

Is It A Good Time To Buy Residential Real Estate?

By Tim Floyd, Sr. Loan Consultant, WaMu

We see articles in the paper everyday telling us how bad the housing market is. The evening news broadcast introduces us to yet another mortgage company that has gone out of business. The Stock Market is fluctuating wildly. Oil is at \$100 a barrel. The dollar is losing its value. How do we process all of this information so that we can determine whether or not this is a good time to buy real estate?

Let's start with what we know. Interest rates are still at historically low levels. There are still banks in business that have money to lend. Property values have dropped but are holding steady in desirable neighborhoods. Residen-

tial real estate has appreciated on average 11% per year over a 50 year period of time here in California while going through the S & L crisis, a major earthquake and a war. Is residential real estate still a good investment?

Clients call me everyday looking for reassurance that there investments in real estate are still sound. Those with money to invest ask if this is the "time to buy".

Will they look back at this time and wish they bought a property today at 2003 and 2004 values? Will the market woes create more opportunities to acquire foreclosures, short sales or multiple price reductions? Should they move forward with their plans to build or

remodel their dream home?

In my opinion, today is a good time to buy or improve real estate! Interest rates are still at historic lows! There are multiple opportunities to acquire real estate in this market! Banks are still lending money to those that have adequate reserves, down payment and income. Construction loans are still available to finance up to 95% of the cost to build or 80% of future value. Consider joining or starting an investment group to "pool" your resources. You can find investment clubs on the internet to join or start your own. There may be homeowners who need to sell and are willing to carry part or all of the mortgage liability.



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With underwriting guidelines changing dramatically it is important to know how this affects your current loans and how you should position yourself for future transactions. Even if it's not a good time for you to buy or sell real estate it's a good time to call your lender to review all your options.