

Monthly Photo Contest



Each Month The Ora and Cole Group will select a photo sent from one of our readers. The Winning photo will be published in the newsletter with credit given to the winner. Send your Photos to Randy@oraandcole.com



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The ORA & COLE Group

PREFERRED CLIENT NEWS

The Market

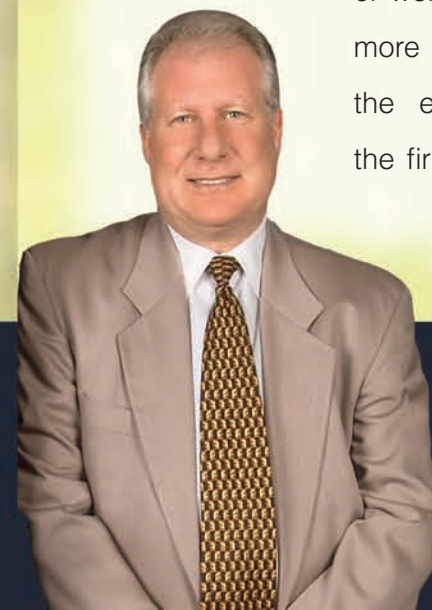
Housing Conditions Improve

Among many reasons why housing could continue to climb in both sales volume and price is a return to record low interest rates. Despite the end of the home buyer tax credit, the pace of mortgage applications rose in May 2010, says the Mortgage Bankers Association. First quarter foreclosure activity is already falling from a year ago in 14 of the top 20 U.S. metros, according to RealtyTrac. Pending home sales were up more than 5% in March, 21% higher than the previous year, says the NAR. The PMI risk index was also positive, with 42 of the largest 50 markets demonstrating diminished mortgage lending risk. Fitch Ratings reported last week that late payments on "Alt-A" loans fell for the first time in four years, as

borrowers caught up on payments or were able to modify their loans to more favorable terms. Meanwhile, the economy expanded 3.2% in the first quarter — the third straight

quarter of growth — diminishing the likelihood of rising foreclosures.

The Labor Department announced the best news in ages: more jobs were created in March 2010 than in the last 14 months. Private sector hiring increased 4.8%. Layoffs have supposedly fallen to levels not seen since before the recession. Employers added 290,000 jobs in April, the most in four years. Housing conditions improve Among many reasons why housing could continue to climb in both sales volume and price is a return to record low interest rates. Despite the end of the home buyer tax credit, the pace of mortgage applications rose in May 2010, says the Mortgage Bankers Association. First quarter foreclosure activity is already falling from a year ago in 14 of the top 20 U.S. metros, according to RealtyTrac.



Recent & Noteworthy

To the Ora Team: A Testimonial to your Professionalism and Integrity

Dear Randy,
I would like to let you know how pleased we are with our new investment property. From the time that we first met, I knew that we had picked the right team to help us secure another investment property. From the writing of our offer to handing us our keys, you have been there to advise, represent, and guide us through each and every step of the process. This process has become immensely complex since the last property we purchased. You were always there to explain each step one at a time. break it down into understandable terms, so that I could understand and choose the options that best suited our overall plan. I would highly recommend the team of Randy Ora. I would recommend your Team to anyone who might be considering a real estate purchase or listing a property for sale. I have been a professional in my own business and career for over 30 years. I always strive to give my clients more than they were expecting from me when my services are completed. Congratulations on a job done better than even my highest expectation.
Sincerely
Bill O.

Short Sale & Foreclosure Info

Statewide existing single-family home sales fell below the 500,000 mark in April for the first time in more than a year and a half. At a seasonally adjusted annual rate of 483,830 homes, sales fell 6.4 percent from the prior month and were 8.1 percent below a year earlier. However, the statewide median price remained above \$300,000 for the second month in a row at \$306,230, up 1.5 percent month-to-month and 21.0 percent from the prior April median price of \$253,110. There are several factors at play in the marketplace today, but the overlap between the expiring Federal Home Buyer tax credit and the California state tax credit may have pushed a number of potential April closings into the next month, as buyers sought to qualify for both.

Tax credits notwithstanding, affordability remained in record high territory in the first quarter of 2010. C.A.R.'s First-time Buyer Housing Affordability Index, which measures the share of all households that can afford the entry-level home, hit 66 percent in aof California's households could afford a home at an entrylevel price of \$246,270 (defined as 85 percent of the median home price). (The index is calculated based on an entrylevel home price, a 10 percent downpayment, an ARM effective composite rate, and a 40

percent debt-qualifying ratio.) The Index reached a historic high in the first quarter of 2009 at 69, when home prices in much of the state hit bottom in the current cycle. The monthly payment (including taxes and insurance) on the typical entry-level home in the first quarter of this year was \$1,380, \$1,810 lower than the peak of the market when the monthly payment was \$3,190 (Q2-2007). Results from the recently completed 2010 California Home Buyer Survey showed that the Federal Home Buyer tax credit was an influencing factor for 59 percent of all buyers and more so among first time buyers. However, this was not the only factor in the decision to buy a home. In fact, most buyers in 2010 said price declines or the ability to secure favorable pricing or financing were the primary reasons driving their recent home purchase.

