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Real Estate Update

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Rates Edge Upward

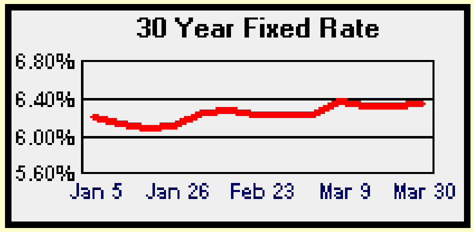
In Freddie Mac's Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 6.35 percent, with an average 0.5 point, for the week ending March 30, 2006.

Last year at this time, the 30-year FRM averaged 6.04 percent.

"The Fed raised rates this week, as was expected, but the market was a little surprised at the Committee's comments, which implied more tightening in the future," said Frank Nothaft, Freddie Mac vice president and chief economist. "That raised the expectation that inflation may be more of a threat than was previously thought, and that kind of thinking promotes upward pressure on mortgage rates."

Mortgage Rates

Source: Realty Times



U.S. averages as of March 30, 2006:

30 yr. fixed: 6.35%
15 yr. fixed: 6.00%
1 yr. adj: 5.51%

Remodel With An Eye Toward Resale

According to the 2005 Cost vs. Value Report , many homeowners who complete midrange bathroom remodels can expect to make money; the cost on a national average for this project is $10,499, and the return is $10,727, or 102.2 percent, compared with 87.5 percent in 2002. On average, major midrange kitchen remodels cost $43,862 and return $39,920, or 91% of the costs to remodel, up from 66% in 2002. Nationally, homeowners who add an attic bedroom spend an average of $39,188, and on resale, they recoup 93.5% of the cost. Master suites, however, do not fare as well; an upscale addition, which costs $137,891 on average, returns only $110,512 on resale, 80.1% of the remodeling expense.

Have You Checked Your Property Taxes Lately?

With most mortgages today, the lender collects money not only for monthly interest and principal payments, but also for home insurance and property tax payments. The money is kept in an "escrow" or trust account for your benefit. In the usual case you will receive information from your insurance carrier that the premium has been paid. Also, the local government will send out a form listing property taxes and showing that they have been paid by your lender. However, with millions of loans outstanding, it sometimes happens that tax and insurance payments are not made on a timely basis or not made at all. It can also happen that such bills have been paid but not properly recorded.

Savvy Sellers Hire REALTORS®

As spring approaches, home buyers' and sellers' thoughts turn to the real estate market.

The National Association of Realtors® (NAR) encourages home sellers to protect what could be their largest investment by enlisting the help of a professional.

"Selling a home is like climbing Mount Everest," said Thomas M. Stevens, NAR president and senior vice president of NRT Inc., from Vienna, Va. "If you don't prepare correctly, you'll never achieve your goal. Getting a signed contract is like reaching the peak, but that's only half the journey.

Many things can happen on the way back down the mountain. Savvy sellers know to hire a Realtor® to protect their interests and guide them through."

Home owners who try to sell their home without professional help must overcome a number of hurdles. The obstacles include making the appropriate disclosures, preparing the home for sale, pricing the home appropriately for a dynamic market and, most importantly, attracting qualified, motivated buyers, just to name a few.

Finding an interested buyer is only the first step toward a successful sale. The typical home sale today involves more than 20 steps after the initial contract is accepted to complete the transaction.

The percentage of owners who sell without representation has been trending down. According to NAR, only 13 percent of recent home sellers sold their home without professional help, and only half of those would do it again.

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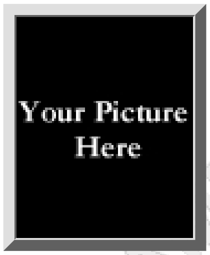

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10 Ways To Make Your Home More Salable

By Peter G. Miller

There's little doubt that the real estate marketplace is now in transition. Sale volume has begun to weaken and in many markets the days of quick sales and multiple offers are going or gone.

"The cooling from overheated sales conditions in recent months is helping to bring inventory levels up to the point where buyers have more choices than they've seen in the last five years," says David Lereah, NAR's chief economist. "Annual price appreciation is still running at double-digit rates, but the cause of those sharp increases is going away. As the market readjusts, price appreciation should return to more normal rates of growth this year."

Translation: Homes are not selling as quickly as before -- that's good news for buyers. Sharp increases in value are moderating -- that's also good for buyers. Values are not falling -- that's great news for sellers.

Meanwhile, the National Association of Home Builders says that permits for new construction for February fell by 3 percent when compared with a year earlier.

Neither the existing nor new home unit declines should trouble anyone. These changes follow record year after record year, a pace that's not sustainable. The good news is that the changes are modest rather than manic.

The catch is that a softer marketplace means sellers will have to fight harder to get top prices and quick sales. Here are 10 ways to get more out of your local marketplace.

