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E1/BUYERS

November 19, 2007

I highly recommend Ron as a real estate agent. If you work with Ron, you will get first class customer service, the utmost integrity and savvy business advice.

This past May I closed on my first place, and I have to say I had a great experience. Not only did Ron make the process extremely easy for me as a first time homebuyer, he also had the experience and business savvy to make sure I got a great deal. Ron's sharp, and he gave me great advice that probably saved me somewhere between \$30k - \$60k on my home purchase. Further, Ron leaves nothing up to chance. He was buttoned up the whole way.

I would also mention that I never felt pressure from Ron in our dealings. If anything, he was more cautious than I was in the process because his biggest concern was always making sure I got the right place. Ron is in this business for the long haul.

If you're looking for an agent who has integrity in spades, has the patience of Solomon (did I mention 2.5 years?), is an all-around nice guy, and has the experience to find the right place for you, I can't imagine a better buyer's agent than Ron Abta.

Sincerely,

Robert F. Eisenbach



Ron Abta
TRI-Coldwell Banker

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The Ron Report

TRI-Coldwell Banker

Is the Cup Half Full?

Whether it be the San Francisco Chronicle, Wall Street Journal, or New York Times, it seems that real estate has been awash in bad news. But amid all the negativity, I find it important to not lose sight of the positives.

Home prices have declined in many cities across the country. But not everyone needs or wants to sell a home in this market, and some fortunate communities have been affected only lightly or not at all by the downturn. In the big picture, the downturn also has demonstrated that real estate is still cyclical. Sooner or

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later, housing markets will begin to recover.

The mortgage market is a mess. But mortgage interest rates are still very attractive on a historical basis. Could anyone complain about a 30-year fixed-rate mortgage with an interest rate of less than 7 percent? Traditional hybrid and adjustable-rate mortgages still come with very attractive interest rates as well. And some home buyers who cannot afford

a 20 percent down payment still have the option of just a 10% down payment.

The volume of home sales transactions has declined in many parts of the country, but it would be quite odd if housing markets ever came to a complete standstill. Homes will continue to be sold regardless of market conditions as long as people continue to experience births, deaths, marriages, divorces, job transfers and other life-cycle events that necessitate new housing arrangements.

Too many homeowners took on big, complicated mortgages that they cannot afford. But there are still alternatives to foreclosure: A short sale (where the lender agrees to a sale price below the loan amount) or loan modification may help many of these people resolve their problems or even hang on to their homes. And the next group of home buyers certainly should realize by now that they need to read their loan documents and understand how much their monthly payments might increase in future years.

What's more, a federal law enacted late last year will allow



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more homeowners who suffered a foreclosure or short sale to exclude some forgiven mortgage debt from ordinary taxable income. That is good public policy and should offer some people welcome relief from a burdensome tax burden. The new law also gives surviving spouses two years to sell their principal residence and still exclude \$500,000 from capital gains taxation. That is another win for homeowners.

And while foreclosures and short sales are not happy outcomes for lenders or borrowers, these situations can create attractive opportunities for long-term, buy-and-hold real estate investors. Rental properties can still be a good business, and investors can get into some markets today at significantly lower prices.

Finally, 2008 is an election year in which all voters, regardless of their political affiliation or beliefs, will have an opportunity to go to the polls and select a new national leader. The pressure will be on for the candidates to put forward policies and programs that could have a profound effect on the health of real estate markets in the months and years to come. ❖

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How to Pay Off Your Mortgage Faster

The demise of the mortgage industry is the news of the year. Exotic loans, predatory lending practices, high-flying investors buying risky mortgage securities, and the plight of homeowners faced with mounting monthly payments are just a few of the topics making headlines everywhere. But little attention is given to teaching consumers how to pay off their mortgages completely, in a shorter amount of time, so that they are no longer tied to borrowed money and can own their homes free and clear.

Buying your own home is a practical realization of the American Dream. We who live in the USA pride ourselves on the value of freedom in our everyday lives, and paying off a mortgage is one of the most liberating goals a homeowner can accomplish. The way to shrink your mortgage is to pay off the principal at an aggressive pace. More and more consumers are making it happen

by following disciplined, strategic formulas.

The basic premise of any plan to reduce your debt revolves around three steps:

1. Use your monthly statement to find out the breakdown of your mortgage payment. There are two main components. The principal payment shows the portion that you pay each month of your actual original debt. The interest payment represents the fee you pay for borrowing the principal.

2. In the beginning of your loan, monthly payments may be entirely dedicated to interest. As the loan matures, you will gradually pay larger chunks of the principal. Paying off the principal is the key to erasing your debt, and you can voluntarily increase your principal payments to speed up the process.

3. Decide what you can afford. Simply add that to your regular payments and designate it for payment of principal so that your mortgage company will credit your account appropriately. You want to ensure that they do not use it to pay interest, because applying it to principal instead is more effective and should be your main goal.

