



Turning Myths Into Money: An Insider's Guide to Winning the Real Estate Game

According to the California Association of REALTORS (C.A.R.), one-fifth of housing sales are short sales – sales in which the seller owes more than their home is valued on the open market.

In C.A.R.'s most recent lender satisfaction survey, 75% of Realtor respondents complained that lenders are making short sales “difficult” to “extremely difficult.”

To assist with short sales, Governor Jerry Brown signed SB 458 into law, a bill that extends the provisions of SB 931 (2010) that any lender that accepts a short sale agrees that the short sale payment pays in full all outstanding loan balances. The significance is that the lender cannot pursue sellers after the short sale closes to pay the difference owed on the original mortgage and the final short sale purchase price. The other aspect of SB 458 is it prevents the lender from requiring any financial contribution (cash, note or any other form of financial contribution) from the Seller/Borrower as a condition of the short sale.

Fortunately for the housing market, foreclosures are declining in California. DataQuick found that foreclosures in Q2 2011 are the lowest since 2007. Notices of default against California homes dropped nearly 20% below the number filed a year ago for a total of 56,633 homes.

The real estate data company also noted that home owners in “more affluent coastal counties” were less likely to default on their mortgages.

In June, pending home sales also rose for the second consecutive month, says C.A.R., making the outlook even more positive for the Southern California market.

The importance of having a good real estate agent in today's market

It's more important than ever that home buyers and sellers utilize the training and experience of a good real estate agent.

To help buyers and sellers successfully navigate the complex transaction process, Prudential California Realty agents are continuously trained on the latest laws, regulations and trends taking place every day in the industry. Their knowledge and expertise makes them respected professionals in their communities.

H. Richard Steinhoff, has recently authored a book for buyers and sellers titled *Turning Myths Into Money: An Insider's Guide to Winning the Real Estate Game*. The book is already a bestseller, and filled with useful tips for buyers and sellers.

“A good competent Realtor can be invaluable to both buyers and sellers,” advises Steinhoff.

The best way to find a good agent is to get referrals from family and friends. “In addition to the commission, the agent's incentive is to do well so he will receive more referrals from your friends – and maybe even from you!” Steinhoff says.

Other market myths

Steinhoff's book offers plenty of market myths that buyers and sellers take as fact. These are just a few of his most surprising myth-busters.

Myth # 16: When shopping for a loan, always take the one with the best interest rate.

Fiction, says Steinhoff. The interest rate is not as important as the Annual Percentage Rate, which is the true cost of the loan and includes the points and fees paid to the lender to acquire the loan.

Myth #17: It's always best to get a fixed rate loan.

Fiction, says Steinhoff. There are three types of loans, fixed rate and adjustable rate, or a hybrid that includes a fixed rate term that rolls over to an adjustable rate. Fixed rate mortgages are best for first-time buyers, people on a fixed income, or those who plan to stay in their homes a long time. Adjustable rates are best for people with upward mobility, people who plan to stay in their homes only a short time, and those who wish to obtain a larger mortgage.

Myth # 56: Always make a low-ball offer to get the best price

Fiction, says Steinhoff: Low-ball offers offend sellers and make them more difficult to negotiate with. Sometime they won't even respond.

Myth #77: When selling your home, never take the first offer.

Fiction, says Steinhoff. First offers often turn out to be the best offers because the buyers really like the house and want to move on it right away.

Myth # 78: When listing your house you should always try to negotiate a lower commission.

Fiction, says Steinhoff. If your goal is to get the most money possible, why cut the income of the one person who can make it happen? In addition, the listing agent's commission is split with the buyer's agent. Which property is going to get more showings, yours or the property offering full service commissions to all agents?

Myth # 81: It's hard to get started in investment real estate.

Fiction, says Steinhoff: Start small and work with a real estate agent experienced in investments.

The bottom line is that there are many myths circulating in the market that may be misleading buyers and sellers. Whether you want to buy or sell a home or an investment property, don't let market myths take you in the wrong direction from your goals.