- Go for the junk -- and get rid of it. A house with less stuff looks bigger and roomier. If what you want to throw out can have value to others, see if you can help by donating goods to local charities.
- Price within reason. Trying to sell a home for $700,000 when like homes go for $525,000 is a non-starter. The days of "testing" the market with huge price increases is finished in many areas. Overprice and you won't be competitive.
- Use the best local broker you can find. Experience, connections and reputation can be a real edge when marketing a property.
- Require your broker to have a marketing plan that makes sense for you and your property. The technique that sells one property may not be appropriate for another, so find the approach that's right for you.
- If the home doesn't sell within a reasonable time period, think about changing the deal rather than lowering the price. In other words, rather than cutting the price from $500,000 to $480,000, instead keep the $500,000 price and offer a 2 percent "seller contribution" to help a buyer pay for closing costs. This approach is cheaper ($10,000 in closing cost help rather than a $20,000 price reduction) plus it gets to the real need of many buyers, closing assistance.
- Have a home equity line of credit in place -- even if you don't expect to sell for several years. This way you can have funds available if you want to buy a replacement home while the current property is being sold. Just be aware of the risk -- if your current home does not sell in a reasonable period you could face lots of mortgage payments.
- Make sure everything works -- and nothing leaks. Expect buyers to ask for a home inspection and be prepared to make reasonable repairs if requested. Remember that it may be better to upgrade an electrical service box than to look for a new buyer.
- Find out what buyers thought after a showing or open house. Don't take negative comments personally. Look for ideas that can help you make a better impression with the next prospect.
- Beware of buyers who want you to take back financing. At a time when loans with little or nothing down are available from every lender, don't go into the banking business and take back a loan when there is less risk to you with an outright sale.
- Don't get upset with small inconveniences. If a prospect wants to see a home with little notice or at an odd hour, don't worry about it. It's better to show the property than to have a home which is both undisturbed and unsold.

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Self-directed IRA and IRA LLC For Real Estate

By Phoebe Chongchua

Many people are concerned with building wealth so that they can retire comfortably. A decades-old form of investing and creating wealth is gaining in popularity as people search for creative ways to buy real estate.

Investing using your IRA is a complex strategy, but because it is often misunderstood and generates so much interest, it's well worth further exploration.

The self-directed IRA and IRA LLC (Limited Liability Company) are vehicles to invest in real estate. However, they are not often used because many people are erroneously told by their IRA trustees that you cannot use the account to invest in real estate.

Actually what you have to do is simply find a company that offers the option of using a self-directed IRA to invest in real estate.

This can be an extremely beneficial investment tool because IRAs come in two forms: tax-deferred and tax free.

The traditional tax-deferred IRA allows yearly contributions to a tax-deferred account using your pretax dollars. You are not taxed when you deposit into your IRA; you are, of course, taxed when you withdraw the money upon retirement.

The tax-free, Roth IRA, allows yearly contributions of after-tax dollars. You're not getting a tax advantage in the year of the contribution, but growth of the entire retirement account is tax free as well as the income distributions when you retire.

Many types of IRAs can be converted to self-directed accounts including: Traditional IRAs, Sep IRAs, Roth IRAs, 401(k)s, 403(b)s, Coverdell Education Savings (ESA), Qualified Annuities, Profit Sharing Plans, Money Purchase Plans, Government Eligible Deferred Compensation Plans, and Keoghs. The creation of a self-directed IRA or IRA LLC enables you to choose what you would like to invest your money in -- it can be raw land, single-family homes, condominiums, apartments -- to name a few.

"A lot of people want to identify retirement property or identify rental property and they're going to rent it out until they want to retire and [it's only] one or two IRAs -- then they can do the investment directly," says Attorney Debra Buchanan of Legal Strategies, P.C. who specializes in asset protection, estate planning and business planning.

Buchanan highly recommends an LLC because it is flexible and you can add and subtract investment partners easily.

"When I set you up as the manager then you have the checkbook control," says Buchanan. She adds, "Then every time you are going to invest in a new property you don't have to have the custodian approve the transaction."

"But if somebody is going to invest with one property for a long-term investment then you don't need to use the LLC strategy," says Buchanan.

A word of caution -- always make certain that the transaction is not prohibited. Setting up an LLC and using an attorney who gives you an opinion letter (stating whether the transaction is legal or prohibited) is valuable protection for you.

Navigating through the process of setting up a self-directed IRA or IRA LLC can seem overwhelming.

Using qualified experts to guide you through the process will help keep you out of financial troubles that could cost you your entire investment.

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Hold Emotions at Bay During Real Estate Transaction

By Broderick Perkins

Buying or selling a house -- or at least the decision to do so -- is fraught with emotional bombshells. As you approach the prospects of buying your next home or investment property or selling either, for that matter, keep in mind that you're about to go through a Grand Canyon of emotional ups and downs.

One sales training website I came across says, "People buy products to gain emotional rewards and justify buying with logical reasons. Your ad copy must trigger emotion(s) that will persuade your prospects to buy your product."

Having spent a few years in various sales positions, I can tell you the above is very true. The reason people buy a lot of products is because of the emotional factor. A University of Florida study on emotions and their effects on the buying process, headlined that "Americans More Likely to Let Their Emotions Do the Buying."

The study contends that "emotions were nearly twice as important as knowledge in buying decisions."

In fact, sales training courses have techniques, such as the Embarrassment Close, where the sales person makes the consumer feel embarrassed for *not* buying. The Emotion Close is designed to trigger identified emotions that push consumers into signing the bottom line. Sales Training University even has a course entitled: "Emotional Response Marketing - The Key To Producing Results."

Where do you stand with your emotions in the process?

It's not that emotions have no place in the real estate purchase process. I'm as guilty as any other American consumer of buying because I liked the way a product appealed to my pride, sense of image, or even covetous desires to just have more than the Joneses.

So don't think you're going to be able to buy a house with an emotionless stoicism to ensure your decision is only logical. In fact, it shouldn't be just logical.

If we all purchased homes based on what was logical -- we would be living in the most basic property that met our basic needs. Besides, the 1,200 square foot, $200,000 condo protects me from the elements as much as the 8,500 square foot, $2 million estate. Thus, there's somewhere in the middle where you should aim your buying arrow.

The UF study pointed out "marketers should focus more on understanding how to connect with their audiences on emotional as well as intellectual levels," and encouraged buyers to understand what is going on with themselves emotionally as they make a decision -- especially on big-ticket items.

