

Your REALTOR®



August 2007

REAL ESTATE *Update*

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Rates Tick Down

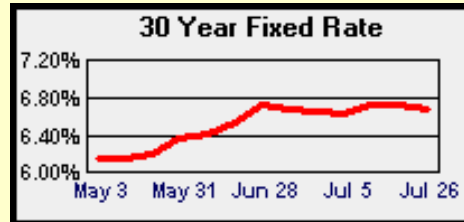
In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 6.69 percent for the week ending July 26, 2007, down from the previous week when it averaged 6.73 percent.

Last year at this time, the 30-year FRM averaged 6.72 percent.

"Mortgage rates eased this week on market concerns that a further weakening of housing demand this spring will delay any recovery in the sector," said Frank Nothaft, Freddie Mac vice president and chief economist. "For

Mortgage Rates

Source: Realty Times



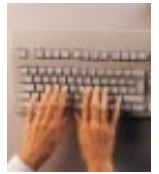
U.S. averages as of July 26, 2007:

30 yr. fixed: 6.69%
15 yr. fixed: 6.37%
1 yr. adj: 5.69%

example, building permits fell last month to the slowest pace in a decade, and more recent data on June sales of existing home showed a fourth consecutive monthly decline."

Young Buyers Seek High-Tech Homes

Younger home



buyers from Generations X and Y, born after 1965, grew up with technology and want high tech built into their homes, says Gopal Ahluwalia, staff vice president for research of the National Association of Home Builders in Washington, D.C.

Here are some trends in high-tech homes:

- Outdoor theaters. Mount a flat-screen TV by the barbecue. Especially in warm climates where people spend a lot of time outdoors, watching a movie under the stars can be appealing to home buyers.

- Whole-house lighting controls. A house can be equipped with four (or more) lighting scenarios: entertaining, everyday living, sleep time, and away-from-home security. Gaining popularity is the ability to control a home's lighting by touch-screen panels throughout the house, or even via the Internet.

- Whole-house automation systems. The home owner can control all systems via the Internet and do everything from feed the cat to run the washer. Indeed, Ahluwalia says the house will be able to run itself: "When food supplies drop, orders will be placed automatically with a grocery via the Internet."

- Solar hot-water systems. A solar water heater that uses energy emitted by the sun has been around for decades. But prices are dropping and in many parts of the country, the systems -- which lower water-heating costs -- are able to quickly pay for themselves.

Four Tips for Cooling Down Your Energy Bills

You know August is

here when temperatures are heating up and air conditioners seem to be constantly humming. The American Council for an Energy Efficient Economy has a few suggestions on how to cut down energy consumption and reduce monthly cooling bills.

- Clean or replace air filters to keep cool air moving and to reduce electricity consumption.
- Have an air conditioner tune-up performed by a qualified contractor.
- Make sure your attic is adequately insulated.
- Replace old equipment. A new high-efficiency unit not only pares down utility bills; but helps you qualify for a federal income tax credit.

Preapproved or Prequalified: What's the Difference?

Confusing



prequalification with preapproval can mean disappointment for both a home seller and a buyer. For buyers to obtain a bona fide preapproval, they must submit a loan application with the necessary documentation and fee. After the lender verifies and analyzes the application, it will notify the applicant of how much money he can afford to borrow. Armed with that information, the buyer can confidently go home shopping.

Prequalifications are simply an estimate of what a buyer can afford. A buyer who assumes that this estimate is accurate and chooses a home based on the information may, in fact, be denied a loan when he actually applies.

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Staging Takes Center Stage

By Broderick Perkins



You don't have to be a star to be in Beth Ann Sheperd's show.

Sheperd is one of those "to the stars" service providers, in this case, setting the stage to position a home for sale or staging. It's a smart marketing move when it's time to move a home in just about any kind of market.

Staging is to the interior of a home what curb appeal is to the exterior -- nipping and tucking, furnishing and accessorizing, buffing and polishing until the place looks like a model home, without being clinical. But it can also include curb appeal.

With just the right special effects, the effort can transform a home into a house of dreams and help potential buyers visualize potential.

Done wrong and a home can become more like the set of a horror movie, a real house of screams.

Operating under the name "Dressed to Close," Sheperd says her clients include Black Eyed Peas' Fergie, leading-man actor Josh Duhamel, off-beat Christina Ricci, even the glamorous "Desperate Housewives" actress, Eva Longoria.

But you don't have to be in a music video, hit movie or top rated TV show to benefit from Sheperd's expertise. She's offering you an exclusive peek at how to make staging take center stage in your home for sale.

Here's what she advises.

- **Appeal.** Start with curb appeal, including landscaping, doors, fixtures all that customers see upon approach to the home. Curb appeal should exude an unforgettable first impression that prompts buyers to cross the threshold.
- **Enchant.** The portal should generate some pop, excitement, drama, maybe a little razzmatazz. Create a focal point with an oversized mirror, a dramatic piece of art, strategic lighting, fresh flowers or scented candles -- but not all at once. Add drama, not comedy.
- **Refresh.** Update worn attributes. Sand and refinish hardwood floors. Clean or replace the carpet. Pressure wash stone flooring.
- **Rearrange.** New furniture layouts make for a new look, feel and flow. A fire place need not be the focus in the middle of

summer. A point of view to the lanai, beachfront or pool area may be a better set.

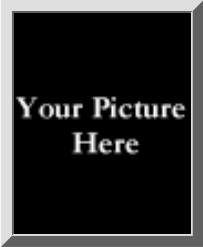
- **Upgrade.** Stainless steel appliances are the rage because they add the commercial look of perceived value. Toss in a glass-front wine cooler for sex appeal.
- **Accommodate.** Give your baths that "Five-Star" look. Add thick, white, luxury hotel towels, extra hand towels at each sink and a container of those hotel goodies -- scented reeds or scented candles, and cotton-ball, Q-Tip, holders and the like.
- **Impress.** Likewise treat your master bedroom like a luxury hotel suite featured in the movies. Include thick white sheets and pillows. Use a thick white duvet and duvet cover, a nice tray with reading books, scented reed diffusers (or scented candles) and warm colored walls. A ceiling-height plant adds perceived height. A nice chair and reading light or sofa seating area brings in coziness. Remove the clutter, photographs, no note pads, pens or pencils. Nothing you would not find in a luxury hotel suite.
- **Reorganize.** Clear the set. Remove the clutter. Put in professionally built-out closets. Closets should look good and smell good, not musty or mildewy. Your closets should look good, smell good and sound good. Rack or drawer your shoes and other accessories. Leave nothing on the floor. Add cedar blocks for scent and invest in matching wood hangars for every item of clothing to project a lifestyle of success.
- **Entertain.** Add a sound track. iPod music to wireless speakers. Install a plasma TV tuned to an eye-catching, replaying, high density disc of panoramic scenes. You want to present your home as modernized and updated.
- **Accentuate.** "Add" a subplot of square footage with dramatic effects -- mirrors in small areas, focused furniture positions, lighting, etc.
"Purchase extra-long white sheer mesh draperies and install rods around your trellises or outdoor area for that billowy drapery feeling found only in exclusive resort hotels throughout the world. This is a dynamic, fast way to provide the 'major wow' need to sell your home faster to the highest bidder," Sheperd advises.

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Head Count Shows Shifting Population

By Lew Sichelman



The country's fifth largest city is in the desert, according to the latest Census Bureau estimates. And though it is only half the size of the next largest city, the nation's No. 1 city in terms of population has more than twice as many people as its closet rival.

