



**David Birka,**  
GRI, ABR, CNS

# Rochester Real Estate TODAY



Rochester, MN

"Serving Your Best Interest Is My Only Interest!"

Population 103,486

## Mortgage interest rates are at 50-year lows

The mortgage interest rate news is outstanding. In one recent week, the average interest rate for a 30-year mortgage was 4.59 percent.

That's lower than your parents and probably your grandparents paid for a home loan. The interest rates are the lowest charged in 50 years.

It makes this a good time to buy a home or to refinance the one you already have.

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**Local:** Third quarter sales of single family homes in Rochester were \$56,077,147.

This represents decreases of 29 percent over third quarter 2009 (\$79,181,521). As the change in sales volume indicates, the Rochester real estate market has fewer buyers, which is partly due to the expiration of the home buyer tax credit.

Mortgage rates remain very low. The average market time in Rochester is 126 days. The average price of a home sold in Rochester during third quarter was \$183,859.



**National:** Half of the metropolitan areas tracked in the third quarter show modest home price increases from 2009 according to the National Association of REALTORS®.

Lawrence Yun, NAR chief economist, said "Home sales through the first three quarters of this year are virtually the same as year-to-date sales at this time last year, and therefore broadly support home values. However, there are large local market differences with prices rising in job-creating regions like the Washington, D.C. area, the Dakotas and Texas." Yun said.

## Rochester Minnesota Summer Market Watch

*Third Quarter 2010 (Single Family)*

|                             |                            |
|-----------------------------|----------------------------|
| <b>Active Rochester NE</b>  | 87 Average List \$246,112  |
| Average Market Time NE      | 205 Days for Active Homes  |
| Closed Rochester NE         | 42 Average Sale \$202,352  |
| NE Sale Price to List Price | 96.24%                     |
| Average Market Time NE      | 109 Days for Sold Homes    |
| <b>Active Rochester NW</b>  | 255 Average List \$199,644 |
| Average Market Time NW      | 204 Days for Active Homes  |
| Closed Rochester NW         | 117 Average Sale \$171,498 |
| NW Sale Price to List Price | 97.08%                     |
| Average Market Time NW      | 15 Days for Sold Homes     |
| <b>Active Rochester SE</b>  | 118 Average List \$155,023 |
| Average Market Time SE      | 218 Days for Active Homes  |
| Closed Rochester SE         | 33 Average Sale \$128,840  |
| SE Sale Price to List Price | 96.32%                     |
| Average Market Time SE      | 112 Days for Sold Homes    |
| <b>Active Rochester SW</b>  | 55 Average List \$364,585  |
| Average Market Time SW      | 247 Days for Active Homes  |
| Closed Rochester SW         | 53 Average Sale \$259,940  |
| SW Sale Price to List Price | 96.68%                     |
| Average Market Time SW      | 137 Days for Sold Homes    |

Market value is neighborhood specific and must take into consideration several variables, including the unique qualities of the property. Contact Dave for a complete Competitive Market Analysis of your home or investment property. This information is based on data supplied by the SE MN Association of REALTORS, or the Multiple Listing Service, and does not guarantee accuracy. Information does not include listings of brokers who are not Association or MLS members, and unlisted properties.

## Financial Reform bill and you

The Dodd-Frank Wall Street Reform and Consumer Protection Act touches many aspects of a family's financial life.

### The Consumer Financial Protection Bureau (CFPB):

The new agency will regulate mortgages, credit cards, student loans and debt collection. It combines previous financial regulations, which were scattered among dozens of government agencies, many of which were not run with the consumer in mind.

**Mortgage protections:** Its goal is to make sure that the mortgage you get is the right one for you. Financial incentives for steering borrowers to more-expensive loans are prohibited, as are prepayment penalties on most mortgages. Lenders must tell buyers of variable-rate loans the maximum they would end up paying. Home appraisals for mortgages must be done by an independent appraiser.

