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Al Gage Report

ISSUE 94

MAY 2015

Rules of Thumb in a Hot Seller's Market!

All of the statistics available to us along with anecdotal experience leads us to believe that we are currently experiencing a seller's market. The number of new listings and the time on the market is down significantly, also most listings and the last 3 offers I have written have been multiple offer situations. So what does this mean to you as a potential seller. Here are a few tips for sellers in this type of market.

FOR SELLERS.

1. Don't wait for the market to get HOTTER! It may not get HOTTER and you may miss an opportunity to maximize the price you can get for your home. Our market is very cyclical and just 4 months ago it was completely a buyers market.
2. Don't look for pie in the sky. Just because the market is really good doesn't mean that you can instantly ask \$20,000 more than your home is worth or not pay any concessions.
3. Don't be greedy. We do an excellent job of maximizing the sales net of our clients but

there are still limiting factors that dictate how fast and how much a home can go up over time.

4. Don't assume that there will be bidding wars for your home. Condition issues still affect how a buyer sees your home and in many cases these repairs will have to be performed to appease an appraiser. Bidding wars often lead to homes being put under contract way over what they will appraise for and even in the hottest market, buyers do not feel comfortable paying significantly over appraised value.
5. Pick the right agent. It would seem that in a hot market, any agent will work but negotiating is still negotiating and many agents are inexperienced in pricing a home or getting it to appraise as high as possible. Many agents are also inexperienced at negotiating in the event that the home does not appraise other than simply taking the stance that the

seller must sell the property for the appraised value. This is not to say that a seller should stick to their price regardless of where the appraisal comes in but the seller does not necessarily have to take the entire loss.

6. An area expert can accurately predict what a home will sell for and what it will appraise for. I recently reviewed an appraisal in one of our subdivisions which was completely wrong. It used homes with substantial differences and minimized the differences while ignoring model matches (exactly the same model) that would have led to a much lower appraised value. Since it was for a refinance, the artificially high appraisal didn't matter but the appraisers word is not always the final answer.

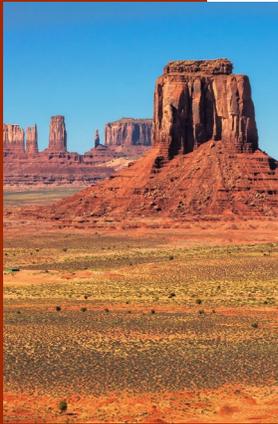
FOR BUYERS:

1. The market being really hot means that the market will eventually start to go up. It is

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Continued from page 1

- in buyers best interest to get in the market and get a property as soon as possible. This may require extra diligence and availability because homes are not staying on the market long.
2. Don't over negotiate. The seller may be looking at 4 offers including yours. That home warranty or a little bit of closing costs might be the difference in deciding on your offer versus another.
3. Write the best offer you can! Leaving room to negotiate or anticipating a counter is just not a good strategy in today's market. Many offers are accepted as written.
4. Don't assume that you will find a seller willing to pay your closing costs. If you need the assistance then, of course you have no choice, but if you don't need it, try to minimize asking for closing costs or other assistance.
5. Don't get hung up in the personal property. We are here to buy a home not fight over the value of a very used refrigerator, washer and dryer.
6. Don't obsess over the repairs. Most repairs found in an inspection report are minor deferred maintenance issues. Before you walk away from a home based on the seller's unwillingness to do a minor repair, remember how tough it is to get a home under contract right now.
7. Don't get to the point that you are bidding on everything just to get a home. If the home fits you and suits your needs, then you can be less picky but don't completely throw away your criteria. Some compromises are of course always necessary but try to stick to your important criteria.
8. Pick the right agent for all of these reasons.

FREE Movie Night

From 1999 to 2007 we hosted a free movie night. We would love to offer this little payback to our community again but the only way we can do that is with your help. If each of you forwards the E-newsletter or the subscription website to

your friends and family in the Phoenix, Avondale, Goodyear, Litchfield Park and Buckeye areas, we may reach our goal of 3,500 E-Newsletter subscriptions. When the opt ins reach 3,000 we will fire movie night back up again.



AL GAGE REPORT

Want a current and local Market Update go to:
www.algage.com/May2015MarketUpdates.html



New Listing

10210 W. Veliana Way

A 1522 model (3Br, 2 .Ba)
in great move-in condition
in Country Place.

Listed by Al Gage for \$150,000



Sale Pending

12573 W. Hollyhock Ave.

A 2406 model (4BR, 2.5 BA,
with a downstairs master)
in Corte Sierra.

Listed by Al Gage for \$200,000



Sale Pending

12730 W. Alvarado Rd.

A Prescott model in
Rancho Santa Fe with
many upgrades and a pool.

Listed by Al Gage for \$189,900



Price Reduced

2005 N. 110th Ave.

A (3BR, 2.5 Bath 2236 sf model)
on the lake in Crystal Gardens
with many upgrades.

Listed by Al Gage for \$210,000



Sale Pending

11175 W. Alvarado Rd.

A 5Br, 2.5 Ba, 2412 SF
with a 3 car garage
in Crystal Point.

Listed by Al Gage for \$215,000



Sold in 4 days

10802 W. Cambridge Ave.

A 1493 model (3 BR, 2 BA)
with beautiful upgrades and
plantation shutters.

Sold by Al Gage for \$162,000



Sold in 3 days

1713 N. 127th Ave.

A Cape Cod model
(2232S.F. 4 BR, 2.5 BA)
with a pool in Rancho Santa Fe.

Sold by Al Gage for \$188,000



Sale Pending

12810 W. Mulberry Dr.

A 2496 model (4 BR, 3Bath)
with a 3 car garage and a pool
in Sage Creek.

Listed by Al Gage for \$265,000



New Listing

13013 W. Sheila Ln.

A 1632 S.F. model (3 BR, 2 BA)
with a den, solar and a pool
in Sage Creek.

Listed by Al Gage for \$185,000



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Rita's Corner

The Appraisal Mess!

In May of 2008, the federal government, in its infinite wisdom, decided that the days of a loan officer ordering an appraisal, directly from the appraiser were over. This was touted as a safeguard against unscrupulous lenders or appraisers artificially increasing the value of a property, in order to obtain larger loan amounts. There is no doubt that there were instances of just that kind of behavior. So HVCC guidelines were established which required us to order an appraisal from an Appraisal Management Company, AMC. So loan officers were no longer even allowed to speak to an appraiser. The fee that the appraiser received was lessened; however the fee that the borrower paid was increased. The AMC had to be paid somehow. I had accustomed to speaking to an appraiser and getting an "about a" value before spending a customer's money. Especially in the case of a refinance; I could find out if the property would probably appraise for a value I needed to be able to fund the loan amount.

This is no longer the case. In purchase transactions, the value is supposed to be the accepted contract price, since that is the main definition of value: "What a willing buyer is willing to pay to a willing seller in an arm's length transaction. " Lately that definition is seemingly ignored, as over 80% of appraisals are being issued at less than the purchase price. My favorite Realtor believes that the appraisers are just not keeping up with the ever increasing values of properties. One of the worst things about this law is

that if an appraiser makes a glaring error; we are required to request the AMC to request the change be made by the appraiser, often causing escrows to close late. The only comfort is that we all have to abide by these rules.

Call me for information about this and other programs. I pride myself on keeping up to date with the ever changing mortgage market.

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