Yes, New York reigns supreme as the largest city in the United States, with a population of 8.2 million. The next largest city is Los Angeles, which has just 3.8 million residents. Chicago is third with 2.8 million inhabitants and Houston is fourth with 2.1 million.

Phoenix, the aforementioned desert city, moved into fifth place, according to the latest count, moving ahead of Philadelphia. The head count in Phoenix in 2006 was 1.5 million. In Philadelphia, it was 1.45 million.

The switch is further evidence of a shift in the U.S. population that began decades ago.

In 1910 -- nearly a century ago -- all of the ten most populous cities were within approximately 500 miles of the Canadian border. Now, seven of the top ten and three of the top five are in states that border Mexico.

In another big change, only three of the largest cities in 1910 -- New York, Chicago and Philadelphia -- remain on the current list. At the same time, three of the current top ten -- Phoenix, San Jose and San Diego -- were not even among the top 100 largest cities 97 years ago, while three others -- Dallas, Houston and San Antonio -- had populations of less than 100,000.

The estimates also show what many of us already know, that many of the nation's fastest-growing cities are suburbs of those cities or small towns that border on them. For example, North Las Vegas, Nev., a suburb of Las Vegas, had the nation's fastest growth rate among large cities (those with populations of 100,000) between July 1, 2005, and July 1, 2006. North Las Vegas' population increased 11.9 percent during the period, to 197,567.

Furthermore, three of the 10 fastest-growing cities are in the Dallas metro area: McKinney (second), Grand Prairie (sixth) and Denton (ninth). In the same general vicinity, Ft. Worth just missed the list, ranking 11th.

Phoenix had the largest population increase of any city between 2005 and 2006, adding more than 43,000 residents. But Texas dominated the list of the 10 highest numerical gainers, with San Antonio, Ft. Worth, Houston, Austin and Dallas each making the top 10. Three other Texas cities

made the list of 25 biggest numerical gainers.

New Orleans had by far the largest population loss among all cities with populations of 100,000 people or more. The Big Easy lost slightly more than half of its pre-Hurricane Katrina population. It fell from 452,170 on July 1, 2005, to 223,388 one year later, a loss of 50.6 percent. To put that into perspective, Hialeah, Fla., which experienced the second-highest rate of loss over the period, saw its population decline by 1.6 percent.

Meanwhile, the Census Bureau threw out another tidbit recently that the real estate community might find interesting: An average of 2,356 people went into business for themselves everyday in 2005, bringing the number of businesses without a payroll to 20.4 million. In total, 860,000 people became business industry "loan wolves" in 2005. The District of Columbia led the nation in the growth of these small businesses with a 9.6 percent increase between 2004 and 2005, followed by Nevada at 7.7 percent and Florida with a 7.6 percent growth rate. Rounding out the top five were Georgia and Utah, which had increases of 7.6 percent and 7.2 percent, respectively. Among the nation's most populous counties, Los Angeles County, Calif., had 799,108 non-employer businesses as of 2005. Cook County, Ill., was second at 380,457, followed by Miami-Dade, Fla., at 296,456.

Counties with big increases in non-employer businesses included Orange County, Fla. (9.4 percent); Clark County, Nev. (9 percent); Miami-Dade (8.6 percent); Tarrant County, Texas (8.4 percent); Gwinnett, Ga. (8.4 percent); and Hillsborough, Fla., and Mecklenburg, N.C. (8.3 percent each).

The ten largest cities:

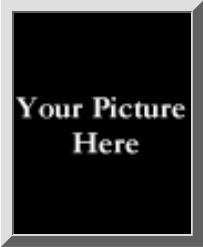
- New York -- 8,214,426
- Los Angeles -- 3,849,378
- Chicago -- 2,833,321
- Houston -- 2,144,491
- Phoenix -- 1,512,986
- Philadelphia -- 1,448,394
- San Antonio -- 1,296,682
- San Diego -- 1,256,951
- Dallas -- 1,232,940
- San Jose -- 929,936

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Seven Steps To A Credit Score Makeover

By Broderick Perkins



You can mitigate the effect of tighter mortgage underwriting standards by improving your credit report profile and, as a result, your credit score. Just don't expect that your knee-jerk reaction to tighter money will generate overnight success. Chances are, you didn't get all those credit report blemishes during a single credit buying binge. And, if you are like many consumers, you don't even know what you are up against.

BankRate.com recently found that 32 percent of Americans surveyed never check their credit reports and have no idea what shape it's in. It's time to find out and do something about it. Your credit report is a sort of fiscal fitness report on your credit habits and the information it contains factors heavily into your credit score, a statistical analysis or numerical value placed on your credit behavior. Your credit score is commonly used to nay or yea your requests for credit and determine how much you'll pay for credit approved.

Here are seven starter steps to take toward improving your creditworthiness.

- Get your credit report and look for errors. These days getting a credit report should be the no-brainer first step toward improving your chances of landing credit at the best price possible. Simply go online to AnnualCreditReport.com, the ONLY federally-sanctioned and cost-free service, and obtain a free credit report from Equifax, Experian and TransUnion. Given the year is more than half over, get your report from at least two companies, perhaps three. Next year set up your own credit monitoring service by getting a report from a different company every four months. Again, through AnnualCreditReport.com, each report is free.

Questions? Call (877) 322-8228 for details about your free credit report rights.

- Check credit limits and attempt to keep balances evenly distributed across credit lines, advises attorney Edward Jamison, with the Los Angeles, CA Jamison Law Group he founded to specialize in consumer credit and identity theft.
- Make sure your maximum credit limit is reported for each account. "When no limit is reported, credit scoring software presumes the account is 'maxed out'." Jamison says credit scoring software scores more favorably when the balance is 50 percent or below, but too many open accounts with zero balances could lower the score with the assumption you could

suddenly run up a lot of credit.

- Keep some credit cards open. Close others. Open credit cards with limited balances and good payment records raises scores, especially long-time credit cards. However, the accounts should be limited in number and well-managed.

"Closing credit card accounts can hurt your score unless the accounts were opened less than two years ago, and you have more six credit cards," says Jamison.

It's about striking a balance.

"Credit scoring software assumes that people who have had credit for a longer time are at less risk of defaulting on payments," Jamison said.

- Where possible, get rid of late payments listed on the credit report. Jamison says if your late payments are dated and you've been a good credit customers for some time creditors may, in good faith, adjust your statement. "If you are a customer in good standing, the creditor may work with you," he said.

The effort isn't easy. A demanding, frustrated and rude approach will make it more difficult. The lender isn't required to remove dings for 7 to 10 years in some cases.

- Pay off collection accounts and past due amounts. Payoffs and paying past due accounts start the clock running on how long the ding will remain on your report. In some cases the collection agency or creditor may remove the ding, says Jamison. Again, it's not easy.

"The consumer should contact the collector and request a letter explicitly stating their agreement to delete the account upon receipt or clearance of the payment," he said.

- Likewise, whenever possible, seek to have charge-offs and liens that are less than two years old removed. "Charge-offs and liens that are older than 24 months do not affect your credit score nearly as much as ones under 24 months," says Jamison. "But if they're newer than 24 months, they can seriously damage your credit," revealing you as a more recent credit slacker.

