

I'm not sure what April snow flurries bring; we'll hope it's summer sun!!

Paul's Email/Website:  
 pauli@windermere.com  
 www.paulisenburg.com



**Market stats at a glance**

Homes under \$500 for sale on eastside	615
Homes sold under 500K on eastside since 1/1/08	352
Homes for sale from \$500 to \$1M on eastside	1831
Homes sold \$500-\$1M on eastside since 1/08	604
Homes for Sale in Seattle under \$500K	805
Homes sold in Seattle under \$500 since 1/08	431
Homes for sale in Seattle from \$500-\$1M	778
Homes sold in Seattle from \$500-\$1M in '08	333
Months supply of inventory on Eastside (avg.)	8
Supply in Seattle (avg.)	5
Balanced market supply	6
<b>Interest rate options</b>	
30 Yr Fixed	6.0%
5/1 ARM, fixed 5 yrs	5.375%

• Our interest rates are currently a function of lender demand more than borrower risks. Many institutional investors are choosing to invest in alternative investments or only select home mortgage products. This is causing some adjustable rate programs to be priced higher than fixed rates. See more, pg 2.

***Home Sales Slowing But Still An Active Market***

It's hard to decide what has been more gloomy, our weather or the news reports on real estate. If you're as saturated in the negative news as most consumers you likely believe that no one can sell a home and no one can or will buy one. Beware of what you read; the market is not that static or dire. We've all heard about foreclosures but our local foreclosure rate is exactly where it was 10 years ago. Do you remember hearing about this skyrocketing calamity on our horizon? Me either. The local region has better jobs and economic conditions than most of the nation and most of our borrowers didn't take the high-risks loans associated with most of the foreclosures. The vast majority of these negative headlines are based on conditions in California, Florida and Nevada. Yes, we have some folks in trouble here, but it is

not the dire facts that we hear about daily in our news reports. We had 701 sales in March with 449 closings. While these figures are down about 30% from the previous few years, most of us were amazed at the pace of those years. Our prices are off from 1-6% from a year ago, but again, most of our conversations at that time were how ridiculous home prices had become. The point of this being, it is possible to sell homes today; people are doing it everyday. Prices may be off from the peak, but are still quite a rise from when you bought your home. In many areas, we are still seeking well-maintained and well priced homes for active buyers. Much of our present inventory is of homes that are not in prime condition, area or price ranges. While your home may not sell in hours or even a couple of weeks, it will sell and likely for



*Beware of what you read in national media. Seattle continues to be the strongest market in the nation with rising prices and declining inventory.*

a price that represents a very good return on your investment. Most home sellers are finding their homes worth 20% more than in 2006 and 35% over 2005 prices. Can we say that about many of our other investments? Don't let media misinformation keep you from action; good opportunities for sellers and buyers exist today. Real estate is a local market business; talk with your local expert, me. I would be happy to discuss the market specifics for you and your home to see what strategies will benefit you most. Just give me a call or email. *Paul*

***What's Old is New Again in Home Selling***

Real estate used to be conducted with a variety of contingencies in every buyer's offer. Buyers wanted inspection and financing contingencies, but also asked for a home sale contingency. This meant that I would buy your home when and if my home sold and closed. Our recent fast paced market and lax lending prac-

tices made this contingency more uncommon. People could sell their homes in a month or less in many cases and borrow money at lower rates, so they would accept the risks and costs. Today's slower paced market and tighter lending standards are causing a resurgence in contingent sales. For sellers they represent a

motivated, qualified buyer who's interested in their home, always a good thing. For buyers it means you can look around and find the best choice for your future home and then make an offer based on your home selling. Sellers keep their homes on the open, active market, looking for a second buyer opportunity, while now having 2 homes on the market. See page 2

## Financial Update

A large portion of our real estate challenges is related to finances. Wall Street tried to create new investor demand by buying, packaging and re-selling mortgages. In their zeal, they created junk mortgage bonds. Surprise, the junk went clunk and now we're all facing the consequences. Most lenders now want to be sure none of their portfolios contain any "junk" loans. This has eliminated much of the adjustable rate mortgages, even when the borrower and circumstance show it's the best product. Risk based pricing is the new trend, so borrowers with higher credit scores pay lower rates; but the investors are still leery. Rates and options are changing quickly until some balance in the US dollar and global economics returns. The timetables vary but more investors will be back buying and lending more money soon. Call me if you need a reliable lender recommendation.

**Our new postage rates go into effect on May 12. Hopefully you'll find these stamps useful to bridge the gap. Write a note, say hi to someone you've not spoken with recently. You'll both smile from the experience.**

*Thank you for your time and interest.*  
Paul

## What's Old is New Again

*Continued from page 1*

theirs and the buyers home. If either one sells, you win. Buyers can get their inspections done and be confident that they've chosen a good home for their future, when their present home is sold. This method of home buying was quite common in our past but was denigrated by many in the recent past. Most of the arguments against accepting contingencies were driven by stronger market conditions. Now that the market has become more balanced, these contingent offers can make good sense for both parties.

Another returning face to our marketplace is the FHA loan.

We've all been hearing about no one being able to get credit, first time buyers who can't qualify because of a lack of down payment. FHA has come to the rescue. With FHA loans, borrowers, first time or not, can buy for as little as 3% in total down payment and closing costs, on loans up to \$567,000. Borrowers can receive the 3% from family members, as a gift, or as a non-occupying co-borrower. Buyers can have debt ratios up to 45% for their home payment and have lower credit scores than are allowed for conventional loans. Loan rates are comparable to conventional rates, some

even lower, and the adjustable rate loans have lower adjustment caps, usually a maximum of 1%. If you, a friend or family member is waiting to buy because you didn't think you'd qualify or thought you'd need more money, FHA may work for you. Most of our economic indicators are for slightly increasing interest rates, so don't let our 6% range go by. A rise in interest rates from 6 to 6.5% will mean a payment increase of \$130/month on a \$400K loan. Even if the home's value dropped \$25,000, you'd still be \$80/month ahead with our current interest rates. Our prices are stabilizing and entry level prices and rates will be rising.

## What's happening with condominiums?

The condominium market has its own challenges but prices are still rising on many. Because many condominiums are built in close-in locations, their appeal to short commuter interests and simpler lifestyles are still rising. People trying to live more green, smaller carbon foot print lifestyles is still keeping this market moving. Sales have slowed, but much of our

inventory is of higher priced condominiums. Lower and mid-range priced condominiums are still selling well. Multiple offers can still be found in these property sales. Some new lending regulations are creating some challenges for condo sellers, but most of these will get worked out through this year. Many of the regulations are trailing the problems we

saw 3-7 years ago with exterior siding replacement and such. Older condominiums with years of deferred maintenance will have some challenges, but for the most part the condo market still represents a wise investment for many different buyer profiles from first time buyers to those down-sizing out of houses or looking for second homes with close-in or vacation locations.