

Gabe & Susan's Homeowner News

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14 Tips for Lowering Your Expense and Increasing Your Savings

When it comes to saving money, most people admit that they do not save enough. Common wisdom says that those with a large savings account must also have a large income, but that may not be so. We recently read an interesting study by economists Steven Venti of Dartmouth and David Wise of Harvard which showed that people in lower income groups often save more than those in the middle class.

On average, the study showed, the lowest income group surveyed stashed away \$150,000 per household, whereas middle-income families had only \$45,000 in assets. Surprised? So were we. It turns out that controlled spending and disciplined saving are more

important in building your nest egg than having a large income. So if you find yourself lacking in the savings department, here are fourteen tips you may find useful.

1. Start small. Experts recommend setting aside 10% of income each month, but starting with something small, like \$25 per week, is fine too.

2. If you don't see it, you won't spend it. A good way to become a disciplined saver is to set up an automatic payroll deduction from your paycheck to

your savings account. Also, if your employer offers a 401(k), sign up for it, especially if your employer matches.

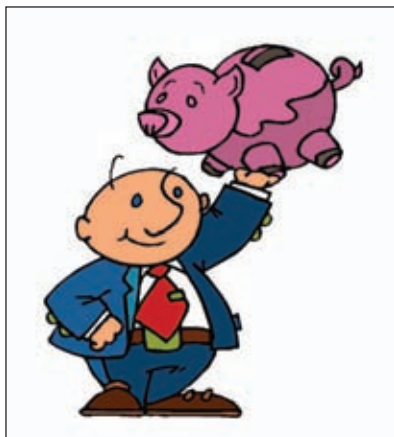
3. Stash that windfall. Most of us make plans for spending our tax refund before the check from Uncle Sam even arrives. Instead, stash it away. Same goes for receiving a raise at work. Your stingy boss only increased your pay by 3%? Add

that amount to your automatic savings plan, and continue to live on your previous salary.

4. Plan your budget. Sit down with all your monthly bills and figure out exactly how much money your household needs to function. Then stick with your

plan and don't overspend. To prevent impulse buys, leave your credit cards at home. Better yet, cut them up and throw them away. Instead of going to the ATM whenever you need cash, consider making withdrawals only once a week to help you stay within your budget.

5. Hold the biggest garage sale ever. Make an inventory of your belongings and get rid of everything you don't use any more. You get money for your stuff, free up some space, and potentially save on the cost of maintenance. *(continued, Page 2)*



Our professional philosophy is simple: strive to have happy clients that feel confident referring me to their friends. How do we accomplish that? With dedication and hard work on your behalf. With open and honest communication. With patience, persistence and in-depth knowledge of our local real estate market. Are you thinking of buying or selling soon? Then call the professionals who will listen, coach and help you with your next transaction so that you can relax – and even have fun! – buying or selling your home.

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Bob Gets Duped by the PriceWizard

Bob decides to sell his home. After living in it for years, Bob knows he has accumulated a good deal of equity. The property values have gone up, his mortgage balance has gone down, and Bob has made several home improvements that he knows will increase his home's value. Bob also knows how much his neighbor's home sold for last year, so Bob feels pretty confident that he knows what his home is worth. Like many sellers, Bob schedules appointments with several Realtors to discuss listing his house.

Each agent brings a sales presentation and a Comparative Market Analysis - an estimate of the home's value. But Bob is dismayed when several agents suggest that his home is worth less than he thought! Sure, they back up their numbers with a list of similar homes sold recently, but Bob *knows* he can get more. Fortunately, an enlightened agent shows up at last. He agrees with Bob's estimate! Heck, he even says it's worth more! And he says he will have no trouble getting Bob that price. Excited, Bob lists his home with the PriceWizard.

Congratulations Bob, you just fell for a dubious sales tactic known as *Buying a Listing*. What Bob does not realize is that PriceWizard actually knows that Bob's house is not worth the asking price. But PriceWizard understands that the easiest way to get Bob's listing is to agree with Bob. After the house sits on the market unsold for over a month, PriceWizard knows that he can talk Bob into lowering the asking price. The trouble is, the longer Bob's house is on the market, the less interest it will generate among buyers. And after it has been on the market for too long, buyers will conclude that there must be something wrong with it, and offers will become lower and lower. Poor Bob will end up selling his house for less than he could have if he priced it correctly in the beginning. If he only listened to those Realtors who told him the truth...

Why did PriceWizard dupe Bob? For the commission - to beat the other agents

who wanted to earn Bob's business the honest way. Why did Bob fall for it? Because he was stubborn. And perhaps greedy. So, how can you avoid falling for the PriceWizard's trick? It's simple - don't pick an agent based on the price he or she recommends. Instead, choose an agent based on his or her reputation, ability, and knowledge. Someone who



knows your area, can show you a solid sales plan for listing your home, and who backs up his or her recommendations with facts. Once you pick a Realtor you like and trust, *then* talk about the price. An honest agent will help you get more money for your home than any PriceWizard ever could.