Keep in mind, all efforts to improve your credit, other than correcting errors, are typically based on you being a mature credit consumer -- pay your bills on time, don't overload yourself with debt and get in touch with lenders at the first sign of trouble for workouts than can help save your credit or reduce the damage to your report and your credit score.

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Coping with Higher Summer Energy Costs

By Al Heavens



Air conditioning is costing consumers more this summer. The Energy Information Administration, the statistical division of the U.S. Department of Energy, predicts that the price of electricity will climb about 2.6 percent during 2007. Demand for electric power will grow about 1.5 percent during the year, which the EIA says is normal.

This means that if the typical consumer paid \$150 for electricity to run central air conditioning in a 2,000 square-foot house in each of the summer months in 2006, for example, that bill will be \$153.90 for June, July and August this year. That might not seem like a lot of money, but multiply that by the increase by the number of households in the United States and that means hundreds of millions of dollars.

These costs fall on low and moderate income homeowners the most. Diane-Louise Wormley, who oversees a program to improve Philadelphia neighborhoods, said that a key to making homeownership affordable for younger buyers is to make these older houses energy efficient so that "everything won't be going to the gas company."

BASF, which built a "near-zero energy" house in Paterson, N.J., is bringing technology used to create that home to low and moderate income neighborhoods in other cities, according to Jack Armstrong, business manager for the German-based chemical company, who oversaw the project.

Armstrong said that a zero-energy home can be "cash-flow positive" to the homeowner from the "very first day," because while achieving this level of performance can add \$45 to \$90 in monthly mortgage payments, it can save \$140 a month that the typical consumer was paying on utility bills "before the era of wildly fluctuating energy costs."

Wormley, Armstrong and others acknowledge that these solutions to energy costs and housing affordability are long-term, and will do little to help consumers deal with higher utility bills this summer.

Some recommendations from energy experts work better in some areas of the country than others. For example, in suburban and rural areas, nights tend to be cooler than in the cities of concrete and blacktop, so homeowners can open their windows after sunset and use a whole-house fan to bring cool air into the house rather than keeping the air conditioners cranked.

Some northern areas only need air conditioning a few days a year, while in Texas, half the average homeowner's summer electric costs are generated by it, according to the state's public utilities authority.

Some utility companies charge higher rates in the summer or begin tacking on additional charges to a customer's bill if he or she uses more than a certain number of kilowatt hours during a 30-day cycle.

The key is to find ways to stay comfortable while keeping costs down.

According to Ronnie Kweller of the nonprofit Alliance to Save Energy in Washington, there are plenty of ways to do so. One is to properly maintain the home's cooling system so that it operates as efficiently as possible. This means cleaning or replacing air conditioner filters monthly, or as needed. Outdoor and indoor air conditioner coils also must be kept clean.

Keep your house closed tight in the daytime to keep unwanted heat and humidity out. If practical, ventilate at night either naturally or with fans. In addition, Kweller suggested that a dehumidifier shouldn't be operated at the same time as the air conditioner, since the dehumidifier will increase the cooling load and force the air conditioner to work harder.

Shifting energy-intensive tasks such as laundry and operating the dishwasher to off-peak energy demand hours will help increase electricity reliability during heat waves, Kweller said. If you are able to do so, don't do the dishes and laundry a little at a time. Full loads will reduce energy consumption.

When you do wash clothes and your machines are old and inefficient top-loaders, use cold water. Kweller said that doing so could save up to \$63 a year and, for those worried about getting clothes clean, "detergents formulated for cold water get clothes just as clean." For increase dryer efficiency (and to reduce the chance of fire) clean the lint filter in your dryer after every load.

Keep lamps or TVs away from the air conditioner thermostat, she said, because heat they generate will cause your air conditioner to run longer, running up bills unnecessarily.

When you leave the room, shut off the lights. The heat these lights produce also can increase cooling costs, according to Kweller.

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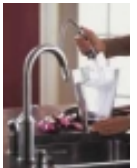
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Over-Cooked Hype Hikes Kitchen Costs

By Broderick Perkins



An update on kitchen remodeling reveals you could be spending a lot more and getting a lot less when you do-over your home's social center.

Consumer Reports "Kitchen-Planning Guide" now includes a new feature, "Great Kitchens For Less," a dissertation on spending less and getting more when you remodel or just swap out old appliances with new. With findings and recommendations based on independent laboratory tests, pricing comparisons and cost analyses, the Consumers Union publication says the hype on stuff you can buy for the kitchen is often just that. It's not surprising kitchens get the hard sell.

Kitchens are the social gathering spot for the family and guests and new technology is turning it into the home's command center.

That's not all. Remodeling kitchens is a value added proposition because a large portion, if not all and sometimes more of the remodeling cost becomes added home value.

Finally, upgrading major appliances today comes with both an energy conservation boost and convenience boom.

"Whether you're updating your appliances or planning a full remodel, seeing past the hype can be tough when everything looks so good," the magazine reports in an overview that names names and includes an everything-you-wanted-to-know approach to kitchen remodeling and financing, as well as the appliances, furniture, materials and accessories that go into a job, large or small.

Notable in the exhaustive report is the potential for big money savings in the "10 Most-Hyped Products And What To Buy Instead" side report.

"Mistakes can be costly as well as disappointing, because the most loudly hawked products are often the most expensive," according to Consumer Reports.

Here are some examples:

- Pro-style ranges. Commercial ranges promising a professional look, feel and performance come with a professional \$4,000 price tag, but perform no better than less-expensive conventional ranges. Turn it on. Cook. If you need to keep up with the Joneses, commercial-looking ranges from mainstream manufacturers perform just as well for thousands less.

- Steam ovens and ranges. Consumer Reports found that oven makers claiming "super-heated steam cooking melts away fat" were thin on results. Free exercise is a better deal than the \$1,000 cost for the ovens.

- Multimedia fridges. In one of the latest examples of technology attempting to adjust your habits -- when it should be helping you perform them more efficiently -- refrigerators with built-in TVs and calendars are still just refrigerators. They cool and freeze food. Post a to-do list and buy an under-the-cabinet flip down or small counter-top flat panel TV. Save thousands.

- Pricey faucets and sinks. Five-hundred dollar faucets reveal no performance superiority over lower priced faucets in chrome or with physical vapor deposition finishes. And thick or thin, all stainless sinks resist dents, stains and scratches similarly. It's all steel, or a steal, depending on how you look at it.

- Trendy counters. Concrete is fragile and susceptible to scratches, chips and hairline cracks and needs periodic resealing. Who needs another kitchen chore? Limestone, in wear tests, revealed scratches, stains and dings. Granite or quartz are a better deal.

- "Green" flooring. Bamboo, cork, linoleum, all considered renewable alternatives, don't hold up as well to the usual spills, scratches, dropped plates, and sunlight and may need to be, well, renewed sooner than solid wood floors and plastic laminate and vinyl. The latter two were toughest overall in tests, cost less and demand less care.

- Big-box shopping. One-stop shopping for remodeling jobs at the big warehouse home improvement centers wasn't impressive as an overall solution for design help, installation services, product quality, selection, even price, according to Consumer Reports. Like any major purchase, a kitchen remodel is a shop-around job.

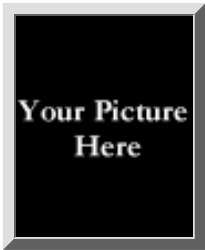
"For instance, Costco was tops overall for major appliances, but it had the worst selection. Check each retailer's return policies before you buy. Also consider local independent stores and personal references as highly as any preconceived notions about price, quality, and convenience," Consumer Report advises.

