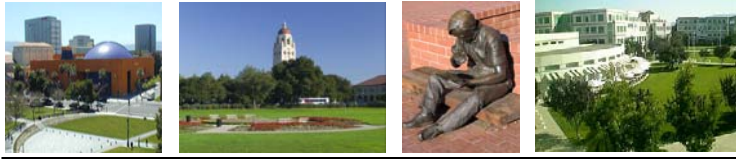


The Real Estate Report

SILICON VALLEY MARKET TRENDS



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Median Prices Rise in February

The median prices for single-family, re-sale homes and re-sale condos gained ground last month. The median price for homes rose 5.1% from January, a year-over-year loss of 1.5%. This is the first year-over-year loss since August 2003. The median price for condos rose 13%, month-over-month, and was up 6.7% compared to February 2007.

Sales of single-family, re-sale homes bounced back from the record low set in January. There were 424 homes sold last month, a rise of 25.8% from the month before,

down 36.2% from last February. Condo sales rose 2.2%, but were off 56.9% year-over-year.

Inventory continues to increase as we enter the spring selling season. The number of homes on the mar-

ket rose 11.1% compared to January, and up 72.9% year-over-year. Condo inventory rose 8.7% month-over-month, and was up 61.7% compared to last January.

The sales price to list price ratio for

Trends at a Glance (Single-family Homes)			
	Feb 08	Jan 08	Feb 07
Median Price:	\$778,000	\$740,000	\$790,000
Average Price:	\$988,772	\$1,005,253	\$965,600
Home Sales:	424	337	665
Inventory:	5,068	4,563	2,931
Sale/List Price Ratio:	98.2%	97.6%	99.8%
Days on Market:	81	87	71
Days of Inventory	359	406	132

single-family homes rose 0.6 of a point to 98.2%. The ratio for condos fell 0.2 of a point to 97.9%.

Days on market fell six days to 81 for homes. Days on market for condos was flat at 85 days.

Our days of inventory indicator for single-family homes turned downward on the increase in sales, shedding 47 days, sending the indicator to 359 days. The indicator for condos tacked on 22 days to 368.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or for an evaluation of your home's worth, call me.

March-April 2008



INSIDE THIS ISSUE:

14 CALIFORNIA COUNTIES GET MAXIMUM FHA LIMIT	1
MORTGAGE RATE OUTLOOK	2
CITY STATISTICS	2
WHAT TO KNOW WHEN BUYING A HOME	3
CONDO STATISTICS	3
PRICE & SALES CHART	4

14 California Counties Get Maximum FHA Limit

Tens of thousands of California families could benefit from affordable government-insured mortgages.

On March 5th, the FHA published the new temporary loan limits ranging from \$271,050 to \$729,750. This increase will help provide economic stability to communities in California and give hundreds of thousands of homeowners and homebuyers throughout the country a safer, more affordable mortgage alternative. Loan limits will be set at 125 percent of the median sales price for the area.

The counties that received the maximum level include: Alameda,

Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Francisco, San Mateo, Santa Barbara, Santa Clara, Santa Cruz and Ventura.

However, these higher loan limits are temporary and expire at the end of 2008. U.S. Department of Housing and Urban Development Secretary Alphonso Jackson continued to call on Congress to pass a permanent bipartisan solution to help more families qualify for FHA-insured mortgages, which allow low-income, minority and first-time homeowners access to prime-rate financing so they afford to purchase a home.

While FHA has seen an increase in business in California, FHA modernization legislation still remains critically necessary. Legislation, which has been pending in Congress for two years, offers flexible down-payment requirements, permanent loan limits higher than the current amount of \$362,790, and fairly-priced insurance premiums.

"FHA modernization could help a quarter of a million families this year alone. It passed the House and Senate in overwhelmingly bipartisan fashion. But a final bill has yet to cross the President's desk. Congress must act now," Jackson stressed.

Jackson also explained how FHASecure, the refinancing arm of FHA, has helped more than 100,000 homeowners refinance their mortgage since it was announced last fall. FHASecure includes homeowners who are current on their loan or past due because their teaser rates reset; some borrowers who owe more on their homes than they are worth; and those in the process of foreclosure. Families are saving an average of \$400 a month compared to the cost of their previous exotic subprime loans. FHASecure is on pace to help 300,000 families by the end of 2008.

