

Ron Abta
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Testimonial...

Ron Abta is hands down the best RE agent in SF, maybe the world. I have worked with other agents but what sets Ron apart is that he is smart, thoughtful, well connected and, well, downright smart. He showed me an ugly duckling of a house in a neighborhood that I had not even considered. Needless to say I was NOT interested. He showed me the underlying value and how easily it could be uncovered. Ron helped me buy it for less than the asking price and since buying it, less than a year ago, it has appreciated far more than expected. I am in the San Francisco real estate game because of Ron Abta. If you are looking for someone to get you in, Ron is your man.



- Lael & Tristen Sturm



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The Ron Report

TRI-Coldwell Banker

What the Mortgage Meltdown Means to You

As of this writing (August 23, 2007), the mortgage market has been in the news almost daily, and for good reason. I've received calls from several past clients asking for insights on what it all means to them. I thought that I would put together an FAQ to address questions that may be on your mind:

Does the Fed rate cut on Aug. 17 imply that mortgage rates will fall?

Real Estate Questions? Call Ron Abta

No. The Discount Rate cut applies to borrowing by big banks. It does not help small borrowers. If the Fed had cut the Fed Funds rate (which it may by the time you receive this newsletter in the mail), it would have helped people trying to borrow to buy a house. But that rate has not been changed.

What happens if my mortgage company goes bankrupt?

If your mortgage company files for bankruptcy, another company will take over the servicing of the mortgage. The new owner of your mortgage will expect you to pay every month. If you stop payment because you think your bankrupt mortgage company won't care, prepare for the consequences.

What happens if I apply for a mortgage with one of these troubled mortgage companies?

You might not qualify for a mortgage that you could have gotten a month ago. If you started the home buying process, say a month ago, and you haven't locked in a rate that you could afford, chances are good that your options have gotten worse. That's because there's less money around for mortgages since the credit crunch started a few weeks ago. The people who get that mortgage money will be the ones willing and financially able to pay a higher rate.

What should I do if my mortgage rate adjusts so high that the payments are over my head?

While rare in the Bay Area, this could happen. Talk to the company that services your mortgage and ask for a new payment schedule. This is a tough situation because often the company that originated your mortgage has sold it to another company -- a mortgage servicer. The mortgage servicing firm is the one that sends you your monthly bills and collects the checks you write. Try to talk with the mortgage servicing firm to ask if it can change your payment schedule. Unfortunately, only the



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owner of the mortgage might be willing to make that change.

Is it dumb for me to buy a house now with all this going on?

Perhaps. With mortgage money in shorter supply, some home buying transactions may fall through. As such, there may be some opportunistic buys available for those who can move quickly and decisively. The only downside is that purchasing a property will cost you more due to the surge in interest rate. In the Bay Area, where the economy is strong, I never believe it foolish to purchase a home. I'm bullish on the location and feel that buyers can rest assured that in the long run, they'll be in possession of a historically appreciating asset.

When in doubt about what to do, please don't hesitate to call me or my father, Daniel Abta, a mortgage broker, at (408) 739-6465, or at DanielAbta@aol.com

Inside This Issue

<i>Mortgage Meltdown</i>	<i>Page 1</i>
<i>Buyers Market</i>	<i>Page 2</i>
<i>4 Foods That Improve</i>	<i>Page 3</i>

Definition of a Buyers Market

Most real estate practitioners consider a typical market to be one in which homes take an average of six months to sell. Real estate professionals keep track of this number by keeping up with the days on the market (DOM) of every home listed and sold. Of course, some areas like the Bay Area typically have much less inventory, but as a rule, 6 months is the defined watermark.

If the number rises above six months inventory on hand, then the market is swinging into a buyer's market. If it falls below, it is becoming a seller's market. In its most simplistic form, a buyer's market is one in which there are too many homes on the market for the number of buyers. Homes take longer to sell and prices fall.

Sometimes buyers believe that winter time is a buyers' market. Homes offered for sale during slower times of the year are generally aggressively marketed, and may not sell for a significantly lower price than they would if they were marketed in a busier period.

In the spring, a seasonal adjustment occurs, and more homes come on the market. Buyer activity picks up as families with children (still the single largest buyer demographic) buy homes so they can move during summer vacation.

A buyer's market can easily exist in the spring, if conditions dictate that there are more homes than buyers, falling prices, and longer DOMs.

