



## 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](http://www.hslca.com).

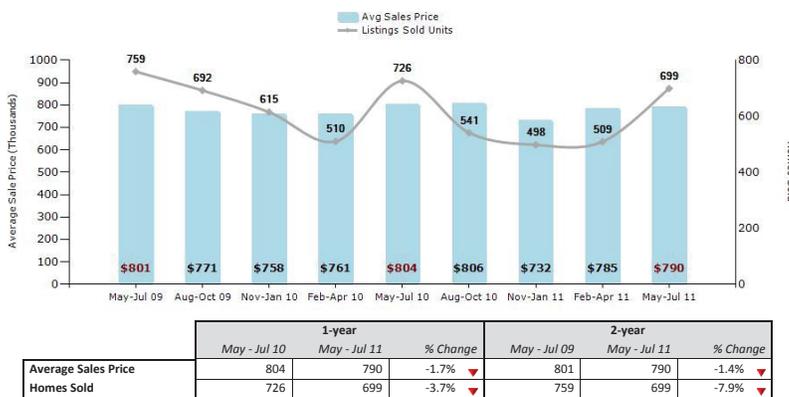
**Advice for home sellers:** Sellers may be competing with fewer foreclosures and other distressed homes in their markets, but it's too early to try to test buyers or lenders with higher asking prices. Price to current market values with the help of your real estate professional, and your home will sell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

## SAN GABRIEL VALLEY

Sales volume in traditional homes rose higher in the three months ending May-June 2011 compared to the previous three months. Sale prices in detached homes were higher while they went slightly lower in attached homes for the same period.

*\*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



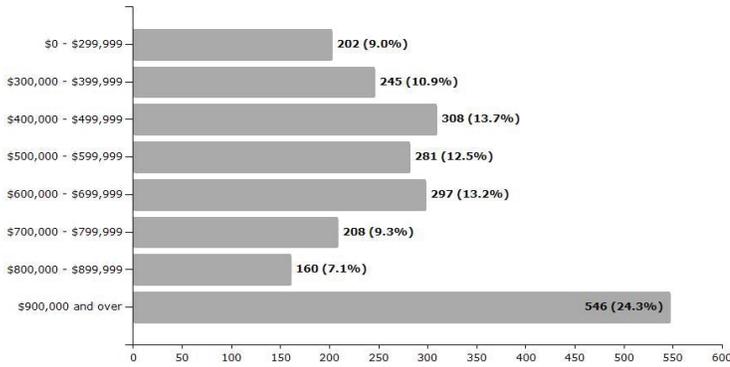
Listings sold and average sales price increased in detached homes for the three months ending July 31, 2011 over the previous quarter.

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



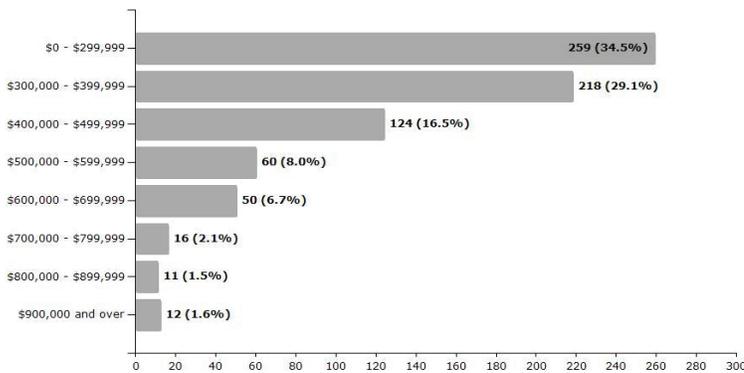
As affordability improved, listings sold for attached homes responded favorably in the May-July 2011 quarter over the previous three months.

### Detached Properties - Listings Sold Units By Price Range



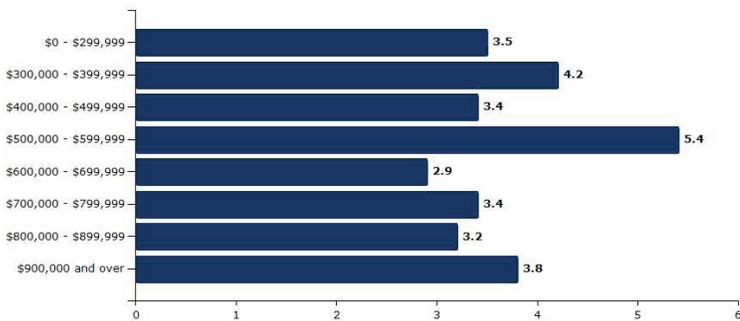
About 59% of homes sold were priced below \$699K.