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Short Sales Not Just About Cancelling Mortgage



By M. Anthony Carr

We're hearing a lot about short sales these days. The key words in the Multiple Listing Systems around the country are "third party approval required," or "bank approval required," which is a signal that the property you're looking at is actually being sold by the mortgage holder rather than the deed holder.

Before you get involved in one of these transactions, understand what they are not: a short sale is not simply a sale of a property for less than the original purchase price. It is not necessarily a "pre-foreclosure." It is not always a good deal.

What a short sale is: A short sale is a pre-foreclosure only in the fact that the lender has decided to receive payment on the note for less than the face amount. The sellers have determined there's no way they are going to get as much for the house as they owe and they can't stay in the property for one reason or another.

The terms of such sales will differ lender to lender. Some require that the owners demonstrate they can't afford the house (that they're broke, in essence) and that there's no money to bring to the table to make up the difference.

It's a sticky situation for the sellers/owners. They don't want to hurt their credit or go into foreclosure, but they have to move because they've been transferred, lost a job, took a new job or are overextended, but they don't have the cash to pay the marketing costs, closing costs and pay off the mortgage.

Short sales are real diamonds. I've seen some that look great -- offering closing costs, aggressive pricing, and selling bonuses -- just to get the house off the books.

Conversely, they can also be some of the toughest deals to get through to settlement if the lender has lost too much money already and just wants to wait out the buyers until one comes along who's willing to buy the house in disrepair with no closing costs.

If you're writing a contract on a short sale here are a few tips to keep in mind:

Be patient. Because of the current default situation on mortgages, the lenders are inundated with many of these type properties. Your offer is one of many and the processor will

get to it in turn. Don't expect a response in a day -- maybe not even two to three days. Sometimes a week is not out of the ordinary. Putting in language such as "response required within 24 hours," may just be a waste of time, rather than a stimulus to get a faster response.

A good comparative market analysis is imperative. Be sure to hit the price right on the head and offer close to it. Most lenders have already lost enough money, they don't want to lose more with a really low offer. If it's overpriced, then offer right at the CMA amount. But if it's right on, offer the full price.

Pile on the contingencies. This works well if you're writing a full price offer. Those would include inspections (home, pest, radon, etc.); appraisal; financing; etc. Ask for a lot and expect nothing.

Be on top of your walk through. Most short sales don't like home inspections, thus be aware of the condition of the property. If possible, test all the systems (electrical, plumbing, heating/air). This is as simple as flushing toilets, using a socket tester (available at hardware stores); and turning on the furnace/heater/air. You may even want to turn on the washing machine and dishwasher -- but ask the listing agent beforehand.

If you're on the selling side of a short sale, keep in mind you're not the one in control anymore. The buyer/agent is going to be dealing with the listing agent and the lender more than anyone else. You may want to be involved in the sale, but you're mainly there to agree to the terms set forth by the lender. Sign the paper work. Move your stuff -- out. They want their money and your home is the only thing standing in the way.

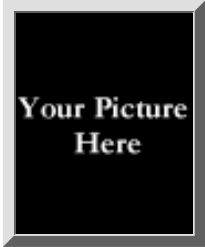
So you're out of trouble, right? Not so fast. The bank could come after the rest of the balance separately from the sale, just like they can with a foreclosure. On top of that, any cancellation of debt above \$600 is supposed to be reported as income to you through Form 1099-C (Cancellation of Debt) to the IRS. For instance, let's say you sell your house for \$30,000 less than you owe, that 30-grand could be additional income the IRS will want to tax.

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August 2007

REAL ESTATE Update

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Hot Decorating Tips: Go From Drab to Fab With These Ideas

By Phoebe Chongchua



Every homeowner eventually wants to make a change, but if you're like many people you haven't a clue where to begin. Just like fashion styles, interior designs change with the times as well. So, if you've been in your home for a long time and are ready to sell or are just ready for a makeover, read on to see if the hottest trends are suitable for your home.

Go ahead and slap a fresh coat of paint on the walls. But don't make it sterile white or boring beige. At the very least use these colors along with some vibrant accent colors on a single wall or two.

"We've gone through an era of everything being very muted and quiet and what we see with the younger generation coming up is that we're really going to use lots of colors. Colors on the walls, color on the furniture such as lime greens, browns, oranges and bright reds," says Dixie Lovejoy, owner of Arizona-based Apple Interior Systems, Inc.

A little paint can make a major change to a home. It's always a good idea to put on a fresh coat or at least touch up the paint before you place your home on the market. It gives a buyer a feeling of cleanliness and that the home has been well cared for over the years.

Think big, but buy less. "People used to buy accessories on a very small scale. In our office, one of our slogans is: bigger is better," says Lovejoy.

She says that means things like pots, statues, fountains, and flower arrangements should all be bigger. So instead of having a lot of knickknack items, you buy less but when you do, you buy big.

The idea is to make a statement with your decorating rather than make your home look cluttered.

Accent pillows are a must! The key home décor ingredient that no home should be without gives new meaning to pillow talk. Lovejoy says accent pillows will get your houseguest chatting about your harmonizing décor. "Accent pillows are kind of a key to all design that ties everything together," she says.

Bye-bye sliders. In my opinion, sliding glass doors have always been a bit of an eyesore, but so many tract homes have them. Now, Lovejoy says, sliding glass and even French doors

are losing ground. The new alternative creates wide open space even in a residential tract home. Instead, doors that virtually vanish or disappear are appearing in more homes and allowing better access to the great outdoors.

"They actually can slide all the way into a pocket that's built into a wall or stack on top of each other so it becomes one small window on the left or right side but the rest of your house is all open. There are also folding doors that do that," says Lovejoy.

Then the outside is decorated much like the inside with fireplaces, couches, chairs, coffee tables, and Lovejoy says even drapes and pictures hanging on the walls on the outside of the house. All of this makes the determining line between the outside and inside of your house disappear.

Furnish your outdoors like your indoors. "We traditionally don't even use regular patio furniture. We upholster couches and chairs and everything in outside fabric because it's gotten so incredibly intricate. It's not the old red, white, and blue fabric that we used to think of for outdoor furniture," says Lovejoy.

Today, designers are using big patterns made from velvets and even sheer materials on outside furniture which begs the question, "how does this fabric hold up on a couch or chair?"

"We're the toughest market there is with the weather and everything else ... and we're the dustbowl of the world out here but even the moisture that you have in the costal cities wouldn't affect it," says Lovejoy. Need to clean your furniture? Don't hire a professional, Lovejoy says, "You can take a hose to it and wash off the couch or chairs or you can vacuum them just like you do inside so there's really no difference," says Lovejoy.

When it comes to flooring soft is out, hard is in. "I think that we're going away from soft surfaces on the flooring," says Lovejoy.

Traditionally, homes have always had carpeting in the bedroom areas and maybe tile or hardwood flooring in other parts of the house. That's changing to create a better flow between the indoor and outdoor living areas.

Even just a few changes to your home can take it from drab to fabulous with these hot trends.

