

Real Estate Service With My Personal Guarantee



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Silicon Valley market trends report

SANTA CLARA COUNTY

Valley Market Still Competitive

Many Silicon Valley homes in the mid range (which I consider \$850K - \$1.1M) are selling with multiple offers and often going over asking. Three bedroom homes are flying off the shelves, as long as they are in good condition and in the right location.

In cities with the best schools, such as Cupertino, Mountain View, Palo Alto, and Sunnyvale, properly-priced and well-maintained homes are still receiving multiple offers and the sales price to list price ratio in all those cities is over 100%.

Investors are buying in the low-end of the market, hoping to buy and flip. That has been somewhat problematic as, when they go to flip, their original purchase price is probably part of the appraisal, which lowers the market value of the property.

It is better for investors to buy and rent it out for a year rather than trying to flip immediately.

The problem with prices in this segment of the market is the poor condition of REO properties that have been stripped by the former owners, and short sales with sellers who are no longer doing any maintenance. These sales are skewing the prices on similar properties.

First-time buyers continue to be edged out by investors for REO properties because the investors are coming in with all cash offers.

First-time buyers should concentrate on well-kept homes in good neighborhoods rather than trying to get a steal. Doing that will lower your frustration level.

The high-end market, above \$1.2 million, is probably the weakest segment. Homes here are languishing on the market.

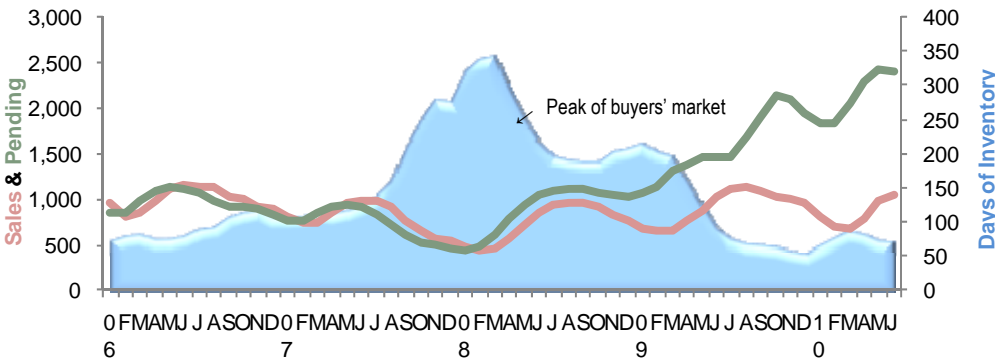
Trends at a Glance (Single-family Homes)			
	Jun 10	May 10	Jun 09
Median Price:	\$ 645,000	\$ 633,750	\$ 550,250
Average Price:	\$ 785,447	\$ 766,372	\$ 687,832
Home Sales:	1,075	1,192	1,192
Inventory:	2,678	2,475	2,746
Sale/List Price Ratio:	100.4%	100.9%	99.4%
Days on Market	44	39	61
Days of Inventory:	72	62	67

With interest rates at 50-year lows, now is an excellent time to buy a home, particularly if you plan on staying there for a while.

Inflation is coming, make no mistake about that. It's not a matter of if, but when. In the future, you will look back on this period as a golden time to buy real estate and lock-in a 30-year fixed rate mortgage. Whether or not you look back and smile will depend upon whether you buy or not.

Remember, the real estate market is a matter of neighborhoods and houses. No two are the same. For complete information on a particular neighborhood or property, call me.

Santa Clara County Homes - Sales, Pending & Days of Inventory
 (3-month moving average)



HOW TO READ THE CHART

The blue area is the number of days it would take to sell all the homes for sale at the current rate of sales.

The green line shows the number of homes in escrow. Normally, this line tracks closely with the red line, which shows actual sales.