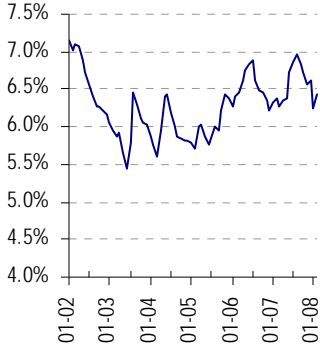
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Feb. 29, 2008 -- Overall 30-year fixed mortgage rates rose to highs not seen since last October, but a deluge of weak economic data should beat them back down as the calendar turns to March.

Commonly, the difference between the benchmark 10-year Treasury and conforming 30-year fixed-rate mortgages is about 160 basis points (1.60%), give or take. This week's gap between those two values is a whopping 2.52%, as investors seek the safety of Treasuries and continue to shun even good-quality mortgages. The comparable jumbo spread, about 180 basis points in recent 'normal' times, is approaching double that, with this week's spread (3.40%) among the highest we can remember. Both conforming and jumbo average rates rose this week, to 6.30% and 7.18% respectively.

Existing Home Sales eased by 0.4% in January, landing at a 4.89 million (annualized) rate of sale. That was actually a little better than was expected, but even with that minor bump higher, some 10.3 months of unsold inventory (at the present sales pace) remain on the market. That means that home prices, already falling by varying amounts depending upon whose indicator you prefer, will continue to be pressured downward.

The same story appeared in New Home Sales for January. The stability in builder sentiment seen this month wasn't matched by any upswing in sales, which slipped by 0.4% to a 588,000 annualized rate of sale. Prices for new homes have declined by some 15% when compared against last year, while the months of inventory available for sale ticked up to 9.9. That increase belies that the actual number of

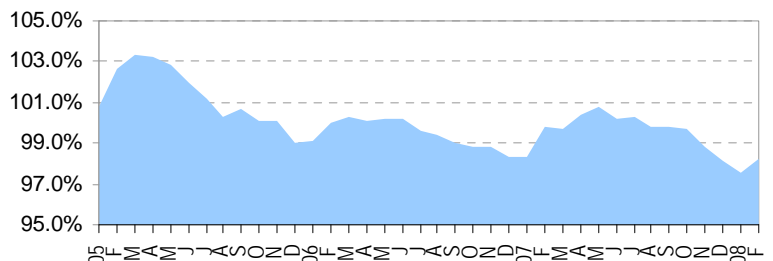
unsold homes has been declining for months, from 547,000 units at the 2007 peak to 482,000 at the end of January. As builders put up fewer new homes, inventory should continue to decline, and at some point we'll get to a level where modest levels of new building will need to occur to meet demand.

Borrowers urged to refinance in early February may have wondered what all the commotion was about; by the time they pulled out their mortgage paperwork, interest rates had climbed higher. In markets like these, opportunities can be fleeting, and it's best to be prepared to act quickly to take any advantage which comes. If rates do trend down in the next few weeks, borrowers shouldn't wait in hopes of lower rates, but should grab any deal which makes their transaction work.

