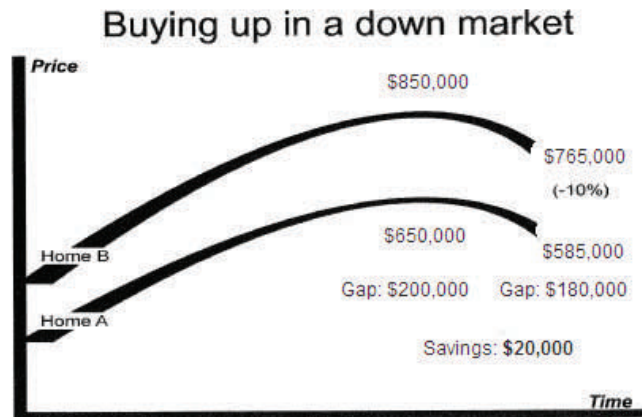


# Do You Want More?

## Sample Calculation:

A depreciating market benefits the move up buyer. For example, a 10% price drop on a \$650,000 home is \$65K however a 10% price drop on a \$850,000 home is \$85K so **you save \$20K** by buying now instead of waiting until the market recovers and you get to live in the home with the features you want now.



## Top 10 Reasons To Move Up In A Down Market

1. **There is a large selection** of move-up houses and a smaller selection of entry level homes.
2. **Patience is tolerated**—you can take your time to look and think about your decision. Making an offer contingent upon the sale of your home has become acceptable again.
3. **You can make offers under list price and bidding wars are rare** —buying is much less stressful right now. Sellers are considering all offers and unless a home is aggressively priced, multiple offers are not very common.
4. **Favorable mortgage rates & programs**—we are still at rates that are near 45-year lows. In addition, the Fed has increased loan program limits for FHA mortgages and loans backed by Fannie Mae & Freddie Mac to **\$567,500** in King County. This enables more buyers to be able to purchase your home and allows you to buy a more expensive home, before the higher interest rates associated with jumbo loans kick in.
5. **Timing the market is a no-win game.** Generally by the time it is clear that the market has hit bottom— the prices are already on the way back up.
6. **Interest rate—price trade off.** Remember a 10% decrease in price is offset by a 1% increase in interest rates. For example: A \$400,000 loan at 6%, results in a loan payment of \$2,398. Alternatively a \$360,000 loan (10% less) at 7%, results in a loan payment is \$2,395.
7. **Positive Puget Sound economic forecasts** for 2009 and beyond. Real estate is local and while there are some states and areas that have had large swings in appreciation only to be offset by large swings in depreciation—the Puget Sound area hasn't experienced either and is generally on a more stable economic path.
8. **Tax Benefits**—homeownership continues to be encouraged through tax deductions.
9. **Leveraging**—real estate is the only investment where you put a percentage down and earn returns based upon the entire value of the investment.
10. **Homeowners in it for the long-term (4+years)** nearly always come out ahead in building wealth. According to the Federal Reserve, homeowners have a higher net worth than renters making the same salary due to: (1) forced savings in paying down a mortgage and (2) appreciation over time.