

Al Gage Report

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

Free Movie Night

Count-1592

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.

A Lie is More Believable Than the Truth!

Because of the numerous changes in laws, regulations and underwriting requirements, some of the things that I am forced to say on a weekly basis are almost incredulous. I will make a statements in this article that seems to be 100% truth but in fact are not and see if we can have some fun with them.

A person putting 20% down has a better chance of getting a loan than one who only puts 15% down. Usually but not always true. Under current specialty programs for borrowers who have had a significant credit event and extenuating circumstances, they can obtain a loan with 15% down but not with 20% down. The reason is the 15% down loan requires mortgage insurance and the 20% down does not. This extra level of protection for the lender allows them to approve the first loan but not the second because the lender is theoretically taking less risk.

The appraiser is getting paid \$450-500 dollars for doing the appraisal so they needs to be here by Friday and you (the agent) need to lobby for the appraisal amount. A lie on two different points. First of all, despite the fact the appraisal costs around \$500, the actual appraiser is only receiving about half of that amount. The rest goes to the appraisal management company who fairly and randomly assigns

the appraiser. (Sarcastic). In reality, the appraisal management company is likely to be owned by the lender despite a significant corporate veil disseminating the ownership. (they have the same phone number).

The second false point is that, we as agents are not allowed legally to order, arrange, or contact the appraiser unless they ask us for supplemental information or supporting evidence. This is a response to the false allegation that the appraisers and agents conspired to artificially inflate home values which caused the market crash. When 5 homes sold on the block for \$300, 000 or so the next home should be in that range. The lenders simply did not account for the extra risk they were taking on sub-prime and less than A paper loans combined with the possibility of the market going down. We did those loans for 30 years but housing prices never dropped more than 4-5% so the sub-prime borrower could always simply sell the home if they got in trouble.

Turning in my tax returns to the lender will assist them in verifying my loan information and expedite the closing of the loan. While this one is still a requirement, almost every part of it is not true. Lenders now require audited verification of tax returns directly from the IRS. I have no idea what the cost of this provision is in terms of lender costs or the cost of the IRS employees to provide this



So here is the deal, if we can get our readership up to around 3500 per month from our current level of just over 1500, 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 3,000 emails currently living in the Phoenix, Avondale, Goodyear, Litchfield Park and Buckeye areas, we will fire movie night back up

service but I am sure that it is not insignificant. Rather than prosecuting the infinitely small proportion of potential borrowers who falsify tax returns, EVERY borrower's tax returns must be received directly from the IRS. To be fair, they do a pretty good job of turning these things around and it usually does not delay the transaction. It is, however, one more bureaucratic check mark and it virtually shut down the lending industry during the government shut down last year.

New government regulations require all of my loan and real estate documents to be written in plain language. I am having trouble typing this one with a straight face. The plain language solution that is reality seems to be that if the borrower signs the same redundant form 4 or 5 times then they must have understood the form. You will sign a form that says that you have the right to receive the appraisal (unless you actually are the seller or the sellers agent) by email, you waive the right to receive a copy, a receipt for the electronic copy and finally a form acknowledging that you received it by email again. All of which must be received before documents are issued and then signed again as part of the loan documents.

Believe it or not, in a real estate transaction, you have to sign a form that in very non-plain language states that the real estate market is cyclical and can go up and down. I

am sure that if everyone who bought homes in 2000-2005 had read and known that fact the crisis would have been averted.

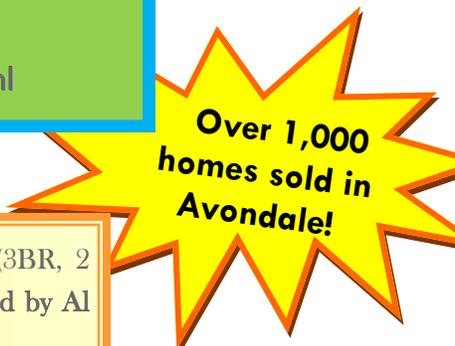
The buyers signed a contract to close on the 15th so I will close and have my money that day.

