

The Wall Street Journal

Mistakes housing investors make

With traditional investments delivering low returns, some are considering buying rental housing. However, potential investors should do their homework and avoid the following common mistakes.

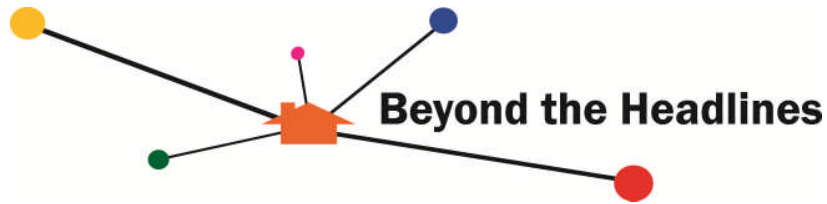
Making sense of the story

- Investing in real estate right now can be profitable, if everything goes as planned. Rents are increasing in many areas, and more properties may be coming on the market.
- Last month, the Obama administration asked for proposals on how to convert at least some of Fannie Mae's and Freddie Mac's inventories of foreclosed homes into affordable rentals.
- Traditionally, investors rented out properties for 1 percent of the purchase price per month. However, according to one property management firm, today, some investors are receiving as much as 2 percent of the purchase price.
- While it may be true that in some areas home prices are relatively low, that doesn't mean the property can be rented out. Homes in deserted subdivisions aren't any more appealing to renters than they are to buyers. The same is true for less-attractive properties or those in less-desirable school districts.
- Prior to purchasing a property, investors should also factor in closing costs of 3 percent to 6 percent, the costs to fix up the place and maintain it, and the holding costs.
- Investors become landlords, and as such, need to keep in mind that, just like homeowners, tenants may not always be able to pay rent. Evicting tenants can take several weeks.
- It's also important to remember that owning a rental is not the same as owning a home. An owner may put up with flaws in a home that a renter wouldn't tolerate. Additionally, many states and communities have strict laws for landlords, even for those who own only one property.

Read the full story

http://online.wsj.com/article/SB10001424053111904103404576558484074477822.html?mod=WSJ_RealEstate_LeftTopNews

Sept. 15, 2011



The New York Times

When real estate agents make referrals

Home buyers have a right to be informed of any business relationship between the real estate agent and the mortgage broker.

Read the full story

<http://nyti.ms/piue8g>



The Wall Street Journal

New ways to use less energy at home

The share of homes being built in the U.S. with environmentally friendly features jumped to 16 percent of single-family starts last year from 2 percent in 2006, says McGraw-Hill Construction.

Read the full story

http://online.wsj.com/article/SB10001424053111903461304576524391474712716.html?mod=WSJ_RealEstate_LeftTopNews



The Los Angeles Times

Many underwater homeowners hampered by high interest rates

A total of 10.9 million homes with a mortgage were in a negative equity position at the end of the second quarter, constituting 22.5 percent of all residential properties with a mortgage, according to CoreLogic.

Read the full story

<http://lat.ms/mQ02zl>



CNNMoney

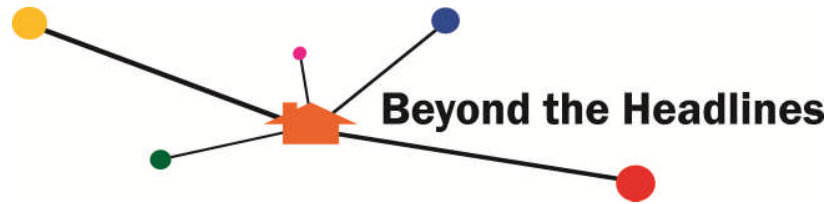
When will home prices spring back?

Nationwide, the U.S. housing market remains deep in the doldrums and economists expect prices to fall another 5 percent to 10 percent in many places. Yet, some sellers are seeing signs of a turnaround.

Read the full story

http://money.cnn.com/2011/09/15/real_estate/home_prices.moneyomag/index.htm?iid=HP_River

Sept. 15, 2011



Forbes

U.S. consumers have miserable outlook on housing and growth, with good reason

Fannie Mae's August survey on the housing market found that more than three quarters of Americans (78 percent) say the economy is on the wrong track, and 22 percent expect their own financial footing to worsen over the next year.

Read the full story

<http://onforb.es/mTCTNf>



The Mercury News

Home buyers find themselves aced out by investors

In the Bay Area, about one-fifth of all homes sold in July were purchased by absentee buyers, mostly investors looking for rentals of properties to fix up and then sell, according to DataQuick.

Read the full story

http://www.mercurynews.com/business/ci_18853804



USA Today

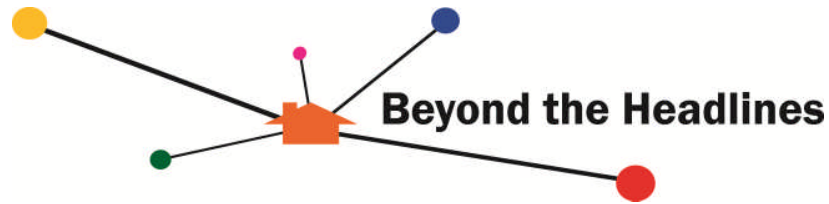
Tight standards make mortgages tough to get

Following the greatest housing decline since the Great Depression, home lending standards have tightened to their strictest levels in decades, economists say.

Read the full story

<http://www.usatoday.com/money/economy/housing/story/2011-09-15/mortgages-tough-to-get/50405698/1>

Sept. 15, 2011



KEEP THIS IN MIND

- Closed escrow sales of existing, single-family detached homes in California rose to a seasonally adjusted 497,390 units in August, up 8.6 percent from a revised 457,930 in July, according to information collected by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). August home sales were up 10.2 percent from the revised 451,520 units sold during the like period a year ago.
- The August statewide median price of an existing, single-family detached home sold in California was \$297,060, up 1 percent from a revised \$294,050 in July, but down 7.4 percent from the \$320,860 median price recorded for August 2010.
- The Unsold Inventory Index for existing, single-family detached homes was 5 months in August, down from 5.5 months in July and down from a revised 5.8 months in August 2010. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.

Sept. 15, 2011