

Al Gage Report

September 2012

Issue 64

Try a New Build

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**4 Sets of Free Passes This
month by random drawing.**

Free Movie Night Count-1375

From 1999 to 2007 we hosted a free movie night for all of the homeowners in Rancho Santa Fe, Corte Sierra, Sage Creek, and Crystal Gardens, Las Palmeras and Wigwam Creek as well as our past clients. We would love to offer this little payback to our community again but with the price of mail going up and the cost of printing, the only way we can do that is with your help to promote the E-newsletter to the same level of readership as the mailings touched in the past.

One of the most common questions I am asked is either "What about a new home?" or "Can I buy some land and build a custom home?" These are two very different questions and require completely separate answers.

Yes, we have finally reached the point in our market where many of the builders are starting to build new homes and market them aggressively. This is mainly because, the price of homes has finally crawled back to the point where the builders are able to build the home, market it and be competitive (but usually slightly higher) with resale homes. There are numerous advantages to buying a new home rather a resale home and I will illustrate some of them.

The advantages are:

1. The new build is almost always in better condition than a comparable resale home. There are a few rare finds in the resale market that have no condition issues and are absolutely in move-in condition but the AC and other systems of the homes have clicked off a few years of their useful life.
2. There is almost never a bidding war involved in the purchase of a new home. That being said, many builders have a policy right now that only allows their salespeople a very limited quota of homes to sell per month.
3. Appraisal and condition issues do not normally affect the sales process. This is not always true. In the past the builders used a master appraisal called a CRV and therefore the appraised value and all of the upgrades were pre-approved for value. In today's market, excessive upgrades will almost always result in an appraisal coming in short of the value needed.
4. The home comes with a warranty. In almost every case, the builder will tell the customer that it comes with a 1 year warranty. This generally is not accurate. The registrar of contractors require that the builder obtain a 2 year warranty with structural coverage of 10 years. Many of the patio roofs in Rancho Santa Fe were repaired under warranty immediately prior to the 10 year anniversary of their build.
5. With our recent struggling market, many of the builders are now very responsive to the buyer's common complaints and needs. Things that were unheard of in prior new home markets are now common. Such things as flexible floor plans and RV parking (one builder is even offering an attached giant beautiful RV garage (man-cave) that offers enough room for a full size RV and all of the other manly essentials (hunting and fishing gear, scuba gear, tools, 220 outlet, NASCAR memorabilia etc etc). Many upgrades formally found only in custom homes such as granite counters and walk-in showers are now included.
6. You get to pick and lay out the home the way you want including colors and upgrades. You are not paying for items you will not use or missing things you consider essential. Additionally, specialty items such as energy efficiency, solar, recirculating hot water and water conditioning can be installed while the home is being built eliminating costly retrofitting after the fact.
7. The builder includes a concession or incentive for using their lender which usually includes closing costs and an additional amount for



So here is the deal, if we can get our readership up to around 3500 per month from our current level of just over 1000, the savings in mailing and preparation cost will allow us to once again rent the entire movie theatre for our neighbors and clients. To accomplish this we will need each of you to forward the email or website to friends and have them opt in for market updates and eventually the free movie passes. We will keep a running count of the opt ins and when we reach 3,500 emails currently living in the Phoenix, Avondale, Goodyear, Litchfield Park and Buckeye areas, we will fire movie night back up

Try a New Build? continued

The disadvantages are:

1. You almost always have to move twice. Most builders are not taking contingencies on the sale of your home and need you to be able to close on the home without fail in order to maintain their financing to continue to build.
2. Non-refundable earnest money. In many cases, if you fail to close, you will lose money. Although this is also true in the resale market, often the amount is much higher in the new home arena.
3. You have to use the builders lender and title company in order to receive the builder's incentives. I have had some perfectly smooth transactions and some absolute nightmares. Bottom line is, it is not a lender that I work with on a daily basis. I highly recommend comparing the end pricing an costs with what can be obtained in the outside lending world. It doesn't have to match perfectly but it should at least be close.
4. It is rare to find a home with a 30 day move-in. This is not the good ole days where builders maintain 20 -30 spec homes that are almost ready to accommodate your time frame.
5. There is little if any negotiating with the new home builder. This one is kind of like the commercials you see from some of the new car ads where the husband is telling the wife how he beat up the salesman while they are actually talking about sports or other trivia. Friends love to tell you how they beat up the builder but this is almost always an exaggeration. at best.
6. **THIS IS THE MOST IMPORTANT ONE:** The builders agent represents the builder only. Although they are almost always 100% professional, very knowledgeable, and extremely helpful, they do legally represent the builder. ALWAYS TAKE A KNOWLEDGABLE AGENT WITH YOU TO THE BUILDER ON YOUR FIRST VISIT. Many time people tell me they didn't want to bother me to go look at new homes. This is what we do. You are not bothering me. I can usually save you time because I have been to most of these builders and many times overcome obstacles that would impede or prevent you from accomplishing your purchase. Best of all-IT'S FREE!