Pick up a copy of Turning Myths Into Money. Talk with your real estate professional and ask for his or her guidance so you can learn firsthand what's happening in your local market and respond with the best strategy for you and your family.

Advice for home buyers: Mortgage interest rates are retesting previous lows, but that doesn't mean they'll stay there long. Buyers should put a pencil to today's rates and home prices and they will see that affordability is historically high. Even if prices should drop further, the mortgage interest rate savings is a great reason not to wait. Sign up for interest rate alerts at www.hslca.com.

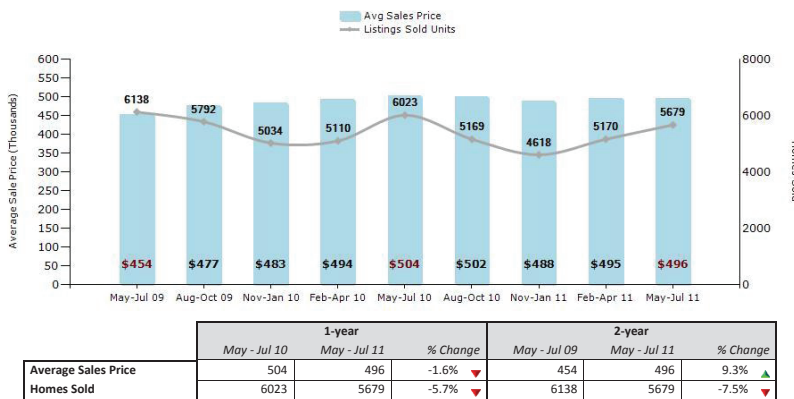
Advice for home sellers: Sellers may be competing with fewer foreclosures and other distressed homes in their markets, but it's too early to try to test buyers or lenders with higher asking prices. Price to current market values with the help of your real estate professional, and your home will sell more quickly and for more money.

SAN DIEGO COUNTY

In the three months ending July 31, 2011, both prices and transaction volume rose in detached and attached homes priced under \$1 million.

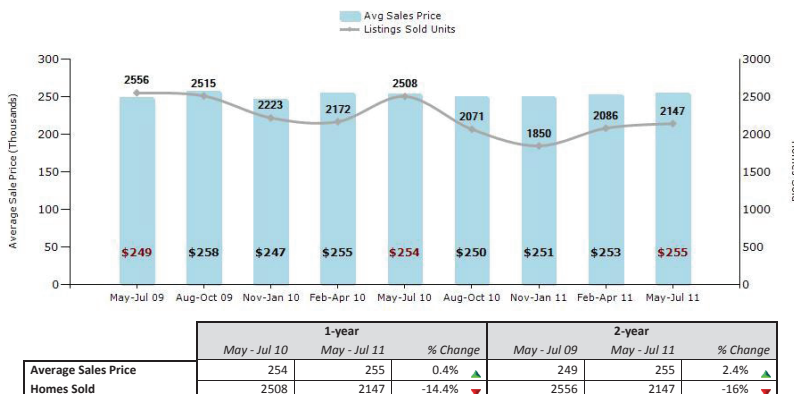
**A balanced market is widely accepted as having six months of inventory on hand with market conditions favorable to both buyers and sellers. A buyer's market is characterized by conditions such as high inventories, falling prices, concessions by sellers, and incentives among other indicators. A seller's market has low inventories of homes for sale, escalating prices, and keen competition between buyers, including multiple offers. Detached homes stand alone and share no common walls with any other neighboring home. Attached homes share at least one common wall with another home. The type of home ownership is determined by whether it is a condominium, townhome, duplex, co-operative or other.*

Detached Properties - Listings Sold by Calendar Quarter 9 Quarters through July 31, 2011