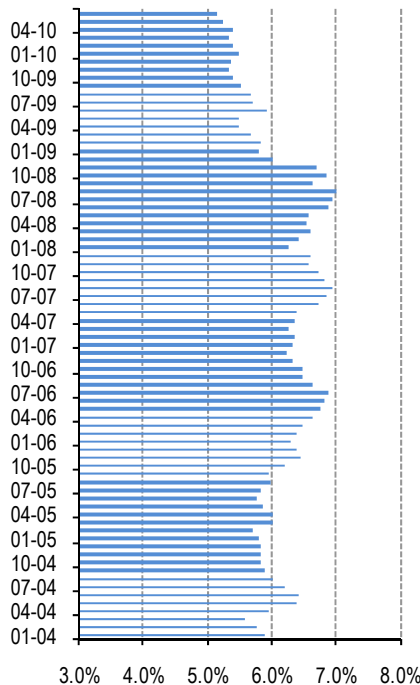
As you can see, the two lines have diverged over the past year. This is due to many homes being put into escrow as short-sales, contingent upon the banks' approval. This is being done even before the banks know about the short sale. Subsequently, many of these escrows do not close.

Is **NOW** a good time to buy your Silicon Valley Home?

FREE Buyers Seminar, more information at: http://www.650and408homes.com/sv_seminar_req.html

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Jul. 2, 2010 -- If you're concerned about the direction of the economy and the prospects for a robust recovery, not only are you not alone. The already-slow economic recovery seems likely to slow further.

Weak growth and investors hungry for protection against roiling stock markets are pushing interest rates down, with investor appetites for mortgage-backed securities joining that for Treasury obligations. Mortgages aren't quite as safe as government-sponsored debt, but they sport far better yields at the moment. With the world still awash in central-bank cash, the money has to find a home somewhere.

HSH's overall mortgage-rate gauge, our Fixed-Rate Mortgage Indicator (FRMI) includes rates for conforming, jumbo, and the GSE's "high-limit" conforming products and so includes a broad swath of the mortgage-borrowing public. This week, the FRMI declined seven basis points (.07%), beginning the second half of 2010 at a flat 5%. The 'best' alternative to the 30-year FRM for many folks, especially jumbo borrowers, is the hybrid 5/1 ARM, which finished the week at 4.02%.

Conforming 30-year FRMs moved down by six basis points to new 'record' lows, wandering somewhat more deeply into 1956 territory.

Low mortgage rates are a favorable support for housing markets, but the pool of folks who can take advantage of them remains limited, and the recent decline to new record-low levels is in actuality only a small dip from rates we've seen on any number of occasions over the past eight months. In this way, and aside from historical reference, it's not all that much to get excited about.

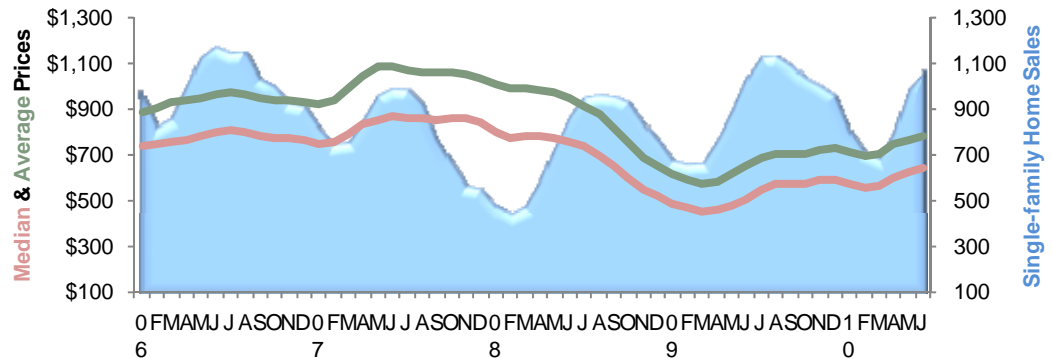
More exciting to some, though, was the extension of the transaction period to obtain the homebuyer tax credit. Decoupled from a bill objected to by Republicans, this solid and valuable idea got an 11th-hour reprieve, but it should have stood on its own merits rather than be hung on another bill. Congress could have saved itself this exercise by allowing a reasonable time frame (relative to market conditions) for transactions to be completed. The new September 30 deadline should be plenty... possibly even more than needed.

Rates are low, and even if not at record lows every week, will remain low by any comparison for some time yet. Here's hoping that during that time, economic conditions improve so that more folks can take advantage of them.

The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by HSH.com.