### Attached Properties - Listings Sold Units By Price Range



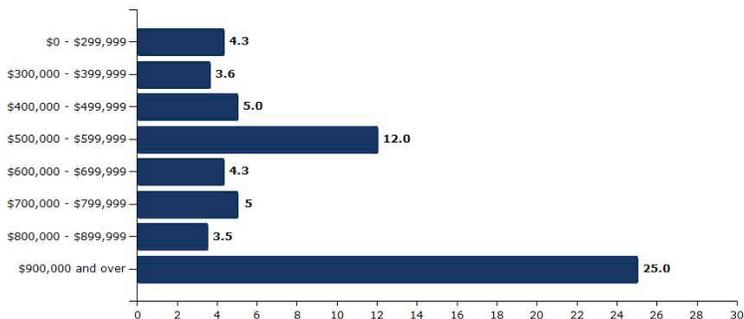
Two out of three, or 63.6%, of attached homes that sold between August 2010 and July 2011 were priced under \$400K.

### Detached Properties - Inventory in Months' Supply



Detached homes have about 2.9 to 5.4 months of inventory on hand. A balanced market is about six months of supply on hand.

### Attached Properties - Inventory in Months' Supply



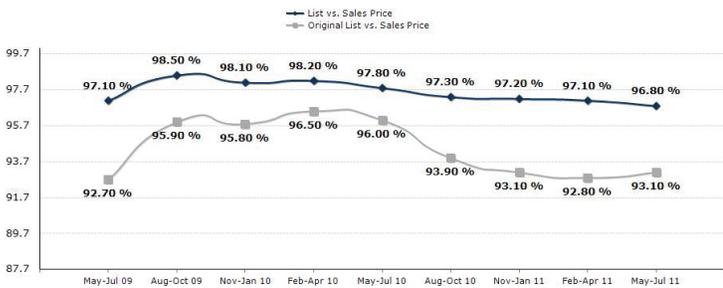
With the exception of homes priced \$500K to \$599,999 and homes \$900K and over, attached homes have a range of 3.5 to five months of inventory on hand.

### Detached Properties - Sales Price Ratio



San Gabriel Valley detached home sellers are overpricing their homes when they first put them on the market. Sellers received 93.8% of original list price and 97% of the most recent published price.

### Attached Properties - Sales Price Ratio



San Gabriel Valley attached home sellers are overpricing their homes when they first put them on the market. Sellers received 93.1% of original list price and 96.8% 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 91010 (Duarte)	\$449,666	\$251,000	79.1%
Zip 91006 (Arcadia)	\$1,336,142	\$774,888	72.4%
Zip 90031 (Los Angeles)	\$371,125	\$244,000	52.1%
Zip 91803 (Alhambra)	\$444,833	\$359,333	23.8%
Zip 90640 (Montebello)	\$361,250	\$300,000	20.4%
Zip 90063 (Los Angeles)	\$458,333	\$663,496	-30.9%
Zip 91204 (Glendale)	\$199,000	\$370,000	-46.2%
Zip 91754 (Monterey Park)	\$132,000	\$363,300	-63.7%
Zip 91203 (Glendale)	\$0	\$367,333	-100%
Zip 91776 (San Gabriel)	\$0	\$255,000	-100%

Five zip codes reported average sale 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 90640 (Montebello)	\$190,000	\$132,600	43.3%
Zip 91107 (Pasadena)	\$365,500	\$255,000	43.3%
Zip 91201 (Glendale)	\$299,000	\$214,500	39.4%
Zip 90032 (Los Angeles)	\$130,000	\$106,900	21.6%
Zip 91208 (Glendale)	\$411,000	\$360,000	14.2%
Zip 90041 (Los Angeles)	\$90,000	\$280,000	-67.9%
Zip 91755 (Monterey Park)	\$0	\$285,000	-100%
Zip 91775 (San Gabriel)	\$0	\$419,000	-100%
Zip 91803 (Alhambra)	\$0	\$418,000	-100%
Zip 91001 (Altadena)	\$0	\$275,000	-100%

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