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August Real Estate Update

Rates Tick Down

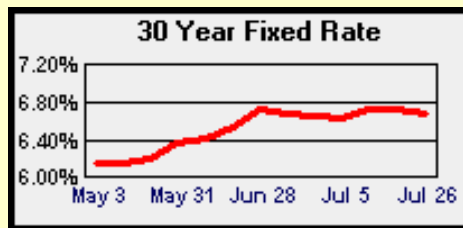
In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 6.69 percent for the week ending July 26, 2007, down from the previous week when it averaged 6.73 percent.

Last year at this time, the 30-year FRM averaged 6.72 percent.

"Mortgage rates eased this week on market concerns that a further weakening of housing demand this spring will delay any recovery in the sector," said Frank Nothaft, Freddie Mac vice president and chief economist. "For

Mortgage Rates

Source: Realty Times



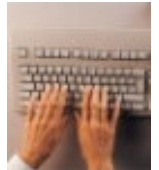
U.S. averages as of July 26, 2007:

30 yr. fixed: 6.69%
15 yr. fixed: 6.37%
1 yr. adj: 5.69%

example, building permits fell last month to the slowest pace in a decade, and more recent data on June sales of existing home showed a fourth consecutive monthly decline."

Young Buyers Seek High-Tech Homes

Younger home



buyers from Generations X and Y, born after 1965, grew up with technology and want high tech built into their homes, says Gopal Ahluwalia, staff vice president for research of the National Association of Home Builders in Washington, D.C.

Here are some trends in high-tech homes:

- Outdoor theaters. Mount a flat-screen TV by the barbecue. Especially in warm climates where people spend a lot of time outdoors, watching a movie under the stars can be appealing to home buyers.

- Whole-house lighting controls. A house can be equipped with four (or more) lighting scenarios: entertaining, everyday living, sleep time, and away-from-home security. Gaining popularity is the ability to control a home's lighting by touch-screen panels throughout the house, or even via the Internet.

- Whole-house automation systems. The home owner can control all systems via the Internet and do everything from feed the cat to run the washer. Indeed, Ahluwalia says the house will be able to run itself: "When food supplies drop, orders will be placed automatically with a grocery via the Internet."

- Solar hot-water systems. A solar water heater that uses energy emitted by the sun has been around for decades. But prices are dropping and in many parts of the country, the systems -- which lower water-heating costs -- are able to quickly pay for themselves.

Four Tips for Cooling Down Your Energy Bills



You know August is

here when temperatures are heating up and air conditioners seem to be constantly humming. The American Council for an Energy Efficient Economy has a few suggestions on how to cut down energy consumption and reduce monthly cooling bills.

- Clean or replace air filters to keep cool air moving and to reduce electricity consumption.
- Have an air conditioner tune-up performed by a qualified contractor.
- Make sure your attic is adequately insulated.
- Replace old equipment. A new high-efficiency unit not only pares down utility bills; but helps you qualify for a federal income tax credit.

Preapproved or Prequalified: What's the Difference?

Confusing



prequalification with preapproval can mean disappointment for both a home seller and a buyer. For buyers to obtain a bona fide preapproval, they must submit a loan application with the necessary documentation and fee. After the lender verifies and analyzes the application, it will notify the applicant of how much money he can afford to borrow. Armed with that information, the buyer can confidently go home shopping.

Prequalifications are simply an estimate of what a buyer can afford. A buyer who assumes that this estimate is accurate and chooses a home based on the information may, in fact, be denied a loan when he actually applies.

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Staging Takes Center Stage

By Broderick Perkins



You don't have to be a star to be in Beth Ann Shepherd's show.

Shepherd is one of those "to the stars" service providers, in this case, setting the stage to position a home for sale or staging. It's a smart marketing move when it's time to move a home in just about any kind of market.

Staging is to the interior of a home what curb appeal is to the exterior -- nipping and tucking, furnishing and accessorizing, buffing and polishing until the place looks like a model home, without being clinical. But it can also include curb appeal.

With just the right special effects, the effort can transform a home into a house of dreams and help potential buyers visualize potential.

Done wrong and a home can become more like the set of a horror movie, a real house of screams.

Operating under the name "Dressed to Close," Shepherd says her clients include Black Eyed Peas' Fergie, leading-man actor Josh Duhamel, off-beat Christina Ricci, even the glamorous "Desperate Housewives" actress, Eva Longoria.

But you don't have to be in a music video, hit movie or top rated TV show to benefit from Shepherd's expertise. She's offering you an exclusive peek at how to make staging take center stage in your home for sale.

Here's what she advises.

- **Appeal.** Start with curb appeal, including landscaping, doors, fixtures all that customers see upon approach to the home. Curb appeal should exude an unforgettable first impression that prompts buyers to cross the threshold.
- **Enchant.** The portal should generate some pop, excitement, drama, maybe a little razzmatazz. Create a focal point with an oversized mirror, a dramatic piece of art, strategic lighting, fresh flowers or scented candles -- but not all at once. Add drama, not comedy.
- **Refresh.** Update worn attributes. Sand and refinish hardwood floors. Clean or replace the carpet. Pressure wash stone flooring.
- **Rearrange.** New furniture layouts make for a new look, feel and flow. A fire place need not be the focus in the middle of

summer. A point of view to the lanai, beachfront or pool area may be a better set.

- **Upgrade.** Stainless steel appliances are the rage because they add the commercial look of perceived value. Toss in a glass-front wine cooler for sex appeal.
- **Accommodate.** Give your baths that "Five-Star" look. Add thick, white, luxury hotel towels, extra hand towels at each sink and a container of those hotel goodies -- scented reeds or scented candles, and cotton-ball, Q-Tip, holders and the like.
- **Impress.** Likewise treat your master bedroom like a luxury hotel suite featured in the movies. Include thick white sheets and pillows. Use a thick white duvet and duvet cover, a nice tray with reading books, scented reed diffusers (or scented candles) and warm colored walls. A ceiling-height plant adds perceived height. A nice chair and reading light or sofa seating area brings in coziness. Remove the clutter, photographs, no note pads, pens or pencils. Nothing you would not find in a luxury hotel suite.
- **Reorganize.** Clear the set. Remove the clutter. Put in professionally built-out closets. Closets should look good and smell good, not musty or mildewy. Your closets should look good, smell good and sound good. Rack or drawer your shoes and other accessories. Leave nothing on the floor. Add cedar blocks for scent and invest in matching wood hangars for every item of clothing to project a lifestyle of success.
- **Entertain.** Add a sound track. iPod music to wireless speakers. Install a plasma TV tuned to an eye-catching, replaying, high density disc of panoramic scenes. You want to present your home as modernized and updated.
- **Accentuate.** "Add" a subplot of square footage with dramatic effects -- mirrors in small areas, focused furniture positions, lighting, etc.
"Purchase extra-long white sheer mesh draperies and install rods around your trellises or outdoor area for that billowy drapery feeling found only in exclusive resort hotels throughout the world. This is a dynamic, fast way to provide the 'major wow' need to sell your home faster to the highest bidder," Shepherd advises.

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Head Count Shows Shifting Population

By Lew Sichelman



The country's fifth largest city is in the desert, according to the latest Census Bureau estimates. And though it is only half the size of the next largest city, the nation's No. 1 city in terms of population has more than twice as many people as its closet rival.

Yes, New York reigns supreme as the largest city in the United States, with a population of 8.2 million. The next largest city is Los Angeles, which has just 3.8 million residents. Chicago is third with 2.8 million inhabitants and Houston is fourth with 2.1 million.