**Access to your credit score:** You can get free access to your credit score if it negatively affects you in

a financial transaction or hiring decision.

**No small payment by credit card?** The Financial Reform bill says merchants will be allowed to insist on a minimum purchase for any payment by credit card. The minimum being considered at this time is \$10.

**Boost in deposit insurance made permanent:** The increase in federal deposit insurance to \$250,000 per account has been made permanent.

**Private student loans:** Loans from banks and student loans from for-profit colleges will come under the oversight of the new CFPB.

**A Private Education Loan Ombudsman** will give students a central place to turn for help, according to Kiplinger's Personal Finance.

*Check provisions of the health-care-reform law*

*At [healthcare.gov](http://healthcare.gov), you can get a snapshot of many provisions of the law.*



## Consumers spending more on electronics

The lure of electronics, like the latest smart phones and flat-screen televisions, has consumers spending more of their disposable incomes on tech.

As electronics become their first choices, they are spending less on durable goods like big appliances, furniture and home updates, like new cabinets and floors.

Because the cost of phones and iPads is less than the cost of big ticket items, what do they do with the rest of their money? They put it in a savings account.

With the holidays approaching, clothing and home improvement stores are anxious to see whether consumers will open their wallets to buy a new outfit or to spruce up the house.

## Good night, sleep tight, don't let the ... (you know)

In large cities, such as New York, San Francisco, Chicago and Cincinnati, the bedbug problem is so serious it's being addressed by government agencies. In some areas, people have taken to sleeping in the streets, according to Time Magazine.



The EPA recently issued a consumer alert about the dangers of using outdoor pesticides in homes.

Heating a room to 113 degrees F (45 degrees C) or more makes bugs die, but it's a very expensive procedure. For home infestations, the EPA recommends reducing clutter, sealing cracks and crevices, vacuuming often, drying infested clothes and bedding at high heat, and using a special mattress cover.

When staying at a hotel, inspect mattresses, box springs and headboards for bugs and the ink-like streaks of their droppings.



"I'm on a fixed income. The only time I go to a fast food restaurant is if I'm low on salt, sugar or condiments."

## Quotes

*We are never so happy nor so unhappy as we imagine.*  
- La Rochefoucauld

*Even if we can't be happy, we must always be cheerful.*  
- Irving Kristol

*Some people change their ways when they see the light, others when they feel the heat.*  
- Caroline Schoeder

*The secret of success is constancy to purpose.*  
- Benjamin Disraeli



## Great Listings Sell Homes



It is said that the eyes are the windows to the soul. When selling real estate, the pictures and the listing description are the windows into your home, and ultimately the keys to your selling success.

Over 85 percent of home buyers use the internet to look for homes.

It is remarkable that in today's market, home sellers will select their realtor, but fail to follow up to see if the realtor has constructed a listing that excites the buying public. A good test for a home seller is to simply ask themselves, does this listing get my attention? The goal of any good advertising is to create: Attention, Interest, Desire and a call to Action. Here are the basic keys to a successful listing in real estate today.

**1. Take pictures that sell.** Buyers will quickly pass listings with poor photos. The photos should communicate the most important home attributes and key selling features. Photos can help with visualizing a lifestyle for the buyer. Photos should never include cars in the driveway, garbage cans, or dark photos. There are hundreds of resources for how to take great photographs.

**2. Capture more buyers with full-motion home tour videos.** More than 173 million Americans watch videos online each month. It is amazing that only 1 percent of Realtors in America offer full-motion video. Today's home buyers want more in-depth information when searching for homes. It's the reason most buyers search online. Video can give a feeling of what it is like to walk through the home.

**3. Clean and declutter.** This can be difficult, but is essential. Most homeowners have accumulated many items for several years; some keepsakes have sentimental attachment. It may take a few weeks for the homeowner to adjust to living in the home with less and less personal items in their home.

