



THE REAL EDGE

THE WHITBEYS

SUMMER 2007

Lions and Tigers and Bears...

Bank foreclosures. Sheriff sales. Short sales. Mortgage fraud. Oh my!

All of these are having a significant impact on our market now. Several years ago a bank sale would never be used as a comparable for an appraisal because it was considered to be a market anomaly. However, the impact of foreclosure sales is now great enough to alter the entire tone of our market.

A very short time ago, a few repairs, freshening décor, or an exterior paint job would be beneficial for price, but not critical to secure a sale. Now repairs and upgrades can be the vital to guarantee a sale at all.

Most often the condition of a bank-owned home is poor in comparison to the average. Homeowners who are financially strapped let things that should be repaired "go". Disgruntled evicted homeowners frequently remove anything that is not tied down—and have been known to take all appliances, lighting fixtures, even on occasion, plumbing fixtures. We've seen foreclosures stripped of air conditioners and wiring. Obviously, these properties will eventually be priced accordingly, but their appropriately low sale prices are driving the average market price lower, and lead to a downward pressure of pricing of all area homes. Positioning your home properly in the marketplace relative to these substandard properties is more important than ever.

Here's a brief primer to help you understand the grim realities of the foreclosure process.

A "short sale" is a sale where the sale price of the home, net of taxes, title, and fees, does not equal enough to clear the mortgage payoff. The owner is still responsible for the mortgage, however they are trying to negotiate with the bank to accept less money than the total owing to get the home sold. The bank has to believe they will be better off in accepting a lesser amount than to let the home move on to a lengthy and legally expensive foreclosure process. Timing is critical in a bank deciding to accept a short sale. Usually, extensive communication with the bank has been established prior to asking for approval for a short sale. If the bank agrees, things go fairly smooth. However if foreclosure process has already been allowed to begin, the bank may turn a deaf ear.

When the bank forecloses, the property is first "auctioned" at the county. Yes, there is opportunity for public bids, but typically, the bank is the primary bidder to protect its interests, and the "bid" is in the amount of the mortgage owing. Therefore, the bank retains its secured ownership of the property. The amounts you see are very often way over the real value of the property. Although a lot of late night "Infomercials" may tell you otherwise, this is not a viable and quick way for the average investor to secure a "deal" in real estate.

After the "auction", the successful bidder (read: the bank) will secure a Sheriff's Deed to the home. At this point, the bank owns the home, but the prior owner has a redemption period (typically 180 days, unless the property is deemed abandoned or the redemption period is waived). Only after the redemption period, and after any incidental liens are paid (back taxes, etc.), can the title be in a position to be clean enough to sell on the market to a typical individual buyer. During the redemption pe-

riod, the property is rarely cared for. Neighborhood values dip.

Once the redemption period is over, the bank has the home listed with a foreclosure agent and placed on the MLS system. Only then, and after due diligence on the part of the buyer, can the buyer be assured of a "clean" and normal deed. Frequently, banks are out of state, and out of touch with the local market. Prices are not always lower. Buyers are expected to take homes "as is" with no recourse. Sales frequently must be closed within 30 days. The bank is in control of the deal to the end.

Why Us? Why Now?

Why so many foreclosures? The recent refinance boom brought out many inflated appraisals. It was also easy for unscrupulous people to stage artificial resales at inflated appraisals. Those in on the scams, even appraisers or loan officers, would then split the proceeds and run. Banks wouldn't question anything until much later when they started the foreclosure process. Michigan has had more than its fair share of this scam. These fraudulent sales have littered our neighborhoods.

When Will it End?

Banks are becoming more savvy to these scams. Regular appraisals are tightening. It will work itself out. Soon. But in the meantime, the entire market is affected.

If you're out there trying to sell, you need to do as much as you can to set your own home out above the rest. It's not hard to have your home show better than these unfortunate properties, but it's harder to justify your own price and value to a prospective buyer. You need someone to work for you as hard as they can, to promote your home, negotiate your sale, and get you moving. You need us.

Jeff and Mary Jo Whitbey are top producing agents affiliated with Max Broock Realtors in downtown Rochester. Lifetime Rochester residents, they bring over 25 years of marketing experience to real estate, and specialize in providing real estate planning and professional advice for buyers and sellers of residential, commercial, and investment properties. Call us at 1-248-327-4555, for a confidential real estate consultation. Or stop by our website to see our current inventory of homes at www.whitbey.com.



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On the Park in Downtown Rochester

There isn't a better location for this absolutely stunning custom colonial backing Rochester's park, with views of the pond, the river, and more! Fantastic estate home with great room, formal dining, wonderful granite kitchen, and beautiful four-season sunroom. Four-five bedrooms and a fully finished walkout lower. Fantastic terraced patios and landscaping. Deep garage can hold up to four cars! One of a kind home in a one of a kind setting. \$950,000.