The bottom line for buyers is that the current affordability environment is very favorable, with prices that remain well below the peak levels of a few years ago and historically low mortgage rates. These home buyer fundamentals should drive continued demand for housing in California, even as the state and federal tax credits begin to unwind

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Brain Teasers

1. What is light as a feather, but even the strongest man cannot hold it more than a few minutes?
2. There was an airplane crash, every single person died, but two people survived. How is this possible?
3. Eskimos are very good hunters, but they never hunt penguins. Why not?
4. What gets wetter the more it dries?
5. What goes up but never goes down?
6. What starts with P, ends with E, and has thousands of letters in it?

1. His breath 2. They were married. 3. Eskimos live at the North pole, penguins at the South pole. 4. A towel 5. Your age. 6. Post Office

Ricks Corner



How much homeowner's insurance do I need?

By Richard Kaminski
State Farm® Agent

Every day people ask themselves, "How much homeowner's insurance do I need?" The answer varies, depending on each person's situation. Usually you should insure your home for its whole value, the actual building and all of its contents. In order to find out exactly how much your home is worth, you should have it appraised. You can have an appraiser, builder or insurance agent give you an estimate on its value. However, if you ever remodel or add on to your home, its value will increase, and you will then need to purchase more coverage. For any valuable possessions you have, you can purchase extended coverage, to ensure those items are covered as well. The best thing to do is take a room-by-room inventory of your valuables then keep this list somewhere outside the home, for example,

a safe-deposit box.

To determine if valuable possessions, such as TVs, stereos or computers are covered, or if you have any other questions about homeowner's insurance, contact an insurance professional.



Fred's Corner



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With summer just around the corner, attention turns to gardening, planting and landscaping improvements. One of the important things to not overlook is the irrigation water supply source and point of connection.

To avoid a problem with an unwanted leak or pipe burst, locate the irrigation shut off valve and verify that it functions properly. The worst thing to happen would be to know where the shut off valve is, but when needed discover that it is broken, frozen or non-functioning!

It is also good to know if your irrigation system has a separate isolated shut off for the irrigation system only, or if it is necessary to shut off water to the entire house in order to shut down the irrigation system.

Gate valves can easily freeze up and can snap at the stem (inside the valve body) rendering the valve useless. When changing out a defective gate valve, install a ball valve for a more efficient and trustworthy system.



Please feel free to call me for all your home improvement items!

Real Estate Investment

There are 4 major types of properties on the market today. The first type is referred to as an "Equity Seller" This is what might be referred to as a "normal" Seller or the Seller who has equity in their home and is Selling for one of the three most common reasons; to move up in size or price, move down in size or price, or relocate. An equity position is when you can sell the property, pay all costs of sale such as Realtor commissions, Title and Escrow and the outstanding mortgage amount(s) plus have money left as equity. Years ago this was the overwhelming most common sale and today accounts for just 50% of the home sales in Orange County. In 2009 only 50% percent of the sales in Orange County were non-distressed.

Two other types of home sales are considered "distressed sales" which make up the other approximate 50% of home sales. The first distressed home sale is a "Bank Foreclosure" or "REO". REO simply means Real Estate Owned or Bank Owned. This is when the lender (usually first lien holder) will foreclose for non-payment of a mortgage. The other type of distressed sale is what is called a "Short Sale". A short sale is simply when a home value is less than the home is worth in today's market. There are many reasons for short sales however in order to qualify for a short sale typically there must be a hardship in the form of lost income of the inability to pay the loan. This can be illness, marital or employment related and usually one of the qualifying criteria for the lender to "allow" or approve a short sale. In 2009 these were each responsible for 25% of the sales in Orange County. The

Ora and Cole Group currently represents several banks selling bank foreclosure properties in Orange County. If you are interested in purchasing a Bank Foreclosure please contact me for more information.

The fourth type of sale is much less common than the three previously mentioned sale however becoming more common in today's real estate market. This is what is known as a "Corporate Sale" or "Flip" property. Prior to a bank listing a foreclosed property (or asset) on the open market with a Foreclosure Broker on the Multiple Listing Service (MLS), the lender will actually auction the property or asset at the Court. Yes, they actually auction the asset like cattle right on the courthouse steps. In order to purchase these properties one must be prepared to pay cash and purchase without ever being inside or having the opportunity to do a property inspection. There is the obvious risk plus many risks that are not so obvious. This type of purchase is typically done by an investor who will then rehab the property and put back on the market for a profit. There

is a range of profit but in today's market these margins typically range between 10% - 20%. The typical hold time for these is about 120 days so if you can do 3 a year it's a pretty good return. It is possible to lose money and in some cases make more than 20% profit and not for everyone. The Ora and Cole Group currently works with investors who are active in purchasing these

distressed properties. If you or anyone you know have interest in this type of real estate investing please give me a call to discuss this opportunity.