Frankly, part of the real estate frenzy of the last several years was purely emotional driven. Yes, a lot of money was to be made in the hottest of markets, however, it was the emotional high from believing in the instant riches that would follow the purchase that got more people into real estate than the fact that it is a good investment. Real estate investing has always been a great investment. What's interesting is that any investment expert will tell you to buy low and sell high on your assets -- not buy high and sell higher. But the emotional exuberance of buying a house with a $25,000 deposit and flipping it in 6 months to the tune of a $100,000 profit, continued driving prices up and markets hotter.

Now that the markets have returned to normal -- the commonsense investor and home buyer can really profit from approaching the transaction from a left-brain, number-crunching approach, balanced with the emotional joy of owning a really nice house.

As you walk through houses for sale, the old hand agents will still tell you, "You'll just know when you've walked into 'your' house." And they are exactly right. The commonsense side of the decision is: can I afford it, does it meet within our financial limitations? (The logical approach.) Meanwhile, there should be the balance of: "Wow -- this is the place because I feel at home." (The emotional response.)

And with that, I'll leave you with a totally emotional greeting: Good luck and happy buying.

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Pricing as Much Art as Science

By M. Anthony Carr

Pricing property can be more art than science in today's market. New home builders probably have the easiest time of it -- at least without shocking the buyers -- because everything is new. There are no bare areas in the carpet, fingerprints on the appliances, nicotine stained ceiling tiles in the rec room -- and definitely no cat and dog odors that are promised to be dealt with by installing new carpet after the buyer moves in.

With resale homes, the first weapon to use in the battle to sell the home is to price it correctly. The challenge for sellers is that they want as much as the last sale, however, in today's market that's not as guaranteed as it was a year ago. The seller can still walk away with hundreds of thousands of dollars in gain, but maybe not the absolute highest amount of gain ever in the community.

Thus, pricing is the key. There are only a few ways to price a home for sale and sellers who don't want to wait around on the sale of their home need to adapt to the accepted modes of pricing and get over the fact that their house may not be worth as much as it was 12 months ago.

The first model is probably the most popular -- the comparable. By pulling up only the sales of your particular model, the Realtor can determine a trend price for your home. The challenge in a slowing market is that your particular model may only have three sales in the last year. Such a low number of houses selling does not really create a trend line, especially if the last sale was 6 months previous. Thus, you turn to the second pricing model.

Your home is then dissected to create comparables across a few neighborhoods or even a whole zip code that match your local community. Several aspects of your home will be plugged into the comparable model: style of home (split level, colonial, etc.); number of levels; number of bedrooms and baths; extra rooms; year built; square footage; and more. Then the averages on these parameters are tabulated and you'll have a target price. Keep in mind to remove the highs and lows.

Finally, another way to price your home is to come up with a tax assessment model. This one takes a little bit more homework and data mining. It's tedious, but it can present one of the most accurate pictures of home values in your community. The first step is to pull up all the sales in the community in the last 6 to 12 months. Tabulate the sales price total (let's say it comes up to $10 million) and then tabulate the tax assessment total (our model will use $8 million). Divide the tax assessment into the sales price and you come up with a tax assessment-sales price ratio. In this case, the community ratio is 1.25. Multiply your tax assessment by the ratio figure, and it will determine your target asking price. For example, if your tax assessment is $250,000, multiply it by 1.25 and you'll arrive at $312,500 as a target asking price. Again, be careful to pull out the anomalies that represent overbuilt properties. The largest, biggest house in the community could affect your price, as well as the pre-foreclosure sale.

You're looking for average prices with average situations for average results.

If you're having to use all three models to arrive at a price, then your real estate professional should weigh in with all three models to determine the price.

The biggest challenge in pricing the home is a seller's greed level. Sorry to be so blunt, but sellers always want more than the last sale, regardless of the market condition. My blunt advice is to "get over it." Waiting around for the "right" buyer is just plain foolishness in the world of real estate. If you're putting your home on the market, don't wait around and waste your time, the buyers' time and the agents' time with an unrealistic asking price.

If your Realtor provides feedback from colleagues that your house is overpriced, move on it. Move from denial into acceptance and price the house right. Remember, the goal here is not to price the property as high as possible, but to sell the house.

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Fresh House: Smells Sell

By Debbie L. Sklar

A smell can either make or break a home. Yes, it's true. Even a Realtor will tell you to make a batch of homemade chocolate chip cookies before holding an open house or to air the home out and make it smell good.

But let's face it, sometimes there are circumstances that hold this possibility at bay. In other words: kids, dirty clothes, pets, preparing fish for dinner or even cutting up an onion can all stink up the house for weeks on end. So, what's a homeowner to do? Relax.

Here are few tried and true options in getting your home back on track so you can enjoy a home that smells clean and wonderful rather than old and stinky.

