out-Of-Pocket Expenses**
- **The Process Will Take Time Depending on Which Bank(s) Are Involved**
- **2 Loans Add a Month to the Process on Average**
- **Price 3% - 5% Under Market**
- **Balance Contract Terms vs. Likelihood Of Buyer Waiting Until Approval**
- **Manage Bank Expectations On Property Value**

Picking the Right Offer

- **The “Best” Offer Is Not Always the “Highest” Offer**
- **Beware “Lowball” Offers**
- **Buyer’s Agent Is Usually The Key – Do They Know Short Sales?**
- **Keep the Buyer Engaged – Invite Them Back During the Negotiation Period**
- **Consider Not Signing Any Formal Backup Offers**

Short Sales – Buyer’s Perspective

Highlights & Tips

Highlights

- **The Most Misunderstood and Improperly Conducted Transaction on the Market**
- **Can Be Interminably Long and Frustrating, Just to Blow Up in the End**
- **Often of the Safer and Best Deals on the Market**
- **The Owner Is Still Involved and Available to Provide Full Disclosure**
- **Seller Is Not Looking to Maximize Price**
- **Best Opportunities Are Short Sales that Have Lost Their Original Buyers**

Write an Attractive Offer

- **Offer to Put Deposit in Escrow While Waiting for Bank Answer**
- **Pay for the Pest Inspection Yourself, Leave It Out of the Offer Altogether**
- **Do Not Ask for a Home Warranty**
- **Reduce Escrow Period To 21 Days If Possible**
- **Allow “Seller Choice” for Title and Escrow (But Make Them Pay 100%)**
- **Offer to Over-Pay for Some Item on the Property**

Short Sales – Buyer’s Perspective

Purchasing Process & Gotchas

Process

- **Make Your Written Offer**
- **Counter and Final Agreement in Writing (the Short Sale is a Seller Contingency)**
- **Contract and Seller Hardship Package Go to Bank for Review**
- **2-6 Months for a Bank Approval**
- **Standard Escrow Ensues Once Approval is Delivered to Buyer**

Watch Out For

- **Listing Agents that Do Not Know What They Are Doing**
- **Sellers that Intend to Send All Offers to the Bank**
- **2 Loans with Different Banks**
- **Loans in “Charge-Off” Status (3rd Party Collector Involved)**
- **Loans with Mortgage Insurance**
- **Being Asked to Proceed with Escrow on Approval Letters Requiring Close Dates Sooner than Contract Allows – Extensions Are Not Guaranteed and Are Not Always Free**

