

Open House: Technology plays important role in real estate world

by Jim_Woodard

Computers and other high-tech communication devices play an increasingly important role in the home buying and selling process.

The vast majority of prospective home buyers (more than 80 percent) now shop Web sites as an initial action in finding the right new home. After gaining a "feel" for their targeted real estate market and perusing descriptions of available homes, some buyers then contact a Realtor to arrange personal inspections and possibly handle the submission of an offer and closing procedures. Others contact and deal directly with the owner-seller.

The growing interest in and usage of high-tech methods has motivated many creative entrepreneurs to develop new state-of-the-art systems to facilitate the home finding and buying process. For example, a recently launched service provides home information to any consumer's mobile device via text messaging, as well as their computer. The service already includes more than 100 million homes nationwide - about 90 percent of the total market.

With this service, a prospective buyer can simply key-in the address and city of a home. Within seconds, he will have detailed information about the property, including estimated value, number of bedrooms and bathrooms, and sales history. It's available from HouseFront via a computer or through the text messaging function of a cell phone.

"For the first time, consumers have mobile access to detailed information on most homes," said James Eberhard, HouseFront's CEO and founder. "We store their searches online so they can access their searches, view home comparisons, map search history, or access detailed home information.

"With this service, we've taken mobile technology to the next level, making it easier and more convenient for the more than 230 million wireless users to get information on a home, whether it's for sale or not."

In addition to printed information about properties, the service provides maps and aerial photo views of designated properties. Also, the "My Searches" function lets consumers view charts of the homes that have been queried, and side-by-side comparisons can be accessed. For more information, visit: www.HouseFront.com/.

Eberhard, 28, is a pioneer in the mobile communications field. At age 19, he left college early and founded "9 Squared," one of the first providers of downloadable ring tones. In 2004, he sold that company for \$40 million to UK-based Monsternob Group PLC, a publicly traded company.

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Q: Are reverse mortgages becoming more popular?

A: Yes, more seniors than ever before are signing up for a reverse mortgage. New data from the Department of Housing and Urban Development (HUD) reveals that more than 300,000 seniors have used the federally-insured Home Equity Conversion Mortgage (reverse mortgage) program to generate cash without the necessity of selling or leaving their home.

More than 76,000 seniors obtained a reverse mortgage through HUD last year, compared with only 6,637 in year 2000.

Insured by HUD's Federal Housing Administration, these reverse mortgage loans require the borrower to be age 62 or older, own their home, and must live in the home. Reverse mortgage borrowers are also required to participate in HUD-approved housing counseling programs before obtaining the loan.

Understanding all aspects of an offered reverse mortgage is vitally important. These special loans carry risks and other downsides, such as substantial upfront fees. Those fees can be rolled into the loan, as the salesman will quickly point out. But when it becomes due and payable the full amount of fees plus the additional accrued interest must be paid.

Interested seniors should discuss it with a knowledgeable person who has no financial interest in the transaction before making a decision.

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Q: Has the rate of home sales finally reached bottom?

A: Not yet. Existing home sales continue to dip, according to several studies. They are now at the lowest level in nearly four years, while inventories climbed and prices fell nationally over the past 10 straight months, it was noted in a report from the National Association of Realtors.

"The market is underperforming when you consider positive fundamentals such as the strength of job creation, economic growth, favorable mortgage interest rates and flat home prices," said NAR economist Lawrence Yun. "It appears some buyers are simply waiting for more signs of stability before they get serious about getting into the market."

While home sales are down, most homeowners are confident their homes are retaining, even gaining value, according to responses to a survey conducted by The Boston Consulting Group. In fact, they are nearly as optimistic now about the rising value of their homes as they were a year ago, the survey revealed.

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Q: How are sales of new homes faring in today's market?

A: Sales of newly constructed homes also continue to fall. In the latest indication that the housing market remains in a correction phase, sales of new home slipped 1.6 percent in May to a seasonally adjusted annual rate of 915,000 units.

"Builders are continuing to offer incentives in order to shore up sales and work down their inventories as home buyer demand remains slack," said Brian Catalde, president of the National Association of Home Builders. "The gradual decline in new-home sales is still under way and we expect this trend to continue as the market approaches the bottom. We expect sales to stabilize before the end of this year, followed by a multi-year recovery beginning next year."

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Q: Why invest in real estate when stocks are doing so well?

A: John Hayes, president of HomeVestors of America, had an interesting "letter to the editor" carried recently in USA Today. He was comparing the benefits of real estate investments with stock investments.

"The reason people invest in real estate is because they can take advantage of many benefits beyond asset appreciation," he said. "Real property investors benefit from rent income, depreciation tax benefits, tax-free access to accumulated equity, and the underlying stability of the value. Real estate doesn't lose 50 percent of

its value in a few hours or days. Investors have the ability to substantially magnify returns by using leverage."

Send inquiries to Jim Woodard, P.O. Box 120190, San Diego, CA 92112-0190. Questions may be used in future columns; personal responses should not be expected. © Copley News Service

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