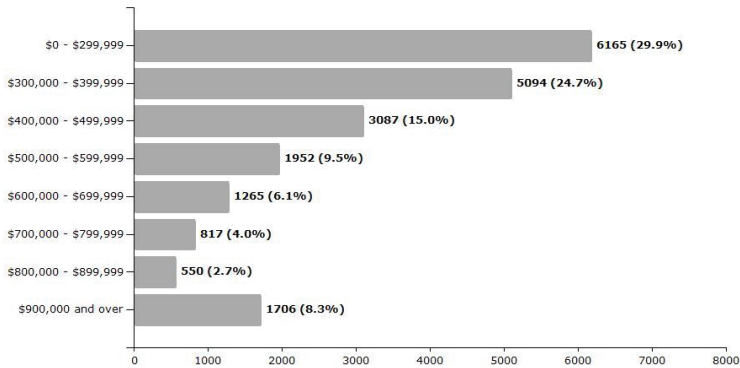
In the three months ending July 31, 2011, detached home prices and sales volume were higher than the previous three months and moving upward since November 2010.

Attached Properties - Listings Sold by Calendar Quarter 9 Quarters through July 31, 2011



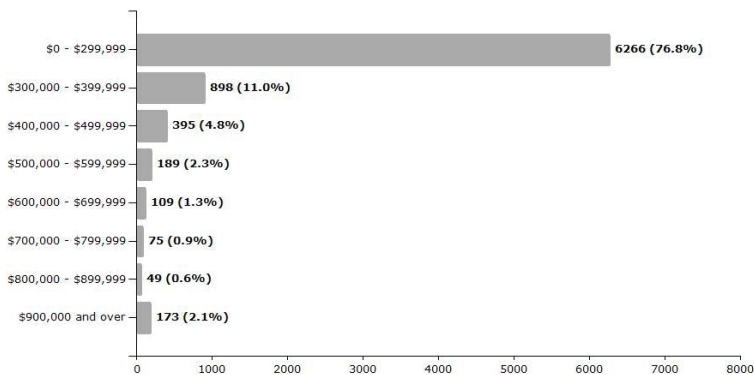
For the three months ending July 31, 2011, sale prices and transaction volume in attached homes were higher than the previous three months.

Detached Properties - Listings Sold Units By Price Range



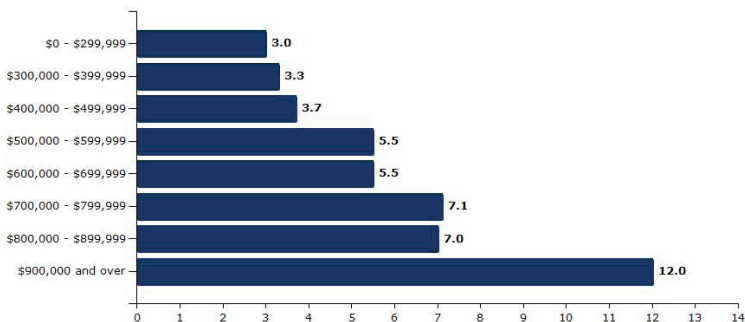
In the year ending July 31, 2011, over half (69.6%) of detached homes sold were priced under \$500K.

Attached Properties - Listings Sold Units By Price Range



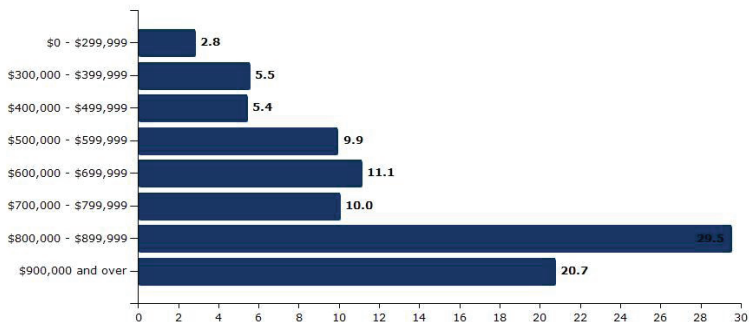
In the year ending July 31, 2011, three out of four (76.8%) attached homes were priced under \$300K.