February Sales Statistics Single-family Homes

County	Prices		Unit Sales	Listings				Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$778,000	\$988,772	424	1,855	5,068	81	98.2%	-1.5%	2.4%	-36.2%	72.9%	5.1%	-1.6%	25.8%	11.1%
Campbell	\$750,000	\$798,941	17	33	69	96	97.4%	2.7%	2.1%	-5.6%	21.1%	-6.2%	-8.8%	70.0%	-4.2%
Cupertino	\$1,190,000	\$1,322,874	20	34	53	25	101.0%	0.8%	3.5%	-35.5%	-8.6%	2.5%	20.7%	150.0%	1.9%
Gilroy	\$520,000	\$691,229	17	103	452	156	93.4%	-25.7%	-10.8%	-29.2%	82.3%	-9.6%	20.5%	30.8%	8.1%
Los Altos	\$1,866,000	\$1,941,235	17	31	36	29	100.3%	2.0%	5.8%	41.7%	-12.2%	-0.7%	-1.1%	30.8%	16.1%
Los Altos Hills	\$2,500,000	\$3,150,200	5	11	32	71	93.6%	14.9%	13.7%	-44.4%	-40.7%	-13.8%	16.0%	66.7%	3.2%
Los Gatos	\$1,569,000	\$1,542,968	16	64	119	129	97.7%	16.1%	3.2%	-30.4%	40.0%	-8.4%	-6.7%	0.0%	16.7%
Milpitas	\$677,500	\$736,708	12	51	146	70	97.5%	-0.4%	0.7%	-45.5%	117.9%	13.9%	14.8%	9.1%	-0.7%
Monte Sereno	\$1,882,500	\$1,882,500	2	8	17	147	97.2%	-14.2%	-8.9%	-150.0%	-5.6%	-11.2%	-11.2%	0.0%	-5.6%
Morgan Hill	\$737,000	\$789,083	12	94	311	103	96.0%	-4.2%	-8.8%	-61.3%	51.7%	6.8%	11.2%	50.0%	13.5%
Mountain View	\$970,000	\$969,045	11	34	46	37	95.8%	-2.4%	-11.4%	-38.9%	119.0%	-4.2%	-2.2%	175.0%	21.1%
Palo Alto	\$1,657,000	\$1,807,058	17	47	50	15	105.6%	14.3%	21.6%	-45.2%	-3.8%	-7.9%	-28.8%	30.8%	31.6%
San Jose	\$669,800	\$752,801	191	1,126	3,283	94	97.4%	-6.3%	-4.6%	-44.5%	94.7%	0.8%	-1.3%	4.9%	11.9%
Santa Clara	\$705,000	\$719,002	36	75	176	67	98.4%	1.1%	-9.7%	63.6%	120.0%	6.8%	-0.9%	111.8%	4.1%
Saratoga	\$1,799,950	\$1,754,667	19	55	84	76	95.1%	30.5%	0.4%	-5.0%	-11.6%	21.1%	-1.3%	0.0%	31.3%
Sunnyvale	\$836,000	\$862,099	29	75	137	55	103.1%	-3.4%	-2.7%	-31.0%	65.1%	9.1%	12.6%	81.3%	9.6%

Sales Price/Listing Price Ratio



The Real Estate Report

What to Know When Buying a Home

Buying a home is one of the most complicated transactions you will ever do. So many people and companies are involved that it is easy for mistakes to be made. Freddie Mac offers a number of tips:

- Get pre-approved for a loan. This lets you know how much you can really afford. Also, with a pre-approved loan, you'll have more clout as the seller considers your offer.
- Make sure it's in writing. Don't settle for verbal agreements. If the seller says he'll replace the carpet or leave his washer and dryer, get it in writing.
- Get a good-faith estimate. Your mortgage lender is required to provide you with a good-faith estimate of closing costs within three days of

receiving your application. They need to provide it in writing. If you don't have to pay loan application fees, you may want to compare lenders and compare closing costs.

- Don't settle for the first lender you come across. Contact at least three lenders and compare rates.
- Lock-in your rate. One of the most stressful parts of the loan process is watching rates inch up and down each day and trying to figure out when to lock in your rate. Once you do lock in, be sure to get a written statement that outlines your interest rate and length of the lock.
- Get a home inspection. A professional home inspector will examine the house's major systems and let you know if

there are any problems or defects. You can then use the information in your negotiations. Look for an inspector who is a member of the American Society of Home Inspectors. Members are required to have completed at least 250 paid professional home inspections and passed two written exams that test the inspector's knowledge. Also, ask for references.

- Shop for homeowners' insurance as soon as your offer is accepted. The National Association of Realtors recently cautioned homebuyers to not take homeowners insurance for granted. You and your spouse may have a clean claims history and a stellar credit history - something insurance companies use to

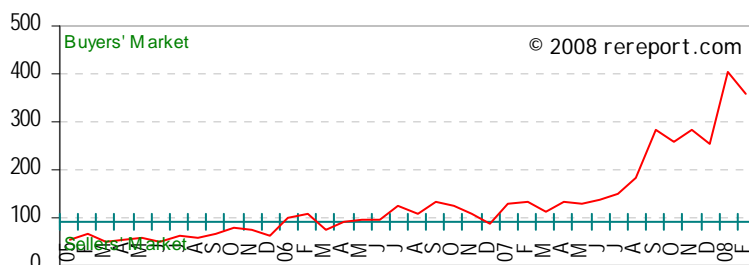
determine whether they will insure you - but it's not just you they're looking at. If the house you're eyeing has had claims, there's a chance they won't insure you, especially if it's a water-related claim.

- Read everything. When you have the closing meeting to sign the mountain of papers, make sure you read through everything carefully and don't hesitate to ask questions if there is anything you don't understand.

Finally, give yourself enough time between your closing and your move date, just in case there are delays in the closing process.

