

WHY CMAS AND APPRAISALS AREN'T THE SAME

As part of the homebuying process, your real estate agent may create a comprehensive market analysis or CMA. Later, when you apply for a mortgage, a bank appraisal is conducted by a licensed appraiser. Are CMAs and appraisals the same thing?

While both CMAs and appraisals help determine a home's market value, their purposes are not the same. The CMA is a sales tool to help you find an offer price for the home you want to buy. The homes in the CMA include the home you want to buy plus similar nearby homes. This helps you see how the home you want compares to other homes so you have an idea what to offer.

A real estate professional may prepare a CMA for their sellers to help them choose a listing price. The CMA includes recently sold homes and homes for sale in the seller's neighborhood that are most similar to the seller's home in appearance, features, and general price range.

Although the CMA is used to help determine current market value, the seller's home is typically not even featured in the CMA. The CMA is merely a guide to help the seller learn what's happening in their local market, so they can better understand where their home fits in term of price ranges, based on location, features, size, condition and other factors.

The CMA offers the same advantages to you as a buyer. They help you better understand the local market. You can expand the search and get different results in a CMA simply by changing the zip code or the price range or the number of bedrooms and baths.

Appraisals are all about risk retention for banks and their customers. If the buyer is receiving financing through a bank, the bank will order an appraisal.

Unlike the CMA, a bank appraisal is a professional determination of a home's value. It's performed by a licensed appraiser, using guidelines established by the Federal Housing Finance Agency, which regulates fed-

eral housing loan guarantors such as FHA, VA and housing loan purchasers Fannie Mae and Freddie Mac.

An appraisal is a comprehensive look at a home's location, condition, and eligibility for federal guarantees. For example, the home you want may have porch steps but no handrail. If you want to buy the home with an FHA or VA-insured loan, your seller will have to repair or install a handrail. The FHA or VA appraiser will look at the home a second time to make sure the steps were made safe.

Appraisers use the same data in their market research to find comparable homes as Realtors do. They are also members of the MLS, but they have additional guidelines from the bank to follow to minimize risk to the bank and to the borrower. If home prices are falling, the appraiser takes the number of days a home has been on the market far more seriously.

When the appraisal is finished, the bank makes the decision to fund the loan, or it may require the seller to fix certain items and show proof that the repairs have been made before letting the loan proceed. If the loan doesn't meet federal lending guidelines, the bank will decline the loan.

Despite stricter lending and appraisal standards, most buyers' loan applications go through to closing. One reason the system works so well is that real estate agents are preparing CMAs that are better tuned to lending standards as well as market conditions. As a buyer, it's in your best interest to understand how lenders approach risk and to learn what the market is doing.

Simply put, you need both a CMA and an appraisal to determine market value. A CMA helps you decide what you should offer the seller. An appraisal determines what the lender is willing to lend to help you purchase a home.

By Blanche Evans (www.realtytimes.com)

COULD DECLINE IN MEDIAN NEW-HOME SIZE HERALD RETURN OF ENTRY-LEVEL BUYERS?

Newly built, single-family homes in the U.S. finally are getting smaller, a sign that a long-awaited shift of builders to slightly smaller, more affordable homes likely has started.

Commerce Department data released on November 19th shows the median size of a single-family home built in the third quarter was 2,414 square feet, down 2.3% from the second quarter measure of 2,472.

The third-quarter figure is the lowest since 2012's fourth quarter, and it is the second consecutive quarterly decline following a 0.2% drop in this year's second quarter.

Median new-home sizes had been on a general upward swing since 2012 as builders focused on building increasingly larger, more expensive homes to cater to the better-heeled buyers with the income and credit to buy homes. Entry-level buyers, meanwhile, remained largely sidelined by tepid wage growth, mounting student debt and stringent mortgage-qualification standards.

Now, early signs are emerging that entry-level buyers are coming back. National home

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THE MOST POPULAR AGENT IN THE COUNTRY: A look at the most common real-estate agent names in the U.S.

According to data from Realtor.com, the most common name for a real-estate agent in the U.S. is David Johnson. That comes as no surprise to David Johnson—principal at Dakota Carson Realty Group in Springfield, Mo.

“Let’s be realistic,” he says. “It is a super popular name.” So popular, in fact, that Mr. Johnson is occasionally confused with another David Johnson at a competing agency in town. “People have called me and said, ‘hey, we want you to sell our house,’” he says. “And then they say, ‘is this Dave Johnson from Murney [Associates Realtors]?’ And I’m like, ‘no, this is the other one.’”

“It doesn’t bother me because he’s a good friend of mine, and he’s a good guy,” Mr. Johnson says of his namesake. And besides, he notes, he’s developed a strategy for making an impression.

“I always spin it and say, ‘Hi, my name is Dave Johnson, but you can call me John Doe.’” he says. “And that kind of makes [clients] laugh and makes them say, ‘OK, this Dave Johnson is different from everybody else.’” The “other” Mr. Johnson couldn’t be reached for comment.

Ubiquity isn’t just an issue for the David Johnsons of the world. In fact, taking the Realtor.com numbers on a first-name basis, David is the most common male agent name in five states—Montana, Utah, Iowa, Tennessee and Vermont.

John is the most popular name in 31 states (it tied with David in Iowa), with Michael or Mike taking the top spot in 11 states, including heavy-hitters like California, Texas and New York. (Male name data wasn’t available for New Hampshire or Delaware. Female name data wasn’t available for Alaska or New Hampshire.)

Mary, meanwhile, dominates the female list, taking the top spot in 24 states—25 if you include Maria, which takes first place in Florida. On a related note, Mary Smith is the most common female agent name nationwide, according to Realtor.com.

The common thread running through the top agent names? All (with the exception of Jennifer) were among the most common names for babies born in the 1950s and 1960s according to U.S. Census data.

What does that suggest about the agent ranks of the future? Well, if you’re hunting for a home 40 years from now, you can probably expect to encounter a lot of Jacobs, Emmas, Madisons and Dans.

By Adam Bonislawski (The Wall Street Journal - www.wsj.com)

COULD DECLINE IN MEDIAN NEW-HOME SIZE HERALD RETURN OF ENTRY-LEVEL BUYERS? (cont.)

builder D.R. Horton Inc. last week posted a 38% gain in sales orders for its fiscal fourth quarter ended Sept. 30, fueled partly by hefty gains from its new Express brand of homes priced at less than \$200,000.

Commerce reported that construction starts for single-family homes increased by 4.2% from a year earlier to a seasonally adjusted annual rate of 696,000. The most likely source for that greater volume of starts is entry-level buyers.

Thus, the third-quarter decline in median new-home size “doesn’t reflect changes in preferences, necessarily,” said Robert Dietz, an economist with the National Association of Home Builders. “It reflects who’s buying new, single-family homes.”

The median new-home size now stands 3% below its recent high of 2,491 square feet in the third quarter of 2013. But it still is 8% higher than its recent low of 2,236 square feet in the third quarter of 2011.

Commerce’s report on October new-home sales, slated for Nov. 26, will show whether the trend has sapped new-home prices. The median price of a newly built home in September was \$259,000.

“I do know that bigger houses are not as in-demand as smaller houses unless you’re in a community where you’ve tapped into a niche,” said Brian Johnston, chief operating officer of Canadian builder Mattamy Homes, which operates in four U.S. states. “We would definitely be seeing more affordable product as the trend line.”

By Kris Hudson (The Wall Street Journal for www.realtor.com)

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