(Savings Tips, continued from Page 1)

6. Tame your habits. That \$3 latte every day adds up to \$1,095 per year. What's wrong with making coffee at the office? Smoking a pack a day can cost you \$1,460 annually, not to mention the toll it takes on your health. Another great habit to get rid of.

7. Drive less. As a nation we Americans love our cars, but they cost money. Consider carpooling to work, or use public transportation, or walk if possible. It's good for your health, your wallet, and the environment.

8. Learn how to maintain your car. The most expensive part of car maintenance is labor. Learning how to change oil and air filters is not that difficult. Make sure you perform regular maintenance, since a well-maintained car is less likely to break down (and break your bank).

9. Bring lunch to work. "Brown-bagging" even a couple of times per week can save you \$400 or more per year.

10. Watch for unnecessary expenses like a hawk. Those \$1.50 surcharges when you don't use your bank's ATM add up quickly. So do late fees from your video store, mortgage lender and credit card companies.

11. Find cheap entertainment. To have a good time you don't need to spend a lot of money. Instead of going to the mall, go for a bike ride with a friend. Instead of buying a book, get it from the library. Instead of going to a bar with friends, make a mountain of popcorn and host a movie night at your home.

(Continued, Page 3)

Thinking
About
Selling?

Falling for the PriceWizard's trick is just one way to lose money when selling your home. Fortunately, a special report titled **The Seven Expensive Mistakes Sellers Frequently Make** reveals the other six costly pitfalls, and shows you how to avoid them. Thinking of selling your home soon? Order this report today - there is no cost and no obligation.

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Tiles With Personality



the tile. This will add a little more to the cost, but it is

worth it if you plan to use the tiles on frequently used surfaces, such as countertops.

Looking for a unique way to enhance the personality of your home? Ceramic tile has been a long-time favorite among builders and architects for kitchens and bathrooms – the rooms that need to be both beautiful and practical. If you plan on installing new tile in your home, you may want to consider adding some custom tile to your project. Whether it is creating a unique border, or adding a pattern to a large tiled area, custom tiles can add a nice designer touch to any room. And it does not always have to be expensive. Here are a few popular ways of creating custom tile designs, from very affordable to more pricey ones.

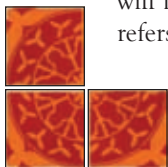
Hand-painting

This is an inexpensive way to add a personal touch to your home, and a fun activity for the whole family. Many home improvement stores carry special enamel paints designed for ceramics use (make sure it says air-dry on the label). Simply clean and prime plain tiles (those with a matte finish work best), paint the designs you like, glaze, and voila – you have custom tiles. To simplify the task you may consider using a stencil or stamps when making the design. Don't forget the glazing step – you want to waterproof your tiles before installing them.



Paint & Fire

For a more durable hand-painted tile, an extra step of “baking” the tiles is necessary. The process is almost the same as above – clean, prime, paint – but rather than applying glaze yourself, take the tiles to a specialty ceramics store that will fire them for you. Firing refers to a process of heating the tiles in a special furnace to permanently seal the design and waterproof



Silk Screen

What if you don't want to use your artistic abilities to hand-paint the tiles yourself? No problem; many specialty stores can print onto tiles any custom or stock artwork. You can have your favorite cat smiling at you from your kitchen tiles, or tiles with the family crest, stylized initials, a favorite flower, or any design you can think of. These tiles are great to use as borders, or to create patterns when mixed with other plain-colored ones.

Murals

The most dramatic (and costly) type of custom tile work is a mural. It involves silk-screening a piece of artwork over a number of individual tiles, with each tile bearing only a portion of the design. The tiles are then installed in order (like a jigsaw puzzle) to reveal a complete design on your wall or floor. This often stunning looking feature becomes a focal point of the room where it is installed, and is sure to impress all visitors. The possibilities for the mural theme are endless – from Michelangelo's paintings, to pictures of nature, to a picture of your own home! Since murals are costly and time consuming to properly install, make sure to pick a reputable tile contractor that has done this work in the past and can provide you with good references.



(Savings Tips, continued from Page 2)

Bookstores, museums and art galleries can also provide cheap entertainment – they often host low or no-cost events that can be a lot of fun.

12. Avoid temptations. Stay away from money-magnets, like shopping malls. And throw away those catalogs. Yes, Victoria's Secret too (sorry guys).



Q: I am selling my house; the inspection has revealed several defects that I am not willing to repair or pay for. What are my options?

