

Distress in Low-End Homes Creates False Impression of Market

It's well publicized that lenders are tightening up on loans to buyers with marginal credit or who have little or no money for down payments.

A curious side-effect of this is that, since most of the sales in this market are to buyers of homes under \$250,000, both the median and average prices of sold homes is going up, because higher-end homes are not as affected by this situation.

There's not enough space to explain what's behind the credit crunch

which is making it harder to sell lower-priced homes to lower-income, harder-to-approve borrowers, but I thought it useful to point out that the net effect could be to mis-represent the current housing market.

Under a new law in Colorado, it is illegal for a loan officer/mortgage broker to knowingly originate a loan

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REAL ESTATE TODAY



By JIM SMITH, Realtor®

which can reasonably be expected to be unaffordable to the borrower following adjustments built into the loan. It was the writing of such loans

with adjustable rates or negative amortization, when combined with a flat or depreciating market, which led to the current rash of foreclosures.

The resulting foreclosures have themselves put further pressure on the under-\$250,000 homes, since that is where over 90% of the foreclosures are occur-

ring, while the more expensive homes are continuing to be purchased by buyers who have the resources to purchase them using conventional mortgages.

I certainly don't enjoy putting a damp towel on statistical "good news" about rising home prices, but don't be misled when these reports are the result of lower-end homes getting harder to sell and the ones which do sell dropping in value.

And remember also, as I've written before, that "all real estate is local," and that national and even metro statistics are not as meaningful as what is happening in your own subdivision or locale. For a true picture of your home's rising or falling value, contact an agent who specializes in your neighborhood and has a good track record. As always, I'm happy to help you find that agent using my professional resources.

Psst! Realtor.com Is Now Hosting Videos of Listings

Without much fanfare, the nation's leading real estate website, Realtor.com, has started allowing subscribers of its "Showcase" service (like myself) to upload videos as well as virtual tours. Less than a month ago, it started allowing us to upload as many as 25 pictures (instead of just 6) for each listing, and it started displaying listings with multiple photos ahead of those with a single picture or no picture at all.

Since I already had videos of every listing on my own website, it took me only a few minutes to up-

load videos for each of my listings, but a quick check of 500 other Jeffco listings on Realtor.com showed not a single other listing with a video link. I'm not surprised, since I didn't receive any notification of this enhancement (which I knew was coming) and only noticed it when I was enhancing my newest listing.

In light of this change, I think the industry should scrap the term "virtual tour" which widely applies to a collection of pictures, often panoramic, that are linked on Realtor.com with the term "Featured Tour." Nothing makes a better virtual (or "featured") tour than a video tour, so I suggest that our industry refer to the "virtual tours" as what they really are, "slide shows," and refer to the video tours as, well, "video tours."

Realtor Marketing Sessions Keep Information Flowing

Years ago, before the Internet revolutionized the distribution of listing information, Realtors got much of their information from in-person marketing sessions, where agents would promote their new listings.

As the MLS and other online resources have become ubiquitous, it seems that fewer and fewer agents have been attending these sessions.

However, marketing is only part of the value I get from these sessions. Our non-Realtor affiliates attend and each week I learn at least one or two important things about the mortgage situation (hence this week's topic), insurance rates, inspection issues, title insurance, and more. Colleagues who don't attend are missing out!

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