- Try, try, try. It may be difficult, but try to keep distasteful smells away from the house or at least away from the high traffic areas i.e., Great Room, bathrooms and of course, the kitchen. Make sure the kids and other family members leave stinky shoes and sporting equipment in the garage. Don't let smokers smoke in the house. Keep the bathroom doors shut and be sure that no unnecessary trash builds up under kitchen sinks.
- Appealing cleaning products. One of the easiest ways to keep ugly odors at bay is to use cleaning products that smell nice. For example, try sprinkling a scented powder on the carpet before vacuuming. Put a drop of your favorite essential oil in buckets of water used to clean the floor. Any citrus oil (i.e. orange flower) is perfect for giving your home a fresh scent.
- Candle magic. Burn fresh smelling candles or add an incense burner in a room or two and light frequently.
- Kitchen Floors. In a bucket mix 1/2 cup white vinegar with 1-gallon hot water. This is safe for hardwood, linoleum, tile, and any washable surface.
- Oven Cleaner. Mix 1 tablespoon of baking soda, 1-tablespoon salt, and add 1/2 cup hot water. Make a gritty paste, apply to the oven, heat slightly, cool and then wipe away with a damp rag.
- Refrigerator Seals. The plastic seals of refrigerators can be wiped free of debris with a rag dabbed in white vinegar.
- Laundry Detergent for White Clothes. Use 1/4 cup washing soda (sodium carbonate) in place of bleach. Bleach is one of the most toxic substances for the environment. Washing with baking soda costs only a few pennies per wash load, and it is far less expensive than bleach. Along with the baking soda, add 1/4 cup of white vinegar.
- Laundry Detergent for Dark Clothes. Use 1/4 cup of white vinegar and 1/4 cup of salt. Salt helps restore faded colors, and removes dirt and grime.
- Bathroom Glass Cleaner. Use 1-2 tablespoons of white vinegar mixed with 1- quart of water in a spray bottle. To remove oily fingerprints and hairspray from the mirror, dab on a little rubbing alcohol and wipe with a linen rag.
- Bathroom/Bathtub Glass Sliding Doors. Use 1/4 cup white vinegar mixed with 3/4 cup of hot water. Those hard water stains will wipe away like magic.

With just a bit of imagination, and some pre-planning, your home can smell fresh, clean and not so lived in! Something most of us strive for on a daily basis.

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Saying "I Do" to First Homes

By Mark Nash

The activity, excitement and endless planning that go into a wedding can distract you from understanding the importance of selecting the right home for your life together. Your new home will provide the environment where your life together is played out every day.

Do's

- Create independent lists of must-have home features and compare. It can be difficult for newlyweds to find a starting point for joint home parameters.
- Determining how much square-footage you need. Men and women marry later today and usually have lived and possibly owned a home on their own. Don't think a small place will be romantic; it might be too close for two people starting a life together.
- Plan for everyone's commuting times. Buyers often overlook both spouses commuting needs for their careers. If you go out to the suburbs and your spouse inherits a long commute along with a new spouse it could be a strain. Your first home most likely won't be forever, so keep in mind neighborhood familiarity, commuting times and proximity to family and friends.
- Consider the needs of your spouse's pet. You might have never had a dog or cat, but your spouse does and so will you. Plan ahead for the special needs of a dog that needs to be walked (reconsider high-rises), go to the dog park, or a cat that will perch on wide window sills instead of the back of your fabulous couch.
- Look for good resale characteristics. Look for good resale characteristics and make sure your REALTOR® understands that they are at the top of your wish list. Your first investment together should be a positive one. Don't skip a home inspection and be sure to use an attorney when you purchase.
- Remember that men today want good closet and bathroom amenities. Don't short-change his space or it could become a problem later. Agree in advance where his large screen TV will go in your new home. Ditto the barbecue grill, boats, snow boards, etc.
- Send out change of address announcements. It's can be over whelming after all the wedding mail demands to let people know the address and phone number of your new home. I remember some newlyweds recently telling me after all the attention they received before and during their wedding, that now they haven't heard much from anyone. I told them to let people know of their new address via a snail mail or email. Tuck a matching change of address into wedding gift thank-you notes.

Don'ts

- Over spend on your first home together. It's easy today with zero-down payment and interest only mortgages to qualify for more home than you thought was possible. Large monthly payments might eliminate vacations, dining out and furniture purchases. Keep in mind that financial pressures impact marriages new and old alike.
- Forget to disclose financial problems in advance. Marginal credit histories, bankruptcies, under-estimated child support and undisclosed divorces would come up in mortgage applications. Talk with your new spouse before meeting with a mortgage consultant about any of these issues.
- Move in to your spouse's home. To get your life together off to the best start, resist moving into one of your homes. Like it or not, it's still territorial, either you're moving into someone else's space and you feel like a visitor or you feel your space is invaded. No one likes to have their decorating challenged or be regulated to the closet in the guest bedroom.
- Burden yourself with multiple homes. Your home, his home and your new home can be a lot to juggle physically and financially. Try to sell both of your existing homes before you close on your new home together.
- Differ if you mean it. New marriages take time to establish give and take. If you feel strongly against a proposed paint color, furniture choice or room layout, voice your opinion. Staying silent won't save your marriage, it could disable it.

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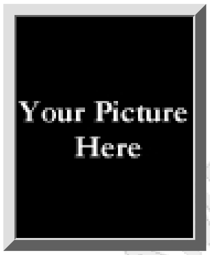

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Big Three Announce New Credit Score

By Broderick Perkins

The nation's three major credit data reporting agencies have joined to create a single system for calculating credit scores.

VantageScore information is initially sketchy -- the current leading credit score system (FICO) provider, Fair Isaac has had years to develop vast reams of consumer information -- but consumers can look forward to purchasing their new uniform score by year's end and more details in the weeks to come.

Credit information reporting agencies, Equifax, Experian and TransUnion have created the single system in a move designed, they say, to make it easier to apply for a loan.

A credit score, used by the vast majority of lenders to approve or deny a mortgage application, is a statistical analysis of a consumers' creditworthiness generated, in part, from information on a credit report. A credit report tracks credit consumers' payment records on individual credit accounts and reveals how well or how poorly each account is being paid.

Today, three different credit scores, one from each agency, are based on three different scoring models. Under the new VantageScore system, you could still get three different scores, but they'll all be based on the same system which the partnership says will make scoring less confusing.

The system uses a numerical score, like previous systems, but also a letter grading system scoring consumers from A to F.

- 901-990 is an A
- 801-900 is a B
- 701-800 is a C
- 601-700 is a D
- 501-600 is an F

The dominant FICO score ranges from 350 to 850 with no letter grading system.