February Sales Statistics															
Condos/Townhomes															
	Prices		Unit Sales	Listings				Compared to Last Year				Compared to Last Month			
	Median	Average		New	Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$539,000	\$553,161	141	623	1,730	85	97.9%	6.7%	2.5%	-56.9%	61.7%	13.0%	5.7%	2.2%	8.7%
Campbell	\$506,500	\$499,500	8	30	54	103	97.3%	-0.7%	-2.0%	-61.9%	45.9%	-23.5%	-14.7%	33.3%	42.1%
Cupertino	\$658,000	\$669,076	5	9	16	49	99.6%	2.7%	-1.4%	-50.0%	-15.8%	-5.8%	-13.1%	0.0%	0.0%
Gilroy	*	*	*	14	37	*	*	n/a	n/a	n/a	68.2%	n/a	n/a	n/a	5.7%
Los Altos	\$975,000	\$970,000	3	3	13	47	96.0%	5.4%	10.6%	-40.0%	225.0%	45.1%	44.3%	50.0%	-13.3%
Los Gatos	\$640,000	\$669,250	4	15	32	131	97.6%	-0.8%	5.1%	-55.6%	52.4%	-23.9%	-20.4%	100.0%	14.3%
Milpitas	\$470,000	\$470,000	1	23	45	4	98.5%	-6.0%	-5.6%	-90.0%	36.4%	6.8%	-1.1%	-66.7%	32.4%
Morgan Hill	\$377,000	\$377,000	2	7	30	155	84.3%	-23.3%	-23.3%	-50.0%	10.0%	-5.8%	-5.8%	0.0%	-11.8%
Mountain View	\$652,350	\$643,602	17	35	72	79	99.5%	16.6%	10.0%	-34.6%	157.1%	4.4%	1.2%	0.0%	0.0%
Palo Alto	\$869,000	\$871,540	5	18	19	31	101.6%	-0.2%	2.4%	-37.5%	58.3%	12.3%	16.3%	25.0%	46.2%
San Jose	\$480,000	\$466,339	67	365	1,184	81	97.0%	1.7%	-6.3%	-63.2%	56.2%	17.1%	3.3%	-10.7%	6.1%
Santa Clara	\$494,000	\$520,416	12	49	122	130	98.7%	-4.1%	1.2%	-40.0%	90.6%	13.6%	7.2%	-7.7%	18.4%
Saratoga	\$1,110,000	\$1,110,000	2	8	16	51	98.7%	73.4%	35.4%	-71.4%	-100.0%	56.7%	56.7%	0.0%	23.1%
Sunnyvale	\$559,000	\$588,982	15	47	90	84	99.3%	2.6%	8.1%	-31.8%	164.7%	-20.7%	-12.3%	114.3%	21.6%

Days of Inventory



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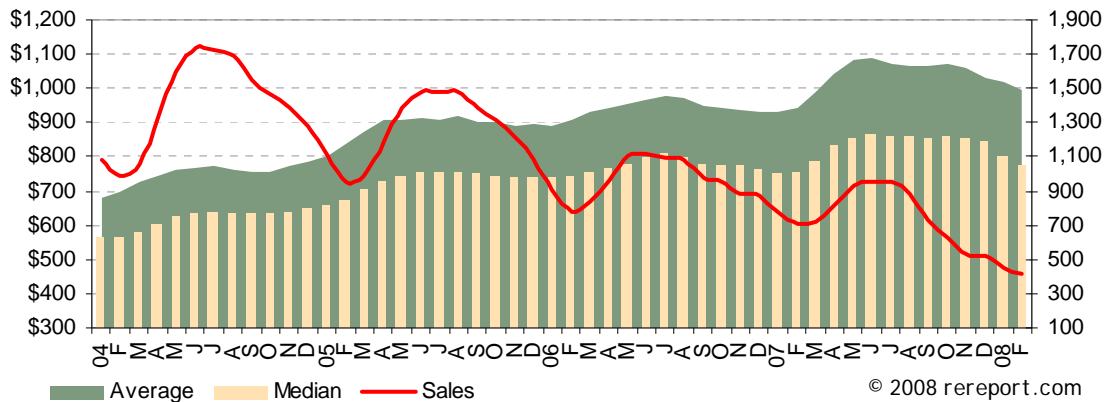


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Silicon Valley Homes: Prices and Sales

(3-month moving average — price in 000's)



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