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### Lamorinda Home Sales continued

 <p><b>SOLD</b> HOME SALES presented by LAFAYETTE LAMORINDA</p>	<b>LAFAYETTE</b>
	3207 Glenside Drive, \$765,000, 3 Bdrms, 1935 SqFt, 1952 YrBlt, 3-9-09
	3368 Moraga Boulevard, \$875,000, 2 Bdrms, 1605 SqFt, 1953 YrBlt, 3-10-09
	1968 Reliez Valley Road, \$675,000, 4 Bdrms, 2227 SqFt, 1975 YrBlt, 2-27-09
	<b>MORAGA</b>
	61 Ascot Place, \$570,000, 2 Bdrms, 1455 SqFt, 1973 YrBlt, 3-3-09
	728 Moraga Road, \$600,000, 3 Bdrms, 1493 SqFt, 1960 YrBlt, 2-27-09
	255 Paseo Bernal, \$695,000, 3 Bdrms, 2018 SqFt, 1980 YrBlt, 3-6-09
	<b>ORINDA</b>
	110 Crane Terrace, \$1,406,000, 3 Bdrms, 2087 SqFt, 1973 YrBlt, 3-10-09
	34 La Cuesta Road, \$1,021,000, 5 Bdrms, 2604 SqFt, 1962 YrBlt, 2-27-09
	101 Upton Road, \$735,000, 3-9-09
	<small>Home sales are compiled by Cal REsource, an Oakland real estate information company. Sale prices are computed from the county transfer tax information shown on the deeds that record at close of escrow and are published five to eight weeks after such recording. This information is obtained from public county records and is provided to us by California REsource. Neither Cal REsource nor this publication are liable for errors or omissions.</small>

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### Proper Pricing Key Factor in Quicker Home Sales

... continued from page 1

Piper agrees, adding that it's more difficult for buyers of higher priced homes to get a loan. "These buyers need to be rock solid borrowers with substantial cash reserves."

While President Barack Obama's recent housing stability plan brought the conforming loan limit back up to \$729,750, RPM Mortgage loan agent Gordon Steele says that leaves buyers of homes priced at over \$858,000 (with a 15 percent down payment) out of the cheaper rates and forced into the jumbo market. There are currently 230 homes for sale in Lamorinda (165 of those are detached single family homes); 159 are priced at over \$860,000.

"Right now, there's not much of a market for jumbo loans," he says. "Credit score requirements have increased nationwide, with jumbo loans having tighter restrictions."

While conforming loans might require FICO (credit) scores of 620, jumbo loans require a minimum of 700 to 720 (a high score, considering FICO ranges between 300 and 850). And there are fewer lenders in the jumbo market today than a year ago. But Steele believes that's not the real issue.

"Bigger down payments and higher cash reserves are the biggest factor," he says. "While conforming loans require two months of mortgage payments in reserves, jumbo loans typically require more."

And with interest rates on jumbo loans at least one percent higher – and already priced more steeply – payments are much more. According to Steele, jumbo loans are averaging 6.5 percent versus 5.25 percent for higher balance conforming loans and 4.75 percent for standard conforming.

"In the past, we were able to do jumbo loans with 10 or 5 percent down," Steele says. "Now, it's not happening."

Piper believes this higher down payment requirement is adding to the list of reasons not to buy. "Some people are unwilling to liquidate a portion of their stock portfolio at a significant loss, while at the same time knowing they will have less equity from the sale of their home to use as a down payment."

But it's not all doom and gloom.

While prices in other markets have seen declines of more

### Palos Colorados Precise Development Plan Approved, But...

...continued from page 3

Lori Salamack, Moraga Planning Director, relayed that request when the Commissioners expressed their desire to add more time for the developer and themselves to consider different options. From that point on, the Commission made a conscious effort to reach a solution that night.

As far as a green building commitment was concerned, the Commission was satisfied with the offer of the developer's statement to make his best effort to reach 90 points on the Green Building Point System Table.


