

SELLERS CAN'T WIN ON PRICE: OFFER A TOUCH OF CLASS TO STAND OUT.

Non-distressed home sales are the backbone of a recovery. More sales, sensible prices = MARKET STABILITY

Banks. Forget it. Non-distressed homes cannot compete with 30% to 40% below market prices. Many, many foreclosures need costly repairs, are not furnished, and were shuttered for up to a year. This is often too much for vacation home buyers to contend with. It may be OK for flippers and the rebuild-the-house-myself handymen who don't mind building sweat equity.

Short Sales are hated by banks because the seller chooses the asking price, does the negotiating, submitting an offer to the bank. The bank has to pay to get financials etc. from the home owner. The buyer must qualify for the new, higher standard FICAs and lending. Further, the current market value – including neglect – must be identified for a full-blown appraisal. Homes are often not maintained or furnished, as the seller has no equity from the sale. To a buyer, it is not worth months of bank-

generated frustration, of the cost to restore, plus furnishings. We see some very unhappy buyers of bank and short sales who wish they had thought all of this through.

Non-Distressed homes like yours can stand out—it's up to you. Non-distressed sellers have the money to keep the house in good shape, sold furnished 90% of the time. The asking price will be deservedly higher, quality higher, appearance enhanced. **The goal is to stand out, so the joy of purchasing a Lake Arrowhead home is fun and frolic, not fix and frustration.** We've all seen tract homes, look-alikes, yet each owner tries to find a way to look different, distinctive, fresh, exciting...so home shoppers can say: "I like this one best". Here in Lake Arrowhead, it's easier because each home is different. For a quality price, offer a quality home. Call, we can help!

THE TIME BOMB. Each foreclosed and short sale is bringing down the value of every unsold comparable home. Over an extended period, an entire community value can be pulled down. The bank downdraft is that the selling time is averaging 317 days to foreclose. These homes need repairs, often stripped to the drywall. The bank will sell **30% below market.** Banks also have a 'shadow inventory' - unlisted - near 300 homes in Arrowhead Woods than will eventually sell. The other drain is short sales, suffering from fewer repairs, no updates and without furnishings. Banks are allowing short sales at **15% below market.**

Hundreds of bank owned and short sale homes will take years to work out of the system, chipping away at the appraisal prices used for bank loans. Ultimately, this drops the median price for the entire Lake Arrowhead market.

SOLD BY AGE OF HOME ArrWoods & Lakefronts	1920-59	1960-69	1970-79	1980-89	1990-99	2000-10	Sold in Year
2000	37	74	123	81	76	22	413
2001	38	81	171	89	100	38	517
2002	59	107	207	132	101	55	661
2003	39	86	179	107	104	54	569
2004 highest	80	126	204	149	135	102	796
2005	69	101	219	103	111	74	677
2006	41	56	111	70	54	59	391
2007	40	47	86	50	33	64	320
2008	30	38	64	42	34	50	258
2009	42	43	84	50	35	46	300
2010	31	45	82	48	40	52	298
2011/6 mo.	17	23	34	16	24	22	136
# sold year comparable to 2011 sales	2000	2000	2000	2000	2000	2003	2000

Annually, Arrowhead Woods should sell 450 to 500 homes. In 2009 and 2010, and most likely 2011, we are near 300 sales. About one third are bank and short sales. If one in three is a distressed sale, prices cannot level off.

If non-distress home listings increase an additional 150 to 200 homes, priced sensibly, negotiating a small price reduction if needed, sale prices could stabilize.

THE KEY