In both cases, generally, the higher the score the more likely you are to qualify for a home loan and the lower the interest rate and better the terms.

It's not yet clear what this will mean for FICO and other scores. The new system is being marketed to lenders, but it's up to them to buy in or not. That could leave some of the confusion the new score is designed to eliminate.

"This score provides a new and unique option to the marketplace. There will continue to be multiple scoring solutions in the market that meet business needs. VantageScore will compete on the merits of its consistent, predictive power," the Big Three said in a prepared statement.

The three also said the same VantageScore model will be used across all three companies, but differences in scores can occur when one agency has underlying data that is different from another agency.

VantageScore was developed from a national sample of approximately 15 million anonymous consumer credit profiles pulled from across the three major credit reporting companies (five million from each source).

The big three claim the new score predicts the likelihood of future serious delinquencies of 90 days late or greater, based on a 24-month performance period.

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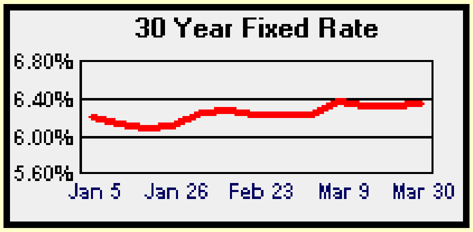

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Home owners who try to sell their home without professional help must overcome a number of hurdles. The obstacles include making the appropriate disclosures, preparing the home for sale, pricing the home appropriately for a dynamic market and, most importantly, attracting qualified, motivated buyers, just to name a few.

Finding an interested buyer is only the first step toward a successful sale. The typical home sale today involves more than 20 steps after the initial contract is accepted to complete the transaction.

The percentage of owners who sell without representation has been trending down. According to NAR, only 13 percent of recent home sellers sold their home without professional help, and only half of those would do it again.

Remodel With An Eye Toward Resale

According to the 2005 Cost vs. Value Report , many homeowners who complete midrange bathroom remodels can expect to make money; the cost on a national average for this project is $10,499, and the return is $10,727, or 102.2 percent, compared with 87.5 percent in 2002. On average, major midrange kitchen remodels cost $43,862 and return $39,920, or 91% of the costs to remodel, up from 66% in 2002. Nationally, homeowners who add an attic bedroom spend an average of $39,188, and on resale, they recoup 93.5% of the cost. Master suites, however, do not fare as well; an upscale addition, which costs $137,891 on average, returns only $110,512 on resale, 80.1% of the remodeling expense.

Have You Checked Your Property Taxes Lately?

With most mortgages today, the lender collects money not only for monthly interest and principal payments, but also for home insurance and property tax payments. The money is kept in an "escrow" or trust account for your benefit. In the usual case you will receive information from your insurance carrier that the premium has been paid. Also, the local government will send out a form listing property taxes and showing that they have been paid by your lender. However, with millions of loans outstanding, it sometimes happens that tax and insurance payments are not made on a timely basis or not made at all. It can also happen that such bills have been paid but not properly recorded.

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10 Ways To Make Your Home More Salable

By Peter G. Miller

There's little doubt that the real estate marketplace is now in transition. Sale volume has begun to weaken and in many markets the days of quick sales and multiple offers are going or gone.

"The cooling from overheated sales conditions in recent months is helping to bring inventory levels up to the point where buyers have more choices than they've seen in the last five years," says David Lereah, NAR's chief economist. "Annual price appreciation is still running at double-digit rates, but the cause of those sharp increases is going away. As the market readjusts, price appreciation should return to more normal rates of growth this year."

Translation: Homes are not selling as quickly as before -- that's good news for buyers. Sharp increases in value are moderating -- that's also good for buyers. Values are not falling -- that's great news for sellers.

Meanwhile, the National Association of Home Builders says that permits for new construction for February fell by 3 percent when compared with a year earlier.

Neither the existing nor new home unit declines should trouble anyone. These changes follow record year after record year, a pace that's not sustainable. The good news is that the changes are modest rather than manic.

The catch is that a softer marketplace means sellers will have to fight harder to get top prices and quick sales. Here are 10 ways to get more out of your local marketplace.

- Go for the junk -- and get rid of it. A house with less stuff looks bigger and roomier. If what you want to throw out can have value to others, see if you can help by donating goods to local charities.
- Price within reason. Trying to sell a home for $700,000 when like homes go for $525,000 is a non-starter. The days of "testing" the market with huge price increases is finished in many areas. Overprice and you won't be competitive.
- Use the best local broker you can find. Experience, connections and reputation can be a real edge when marketing a property.
- Require your broker to have a marketing plan that makes sense for you and your property. The technique that sells one property may not be appropriate for another, so find the approach that's right for you.
- If the home doesn't sell within a reasonable time period, think about changing the deal rather than lowering the price. In other words, rather than cutting the price from $500,000 to $480,000, instead keep the $500,000 price and offer a 2 percent "seller contribution" to help a buyer pay for closing costs. This approach is cheaper ($10,000 in closing cost help rather than a $20,000 price reduction) plus it gets to the real need of many buyers, closing assistance.
- Have a home equity line of credit in place -- even if you don't expect to sell for several years. This way you can have funds available if you want to buy a replacement home while the current property is being sold. Just be aware of the risk -- if your current home does not sell in a reasonable period you could face lots of mortgage payments.
- Make sure everything works -- and nothing leaks. Expect buyers to ask for a home inspection and be prepared to make reasonable repairs if requested. Remember that it may be better to upgrade an electrical service box than to look for a new buyer.
- Find out what buyers thought after a showing or open house. Don't take negative comments personally. Look for ideas that can help you make a better impression with the next prospect.
- Beware of buyers who want you to take back financing. At a time when loans with little or nothing down are available from every lender, don't go into the banking business and take back a loan when there is less risk to you with an outright sale.
- Don't get upset with small inconveniences. If a prospect wants to see a home with little notice or at an odd hour, don't worry about it. It's better to show the property than to have a home which is both undisturbed and unsold.