Available Tools

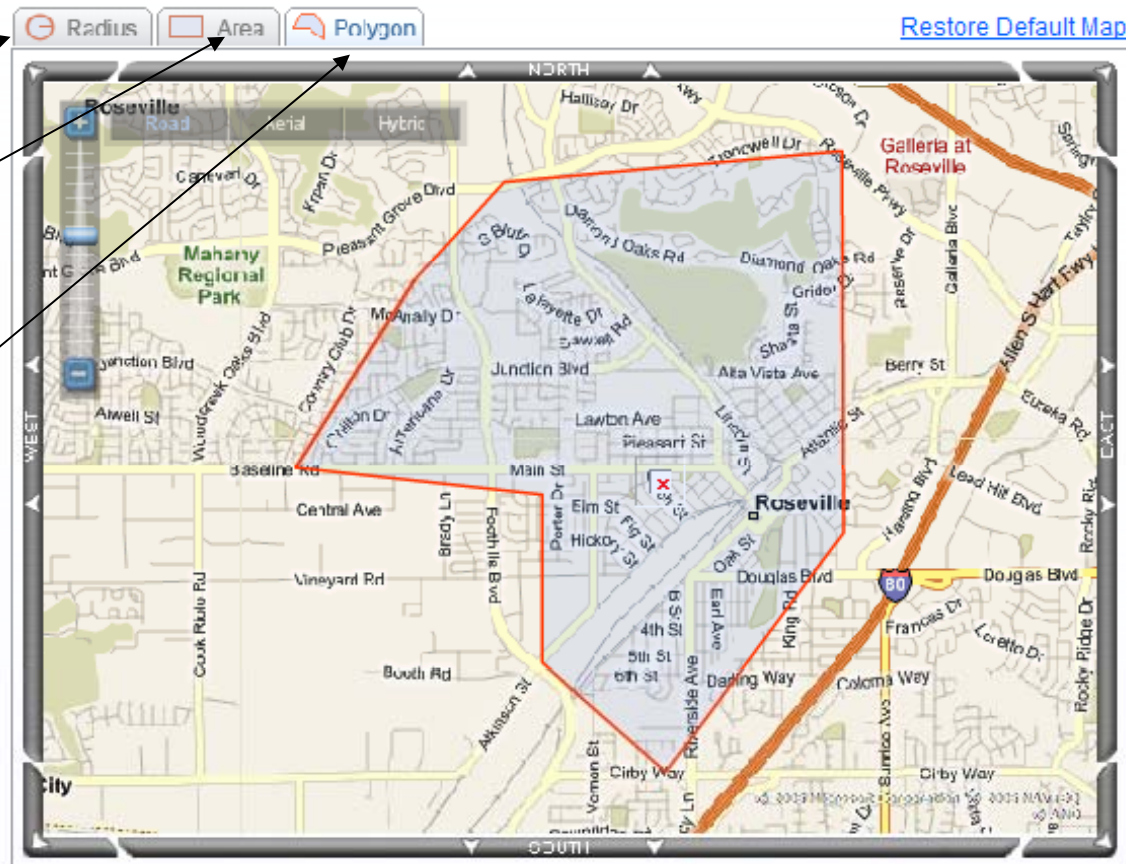
Property Alerts

Radius Searches from a single midpoint address (ie., .75 miles around your current home)

Area Searches for a basic neighborhood search

Polygon Searches for complex searches of several neighborhoods, or those bordering unusual land features

Deeper in the Search Criteria:
Single Family, Multiple Units,
Income Property, Commercial
Property, REO, Short-Sale,
Marketing Comments, etc.



Radius/Map Target Criteria

<input checked="" type="radio"/> Address	Street #	Direction	Street Name	Suffix	Unit #
<input type="radio"/> Listing Number	<input type="text" value="382"/>	<input type="text" value=""/>	<input type="text" value="circuit"/>	<input type="text" value=""/>	<input type="text" value=""/>
<input type="radio"/> APN	City	State	ZIP		
	<input type="text" value="roseville"/>	<input type="text" value="Ca"/>	<input type="text" value=""/>		

Searches also available at www.GuidantRealty.com

Available Tools

Pending Foreclosures



204 MONTEVERDE CT
LINCOLN, CA 95648
County PLACER
Parcel Number 337-070-006-000
Thomas Guide 180-E7
RadarID 40969599
Legal Description
LOT 101 VERDERA VILLAGE 18, MOR Z-33

Property Details

Year Built	2006	Zoning	
Type	SFR	Units	0
Beds	5	Baths	4
SqFt	5,242	Lot Size	0
Rooms	0	Stories	0
Garage	0	HVAC	B
Pool	0	Fireplace	0

Value & Equity

Value	\$686,268	\$131/sf	(01/22/10)
Loans	\$1,000,159	146%	
Equity	\$-313,891	-46%	
Rent	\$1,719	Cap Rate	3.01%

Tax Assessment

Assessed Yr	2009	Annual Taxes	\$11,665
Total	\$612,829	Est. Tax Rate	1.9%
Land	\$242,656	Delinquent Tax	\$0
Improved	\$370,173	Delinquent Yr	0

Owner Name & Mailing Address

PATEL,SATISH
204 MONTEVERDE CT
LINCOLN, CA 95648
Phone:

Foreclosure Stage: Auction

Sale Date	04/09/10	Published Bid	\$987,706
		Opening Bid	\$0
Sale Status	Active	Notice Date	10/08/09
Postponed For	Beneficiary Request	Document #	86791
Sale Date	04/09/10	Sale Time	10:00 AM
Prior Date	03/10/10	Sale Location	11546 B AVE AUBURN
Original Date	11/06/09		
Loan Date	06/16/06	Loan Amount	\$943,294
Loan Doc #	64901	Loan Position	
Trustee	CAL-WESTERN RECONVEYANCE CORP 525 E MAIN ST EL CAJON, CA 92020 619-590-1221		
TS Number	1219984-15		
Lender	DEUTSCHE ALT-A SECS MTG 2006-A 525 E MAIN ST EL CAJON, CA 92020		

Transaction History

Type	#	Date	Doc #	Grantee	Amount
QCL		06/16/08	64899	PATEL,SATISH	\$0
Transfer		06/16/08	64900	PATEL,SATISH	\$1,385,000
Loan		06/16/08	64901	AMERICAN HOME MORTGAGE INC	\$943,294
- NOD		06/11/09	50751	CAL-WESTERN RECONVEYANCE CORP	\$21,772
- NTS		10/08/09	86791	CAL-WESTERN RECONVEYANCE CORP	\$987,706
Loan		06/16/08	64902	COUNTRYWIDE BANK	\$404,100
Loan	1st	11/07/07	108427	GENERAL ELECTRIC MONEY BANK	\$58,865

- Upcoming Foreclosures
- Trustee Contact Info
- Timing of Auction
- Opening Bid
- Delayed Auctions & Reason
- Auction Sale Amounts
- Bank Properties

Available Tools

County Records

Tax Billing Address:	11841 Stone Hollow Way	Annual Tax:	\$3,022	
Tax Billing City & State:	Rancho Cordova, CA	County Use Code:	1 Family Residential	
Tax Billing Zip:	95742	Universal Land Use:	SFR	
Location Info:		Panel Date:	09/30/1988	
School District:	Elk Grove Unif	Flood Zone Code:	X	
Subdivision:	Anatolia I Village 03	Zoning:	Rd 5	
Census Tract:	87.01	Map Page/Grid:	320-D1	
Carrier Route:	H004			
Flood Zone Panel:	0602620240C			
Tax Info:		Total Assessment:	\$519,927	
Tax ID:	067-0460-061-0000	% Improv:	71%	
Tax Year:	2006	Tax Area:	08004	
Annual Tax:	\$3,022	Legal Description:	Anatolia I Village 3	
Assessment Year:	2007	Lot Number:	212	
Land Assessment:	\$150,000			
Improved Assessment:	\$369,927			
Characteristics:		Full Baths:	4	
Lot Acres:	.1578	Half Baths:	1	
Style:	L-Shape	Cooling Type:	Central	
Gross Bldg Area:	3,179	Heat Type:	Central	
Building Sq Ft:	3,179	Garage Type:	Garage	
Ground Floor Area:	1683	Garage Capacity:	3	
2nd Floor Area:	1496	Garage Sq Ft:	612	
Stories:	2	Roof Material:	Concrete Tile	
Condition:	Average	Construction:	Wood	
Quality:	Average	Floor Cover:	None	
Total Rooms:	9	Year Built:	2006	
Bedrooms:	4	Other Rooms:	Foyer	
Total Baths:	5			
Last Market Sale:		Deed Type:	Grant Deed	
Recording Date:	08/16/2007	Owner Name:	Conover Frank W	
Settle Date:	08/10/2007	Owner Name 2:	Conover Micaela G	
Sale Price:	\$504,000	Seller:	Brinton William A	
Document No:	70816-67			
Sales History:				
Recording Date:	08/16/2007	10/06/2006	10/06/2006	09/15/2005
Sale Price:	\$504,000	\$520,000		
Nominal:			Y	
Buyer Name:	Conover Frank W & Micaela G	Brinton William A	Brinton William A	Lennar Renaissance Inc
Seller Name:	Brinton William A	Lennar Renaissance Inc	Brinton Bonnie	Gmac Model Home Finance Inc
Document No:	70816-67	61006-975	61006-974	50915-1415
Document Type:	Grant Deed	Corporation Grant Deed	Interspousal Deed	Quit Claim Deed
Mortgage History:				
Mortgage Date:	08/16/2007	08/16/2007	10/06/2006	10/06/2006
Mortgage Amt:	\$403,200	\$75,000	\$415,500	\$30,000
Mortgage Lender:	Addison Ave Fcu	Addison Ave Fcu	Sirva Mtg Inc	Sirva Mtg Inc
Mortgage Type:	Conventional	Conventional	Conventional	Conventional