The other controversial aspect of the size of the homes was solved with the adoption of a chart proposed by Planning Commission Chair Bruce Whitley to restrict the size of the homes according to the size of the lot. Previously, there was no such ratio applicable for houses located on lot larger than 20,000 sq ft (1/2 acre). Whitley's chart in fact prohibits any custom home to reach 5000 sq ft on the lots as they have been approved for this development.







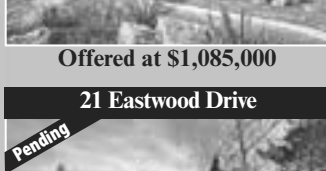

The developer accepted Whitley's chart, restricting the size of custom homes. The PDP also includes many different plans of semi-custom homes, which new owners could build without the need to go through Design Review Board. Among them were two plans of more than 5000 sq ft (not including the garage) and one of more than 6000 sq ft. That later was rejected by the two town advisory bodies, while the 2 plans above 5000 sq ft were approved.

At the end of the meeting, Lori Salamack reminded the audience that there was a 10 day period during which the decision could be appealed to the Town Council. Council Member Ken Chew promptly appealed the decision, saying, "Some new information surfaced and it appears that the PDP presents some inconsistency with the Town Guidelines." The Council will hear the appeal on April 8 during its regular meeting.

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### Distressed Properties Offer Good Investment Opportunities

But Beware of the Pitfalls and Challenges

By Val Cook-Watkins

We all love a good sale – walking into Nordstrom's and seeing that perfect black dress or handsome Armani suit marked half off. Who can resist such a great bargain? Well, that's exactly what's happening with some parts of the real estate market these days. Specifically, banked-owned properties and "short sales" – those homes selling for less than their mortgage – offer tremendous opportunities for bargain hunters.

Distressed home sales have soared in Contra Costa County. More than half of all properties for sale in east Contra Costa are bank-owned, and the number is rising rapidly in the Lamorinda area – perhaps around 15 percent today and climbing. There are still values to be had with properties selling for up to 50 percent discount over previous prices.

But buying distressed properties has more than its share of challenges and pitfalls. There is a lot of competition for that marked-down three-bedroom, two-bath rancher in Lafayette. And working with banks requires a tremendous amount of time, patience, fortitude and expertise. If you're thinking of venturing into this arena, here are some tips to help you succeed:

- Work with a professional. Perhaps more than any other type of real estate, distressed property investments require the expertise of a professional Realtor with experience in these transactions. They know what to look for and what to avoid; all the financial, legal and disclosure issues; and how to prepare an offer in such a way that the bank will even consider it.
- Submit a solid offer package. Your offer package should be thorough, professional and well-documented. Loss mitigation specialists will look for all of the required documents in a short sale package so they can move forward with a proper financial analysis of the proposal.

Make a significant downpayment or all-cash offer. Remember, there is generally lots of competition for the best property bargains. If you intend to come out on top, you need to make the most attractive offer possible. A large downpayment is critical and an all-cash offer is the best of all. If you are financing the property you should have the loan approval already from your lender. In some cases, the bank that is selling the property may still require you to go through them.

Inspections are critically important. If you're buying a distressed home, it's important to have good inspections. More often than not, these properties have significant neglect or even outright damage. The previous owners probably didn't have the money to do the ongoing maintenance, let alone any updating of the property. Many owners losing their property are angry and some will take toilets, appliances, copper piping – literally anything up to and including the kitchen sink. In one Lafayette home, the previous owners even spray painted the house on their way out the door!

Buying a distressed property can prove to be a great investment. Prices are so low right now that you could buy a home and rent it until real estate prices rebound, enjoying a positive cash flow in the meantime. But as I discussed, this is a complicated area that is fraught with challenges. The first step is having a Realtor on your side.

Val Cook-Watkins, Manager of Coldwell Banker Residential Brokerage's Orinda offices, provides the above tips. A 30-year real estate veteran, Watkins oversees a talented team of 78 real estate professionals in the East Bay. Her offices are located at 5 Moraga Way and 2 Theatre Square, Suite 211, in Orinda. She can be reached at 925-253-4600 or by e-mail at vcookwatkins@cbnorcal.com.



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Ignacio Vega

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