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Self-directed IRA and IRA LLC For Real Estate

By Phoebe Chongchua

Many people are concerned with building wealth so that they can retire comfortably. A decades-old form of investing and creating wealth is gaining in popularity as people search for creative ways to buy real estate.

Investing using your IRA is a complex strategy, but because it is often misunderstood and generates so much interest, it's well worth further exploration.

The self-directed IRA and IRA LLC (Limited Liability Company) are vehicles to invest in real estate. However, they are not often used because many people are erroneously told by their IRA trustees that you cannot use the account to invest in real estate.

Actually what you have to do is simply find a company that offers the option of using a self-directed IRA to invest in real estate.

This can be an extremely beneficial investment tool because IRAs come in two forms: tax-deferred and tax free.

The traditional tax-deferred IRA allows yearly contributions to a tax-deferred account using your pretax dollars. You are not taxed when you deposit into your IRA; you are, of course, taxed when you withdraw the money upon retirement.

The tax-free, Roth IRA, allows yearly contributions of after-tax dollars. You're not getting a tax advantage in the year of the contribution, but growth of the entire retirement account is tax free as well as the income distributions when you retire.

Many types of IRAs can be converted to self-directed accounts including: Traditional IRAs, Sep IRAs, Roth IRAs, 401(k)s, 403(b)s, Coverdell Education Savings (ESA), Qualified Annuities, Profit Sharing Plans, Money Purchase Plans, Government Eligible Deferred Compensation Plans, and Keoghs. The creation of a self-directed IRA or IRA LLC enables you to choose what you would like to invest your money in -- it can be raw land, single-family homes, condominiums, apartments -- to name a few.

"A lot of people want to identify retirement property or identify rental property and they're going to rent it out until they want to retire and [it's only] one or two IRAs -- then they can do the investment directly," says Attorney Debra Buchanan of Legal Strategies, P.C. who specializes in asset protection, estate planning and business planning.

Buchanan highly recommends an LLC because it is flexible and you can add and subtract investment partners easily.

"When I set you up as the manager then you have the checkbook control," says Buchanan. She adds, "Then every time you are going to invest in a new property you don't have to have the custodian approve the transaction."

"But if somebody is going to invest with one property for a long-term investment then you don't need to use the LLC strategy," says Buchanan.

A word of caution -- always make certain that the transaction is not prohibited. Setting up an LLC and using an attorney who gives you an opinion letter (stating whether the transaction is legal or prohibited) is valuable protection for you.

Navigating through the process of setting up a self-directed IRA or IRA LLC can seem overwhelming.

Using qualified experts to guide you through the process will help keep you out of financial troubles that could cost you your entire investment.

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Hold Emotions at Bay During Real Estate Transaction

By Broderick Perkins

Buying or selling a house -- or at least the decision to do so -- is fraught with emotional bombshells. As you approach the prospects of buying your next home or investment property or selling either, for that matter, keep in mind that you're about to go through a Grand Canyon of emotional ups and downs.

One sales training website I came across says, "People buy products to gain emotional rewards and justify buying with logical reasons. Your ad copy must trigger emotion(s) that will persuade your prospects to buy your product."

Having spent a few years in various sales positions, I can tell you the above is very true. The reason people buy a lot of products is because of the emotional factor. A University of Florida study on emotions and their effects on the buying process, headlined that "Americans More Likely to Let Their Emotions Do the Buying."

The study contends that "emotions were nearly twice as important as knowledge in buying decisions."

In fact, sales training courses have techniques, such as the Embarrassment Close, where the sales person makes the consumer feel embarrassed for *not* buying. The Emotion Close is designed to trigger identified emotions that push consumers into signing the bottom line. Sales Training University even has a course entitled: "Emotional Response Marketing - The Key To Producing Results."

Where do you stand with your emotions in the process?

It's not that emotions have no place in the real estate purchase process. I'm as guilty as any other American consumer of buying because I liked the way a product appealed to my pride, sense of image, or even covetous desires to just have more than the Joneses.

So don't think you're going to be able to buy a house with an emotionless stoicism to ensure your decision is only logical. In fact, it shouldn't be just logical.

If we all purchased homes based on what was logical -- we would be living in the most basic property that met our basic needs. Besides, the 1,200 square foot, $200,000 condo protects me from the elements as much as the 8,500 square foot, $2 million estate. Thus, there's somewhere in the middle where you should aim your buying arrow.

The UF study pointed out "marketers should focus more on understanding how to connect with their audiences on emotional as well as intellectual levels," and encouraged buyers to understand what is going on with themselves emotionally as they make a decision -- especially on big-ticket items.

Frankly, part of the real estate frenzy of the last several years was purely emotional driven. Yes, a lot of money was to be made in the hottest of markets, however, it was the emotional high from believing in the instant riches that would follow the purchase that got more people into real estate than the fact that it is a good investment. Real estate investing has always been a great investment. What's interesting is that any investment expert will tell you to buy low and sell high on your assets -- not buy high and sell higher. But the emotional exuberance of buying a house with a $25,000 deposit and flipping it in 6 months to the tune of a $100,000 profit, continued driving prices up and markets hotter.

Now that the markets have returned to normal -- the commonsense investor and home buyer can really profit from approaching the transaction from a left-brain, number-crunching approach, balanced with the emotional joy of owning a really nice house.