A: When a property inspection reveals defects, buyers typically request that the seller repair them within a certain deadline. As a seller you have several options: agree to make all the repairs, agree to make some but not all, refuse to make any repairs, or ask the buyer to share some of the cost of the repairs. Ask yourself, are the buyer's demands reasonable? If you were the buyer, would you want those repairs made? It is okay to negotiate. However, keep in mind that once you become aware of a problem, you are required to disclose it to other prospective buyers should the transaction fall through and you place the house back on the market. Therefore, unless a buyer's request is unreasonable, it is advisable to try to find common ground with them.

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13. No pet pampering. Your dog or cat will love you just the same without those expensive treats or professional grooming.

14. Buy on the Internet. There are so many fantastic sites that provide great deals on new and “almost new” stuff. From the good ol' Ebay, to half.com and craigslist.org, you can find anything from clothing to home appliances at lower prices than in regular stores.

Existing-Home Sales Post 'Surprising' Gains

Existing-home sales rose strongly in February reaching the highest level since last April, and follows a healthy gain from January, according to the NATIONAL ASSOCIATION OF REALTORS®.

Total existing-home sales — including single-family, townhomes, condominiums, and co-ops — rose 3.9 percent to a seasonally adjusted annual rate of 6.69 million units in February from a downwardly revised level of 6.44 million in January. Still, the numbers are 3.6 percent below the 6.94 million-unit pace in February 2006.

Nevertheless, last month's increase was the biggest monthly rise in three years — sales last rose 3.9 percent in March 2004.



David Lereah, NAR's chief economist, says the strong gain is a bit of a surprise.

“Some of the rise in home sales may be from mild weather that brought out shoppers in December, but fundamentals have improved in the housing market and buyers see a window now with historically-low mortgage interest rates and competitive pricing by sellers,” he says. “Even so, winter storms last month discouraged shopping, and buyers were chilled with the third coldest February on record. These unusual weather patterns mean home sales that close in March may decline before rebounding later this spring.”

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.16 percent in the last week, down from an average of 6.29 percent in February. The 30-year fixed rate was 6.22 percent in January, and 6.25 percent in February 2006.

NAR President: Median Home Price Distorted

The national median existing-home price for all housing types was \$212,800 in February, down 1.3 percent from February 2006 when the median was \$215,700. The median is a typical market price where half of the homes sold for more and half sold for less.

NAR President Pat Vredevogd Combs says the median home price currently is distorted. “Over the last year, we've seen declining sales in many high-cost areas but rising activity in lower cost markets,” she says. “This change in the geographic composition of sales means we aren't getting apples-to-apples comparisons in median home prices from a year ago.”

Other indices examining sales of the same properties over time, such as the OFHEO House Price Index, have been showing price gains; however, the OFHEO index is limited to conventional financing.

“What's really happening is probably somewhere in between the different measures, but home

prices are soft — a year ago we were still seeing bidding pressures and double-digit price growth,” Combs says. “Overall, home prices should rise slowly this year, and many buyers have an opportunity now that was only a dream during the five-year boom.”

A Closer Peek at Sales

Some other key findings from NAR's latest housing report:

- **Total housing inventory levels** rose 5.9 percent at the end of February to 3.75 million existing homes available for sale. That represents a 6.7-month supply at the current sales pace compared with a 6.6-month supply in January. Raw inventories peaked last July at 3.86 million, and supplies topped at 7.4 months in October.

- **Single-family home sales** increased 3.7 percent to a seasonally adjusted annual rate of 5.88 million in February, from 5.67 million in January. But those sales numbers are 3.4 percent below the 6.09 million-unit pace in February 2006. The median existing single-family home price was \$211,100 in February, down 1.5 percent from a year ago.

Existing condominium and co-op sales jumped 5.3 percent to a seasonally adjusted annual rate of 810,000 units in February, from a level of 769,000 in January. February sales are 5.2 percent below the 854,000-unit pace in February 2006. The median existing condo price was \$225,400 in February, up 0.5 percent from a year earlier.

Regional Snapshot

Here's a closer look by region of existing-home sales in February:

- **Northeast:** existing-home sales surged 14.2 percent to a level of 1.21 million in February, and are 3.4 percent higher than February 2006. The median existing-home price in the Northeast was \$265,900, down 1.4 percent from a year earlier.

- **Midwest:** existing-home sales rose 3.9 percent in February to a level of 1.58 million, but are 1.9 percent below a year ago. The median price in the Midwest was \$157,000, down 1.3 percent from February 2006.

- **South:** existing-home sales increased 1.6 percent to an annual sales rate of 2.58 million in February, but are 4.4 percent below February 2006. The median price in the South was \$175,900, down 2.9 percent from a year ago.

West: existing-home sales went unchanged in February, holding at an annual pace of 1.32 million. Sales are 9.6 percent lower than a year ago. The median price in the West was \$337,100, up 2.2 percent from February 2006.