**4. Write copy that sells.** The goal is to create a favorable sense of the property and intrigue a potential buyer. Be careful to use descriptions that are accurate, as well as in compliance with Fair Housing laws, and the local MLS.

- Historic home with wide front porch
- Condo with well equipped exercise center and pool
- Qualified senior housing
- Take a break from yard work
- Enjoy your own private resort!
- Bring your hammer and lots of ideas!
- Secluded setting
  - On the golf course
  - Extensive remodeling, including new floors and windows
  - You'll love the new look
  - Fresh and bright
  - Move right in
  - Designer colors
  - Comfortable and spacious
  - Stop looking - this is it!

**5. The latest National Association of REALTORS® study** reveals that 53% of transactions are conducted through social networks. These networks have expanded from clubs, political organizations to online social networks.

## Most owners still think a home was their best investment



The idea of "home, sweet home," is generally the same as it used to be.

A survey of homeowners by Bankrate.com shows that an amazing

90 percent of homeowners have no regrets about the purchase of their current home.

One reason: They like their homes. Though there may be lower values in many areas, and bargains on mortgage interest rates they didn't get, they are still satisfied with their own place.

The second reason: They like the fact that they add equity to their homes every month. In years to come, they will have saved enough through monthly payments to have their big investment free and clear.

Some financial experts say paying off a mortgage is like having an annuity. That is, instead of getting maybe \$750 a month from the annuity, you don't have to pay \$750 a month on a mortgage.

Another survey, this one by lender Fannie Mae, indicates that 70 percent of consumers still see a home as one of the best investments to make.

Their survey shows that 64 percent of those interviewed also think this is a good time to buy a home.

Buyers today are also more knowledgeable about mortgages, according to Fannie Mae. According to their survey, only 8 percent didn't know what type of mortgage they have, compared with 26 percent of mortgage holders surveyed just two years ago.

In her new book: *Buy, Close, Move In! How to Navigate the New World of Real Estate, Safely and Profitably, and End Up with the Home of Your Dreams*, author Ilyce Glink answers questions about how much home buyers can afford, how to buy an investment property and how to buy a foreclosed property from a bank.

Your real estate agent has the answers to these questions and many more, but sometimes it's fun to sit down with a book and dream about a new home.

Glink claims that almost anybody today can make money by flipping, selling or refinancing a home even after a short period of ownership.

We won't guarantee that but it's worth thinking about, especially if you're handy with a paint brush.



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## Low interest on 15-year mortgages brings many refinancing deals

Mortgage interest rates are the lowest in half a century, and the 15-year rate is lowest of all.

Some mortgages are being offered at 3.75 percent for the 15-year. A year ago, the average rate was 4.68 percent.

In the past, many people would have opted for a 15-year instrument instead of one for 30 years, but couldn't afford the higher monthly payments. The gap on monthly payments has now decreased.

A 30-year mortgage holder on a \$200,000 loan at 7 percent would pay about \$1,330 in principal and interest for 30 years. If the \$200,000 mortgage was taken at 3.75 percent interest, the monthly payment would be just \$124 more, or \$1,454 for only 15 years.

Twenty-year loans have also become a good choice. At today's rates, a borrower with a 30-year loan at 6.5 percent, and a \$200,000 principal balance, could save some \$70,000 in interest over the life of a shorter 20-year mortgage.

According to HSH Associates, a publisher of mortgage and consumer loan information, the shorter terms are especially attractive to people who want to build equity more quickly and those who want to pay off mortgages in a shorter period of time. About one-third of refiners are moving to 15-year or 20-year loans.

One lender, quoted in USA Today, says more homeowners who are in their middle years are applying for the 15-year mortgages. Their income is higher now than it will be at retirement, and they can afford to pay off the loan before they retire.



About a quarter of residential properties are now worth less than the amount owed on a mortgage. If they can afford it, some people are paying cash up front to move from a more-expensive mortgage to a cheaper, shorter-term loan.