The one certainty that can always be counted upon is that one side of the market will never stay on top forever. In fact, it can turn on a dime. The same area that remains depressed for a period of time can make a comeback as lower prices stimulate reinvestment. ❖

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"Value-Added" Real Estate Features

In what could be the largest study of its kind, researchers have calculated the "value added" contributions of dozens of home features and facilities. The study used sophisticated statistical analysis techniques on nearly 29,000 home sale transactions over an eight-year period.

Here are some of the key findings:

- An extra half-bath adds 15 percent to the selling price of a home, but an extra full bathroom adds a stunning 24 percent.
- Adding a sitting area to the master bedroom increases the sales value of the house by 8 percent.
- Garages add an average of 12.9 percent to the selling price.

These are just a handful of the conclusions reached by the new statistical study by the National Center for Real Estate Research, an affiliate of the NAR (National Association of Realtors). What sets the new study apart from most "value added" research is that it uses sophisticated statistical analysis techniques -- a hedonic regression model -- to isolate each feature or characteristic of a house and calculate its specific contribution to the selling price. Most other "value-added" studies, by contrast, are based on estimates by home improvement contractors, architects, builders and others directly involved in real estate transactions.

The recent National Center for Real Estate Research study covered a wide range of house types, locations, price brackets and other characteristics. Here are more findings:

- Additional bedrooms enhance value, but not as much as you might think - just 4.1 percent per extra bedroom.
- Higher ceilings are good -- a house with 9-foot ceilings sells for 6.2 percent more than an identical house with lower ceilings.
- An island in the kitchen is a smart investment (+5.3 percent to the selling price).
- Water views are predictably strong value enhancers. A "water view" adds 7.8 percent to sales price, but an actual "waterfront" location adds nearly 18 percent.

4 Foods That Improve Your Looks

My wife Allison has gotten me into the habit of taking vitamin supplements. It got me thinking - what effect does your diet really have on your appearance? You know that eating sensibly helps to maintain a healthy lifestyle, but it also helps to maintain a healthy appearance. After doing a little research, I found 4 foods that not only help you feel great, but help you look great, too. Gentlemen, this section is more for us, as women seem to already know about these:

WATER

Drink 6 - 8 glasses a day! Drinking plenty of water every day helps the skin look smoother & more youthful. By keeping the body hydrated, your overall appearance will benefit, from improved skin texture, hair and nails.

VITAMIN C

Oranges, Peppers and lots of spaghetti sauce! Vitamin C helps the body fight infection and disease. It pumps up the immune system and also promotes healing. Did you also know that Vitamin C is essential to collagen production? Collagen helps the skin remain elastic but firm, which keeps the skin wrinkle and line free.

ESSENTIAL FATTY ACIDS

Salmon & Olive Oil. Essential fatty acids (EFAs) like omega-3 and omega-6 are known as "good fat," which helps cellular functioning. This helps skin, hair, nails, muscles and practically everything involved in your physical appearance. Like other "good" foods, EFAs help the cells to function properly, clear up skin, prevent blemishes, reduce wrinkles, and improve hair condition and nail growth.

GREEN VEGETABLES

Spinach omelets...yummy! Vegetables such as spinach, broccoli and kale are rich in Vitamin A, C, E, iron and fiber. Vitamin A has antioxidant properties and maintains moisture for eyes, skin and mucous membranes. Vitamin E is essential for healthy and smooth looking skin. ❖

Natural Light

Skylight Tubes Are Easy to Install

There could be a cure for that dark spot in your home. The addition of a skylight tube can bring light to a kitchen, hall, or any room in the house. A dark garage is an excellent candidate for a light tube.

These tubes are lower-cost alternatives to skylights, and most do-it-yourselfers can install one. Those not willing to tackle the job will find professional installation is not costly.

Tubes come in 13 to 22 inch diameters and have a super-reflective interior. The exterior dome extends through the roof, and a light diffuser on the bottom mounts to the ceiling. The diffuser looks just like a light fixture.

Light bounces back and forth on the reflective interior on its way to the diffuser. On a sunny day, this free lighting is equivalent to several 100 watt light bulbs. ❖

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| <input type="checkbox"/> A free market evaluation of my property. | <input type="checkbox"/> Now | <input type="checkbox"/> In three months | <input type="checkbox"/> In six months |
| <input type="checkbox"/> I'm interested in buying a home. | | <input type="checkbox"/> I have a question for you. | |
| <input type="checkbox"/> Purchasing investment property. | | <input type="checkbox"/> Giving you a referral. | |

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