As illustrated above there are many potential snags involved in closing a home, any one of which can cause a delay. In addition, Arizona purchase contracts are weighted heavily in favor of the buyer. There are escape clauses for inspection, appraisal, not qualifying for the loan and others. We work very hard to get through all of those hurdles but occasionally even the best of us kick a hurdle. NEVER make irreversible decision based on the anticipated closing of a home. Lastly, the way closings work in Arizona, while the signing may occur days before, the closing is recording and often it is the next day before funds are disbursed to all of the parties.

Free Movie Passes Given Away

We assigned everyone that has signed up for the electronic newsletter a random number and then selected these random numbers until we select the number of people corresponding with the number of passes we are giving away this month. We have sent emails to the lucky winners and mailed their passes to them with the exception of one lucky winner who did not give us their address. As our readership increases we will give more and more passes away until we can start FREE MOVIE NIGHT again.

Want a current and local Market Update go to:
www.algage.com/June2014MarketUpdates.html



2713 N. 125th Dr. A beautiful Cottonwood model (3BR, 2 Bath 1290 SF Great Room) in Rancho Santa Fe. Listed by Al Gage for \$141,500

Homes of the Month

12848 W. Weldon St. A spectacular Sheraton model (4Br, 2 Ba, 2011 SF) with a pool in Sage Creel with lots of upgrades. Listed by Al Gage for \$225,000



Featured Homes

Sale Pending



1913 N. 125th Ave. A El Dorado model (3BR, 2 Bath 1649 sf) with a pool and a huge lot with many upgrades in Rancho Santa Fe. Listed by Al Gage for \$197,000



Sale Pending



13010 W. Cheery Lynn Rd. A 1860 model 3 Br, 2.5 bath in Las Palmeras. Listed by Al Gage for \$165,000

Sold



10851 W. Windsor Ave. A 1644 model with a pool in Upland Park Sold by Al Gage for \$165,000

Sale Pending



2017 N. 108th Dr. A spectacular 1573 model (3Br, 2 Ba) on the lake in Crystal Gardens Listed by Al Gage for \$165,000

Sold in 3 days



12871 W. Vernon Ave A spectacular Brady model (3Br, 2 Ba, 2313 SF) with a den in Rancho Santa Fe Sold by Al Gage for \$192,900

I'm Gorgeous



12818 W. Edgemont A beautiful Cape Cod (2232, SF 4 BR, 2.5 BA) model with many upgrades in Rancho Santa Fe Listed by Al Gage for \$180,000

Just Listed



12842 W. Whitton Ave. A Sheraton model (2011 SF 3 BR, 2. BA, 3 Car Garage) with a den in Sage Creek Listed by Al Gage for \$185,000

Sale Pending



12925 W. Monte Vista Rd. A spectacular Carmel model (1611 S.F., 3 BR, 2/5 BA) with a pool in Rancho Santa Fe Listed by Al Gage for \$165,000



Al Gage Report

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When is the best time to _____?

Sell? The timing of the sale really does not mean much. We sold more home in December of last year than we did in March! The traditional viewpoint that families move over the summer and don't move during the holidays is just not as prevalent as it was twenty years ago. Moves based on the school year are not as likely. Just drive to any of the schools in the area at the end of the school day and you will see how many children get picked up by their parents or family.

Buy? Trying to make a buying decision based on the ups and downs of the real estate market is like trying to hit the 10 best stock market days out of the last twenty years. A real estate investment should be treated like the stock market, as a long term investment. If you put your money in a home, long term it will appreciate with the exception of our recent housing disaster. Again, move when you want or need to move and do not try to base it on waiting for the "good time" to put in on the market.

Refinance? It depends on the differential between the current rate and the existing rate. If it is not AT LEAST 1.5% difference between your current rate and the market rate, don't do it. I know there are exceptions to every rule but pulling money out of the equity of your home is rarely a smart move except in dire emergency.

Rent instead of Selling? Unless you plan to be a professional landlord or hire us to manage your property, I would always recommend selling an unwanted home instead of renting it. Holding the home in order to wait for it to appreciate slightly can be a very disastrous investment either due to destruction by a tenant or a down turn in the market

Call Al Gage at 623.536.8200 or email al@algage.com