Phoenix, the aforementioned desert city, moved into fifth place, according to the latest count, moving ahead of Philadelphia. The head count in Phoenix in 2006 was 1.5 million. In Philadelphia, it was 1.45 million.

The switch is further evidence of a shift in the U.S. population that began decades ago.

In 1910 -- nearly a century ago -- all of the ten most populous cities were within approximately 500 miles of the Canadian border. Now, seven of the top ten and three of the top five are in states that border Mexico.

In another big change, only three of the largest cities in 1910 -- New York, Chicago and Philadelphia -- remain on the current list. At the same time, three of the current top ten -- Phoenix, San Jose and San Diego -- were not even among the top 100 largest cities 97 years ago, while three others -- Dallas, Houston and San Antonio -- had populations of less than 100,000.

The estimates also show what many of us already know, that many of the nation's fastest-growing cities are suburbs of those cities or small towns that border on them. For example, North Las Vegas, Nev., a suburb of Las Vegas, had the nation's fastest growth rate among large cities (those with populations of 100,000) between July 1, 2005, and July 1, 2006. North Las Vegas' population increased 11.9 percent during the period, to 197,567.

Furthermore, three of the 10 fastest-growing cities are in the Dallas metro area: McKinney (second), Grand Prairie (sixth) and Denton (ninth). In the same general vicinity, Ft. Worth just missed the list, ranking 11th.

Phoenix had the largest population increase of any city between 2005 and 2006, adding more than 43,000 residents. But Texas dominated the list of the 10 highest numerical gainers, with San Antonio, Ft. Worth, Houston, Austin and Dallas each making the top 10. Three other Texas cities

made the list of 25 biggest numerical gainers.

New Orleans had by far the largest population loss among all cities with populations of 100,000 people or more. The Big Easy lost slightly more than half of its pre-Hurricane Katrina population. It fell from 452,170 on July 1, 2005, to 223,388 one year later, a loss of 50.6 percent. To put that into perspective, Hialeah, Fla., which experienced the second-highest rate of loss over the period, saw its population decline by 1.6 percent.

Meanwhile, the Census Bureau threw out another tidbit recently that the real estate community might find interesting: An average of 2,356 people went into business for themselves everyday in 2005, bringing the number of businesses without a payroll to 20.4 million. In total, 860,000 people became business industry "loan wolves" in 2005. The District of Columbia led the nation in the growth of these small businesses with a 9.6 percent increase between 2004 and 2005, followed by Nevada at 7.7 percent and Florida with a 7.6 percent growth rate. Rounding out the top five were Georgia and Utah, which had increases of 7.6 percent and 7.2 percent, respectively. Among the nation's most populous counties, Los Angeles County, Calif., had 799,108 non-employer businesses as of 2005. Cook County, Ill., was second at 380,457, followed by Miami-Dade, Fla., at 296,456.

Counties with big increases in non-employer businesses included Orange County, Fla. (9.4 percent); Clark County, Nev. (9 percent); Miami-Dade (8.6 percent); Tarrant County, Texas (8.4 percent); Gwinnett, Ga. (8.4 percent); and Hillsborough, Fla., and Mecklenburg, N.C. (8.3 percent each).

The ten largest cities:

- New York -- 8,214,426
- Los Angeles -- 3,849,378
- Chicago -- 2,833,321
- Houston -- 2,144,491
- Phoenix -- 1,512,986
- Philadelphia -- 1,448,394
- San Antonio -- 1,296,682
- San Diego -- 1,256,951
- Dallas -- 1,232,940
- San Jose -- 929,936

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Seven Steps To A Credit Score Makeover

By Broderick Perkins



You can mitigate the effect of tighter mortgage underwriting standards by improving your credit report profile and, as a result, your credit score. Just don't expect that your knee-jerk reaction to tighter money will generate overnight success. Chances are, you didn't get all those credit report blemishes during a single credit buying binge. And, if you are like many consumers, you don't even know what you are up against.

BankRate.com recently found that 32 percent of Americans surveyed never check their credit reports and have no idea what shape it's in. It's time to find out and do something about it. Your credit report is a sort of fiscal fitness report on your credit habits and the information it contains factors heavily into your credit score, a statistical analysis or numerical value placed on your credit behavior. Your credit score is commonly used to nay or yea your requests for credit and determine how much you'll pay for credit approved.

Here are seven starter steps to take toward improving your creditworthiness.

- Get your credit report and look for errors. These days getting a credit report should be the no-brainer first step toward improving your chances of landing credit at the best price possible. Simply go online to AnnualCreditReport.com, the ONLY federally-sanctioned and cost-free service, and obtain a free credit report from Equifax, Experian and TransUnion. Given the year is more than half over, get your report from at least two companies, perhaps three. Next year set up your own credit monitoring service by getting a report from a different company every four months. Again, through AnnualCreditReport.com, each report is free.

Questions? Call (877) 322-8228 for details about your free credit report rights.

- Check credit limits and attempt to keep balances evenly distributed across credit lines, advises attorney Edward Jamison, with the Los Angeles, CA Jamison Law Group he founded to specialize in consumer credit and identity theft.
- Make sure your maximum credit limit is reported for each account. "When no limit is reported, credit scoring software presumes the account is 'maxed out'." Jamison says credit scoring software scores more favorably when the balance is 50 percent or below, but too many open accounts with zero balances could lower the score with the assumption you could

suddenly run up a lot of credit.

- Keep some credit cards open. Close others. Open credit cards with limited balances and good payment records raises scores, especially long-time credit cards. However, the accounts should be limited in number and well-managed.

"Closing credit card accounts can hurt your score unless the accounts were opened less than two years ago, and you have more six credit cards," says Jamison.

It's about striking a balance.

"Credit scoring software assumes that people who have had credit for a longer time are at less risk of defaulting on payments," Jamison said.

- Where possible, get rid of late payments listed on the credit report. Jamison says if your late payments are dated and you've been a good credit customers for some time creditors may, in good faith, adjust your statement. "If you are a customer in good standing, the creditor may work with you," he said.

The effort isn't easy. A demanding, frustrated and rude approach will make it more difficult. The lender isn't required to remove dings for 7 to 10 years in some cases.

- Pay off collection accounts and past due amounts. Payoffs and paying past due accounts start the clock running on how long the ding will remain on your report. In some cases the collection agency or creditor may remove the ding, says Jamison. Again, it's not easy.

"The consumer should contact the collector and request a letter explicitly stating their agreement to delete the account upon receipt or clearance of the payment," he said.

- Likewise, whenever possible, seek to have charge-offs and liens that are less than two years old removed. "Charge-offs and liens that are older than 24 months do not affect your credit score nearly as much as ones under 24 months," says Jamison. "But if they're newer than 24 months, they can seriously damage your credit," revealing you as a more recent credit slacker.

Keep in mind, all efforts to improve your credit, other than correcting errors, are typically based on you being a mature credit consumer -- pay your bills on time, don't overload yourself with debt and get in touch with lenders at the first sign of trouble for workouts than can help save your credit or reduce the damage to your report and your credit score.

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Coping with Higher Summer Energy Costs

By Al Heavens



Air conditioning is costing consumers more this summer. The Energy Information Administration, the statistical division of the U.S. Department of Energy, predicts that the price of electricity will climb about 2.6 percent during 2007. Demand for electric power will grow about 1.5 percent during the year, which the EIA says is normal.

