

# Keylon4Homes.com News & Notes

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## ***U.S. Home Prices Poised to Climb as Foreclosures Wane, HUD's Donovan Says***

By Kim Chapman—July 4, 2011— Prices for U.S. homes may climb as soon as the third quarter, ending declines as foreclosures decline making more

homes available for sale, Housing and Urban Development Secretary Shaun Donovan said. "It's very unlikely that we will see a significant further decline," Donovan said yesterday (7/3/11) on CNN. "The real question is when will we start to see sustainable increases. Some think it will be as early as the end of this summer or this fall."

Home sales have increased in six out of the past nine months and the number of property owners in default is declining, Donovan said on CNN's "State of the Union" program. Housing prices will begin rising as the number of foreclosures declines, he said. "In the long run, it's a good time to buy," Donovan said. "It's so affordable today compared to where it's been for generations."

Contracts to buy (**pending sales**) previously owned U.S. homes rose 8.2% in May, following a revised 11% drop in the previous month, the National Association of Realtors said on June 29. A separate report by the Chicago-based group on June 21 showed sales (**closed transactions**) of existing houses, which make up about 96% of the market, declined in May to a six-month low.

Home prices fell 4% in April from a year earlier, the biggest drop in 17 months for the Standard & Poors/Case-Shiller index of values in 20 cities.

An estimated 1.7 million homes were in the foreclosure process and expected to be put on the market as of April, down 18% from the peak, as fewer loans entered delinquency and more distressed homes were sold, CoreLogic said in a report on June 22.

**Shadow Inventory**—The so-called shadow Inventory represented a five-month supply at the current sales pace, the Santa Ana, California-based real estate information company reported. The inventory's size is a barometer of housing-market health because foreclosed homes sell for lower prices and falling values discourage buying, said Sam Khater, CoreLogic's chief economist.

Donovan said lenders are adding requirements "that don't make sense" for risky borrowers after the government, through the Federal Housing Administration, raised the minimum down payments for a house purchase.

"We can't over correct," Donovan said. "We can't go so far in the other direction that we cut off homeownership for people who really can be successful homeowners."

Encouraging home ownership should avoid giving buyers an expectation of making \$1M overnight, Donovan said. "We can get back to the place where it's a good investment and we will be able to make money over time."

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Thought you might find this an interesting summary of recent stats. LGK

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### Recent stats from Washington Realtors.org

88,490 — Washington home sales in 1st quarter 2011, up 6.5% from 4th quarter 2010.

4.5% — Apartment vacancy rate in Washington in 1st quarter 2011, down from 6.1% a year ago.

64.4% — Washington homeownership rate in 2010 (down from 66.8% peak in 2007)

7.2% — Decline in statewide median home price (1st quarter 2010 to 2011)

2.99% — Percent of Washington residential mortgages in foreclosure at end of March 2011 (35,400)



### 3 Green Home Improvements that Pay Off

(HouseLogic; by Karin Beuerlein, February 16, 2011)



If you made green home improvements over the last few years with high hopes for lower energy bills and a quick recoup of your initial investment, you got an awakening: Your monthly bottom line likely held steady—or worse, went up. Before you shun green, recalibrate your thinking from expecting fat returns to understanding the new bottom line: smart retrofits help you hold your ground against rising energy costs.

**Why have my green home improvements fallen flat?** Energy prices as a whole have gone up over the last decade, specially in certain regions of the country.

Although natural gas prices have dipped a bit since 2008 and electricity prices have stayed level, the trend line goes up for both from 2011 forward. The U.S. Energy Information Administration estimates an average annual increase in residential energy costs of 2.3% through 2035.

So...if energy cost projections hold, and assuming an average annual American energy bill of \$2,200, you'll pay 2.3% more each year (that's \$50 the first year) if you do nothing to **reduce your consumption**. Your bill will inch closer to \$4000 by the year 2035. Ouch.

**3 energy saving retrofits that pay off** - If the only reason you're making retrofits is to manage energy costs, look for projects with maximum bang for the buck. **Rule of thumb:** Try to beat the 2.3% annual average with green home improvements that reduce your energy consumption by 5% or more, but have a modest initial investment. And don't forget to ask whether your utility or state government offers **rebates or tax credits** for these improvements.

1. **Seal and insulate ductwork that runs through unheated spaces**—the attic, a crawl space, a garage. It's not glamorous, but it can improve the efficiency of your heating system by 20% - a 5% bill reduction overall. If you hire a HVAC pro you'll invest a few hundred dollars for labor and materials.
2. **Buy a programmable thermostat.** Is it possible you haven't done this yet? For just \$25 to \$250, you can save, on average, around 8% on energy bills simply by programming it properly.
3. **Add attic insulation and seal air leaks.** One of the best energy-saving improvements out there, because insulating and sealing your home can reduce your energy bills by 10%. Upgrading your **attic insulation** to the recommended R-value costs anywhere from \$.25 to \$1 per square foot, including materials and labor, it's less if you do it yourself. But you won't get the maximum savings if you don't **seal air leaks**, so plan this as a combo job. Caulking and weather-stripping typically costs from \$50 to \$350, depending on the size of your house.



### Free Classes for First-time Homebuyers

Do you know someone thinking about buying their first home? Tell them about our first-time homebuyer classes, sponsored by the Washington State Housing Finance Commission. I team with Angela Cohen from Network Home Loans to cover all aspects of the home-buying process, as well as financing and down-payment assistance programs available to help first time buyers. Participants get a certificate they can use for WSHFC programs. Have them call me for more information or to register for a class.

Here's the schedule of our remaining summer classes:

◇ July 24 ◇ August 7 & 21

(Fall class schedule available soon)



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Angela Mears Cohen  
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Houses we've helped our clients buy or list this spring/early summer



Sold in N. Everett —May



Chris & the girls  
FINALLY get to move in!



Sold in W. Seattle—May



New Listing in Lynnwood—May



New listing in Sunset Hill—May  
Closed in June