



From the desk of  
William C. Ring, President

# Real Estate Newsletter

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The Harbor Area's Oldest Real Estate Firm

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Celebrating 64 Years!

## Developers Dread Return of Recourse...

After a decade of easy lending, the dreaded personal guarantee is making a comeback in the real estate industry, bringing back the kind of tough terms that borrowers hoped not to see again.

As loans for commercial projects have become difficult to come by in this credit crunch, borrowers are being forced to consider loans that would give the lenders "recourse" to borrowers' personal fortunes – terms that led many a developer, including Donald Trump and William Zeckendorf Jr., to near ruin in the real estate crash of the early '90's. More recently, New York developer Harry Macklowe found himself in a bind after he signed a personal guarantee on a \$1.2 billion loan.

Despite Mr. Macklowe's experience, these recourse loans – once a staple of commercial lending – had largely fallen by the wayside during the past decade as banks found ways to minimize their risk.

Now, with the securities market for commercial loans still anemic, recourse loans are popping up again—striking fear in the hearts of developers.

## Home Selling Tips...

You can spruce up the outside of your house to the point where it stops passersby in their tracks. You can "stage" the inside so it looks roomy and brand-spanking new. You can give away a car or vacation to your eventual buyer. You can even offer a cash bonus to the selling agent.

But in today's market, if your place isn't priced correctly, it probably isn't going to sell. More than likely, it will languish on the list of unsold inventory until the market adjusts back up to your asking price. And that could be months—even years in some places.

A far better plan is to adjust your price to local market conditions and let the market come to you.

A sound strategy for sellers who are serious about getting their homes sold is to price the property ahead of the market.

In a seller's market, there is nothing wrong with setting your price a little higher than the last one because prices are steadily rising. But in a flat or declining market, your price should be a little lower than the last comparable sale.

And not just a few percentage points lower either. When was the last time you rushed out to the mall to take advantage of a 2% sale? You need to have a real sale – so how about 5-10% off, for starters?

Sellers need to know market statistics such as absorption rates (the number of homes sold in any given time frame), inventory (the number of unsold houses), and days on the market (how quickly or slowly houses are selling).

It is difficult, if not impossible, for sellers to perform this kind of research on their own. That is where I come in. Don't hesitate to give me a call and put me to work on your sale.

Looking for real estate loan information?  
Contact Michael Leet at  
United American  
Mortgage Corp.  
Tell him I sent you.  
800-708-5626 x163  
[www.MortgageFinder.com](http://www.MortgageFinder.com)

**I like real estate.  
They don't make  
any more of it.**

**Will Rogers  
(1879 – 1935)**

Please contact me anytime regarding your real estate needs or questions; commercial or residential. And, remember that the highest compliment I, or anyone, can receive is the referral of my name to your family, friends and business associates. Thank you for your trust.

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