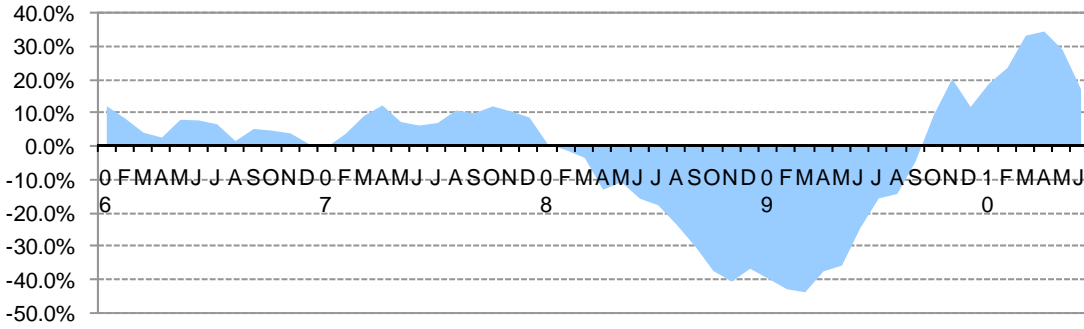
Santa Clara County Homes - Prices & Sales

(3-month moving average—prices in \$000's)



Santa Clara County - June 2010												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 645,000	\$ 785,447	1,075	2,240	2,678	72	100.4%	17.2%	14.2%	-9.8%	57.3%	-2.5%
Campbell	\$ 743,425	\$ 771,515	26	45	77	86	98.5%	18.0%	6.6%	-16.1%	80.0%	18.5%
Cupertino	\$ 1,011,000	\$ 1,038,420	47	38	77	48	101.8%	-9.0%	-9.5%	27.0%	15.2%	-30.6%
Gilroy	\$ 408,000	\$ 466,725	45	157	121	78	101.9%	8.8%	17.9%	-18.2%	78.4%	4.3%
Los Altos	\$ 1,500,000	\$ 1,683,720	35	44	77	64	99.5%	1.1%	2.8%	-12.5%	91.3%	-18.9%
Los Altos Hills	\$ 2,246,650	\$ 2,197,790	8	17	64	232	94.5%	-18.3%	-32.2%	33.3%	325.0%	-12.3%
Los Gatos	\$ 1,250,000	\$ 1,348,340	41	62	153	108	96.8%	15.7%	24.6%	51.9%	55.0%	-2.5%
Milpitas	\$ 480,000	\$ 527,522	35	71	57	47	99.7%	-1.7%	2.7%	16.7%	91.9%	9.6%
Monte Sereno	\$ 2,387,500	\$ 2,387,500	2	7	39	566	100.7%	58.1%	58.1%	100.0%	75.0%	25.8%
Morgan Hill	\$ 590,000	\$ 626,909	35	98	140	116	98.8%	8.3%	2.0%	-30.0%	50.8%	-6.7%
Mountain View	\$ 940,000	\$ 951,410	40	32	56	41	101.5%	10.8%	2.9%	60.0%	6.7%	5.7%
Palo Alto	\$ 1,530,500	\$ 1,686,890	38	39	103	79	100.2%	9.4%	10.7%	-11.6%	62.5%	-12.0%
San Jose	\$ 528,900	\$ 596,313	570	1,406	1,307	66	100.9%	17.5%	18.4%	-18.0%	61.8%	3.6%
Santa Clara	\$ 569,444	\$ 603,634	44	71	85	56	100.6%	-4.3%	-1.9%	-13.7%	2.9%	-9.6%
Saratoga	\$ 1,413,500	\$ 1,519,000	32	31	133	121	97.6%	1.7%	0.6%	3.2%	6.9%	-9.5%
Sunnyvale	\$ 848,000	\$ 809,020	59	99	94	46	101.4%	12.3%	6.5%	0.0%	50.0%	-26.0%

Santa Clara County Homes: Year-Over-Year Median Price Change



STATE TAX CREDIT MONEY ALMOST GONE

The Franchise Tax Board announced it has received First-Time Buyer applications totaling more than \$100 million. However, since many of these are duplicate, revised or invalid applications, the FTB will accept at least 28,000 applications. This will insure the FTB has enough valid applications to allocate the full \$100 million. These additional applications will be subject to the availability of remaining credits. The FTB will only issue approved certificates of allocation until the \$100 million is exhausted. They will announce the cut-off date on this webpage http://ftb.ca.gov/individuals/new_home_credit.shtml at least one full day before they stop accepting First-Time Buyer applications.

