



January 2010

Greetings to my Friends and Neighbors,

January 2, 2010

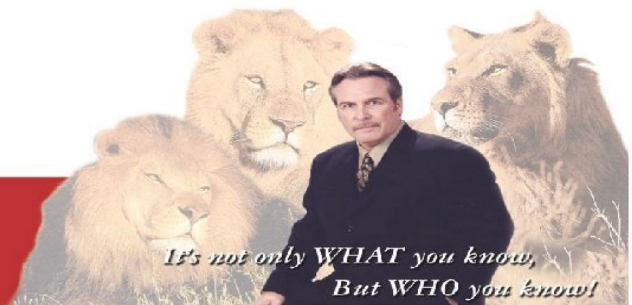
There is much to learn from the past three or four years that not only pertains to real estate, but to every day living, at least that's how I see it. Four years ago in 2006, we all knew that the real estate market was headed for a crash. What we didn't know was how long or how devastating it would be. As far as we can tell from the recent statistics over the last 6 months is that the market has stabilized somewhat and has shown some signs of a directional change. Some of the dramatic moves made by the FED and our Government have helped in many ways to soften the crash landing. Some things like keeping the interest rates low have helped, but these rates must stay below or at 5%. As they climb to the 5.5% or higher mark you will see less lending and fewer purchases. Another great incentive has been the \$8,000 First Time Home Buyer Tax Credit. This single act of legislation has been a much needed shot in the arm for the real estate community and the extending of this program will be much needed in the beginning months of 2010. The Home Affordability Modification Program, HAMP was also designed to help homeowners keep their homes while reducing the high number of foreclosures we have seen since 2007. Unfortunately, our lenders, seeing that participation in HAMP was not mandatory, but optional, caused this program to flounder and many American Tax Payers lost their homes to foreclosure. Recently, President Obama expressed his concern that lenders were not doing their best to facilitate modification of loans, creating new loans or stemming the wave of foreclosures through short sales or deeds-in-lieu of foreclosure. The key to our recovery, is that lenders must reciprocate the graciousness of the American Tax Payer's Bail Out and start to allow credit to flow more smoothly. This is not the same as going back to the era of "stated income loans" where loans seemed to be given on the ability to "breathe" rather than pay back the loan. No, we do not want to go backwards, but we also don't want to make it so difficult to get a loan that we stifle every purchase with unrealistic conditions and requirements. I'm afraid that the amount of recent legislation will create a bottle neck of mandates that will cause a slow down of lending, resulting in a slowdown of buying and selling. One solution that is being addressed with some sense of urgency are short sales. Government is trying to get lenders to resolve the tediousness and lack of structure in the area of short selling a home so that more short sales are completed. If lenders will create a more stream lined approach to short sales then the real estate market has a bright spot to use as a platform to recover. So, here's what I'm saying; if interest rates can remain around 5% and lenders will make it less tedious to get a loan and Short Sales become more streamlined and effective forms of purchases and sales, then we will see a steady increase of sales though out San Diego County. May you have a great 2010 and may you see the desires of your hearts met with peace and joy.

Thanks and God Bless you,

Daniel

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*It's not only WHAT you know,
But WHO you know!*