Sprawling Oakland Home

On a half-acre lot high on a hill off a private drive in Oakland Township is this beautiful multi-level home. New windows, newer kitchen, architectural roof, soft décor! Many more updates too numerous to mention here. Heated workshop could make this a 3 car garage, plus a separate storage barn. Shows beautifully! Currently Baldwin Elem., Hart Middle, Stoney Creek High. \$237,000.



Capac Ranch

Almost new ranch features a great room, beautiful corner fireplace, formal din., oak floors, lg. kitchen. Great location just outside of Capac Village, location central to Detroit, Flint, Thumb, Port Huron! Daylight basement. Decking and above ground pool too, for summer fun! Backs woods! \$174,900

Active Adult Living! 55+ Community

Heritage in the Hills location for this wonderful detached ranch. 2 BR, 2 BA, great room, dining. All the upgrades including hardwoods, Corian, fireplace, French doors. Beautifully decorated. Two car garage, stamped concrete patio. All the comforts you're used to with none of the outside work! Complex has pool, tennis, clubhouse, workout room, walking trails, activities and more! Gated community. Association takes care of lawn, and snow—to your door! \$237,900.



Oakland Twp. Villages of Country Creek SALE PENDING!!!

Great interior location for this 3 BR, 2 BA ranch home. Open concept, great room with fireplace, angled walls, skylights, and plenty of windows to bring light in! Ready for you! \$214,000.

Hot Listings!

Over an Acre in Rochester Hills!

This absolutely wonderful colonial is filled with updates. Hardwood floors in formal living and dining, a newer quarter-sawn custom Mission Oak kitchen with Corian countertop is the center of activity. Family room with deep bay window for lots of light. FIVE bedrooms—or four plus fantastic bonus room with cathedral ceiling—could be media room, play area, plenty of options here! Partially finished walkout to the over an acre gorgeous rolling yard. Wide open spaces—in Rochester Hills! \$348,000.



Hills of Oakland Beautiful Home



Just listed! We're talking a gorgeous setting here... Pond, waterfall, gazebo, and more fill the property.

All this showcases a bright French Country home with soaring great room with floor to ceiling windows, formal dining, large island granite kitchen, first floor master and private library. Multiple bays. Spacious bedrooms up as well, and a wide open finished basement with sauna. Set deep into Hills of Oakland Subdivision on a private court. Three car garage. \$799,000

Ranch on Acreage! SOLD AND CLOSED!!



2.42 acres in Oakland Township on a tree-lined street. Potential galore, the home has 3 bedrooms, formal living room, dining room with hardwood floor and fireplace, spacious family room, and a bonus room. Barn, woods, and more can make this your hideaway! \$242,000.



In Town Duplex

Continue to rent out this updated Rochester duplex—very low maintenance and its many updates make this a great investment, or convert back to single family in the future for a wonderful 1,800 SF home. Newer windows, kitchens, siding, heating systems. Carport and storage. \$235,000.

Regency Hills Beauty!



Just listed, this fantastic large colonial in Shelby's Regency Hills is ready for you! Traditional layout, with formal living, dining, family room with cathedral ceiling and beautiful brick detailing on the fireplace flanked by floor-to-ceiling windows. Granite kitchen with stainless appliances. Four bedrooms up, including a fantastic master suite with private bath. Beautiful detailing throughout. Finished basement has a second kitchen, two recreation areas, a full bath and two additional bedrooms! Beautiful inground pool, updated, laser lighting, gorgeous landscape, and more! A 10+. \$447,000.



Rochester Hills Ranch Home

Just listed! Be one of the first to view. Wonderful opportunity to own a three bedroom ranch with finished basement and garage. Updates include new windows and a BRAND new roof (tear off, 6/07). Appliances stay. Classic design, and North Hill Sub convenient location makes this a great find. \$157,000.

Beautifully Decorated Carriage Condo in Rochester



This Rochester condo is absolutely gorgeous with upgraded moldings, and details throughout. Oak kitchen, large great room w/ faux fireplace, two bedrooms and balcony. Plenty of storage with a large laundry room filled with a wall of closets. Attached garage. Beautiful complex with access to the bike trails leading to downtown Rochester. \$174,700.



Rochester Hills Ranch Condo

Splendid ranch condo located in a great location close to everything! Great room with fireplace and double doorwall to private deck. Oak kitchen with large eating area. Two bedrooms on main level with two baths, plus an office or 3rd BR in the finished lower, with a third full bath. 2 car attached garage. Neutral, fresh, and ready to go! \$173,800.

Spotlight: Max Brock Realtors

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