As you walk through houses for sale, the old hand agents will still tell you, "You'll just know when you've walked into 'your' house." And they are exactly right. The commonsense side of the decision is: can I afford it, does it meet within our financial limitations? (The logical approach.) Meanwhile, there should be the balance of: "Wow -- this is the place because I feel at home." (The emotional response.)

And with that, I'll leave you with a totally emotional greeting: Good luck and happy buying.

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Pricing as Much Art as Science

By M. Anthony Carr

Pricing property can be more art than science in today's market. New home builders probably have the easiest time of it -- at least without shocking the buyers -- because everything is new. There are no bare areas in the carpet, fingerprints on the appliances, nicotine stained ceiling tiles in the rec room -- and definitely no cat and dog odors that are promised to be dealt with by installing new carpet after the buyer moves in.

With resale homes, the first weapon to use in the battle to sell the home is to price it correctly. The challenge for sellers is that they want as much as the last sale, however, in today's market that's not as guaranteed as it was a year ago. The seller can still walk away with hundreds of thousands of dollars in gain, but maybe not the absolute highest amount of gain ever in the community.

Thus, pricing is the key. There are only a few ways to price a home for sale and sellers who don't want to wait around on the sale of their home need to adapt to the accepted modes of pricing and get over the fact that their house may not be worth as much as it was 12 months ago.

The first model is probably the most popular -- the comparable. By pulling up only the sales of your particular model, the Realtor can determine a trend price for your home. The challenge in a slowing market is that your particular model may only have three sales in the last year. Such a low number of houses selling does not really create a trend line, especially if the last sale was 6 months previous. Thus, you turn to the second pricing model.

Your home is then dissected to create comparables across a few neighborhoods or even a whole zip code that match your local community. Several aspects of your home will be plugged into the comparable model: style of home (split level, colonial, etc.); number of levels; number of bedrooms and baths; extra rooms; year built; square footage; and more. Then the averages on these parameters are tabulated and you'll have a target price. Keep in mind to remove the highs and lows.

Finally, another way to price your home is to come up with a tax assessment model. This one takes a little bit more homework and data mining. It's tedious, but it can present one of the most accurate pictures of home values in your community. The first step is to pull up all the sales in the community in the last 6 to 12 months. Tabulate the sales price total (let's say it comes up to $10 million) and then tabulate the tax assessment total (our model will use $8 million). Divide the tax assessment into the sales price and you come up with a tax assessment-sales price ratio. In this case, the community ratio is 1.25. Multiply your tax assessment by the ratio figure, and it will determine your target asking price. For example, if your tax assessment is $250,000, multiply it by 1.25 and you'll arrive at $312,500 as a target asking price. Again, be careful to pull out the anomalies that represent overbuilt properties. The largest, biggest house in the community could affect your price, as well as the pre-foreclosure sale.

You're looking for average prices with average situations for average results.

If you're having to use all three models to arrive at a price, then your real estate professional should weigh in with all three models to determine the price.

The biggest challenge in pricing the home is a seller's greed level. Sorry to be so blunt, but sellers always want more than the last sale, regardless of the market condition. My blunt advice is to "get over it." Waiting around for the "right" buyer is just plain foolishness in the world of real estate. If you're putting your home on the market, don't wait around and waste your time, the buyers' time and the agents' time with an unrealistic asking price.

If your Realtor provides feedback from colleagues that your house is overpriced, move on it. Move from denial into acceptance and price the house right. Remember, the goal here is not to price the property as high as possible, but to sell the house.

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Fresh House: Smells Sell

By Debbie L. Sklar

A smell can either make or break a home. Yes, it's true. Even a Realtor will tell you to make a batch of homemade chocolate chip cookies before holding an open house or to air the home out and make it smell good.

But let's face it, sometimes there are circumstances that hold this possibility at bay. In other words: kids, dirty clothes, pets, preparing fish for dinner or even cutting up an onion can all stink up the house for weeks on end. So, what's a homeowner to do? Relax.

Here are few tried and true options in getting your home back on track so you can enjoy a home that smells clean and wonderful rather than old and stinky.

- Try, try, try. It may be difficult, but try to keep distasteful smells away from the house or at least away from the high traffic areas i.e., Great Room, bathrooms and of course, the kitchen. Make sure the kids and other family members leave stinky shoes and sporting equipment in the garage. Don't let smokers smoke in the house. Keep the bathroom doors shut and be sure that no unnecessary trash builds up under kitchen sinks.
- Appealing cleaning products. One of the easiest ways to keep ugly odors at bay is to use cleaning products that smell nice. For example, try sprinkling a scented powder on the carpet before vacuuming. Put a drop of your favorite essential oil in buckets of water used to clean the floor. Any citrus oil (i.e. orange flower) is perfect for giving your home a fresh scent.
- Candle magic. Burn fresh smelling candles or add an incense burner in a room or two and light frequently.
- Kitchen Floors. In a bucket mix 1/2 cup white vinegar with 1-gallon hot water. This is safe for hardwood, linoleum, tile, and any washable surface.
- Oven Cleaner. Mix 1 tablespoon of baking soda, 1-tablespoon salt, and add 1/2 cup hot water. Make a gritty paste, apply to the oven, heat slightly, cool and then wipe away with a damp rag.
- Refrigerator Seals. The plastic seals of refrigerators can be wiped free of debris with a rag dabbed in white vinegar.
- Laundry Detergent for White Clothes. Use 1/4 cup washing soda (sodium carbonate) in place of bleach. Bleach is one of the most toxic substances for the environment. Washing with baking soda costs only a few pennies per wash load, and it is far less expensive than bleach. Along with the baking soda, add 1/4 cup of white vinegar.
- Laundry Detergent for Dark Clothes. Use 1/4 cup of white vinegar and 1/4 cup of salt. Salt helps restore faded colors, and removes dirt and grime.
- Bathroom Glass Cleaner. Use 1-2 tablespoons of white vinegar mixed with 1- quart of water in a spray bottle. To remove oily fingerprints and hairspray from the mirror, dab on a little rubbing alcohol and wipe with a linen rag.
- Bathroom/Bathtub Glass Sliding Doors. Use 1/4 cup white vinegar mixed with 3/4 cup of hot water. Those hard water stains will wipe away like magic.