The FTB has not processed any applications yet as their computer system is still being developed. Once

the computer system is completed, the FTB will provide weekly updates on the number of certificates that have been mailed and the amount of credits that have been allocated.

FAX DELAYS

Due to the high volume of faxes we are receiving, you may experience some delays or difficulties in connecting to our fax number during normal business hours. It can take several minutes or possibly up to an hour to connect and transmit the fax. If you receive a busy signal, try again later. Check your fax confirmation to make sure all pages were transmitted successfully and keep a copy of the fax confirmation.

(Continued on page 4)

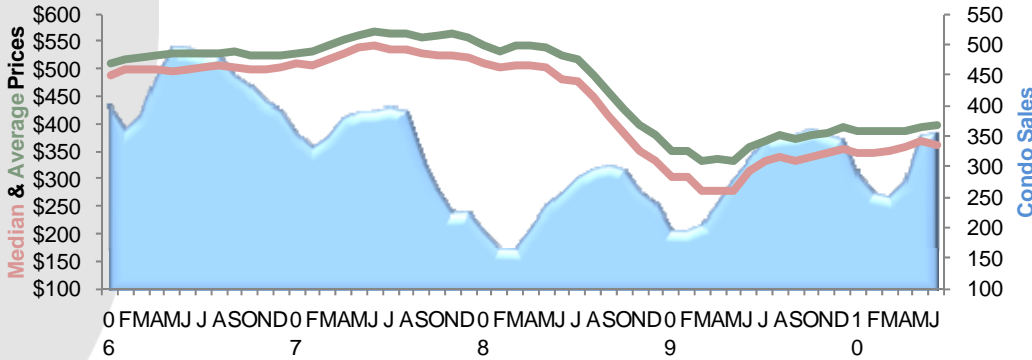
What is your Plan B?

Join me at my next **real estate investment seminar** and get the inside understanding if real estate investing is for you.

For details got to: www.650and408homes.com/index.html

Santa Clara County Condos- Prices & Sales

(3-month moving average—prices in \$000's)



Santa Clara County - June 2010

Condos/Townhomes		% Change from Year Before										
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 360,000	\$ 412,411	335	913	1,005	87	100.4%	3.0%	7.9%	-5.9%	68.8%	12.3%
Campbell	\$ 400,000	\$ 379,785	13	25	31	69	99.0%	4.7%	-4.5%	85.7%	212.5%	14.8%
Cupertino	\$ 660,000	\$ 665,600	5	18	34	197	98.4%	4.8%	1.5%	-44.4%	80.0%	13.3%
Gilroy	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Los Altos	\$ 549,940	\$ 579,940	4	3	14	102	99.4%	-28.1%	-29.1%	-42.9%	-25.0%	-30.0%
Los Gatos	\$ 640,000	\$ 626,625	11	8	52	137	97.3%	0.8%	1.9%	57.1%	-11.1%	0.0%
Milpitas	\$ 414,000	\$ 424,885	13	37	35	78	104.6%	22.1%	17.5%	-13.3%	23.3%	169.2%
Morgan Hill	\$ 257,750	\$ 258,417	6	30	21	102	97.5%	-13.5%	-9.9%	0.0%	328.6%	200.0%
Mountain View	\$ 508,000	\$ 515,757	21	39	85	117	99.5%	-11.7%	-7.1%	-16.0%	21.9%	30.8%
Palo Alto	\$ 722,500	\$ 1,187,280	14	17	36	75	98.4%	-12.4%	49.6%	-6.7%	240.0%	-30.8%
San Jose	\$ 307,500	\$ 323,855	212	624	530	73	101.0%	28.1%	13.6%	2.9%	79.3%	7.3%
Santa Clara	\$ 386,000	\$ 416,094	16	59	60	109	99.6%	7.5%	11.4%	-40.7%	43.9%	9.1%
Saratoga	\$ 636,800	\$ 753,933	3	5	21	203	98.7%	-36.6%	-25.0%	200.0%	66.7%	40.0%
Sunnyvale	\$ 498,000	\$ 504,500	17	35	82	140	99.4%	-0.6%	-1.3%	-37.0%	12.9%	36.7%

Table Definitions

Median Price
The price at which 50% of prices were higher and 50% were lower.