This means that if the typical consumer paid \$150 for electricity to run central air conditioning in a 2,000 square-foot house in each of the summer months in 2006, for example, that bill will be \$153.90 for June, July and August this year. That might not seem like a lot of money, but multiply that by the increase by the number of households in the United States and that means hundreds of millions of dollars.

These costs fall on low and moderate income homeowners the most. Diane-Louise Wormley, who oversees a program to improve Philadelphia neighborhoods, said that a key to making homeownership affordable for younger buyers is to make these older houses energy efficient so that "everything won't be going to the gas company."

BASF, which built a "near-zero energy" house in Paterson, N.J., is bringing technology used to create that home to low and moderate income neighborhoods in other cities, according to Jack Armstrong, business manager for the German-based chemical company, who oversaw the project.

Armstrong said that a zero-energy home can be "cash-flow positive" to the homeowner from the "very first day," because while achieving this level of performance can add \$45 to \$90 in monthly mortgage payments, it can save \$140 a month that the typical consumer was paying on utility bills "before the era of wildly fluctuating energy costs."

Wormley, Armstrong and others acknowledge that these solutions to energy costs and housing affordability are long-term, and will do little to help consumers deal with higher utility bills this summer.

Some recommendations from energy experts work better in some areas of the country than others. For example, in suburban and rural areas, nights tend to be cooler than in the cities of concrete and blacktop, so homeowners can open their windows after sunset and use a whole-house fan to bring cool air into the house rather than keeping the air conditioners cranked.

Some northern areas only need air conditioning a few days a year, while in Texas, half the average homeowner's summer electric costs are generated by it, according to the state's public utilities authority.

Some utility companies charge higher rates in the summer or begin tacking on additional charges to a customer's bill if he or she uses more than a certain number of kilowatt hours during a 30-day cycle.

The key is to find ways to stay comfortable while keeping costs down.

According to Ronnie Kweller of the nonprofit Alliance to Save Energy in Washington, there are plenty of ways to do so. One is to properly maintain the home's cooling system so that it operates as efficiently as possible. This means cleaning or replacing air conditioner filters monthly, or as needed. Outdoor and indoor air conditioner coils also must be kept clean.

Keep your house closed tight in the daytime to keep unwanted heat and humidity out. If practical, ventilate at night either naturally or with fans. In addition, Kweller suggested that a dehumidifier shouldn't be operated at the same time as the air conditioner, since the dehumidifier will increase the cooling load and force the air conditioner to work harder.

Shifting energy-intensive tasks such as laundry and operating the dishwasher to off-peak energy demand hours will help increase electricity reliability during heat waves, Kweller said. If you are able to do so, don't do the dishes and laundry a little at a time. Full loads will reduce energy consumption.

When you do wash clothes and your machines are old and inefficient top-loaders, use cold water. Kweller said that doing so could save up to \$63 a year and, for those worried about getting clothes clean, "detergents formulated for cold water get clothes just as clean." For increase dryer efficiency (and to reduce the chance of fire) clean the lint filter in your dryer after every load.

Keep lamps or TVs away from the air conditioner thermostat, she said, because heat they generate will cause your air conditioner to run longer, running up bills unnecessarily.

When you leave the room, shut off the lights. The heat these lights produce also can increase cooling costs, according to Kweller.

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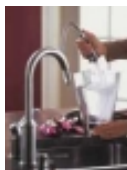
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Over-Cooked Hype Hikes Kitchen Costs

By Broderick Perkins



An update on kitchen remodeling reveals you could be spending a lot more and getting a lot less when you do-over your home's social center.

Consumer Reports "Kitchen-Planning Guide" now includes a new feature, "Great Kitchens For Less," a dissertation on spending less and getting more when you remodel or just swap out old appliances with new. With findings and recommendations based on independent laboratory tests, pricing comparisons and cost analyses, the Consumers Union publication says the hype on stuff you can buy for the kitchen is often just that. It's not surprising kitchens get the hard sell.

Kitchens are the social gathering spot for the family and guests and new technology is turning it into the home's command center.

That's not all. Remodeling kitchens is a value added proposition because a large portion, if not all and sometimes more of the remodeling cost becomes added home value.

Finally, upgrading major appliances today comes with both an energy conservation boost and convenience boom.

"Whether you're updating your appliances or planning a full remodel, seeing past the hype can be tough when everything looks so good," the magazine reports in an overview that names names and includes an everything-you-wanted-to-know approach to kitchen remodeling and financing, as well as the appliances, furniture, materials and accessories that go into a job, large or small.

Notable in the exhaustive report is the potential for big money savings in the "10 Most-Hyped Products And What To Buy Instead" side report.

"Mistakes can be costly as well as disappointing, because the most loudly hawked products are often the most expensive," according to Consumer Reports.

Here are some examples:

- Pro-style ranges. Commercial ranges promising a professional look, feel and performance come with a professional \$4,000 price tag, but perform no better than less-expensive conventional ranges. Turn it on. Cook. If you need to keep up with the Joneses, commercial-looking ranges from mainstream manufacturers perform just as well for thousands less.

- Steam ovens and ranges. Consumer Reports found that oven makers claiming "super-heated steam cooking melts away fat" were thin on results. Free exercise is a better deal than the \$1,000 cost for the ovens.

- Multimedia fridges. In one of the latest examples of technology attempting to adjust your habits -- when it should be helping you perform them more efficiently -- refrigerators with built-in TVs and calendars are still just refrigerators. They cool and freeze food. Post a to-do list and buy an under-the-cabinet flip down or small counter-top flat panel TV. Save thousands.

- Pricey faucets and sinks. Five-hundred dollar faucets reveal no performance superiority over lower priced faucets in chrome or with physical vapor deposition finishes. And thick or thin, all stainless sinks resist dents, stains and scratches similarly. It's all steel, or a steal, depending on how you look at it.

- Trendy counters. Concrete is fragile and susceptible to scratches, chips and hairline cracks and needs periodic resealing. Who needs another kitchen chore? Limestone, in wear tests, revealed scratches, stains and dings. Granite or quartz are a better deal.

- "Green" flooring. Bamboo, cork, linoleum, all considered renewable alternatives, don't hold up as well to the usual spills, scratches, dropped plates, and sunlight and may need to be, well, renewed sooner than solid wood floors and plastic laminate and vinyl. The latter two were toughest overall in tests, cost less and demand less care.

- Big-box shopping. One-stop shopping for remodeling jobs at the big warehouse home improvement centers wasn't impressive as an overall solution for design help, installation services, product quality, selection, even price, according to Consumer Reports. Like any major purchase, a kitchen remodel is a shop-around job.

"For instance, Costco was tops overall for major appliances, but it had the worst selection. Check each retailer's return policies before you buy. Also consider local independent stores and personal references as highly as any preconceived notions about price, quality, and convenience," Consumer Report advises.

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August 2007 Real Estate Update

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Short Sales Not Just About Cancelling Mortgage

By M. Anthony Carr



We're hearing a lot about short sales these days. The key words in the Multiple Listing Systems around the country are "third party approval required," or "bank approval required," which is a signal that the property you're looking at is actually being sold by the mortgage holder rather than the deed holder.

Before you get involved in one of these transactions, understand what they are not: a short sale is not simply a sale of a property for less than the original purchase price. It is not necessarily a "pre-foreclosure." It is not always a good deal.

What a short sale is: A short sale is a pre-foreclosure only in the fact that the lender has decided to receive payment on the note for less than the face amount. The sellers have determined there's no way they are going to get as much for the house as they owe and they can't stay in the property for one reason or another.