- Owner of Record
- Ownership Chain
- Mortgage History
- Registered Home Stats

Available Tools

Property Tax Records

Taxes	1st	2nd	Total	
Paid Status	LATE	DUE		
Due/Paid Date	12/10/2010	04/10/2011		
Total Due	\$3,283.33	\$2,984.85	\$6,268.18	
Total Paid	\$0.00	\$0.00	\$0.00	
Balance	\$3,283.33	\$2,984.85	\$6,268.18	
Pay On-line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="button" value="Add to cart"/>	
Taxcode Info				
Tax Code	Rate	1st	2nd	Total
00001	1	\$1,480.91	\$1,480.91	\$2,961.82
Property Tax-1% Rate				
36100	0.091	\$134.71	\$134.71	\$269.42
Rocklin Unif B&I 1991				
36700	0.0203	\$30.11	\$30.11	\$60.22
Rocklin Unif B&I 1998				
59700	0	\$11.42	\$11.42	\$22.84
Placer Mosquito & Vector Control				
63100	0	\$65.90	\$65.90	\$131.80
City of Rocklin LLD #2				
63200	0	\$5.00	\$5.00	\$10.00
City of Rocklin Park Dev & Maint				
63700	0	\$541.21	\$541.21	\$1,082.42
City of Rocklin CFD #10 MR				
64800	0	\$357.97	\$357.97	\$715.94
Rocklin Unif Sch CFD#3 MR				
68450	0	\$125.37	\$125.37	\$250.74
City of Rocklin CFD#1 Fire Stn #3 MR				
68500	0	\$202.00	\$202.00	\$404.00
City of Rocklin CFD#5 MR				
71100	0	\$30.25	\$30.25	\$60.50
So Placer MUD Del Chg				

Available Tools

Foreclosure Lists

Updated daily at www.GuidantRealty.com:

[El Dorado County](#)

[Placer County - The Valley South](#): Roseville, Rocklin, Granite Bay

[Placer County - The Valley Southwest](#): Lincoln, Wheatland, Pleasant Grove

[Placer County - The Valley Foothills](#): Loomis, Newcastle, Penryn

[Placer County - Gold Country](#): Auburn to Colfax

[Placer County - High Country](#): Gold Run to the Nevada Border, including Tahoe and Donner

[Sacramento County North](#): Antelope, Citrus Heights

[Sacramento County North](#): Orangevale, Fair Oaks, Folsom

[Sacramento County North](#): Elverta, North Highlands, McClellan, Rio Linda

[Sacramento County North](#): Natomas

[Sacramento County North](#): Carmichael, Arden-Arcade

[Sacramento County](#): Downtown and Close-By

[Sacramento County South](#): Pocket, Mack, Florin, Excelsior

[Sacramento County South](#): Rancho Cordova, Gold River, Rosemont, Mather

[Sacramento County South](#): Elk Grove, Hood, Courtland, Walnut Grove, Delta/Isleton

[Sacramento County South](#): Galt, Wilton, Sloughhouse, Herald

Available Tools

www.GuidantRealty.com / www.GuidantShortSales.com

Guidant Realty has built a site to help YOU learn more

- **Listing searches**
- **Property Alerts – Enter your criteria and be emailed listings when they hit the market! No more searching MLS every day to find the new ones before they are gone.**
- **One-click lists of active Foreclosure/REO properties.**
- **Investigate properties in the foreclosure process.**
- **Explanation of a short sale.**
- **A myriad of reports and advice for prospective Buyers and Sellers.**
- **Local community and schools information.**