With just a bit of imagination, and some pre-planning, your home can smell fresh, clean and not so lived in! Something most of us strive for on a daily basis.

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Saying "I Do" to First Homes

By Mark Nash

The activity, excitement and endless planning that go into a wedding can distract you from understanding the importance of selecting the right home for your life together. Your new home will provide the environment where your life together is played out every day.

Do's

- Create independent lists of must-have home features and compare. It can be difficult for newlyweds to find a starting point for joint home parameters.
- Determining how much square-footage you need. Men and women marry later today and usually have lived and possibly owned a home on their own. Don't think a small place will be romantic; it might be too close for two people starting a life together.
- Plan for everyone's commuting times. Buyers often overlook both spouses commuting needs for their careers. If you go out to the suburbs and your spouse inherits a long commute along with a new spouse it could be a strain. Your first home most likely won't be forever, so keep in mind neighborhood familiarity, commuting times and proximity to family and friends.
- Consider the needs of your spouse's pet. You might have never had a dog or cat, but your spouse does and so will you. Plan ahead for the special needs of a dog that needs to be walked (reconsider high-rises), go to the dog park, or a cat that will perch on wide window sills instead of the back of your fabulous couch.
- Look for good resale characteristics. Look for good resale characteristics and make sure your REALTOR® understands that they are at the top of your wish list. Your first investment together should be a positive one. Don't skip a home inspection and be sure to use an attorney when you purchase.
- Remember that men today want good closet and bathroom amenities. Don't short-change his space or it could become a problem later. Agree in advance where his large screen TV will go in your new home. Ditto the barbecue grill, boats, snow boards, etc.
- Send out change of address announcements. It's can be over whelming after all the wedding mail demands to let people know the address and phone number of your new home. I remember some newlyweds recently telling me after all the attention they received before and during their wedding, that now they haven't heard much from anyone. I told them to let people know of their new address via a snail mail or email. Tuck a matching change of address into wedding gift thank-you notes.

Don'ts

- Over spend on your first home together. It's easy today with zero-down payment and interest only mortgages to qualify for more home than you thought was possible. Large monthly payments might eliminate vacations, dining out and furniture purchases. Keep in mind that financial pressures impact marriages new and old alike.
- Forget to disclose financial problems in advance. Marginal credit histories, bankruptcies, under-estimated child support and undisclosed divorces would come up in mortgage applications. Talk with your new spouse before meeting with a mortgage consultant about any of these issues.
- Move in to your spouse's home. To get your life together off to the best start, resist moving into one of your homes. Like it or not, it's still territorial, either you're moving into someone else's space and you feel like a visitor or you feel your space is invaded. No one likes to have their decorating challenged or be regulated to the closet in the guest bedroom.
- Burden yourself with multiple homes. Your home, his home and your new home can be a lot to juggle physically and financially. Try to sell both of your existing homes before you close on your new home together.
- Differ if you mean it. New marriages take time to establish give and take. If you feel strongly against a proposed paint color, furniture choice or room layout, voice your opinion. Staying silent won't save your marriage, it could disable it.

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Big Three Announce New Credit Score

By Broderick Perkins

The nation's three major credit data reporting agencies have joined to create a single system for calculating credit scores.

VantageScore information is initially sketchy -- the current leading credit score system (FICO) provider, Fair Isaac has had years to develop vast reams of consumer information -- but consumers can look forward to purchasing their new uniform score by year's end and more details in the weeks to come.

Credit information reporting agencies, Equifax, Experian and TransUnion have created the single system in a move designed, they say, to make it easier to apply for a loan.

A credit score, used by the vast majority of lenders to approve or deny a mortgage application, is a statistical analysis of a consumers' creditworthiness generated, in part, from information on a credit report. A credit report tracks credit consumers' payment records on individual credit accounts and reveals how well or how poorly each account is being paid.

Today, three different credit scores, one from each agency, are based on three different scoring models. Under the new VantageScore system, you could still get three different scores, but they'll all be based on the same system which the partnership says will make scoring less confusing.

The system uses a numerical score, like previous systems, but also a letter grading system scoring consumers from A to F.

- 901-990 is an A
- 801-900 is a B
- 701-800 is a C
- 601-700 is a D
- 501-600 is an F

The dominant FICO score ranges from 350 to 850 with no letter grading system.

In both cases, generally, the higher the score the more likely you are to qualify for a home loan and the lower the interest rate and better the terms.

It's not yet clear what this will mean for FICO and other scores. The new system is being marketed to lenders, but it's up to them to buy in or not. That could leave some of the confusion the new score is designed to eliminate.

"This score provides a new and unique option to the marketplace. There will continue to be multiple scoring solutions in the market that meet business needs. VantageScore will compete on the merits of its consistent, predictive power," the Big Three said in a prepared statement.

The three also said the same VantageScore model will be used across all three companies, but differences in scores can occur when one agency has underlying data that is different from another agency.

VantageScore was developed from a national sample of approximately 15 million anonymous consumer credit profiles pulled from across the three major credit reporting companies (five million from each source).

The big three claim the new score predicts the likelihood of future serious delinquencies of 90 days late or greater, based on a 24-month performance period.

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