Average Price
Add all prices and divide by the number of sales.

SP/LP
Sales price to list price ratio or the price paid for the property divided by the asking price.

DOI
Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend
Property under contract to sell that hasn't closed escrow.

Inven
Number of properties actively for sale as of the last day of the month.

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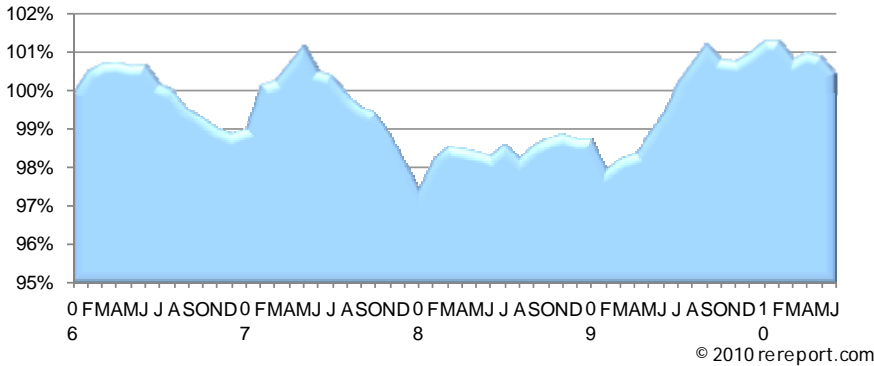


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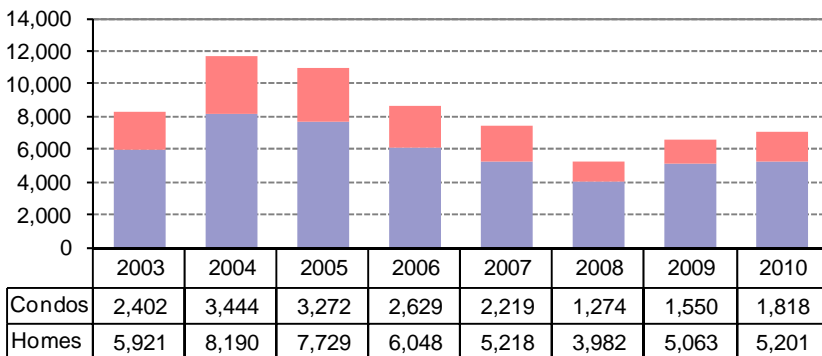
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Santa Clara County Homes: Sales Price/Listing Price Ratio



Santa Clara County Sales Year-to-Date



Our fax number is open 24 hours a day so you may fax your application to us during non-business hours when the line is not so busy.

Applying for the 2010 New Home/First-Time Buyer tax credits: Applications must be faxed after escrow closes. We will deny the application if the 2009 form is used, we receive the 2010 application before May 1, 2010, or we receive the application before escrow closes. (Updated 04/28/10).

The New Home / First-Time Buyer Credits are available only for purchases that close escrow on or after May 1, 2010.

Applications for First-Time Buyer Credit received as of 06/29/10

Want straight answers to your real estate questions?
 Call 650-305-1111 or email to schedule a free and confidential one-on-one meeting.

Do you want to be notified of investment opportunities across the country? **Email me** with subject "investment's opportunities"

As of	Apps Received	Total
5/4/2010	430	\$2,351,000
5/11/2010	2,470	\$13,283,000
5/18/2010	4,830	\$25,473,000
5/25/2010	7,330	\$38,357,000
6/1/2010	9,760	\$50,948,000
6/8/2010	12,740	\$65,787,000
6/15/2010	15,220	\$78,108,000
6/22/2010	17,860	\$91,404,000
6/29/2010	20,760	\$105,898,000

for a **city-by-city breakdown** (<http://avi.rereport.com>) and to receive **the monthly report** (http://www.650and408homes.com/pages/newsletter_request.html) regularly, visit my website at www.650and408homes.com