

REAL ESTATE REALITIES

Spring is here and as the weather warms up we also see the real estate market warming up...



Typically this is a good time for Sellers because it brings more Buyers into the market place, and with the increase in demand we usually see an increase in prices. I wish that was the case, however Buyers today are in the driver's seat - in most cases.

If you are a Buyer you will have the benefit of being able to buy homes that are over 50% off what they sold for only 4 years ago. In my opinion and from the National Association of Realtors, we all feel that prices are currently at the bottom or very close. I see homes today that are selling for the price they sold for in 2000. So NOW is definitely the time to buy. However in today's market it's common for both Buyers and Sellers to face many additional challenges. The biggest challenge the Buyer faces is finding a home in which they can actually buy. What I mean by this, is many of the homes shown on the Internet are actually very difficult to obtain at a certain price point. This puzzles my clients because they hear about all the bank owned properties (REO) and short sale homes and believe they can get a great deal on them. That is only a half truth. Yes, you can get a great deal, but only if you are willing to play the game against the bank and the market place. Short sales are the best values if you want a great buy, but you only have a 30-60% chance of getting that one home you want, as not all short sales will get approved. There are many factors involved in ensuring that the lender will accept a short sale. Bank owned properties (REO) can be a good buy, but once these homes enter in the REO system, there is a 6 month tiered pricing structure they must follow. Many times a Buyer will see a REO home and make a low offer thinking the bank will accept it, however this is NOT the case. Once the home is in the REO system the bank will typically price it high at first and then slowly step down the price (usually 3-5%) every 3 weeks. Eventually over the next 6 months the home will be priced at market value and the bank will finally accept the offer. The REO homes do have the benefit of being homes you can buy because once the bank approves the sale it is then treated as a normal real estate transaction. Keep in mind, the Buyer is taking on more of a risk with these REO properties because the homes are usually in poor condition or have other unknown issues, but if the price is right it is worth it.

Sellers who are in a position to put their homes on the market can also benefit. What I mean by that is many home values are upside down compared to their mortgage (owe more on their home than it's worth). Typically these Sellers try to sell on a short sale (convincing the bank to accept a lower offer than what is owed), but the Seller has to set themselves up to show financial hardship along with property value before a bank will even consider the short sale, and many times the bank will not allow it. This is why short sales have such a lower conversion rate to close the transaction. So Buyers often decide not to pursue short sale homes once they are educated on what can and cannot happen, as they have a reason or time-frame on when they need to get into their new home. Reasons including; desire to lock in at the incredible low interest rates we currently see, living in a specific school district, end of their current lease etc. Also real estate is an emotional process and when you are excited about a house and find out 6 months later that the sale will not be approved, it becomes very upsetting, and they have to begin their search for a home all over again. The lesson here for the Seller is; the house that is in good condition, desired location, priced fair and able to sell now has a home that is in high demand. The Seller may not be able to sell their house for the price they could have gotten 4-6 years ago, but they will get top dollar in this market today.

Once your home has an offer we only have 2 major hurdles to accomplish before we can close the transaction. The first hurdle, will the home appraise at what they Buyer wants to pay for it? Today this is one of the biggest frustrations in

real estate. The second hurdle, will the Buyer's financing actually go through? Most Buyer's are usually pre-approved before they even begin looking at homes, but the actual sale of a home is not over until it closes, and with the tighter regulations and ever changing lender rules which apply to both the Buyer and Seller it may be a show stopper and you're back to square 1. Real Estate agents now more than ever, have to be more involved in all the processes along the way in order for the closing to take place.

So as a Buyer or Seller you need to make sure you have a plan in process that will allow you to have a stress free experience and as a full time Realtor, with over 20 years in real estate I am confident I can help you accomplish your main goal of buying or selling your home. If you have any questions feel free to contact me and we can have a FREE conversation about your needs and concerns. Remember everything we talk about is confidential. Bob Beutler Major (RET). 612-558-7355 www.BobBeutler@Remax.net

PS. Just released March 2011 - ReMax has sold more real estate than anyone else in the world!