Detached Properties - Inventory in Months' Supply



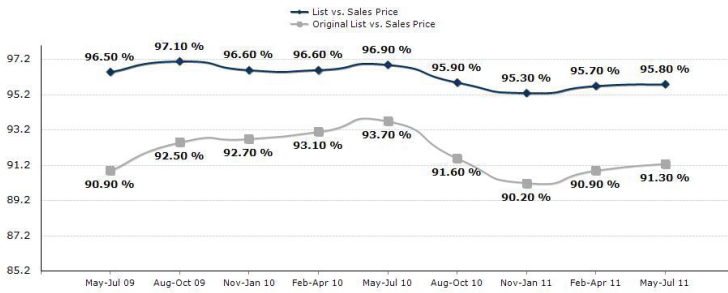
In July 2011, detached homes have between three and 12 months of inventory. A balanced market has about six months' supply on hand.

Attached Properties - Inventory in Months' Supply



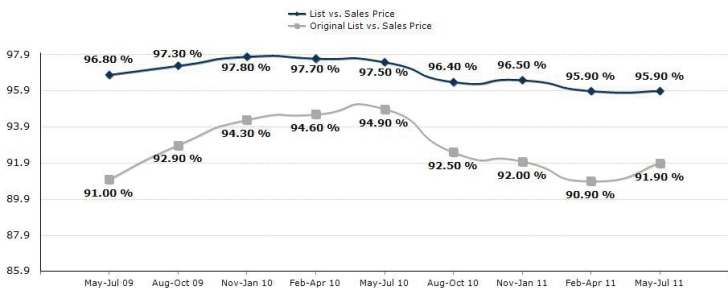
In July 2011, attached homes have between 2.8 and 29.5 months of inventory on hand. A balanced market is about six months' supply on hand.

Detached Properties - Sales Price Ratio



Detached sellers are overpricing their homes when they first put them on the market. Sellers are getting only 91.3% of original list price and 95.8% of the most recent published price.

Attached Properties - Sales Price Ratio



Attached sellers are overpricing their homes when they first put them on the market. Sellers are getting only 91.9% of original list price and 95.9% of the most recent published price.

Detached Properties - Hot & Cold Zip Codes By Average Sale Price

Property Zip	May, 2011 - Jul, 2011 Average Sale Price	Feb, 2011 - Apr, 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92070 (Santa Ysabel)	\$390,000	\$94,500	312.7%
Zip 92004 (Borrego Springs)	\$284,757	\$203,696	39.8%
Zip 92091 (Rancho Santa Fe)	\$1,975,000	\$1,561,875	26.5%
Zip 92037 (La Jolla)	\$1,764,161	\$1,521,509	15.9%
Zip 92107 (Ocean Beach)	\$908,093	\$784,640	15.7%
Zip 92059 (Pala)	\$448,080	\$560,000	-20%
Zip 92086 (Warner Springs)	\$588,800	\$755,000	-22%
Zip 92008 (Carlsbad)	\$586,085	\$794,357	-26.2%
Zip 92121 (Sorrento Valley)	\$140,300	\$295,633	-52.5%
Zip 92101 (Downtown San Diego)	\$0	\$365,000	-100%

Five San Diego County zip codes reported price gains for detached homes in the May–July 2011 quarter over the previous three months.

Attached Properties - Hot & Cold Zip Codes By Average Sale Price

Property Zip	May, 2011 - Jul, 2011 Average Sale Price	Feb, 2011 - Apr, 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92007 (Cardiff)	\$616,000	\$389,820	58%
Zip 92008 (Carlsbad)	\$485,725	\$330,428	47%
Zip 92084 (Vista)	\$180,900	\$127,400	42%
Zip 92021 (El Cajon)	\$122,534	\$92,929	31.9%
Zip 92081 (Vista)	\$190,230	\$164,757	15.5%
Zip 92061 (Pauma Valley)	\$135,506	\$178,750	-24.2%
Zip 92004 (Borrego Springs)	\$395,000	\$545,000	-27.5%
Zip 92028 (Fallbrook)	\$112,380	\$188,375	-40.3%
Zip 92091 (Rancho Santa Fe)	\$54,666	\$122,980	-55.5%
Zip 92065 (Ramona)	\$0	\$225,000	-100%

Five San Diego County zip codes reported price gains for attached homes in the May–July 2011 quarter over the previous three months.

