NEWS ON
FINANCING
REALTY
PROPERTY
MANAGEMENT

Washington Real

VOLUME 12 JUNE 2009

SPECIAL POINTS OF INTEREST:

- 248 of 330 markets undervalued
- 12.2% of homes in US undervalued
- Vallejo, CA one of most undervalued
- 95/5 loans canned by MI companies

SACRAMENTO

Ph: 916.675.1177

Fx: 866.405.1808

BAY AREA

Ph: 510.344.0024

HOUSTON

Ph: 713.952.6092

Fx: 281.668.5002

The Most and Least-Valued Markets

The current market conditions have provided a buying opportunity to most first-time home buyers, thus sending affordability to one of its highest in recent history. According to IHS Global Insight, the average US home is now undervalued by 12.2 %. This is a very interesting statistic, since consumer confidence is edging upwards, likewise home sales, and inversely slower building starts.

In the face of these favors to the real estate market, unemployment, economic uncertainty and rising mortgages (almost a point higher over the past three weeks) will put these good prospects in check. In the IHS Global Insight report, titled "House Prices in America", of the 330 markets it tracked, homes are under-priced in 248, compared to 108 undervalued just four years ago. In markets such as Las Vegas, Phoenix, Sacramento, and several cities in Florida, buyers are snapping up foreclosures quickly. In Sacramento, for instance, most fore closured properties see multiple offers, each competing to make the best and favorable offer for the properties in question. This is in sharp contrast to short sales which take much longer to close. According to the report, here are some of the most valued and under-valued markets in the country;

City	Mid-Price	% +-
Atlantic City,NJ	$243k	44%
Longview, WA	$247k	29%
Portland, OR`	$277k	22%
Vero Beach, FL	$125k	-43%
Las Vegas, NV	$140k	-41%
Merced, CA	$106	-40%
Vallejo, CA	$196k	-34%
Stockton, CA	$144k	-34%

This presents a great buying opportunity for rental properties in areas closer to the Bay like Vallejo, and yes Sacramento.

-Al Som-Anya, MBA, President

Mortgage Insurers Retrace Steps

Mortgage financing has been one of the major ways to own real estate, for most buyers who cannot afford to pay cash. To facilitate these transactions, mortgage insurers (MI) had to insure that if the buyer defaults, these companies will pay the lenders what is owed. This is frequently requested for borrowers who have less than 20% to put down for the purchase. During the boom years, it was difficult for buyers to come up with the 20%, so most mortgages fell within these insurers realm. They made money insuring these deals, and are now paying sorely for them. On Friday, June 12, one of those insurers, Radian retracted the support for 95/5 mortgages, and they were one of the last to do so. This means conventional mortgages, will need at least a 10% down to buy, well FHA is still available for these buyers now!

Al Som-Anya