To accelerate the process of

“paying down” your mortgage, apply one or more of the following ideas that help you chip away at the principal at a faster rate:

Make an extra payment every year - Make the equivalent of an extra payment each year. One way to do this rather painlessly is to divide your normal payment into twelve parts. Next, add one-twelfth to each payment you make during the year. For example, if your monthly payment is \$4,800, divide it by 12 to get \$400. Pay an extra \$400 each month. After 12 months you will have effectively paid an entire extra monthly payment.

By paying an extra \$100 a month on a 30-year, \$200,000 mortgage at 6 percent interest, you will shorten the life of the mortgage by about 5 or 6 years, saving around \$25,000 in interest payments.

Refinance into a shorter mortgage - If you find a 15 or 20-year conventional fixed rate loan that offers lower interest than your 30-year loan, you may save money by refinancing into the shorter mortgage. You will pay off your loan much sooner, too. But your monthly payments will increase due to the shorter amortization period.

Pay biweekly instead of monthly - Sending a payment every two weeks is another tried and true strategy for reducing the balance on your mortgage. You do not double your payments but instead divide your normal payment into two increments, so the amount you pay each month remains essentially the same as normal. But by paying half of your payment every two weeks, you wind up paying a full extra month's worth of mortgage payments each year. The result is a function of mathematics and how our 52-week, 12-month calendar operates.

If you, too, yearn to “get off the grid” by no longer having to make a monthly mortgage payment, it is certainly possible. With a little bit of planning and some motivated determination, you may soon be debt-free. Then you can join the ranks of those happy homeowners who sit atop a mountain of equity and never lose any sleep over a pile of outstanding debt. ❖

NEW ADDITION TO MY TEAM



I am pleased to announce that Elana Urbansky has joined my real estate practice. She is my licensed assistant. Before making San Francisco her home, Elana was born and lived in the Ukraine. Her love of San Francisco's architecture and its unique history drew her to real estate and she has passionately worked in the industry's sphere since 2004. Her knack for building client relations and business development skills were honed during her years at McGuire Real Estate where she was an instrumental player in their Business Development Group.

Her social science and law background brings a wealth of knowledge to the table. She is an active member of the community, with ties to organizations like the Junior League, Bravo, Symphonix and Road Runners. She ensures that each transaction is a seamless experience.

Please join me in welcoming Elana on board. Should you need any real estate assistance, please don't hesitate to contact her at (415) 229-1321, or at Elana@RonAbta.com

Keys To Successful Negotiation

One topic that I haven't yet touched up in my Ron Report newsletter is the strategy behind real estate negotiations. Whether you are a buyer or a seller, you want to succeed in the real estate marketplace. That is natural and reasonable, but what are the steps you need to triumph?

Negotiation is a complex matter and all transactions are unique. Both sides - buyer and seller - want to feel that the outcome favors them, or at least represents a fair balance of interests. In the usual case there is a bit of bluff, some give-and-take, and neither party gets everything they want. Even in either a Buyer's or Seller's market.

So how do you develop a strong bargaining position, one which will help you get the most from a transaction? Experience shows there are four basic keys which will determine who wins at the negotiating table.

1. WHAT DOES THE MARKET SAY?

At various times we are in a "buyers" market, a "sellers" market, or a market where housing supply and demand are roughly equal. If possible, you want to be in the market at a time when it favors your position as a buyer or seller.

Because all properties are unique - it is possible to buck general trends and have more leverage than the marketplace would seem to allow. For instance, if you have a property in a desirable neighborhood with few sales, you may be able to get a better deal than elsewhere. Or, if you are a buyer who can quickly close, that might be an important negotiating chip when dealing with an owner who just got a new job 500 miles away.

2. WHO HAS LEVERAGE?

If you are among six buyers clamoring for that one special property, forget about dictating an agreement - the owner can sit back and pick the offer which represents the highest price and best terms. Conversely, I recently represented a buyer on a condo where the seller had already bought somewhere else and was in a jam. I was able to negotiate a purchase price WELL under the asking price. Needless to say, my buyer is very happy.

3. WHAT ARE THE DETAILS?

A lot of attention in real estate is paid to transaction prices. This surely makes sense, but the key to a good deal may be more complex. Making use of information in inspection reports is crucial towards a successful negotiation.

4. WHAT ABOUT FINANCING?

Real estate transactions involve a trade - houses for money. We know the house is there, but what about financing? The amount of a down payment has become increasingly more important as the turmoil in the mortgage market continues. A buyer's ability to get a loan has more to do with the down payment amount than it did in the past. A solid salary and strong credit score continue to remain crucial in getting pre-approved. If you are a buyer, it pays to make sure your credit score is high so that financing will be easier to obtain. If you're a seller, make sure that the buyer of your property is pre-approved by an institution with a solid track record and reputation. Checking on these things on behalf of my clients has gotten much more important recently and I don't see that changing anytime soon. ❖



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- In six months
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- I have a question for you.
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