The terms of such sales will differ lender to lender. Some require that the owners demonstrate they can't afford the house (that they're broke, in essence) and that there's no money to bring to the table to make up the difference.

It's a sticky situation for the sellers/owners. They don't want to hurt their credit or go into foreclosure, but they have to move because they've been transferred, lost a job, took a new job or are overextended, but they don't have the cash to pay the marketing costs, closing costs and pay off the mortgage.

Short sales are real diamonds. I've seen some that look great -- offering closing costs, aggressive pricing, and selling bonuses -- just to get the house off the books.

Conversely, they can also be some of the toughest deals to get through to settlement if the lender has lost too much money already and just wants to wait out the buyers until one comes along who's willing to buy the house in disrepair with no closing costs.

If you're writing a contract on a short sale here are a few tips to keep in mind:

Be patient. Because of the current default situation on mortgages, the lenders are inundated with many of these type properties. Your offer is one of many and the processor will

get to it in turn. Don't expect a response in a day -- maybe not even two to three days. Sometimes a week is not out of the ordinary. Putting in language such as "response required within 24 hours," may just be a waste of time, rather than a stimulus to get a faster response.

A good comparative market analysis is imperative. Be sure to hit the price right on the head and offer close to it. Most lenders have already lost enough money, they don't want to lose more with a really low offer. If it's overpriced, then offer right at the CMA amount. But if it's right on, offer the full price.

Pile on the contingencies. This works well if you're writing a full price offer. Those would include inspections (home, pest, radon, etc.); appraisal; financing; etc. Ask for a lot and expect nothing.

Be on top of your walk through. Most short sales don't like home inspections, thus be aware of the condition of the property. If possible, test all the systems (electrical, plumbing, heating/air). This is as simple as flushing toilets, using a socket tester (available at hardware stores); and turning on the furnace/heater/air. You may even want to turn on the washing machine and dishwasher -- but ask the listing agent beforehand.

If you're on the selling side of a short sale, keep in mind you're not the one in control anymore. The buyer/agent is going to be dealing with the listing agent and the lender more than anyone else. You may want to be involved in the sale, but you're mainly there to agree to the terms set forth by the lender. Sign the paper work. Move your stuff -- out. They want their money and your home is the only thing standing in the way.

So you're out of trouble, right? Not so fast. The bank could come after the rest of the balance separately from the sale, just like they can with a foreclosure. On top of that, any cancellation of debt above \$600 is supposed to be reported as income to you through Form 1099-C (Cancellation of Debt) to the IRS. For instance, let's say you sell your house for \$30,000 less than you owe, that 30-grand could be additional income the IRS will want to tax.

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Hot Decorating Tips: Go From Drab to Fab With These Ideas

By Phoebe Chongchua



Every homeowner eventually wants to make a change, but if you're like many people you haven't a clue where to begin. Just like fashion styles, interior designs change with the times as well. So, if you've been in your home for a long time and are ready to sell or are just ready for a makeover, read on to see if the hottest trends are suitable for your home.

Go ahead and slap a fresh coat of paint on the walls. But don't make it sterile white or boring beige. At the very least use these colors along with some vibrant accent colors on a single wall or two.

"We've gone through an era of everything being very muted and quiet and what we see with the younger generation coming up is that we're really going to use lots of colors. Colors on the walls, color on the furniture such as lime greens, browns, oranges and bright reds," says Dixie Lovejoy, owner of Arizona-based Apple Interior Systems, Inc.

A little paint can make a major change to a home. It's always a good idea to put on a fresh coat or at least touch up the paint before you place your home on the market. It gives a buyer a feeling of cleanliness and that the home has been well cared for over the years.

Think big, but buy less. "People used to buy accessories on a very small scale. In our office, one of our slogans is: bigger is better," says Lovejoy.

She says that means things like pots, statues, fountains, and flower arrangements should all be bigger. So instead of having a lot of knickknack items, you buy less but when you do, you buy big.

The idea is to make a statement with your decorating rather than make your home look cluttered.

Accent pillows are a must! The key home décor ingredient that no home should be without gives new meaning to pillow talk. Lovejoy says accent pillows will get your houseguest chatting about your harmonizing décor. "Accent pillows are kind of a key to all design that ties everything together," she says.

Bye-bye sliders. In my opinion, sliding glass doors have always been a bit of an eyesore, but so many tract homes have them. Now, Lovejoy says, sliding glass and even French doors

are losing ground. The new alternative creates wide open space even in a residential tract home. Instead, doors that virtually vanish or disappear are appearing in more homes and allowing better access to the great outdoors.

"They actually can slide all the way into a pocket that's built into a wall or stack on top of each other so it becomes one small window on the left or right side but the rest of your house is all open. There are also folding doors that do that," says Lovejoy.

Then the outside is decorated much like the inside with fireplaces, couches, chairs, coffee tables, and Lovejoy says even drapes and pictures hanging on the walls on the outside of the house. All of this makes the determining line between the outside and inside of your house disappear.

Furnish your outdoors like your indoors. "We traditionally don't even use regular patio furniture. We upholster couches and chairs and everything in outside fabric because it's gotten so incredibly intricate. It's not the old red, white, and blue fabric that we used to think of for outdoor furniture," says Lovejoy.

Today, designers are using big patterns made from velvets and even sheer materials on outside furniture which begs the question, "how does this fabric hold up on a couch or chair?"

"We're the toughest market there is with the weather and everything else ... and we're the dustbowl of the world out here but even the moisture that you have in the costal cities wouldn't affect it," says Lovejoy. Need to clean your furniture? Don't hire a professional, Lovejoy says, "You can take a hose to it and wash off the couch or chairs or you can vacuum them just like you do inside so there's really no difference," says Lovejoy.

When it comes to flooring soft is out, hard is in. "I think that we're going away from soft surfaces on the flooring," says Lovejoy.

Traditionally, homes have always had carpeting in the bedroom areas and maybe tile or hardwood flooring in other parts of the house. That's changing to create a better flow between the indoor and outdoor living areas.

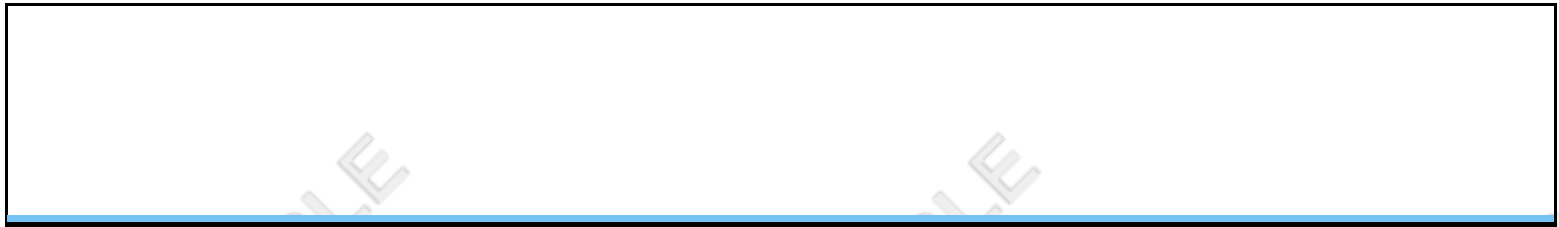
Even just a few changes to your home can take it from drab to fabulous with these hot trends.

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