Don't get me wrong. I am not trying to dissuade your from purchasing a new home but I just want you to make an informed decision and TAKE ME OR THE AGENT OF YOUR CHOICE WITH YOU TO LOOK AT NEW HOMES WITHOUT FAIL.

For the second part of the question, "Can I buy some land and build a custom home?" This is a much more difficult question. The answer is unequivocally "Yes". I have many fine builders who put out an excellent product and make it exactly how you want it, where you want it. The problem is, this is very difficult to do in todays climate if any financing is involve. While not impossible, it usually requires a minimum of 30% liquid cash to accomplish these builds. If you are interested in exploring this path please contact me. You will be surprised at the price of lots compared to 5 years ago. In many cases, the lots are 10% of their high value.

Want a current and local Market Update go to:

www.algage.com/August2012MarketReport



With over 1,000 homes sold just in the Avondale area since 1997, we are positioned to have several advantages over other real estate agents. We did not sell 1,000 homes by getting some big bank contract or HUD contract, we sold them one customer at time. This leaves us with a large data-base of customer exclusively in the Avondale, Goodyear, Litchfield Park area to better sell your

existing home at the highest possible price. We are experienced in short sales and regular sales and have a vested interest in keeping and maintaining the values in our neighborhood. Especially important in this market is the fact that we are experienced in the area to effectively challenge any low appraisals we may receive.

Over 1,000 homes sold in Avondale!



Driggs Title Agency

Featured Homes of the Month



Pending!

1) 635 E. Fairway Dr. in Litchfield Park-a 1829 square foot model with a large lot and a pool. List Price-\$185,0000-Pending by Al Gage.



New Listing!

2) 13318 W. Jacobson Dr.- A 2754 S.F. m model in Dreaming Summit with a pool, large lot and many upgrades!-Listed by Al Gage for \$230,000



New Listing!

3) 12638 W. Amelia a 1428 model with a pool in Corte Sierra-Listed by Al Gage for \$130,000



New Listing!

4) 13211 W. Stella Ln. .an 2040 s.f. model in Dreaming Summit LISTED by Al Gage - List Price \$165,000



New Listing!

5) 11009 W. Wilshire Dr.-2160 s.f. model 4 BR, 2.5 Bath on the lake in Crystal Gardens-Listed by Al Gage-List Price-\$170,000



New Listing!

6) 3206 N. 129th Dr. An 1889 model 3BR 2.5 bath with a den and laminate floors in Las Palmeras Listed by Al Gage-List Price \$137,000

Other Notable Sales of Non Short Sale-Non REO Properties in Avondale

- 12720 W. Lewis.-A Salerno model in Rancho Santa FEwith a pool-Sold for \$210,000
- 10800 W. Palm Ln A 2569 model in Crystal Gardens SOLD \$220,000
- 12638 W. Verde Ln. A 1948 model with a pool in Corte Sierra SOLD \$175,000
- 12345 W. Sheridan St.- An Azure model with a pool in Rancho Santa Fe, SOLD \$190,000



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This month's Q & A on Short Sales

Q: Can I Short Sale and Rent the Property Back?

A: In most short sale transactions, the seller will be required to sign an Arms Length Affidavit or statement which says they "do not have any agreements written or implied that will allow the seller to remain in the property as renters or regain ownership of said property at anytime after the execution of this short sale" That is pretty self explanatory. Most of the time it also has to be notarized and to violate this provision is pretty clearly fraud. Not all banks use exactly the same verbiage but the intent is generally the same.

Don't do it! Don't try it!

Q: Can I short sale to a friend or relative and purchase the property back?

A: This is almost an identical answer except this shows intent to defraud the bank and likely will carry a more severe penalty. Again, not all banks use this verbiage but most of them do and in any case, an agreement outside of the closing is rarely a good idea. If your current financial situation puts you in a position to short sale your home, the last thing you need is further legal complications.

Don't do it! Don't Try it!