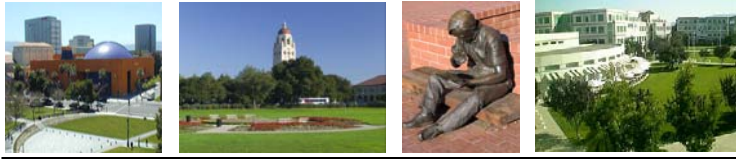


The Real Estate Report

SILICON VALLEY MARKET TRENDS



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April Home Sales Rise, Prices Dip

Sales of single-family, re-sale homes rose 10.3% last month compared to March. Year-over-year, sales were off 33.5%. Year-to-date, home sales are off 37.8%.

The median price for homes dropped 4.1% month-over-month, and was off 9.9% compared to last April. Nevertheless, we're hearing reports that well-priced homes in the best neighborhoods are receiving multiple offers.

Condo sales were also up last month, rising 12% from March, but off 45.6% year-over-year. The median price for condos dropped 5.2% from the month before, and was down 9.4% year-over-year.

Inventory continues to increase with the supply of homes up 7.8% from March, and up 28.1% year-over-year. Condo inventory gained 8.3%, up 20% compared to last April.

Trends at a Glance (Single-family Homes)			
	Apr 08	Mar 08	Apr 07
Median Price:	\$779,500	\$812,500	\$865,000
Average Price:	\$992,100	\$987,888	\$1,093,150
Home Sales:	608	551	914
Inventory:	6,032	5,597	4,708
Sale/List Price Ratio:	98.6%	98.6%	100.7%
Days on Market:	49	55	35
Days of Inventory	298	305	155

The sales price to list price ratio was flat at 98.6% for homes. The ratio for condos stayed even at 97.7%.

Days on market fell six days to 49 for homes. Days on market for condos rose five days to 57 days.

Our days of inventory indicator for single-family homes continued downward on the increase in sales, shedding 7 days, sending the indicator to 298 days. The indicator for condos fell ten days to 291.

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.

May - June 2008



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The Problem with the Foreclosure Numbers

Foreclosures remain the story behind the real estate market.

According to DataQuick, The number of California homes going into foreclosure jumped last quarter to its highest level in more than 15 years.

One caveat here about these numbers. Whenever a notice of default is filed, it is added to any other notices of default already filed. For instance, if a property has a first loan, a second loan and a third loan, then three notices are filed on the same property.

Also, included in these numbers are: the initial notice of default, the notice of foreclosure auction, and the notice of REO (lender-owned

real estate that occurs after a foreclosed property fails to sell at auction and reverts back to the lender).

Makes one wonder about the veracity of these numbers, doesn't it?

Look at the numbers report by Dataquick for Notices of Default files in the first quarter of 2008 for California: 113,676.

ForeclosureS.com reports 120,684 notices of default filed in the first quarter.

The question is, how many of these homes actually get foreclosed?

ForeclosureS.com reports that in the first quarter of this year, there were 14,472 REO filings. So, roughly 12% of the homes that are

in pre-foreclosure actual go through with it. We're ignoring the foreclosure sales at court auction because there are very few of those.

"The foreclosure numbers and much of the economic news today sound scary, but let's get some perspective," says Alexis McGee, foreclosure information expert, educator, and president of ForeclosureS.com.

"Total outstanding U.S. mortgage debt totals more than \$10 trillion! Foreclosures are a drop in that bucket," McGee adds.

Also, says McGee, some of the "bad" economic news is actually good news long-term for housing markets:

Continued drops in housing starts and construction spending signal recognition that oversupply must catch up with demand.

New-home sales are down nearly 60% from their July 2005 peak, but overinflated prices fueled that peak.

Foreclosures and pre-foreclosures are way up, but many are the result of subprime loans that shouldn't have been made in the 1st place.

"Markets will rally back to reality in the coming months as liquidity continues to improve and the economy picks up," adds McGee.

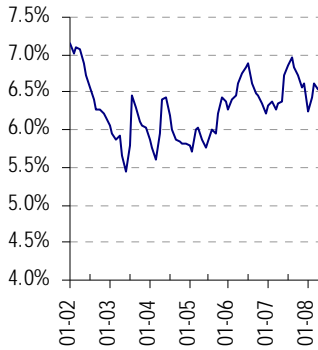
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The Real Estate Report

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



May 2, 2008 -- Fixed rate mortgages moved just a bit lower this week, according to HSH Associates' weekly survey of mortgage lenders. HSH's Fixed-Rate Mortgage Indicator (FRMI), which tracks 30-year fixed rate mortgages of all sizes -- conforming, expanded conforming, and jumbo together -- pegged the final national average at 6.55%, down five basis points. Mortgage rates have been mostly firm, nudged higher by concerns about inflation but pulled lower by some renewed "risk appetite" by investors.

Conforming 30-year FRMs eased by three basis points (.03%), and remain just a tad over 6% on average, while their jumbo cousins dipped by six basis points and remain well over 7%. That disparity persists despite any number of attempts to help close the gap in rates and new GSE and FHA-

backed offerings to compete with the private market. Presently, investors remain disinterested in mortgages, and demand by investors is the only thing which will appreciably close the differential in rates.

Five-one Hybrid ARMs, often a viable alternative for a long-term FRM, saw an increase of just one basis point, closing the weekly survey at 6.36%. In the present market, these products may be most viable for jumbo borrowers, given the 29 basis point difference between jumbo 30-year FRMs and Jumbo 5/1 Hybrid ARMs -- much wider than the .18% seen between conforming varieties.

Fed announced on Friday considerable expansion in both their Term Auction Facility (TAF) program and their Term Securities Lending Facility (TSLF). The TAF provides loans against collateral on a short-term

basis, and in is intended to provide competition for LIBOR. The Fed's initiation of the TAF in December served to drag down LIBOR several percentage points -- a huge boon for holders of subprime and other ARMs -- but it has remained stubbornly high relative to other short-term interest rates.

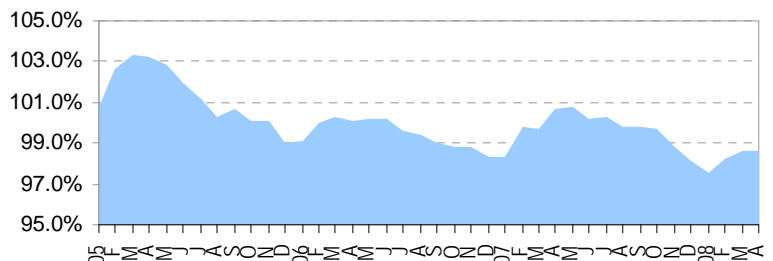
The TSLF, originally intended for leveraging mortgage assets, was expanded to allow for borrowing against AAA-rated asset-backed securities, such as those backed by credit-card receivables or auto loans.

Collectively, the two moves should pump additional fresh cash into gummed up areas of the financial markets, theoretically (and eventually) making more loans available to potential borrowers and at lower rates.

April Sales Statistics Single-family Homes

	Prices		Unit Listings		Compared to Last Year				Compared to Last Month						
	Median	Average	Sales	New Total	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed	
County	\$779,500	\$992,100	608	2,227	6,032	49	98.6%	-9.9%	-9.2%	-33.5%	28.1%	-4.1%	0.4%	10.3%	7.8%
Campbell	\$752,500	\$876,950	10	42	91	57	96.7%	-12.1%	1.2%	-64.3%	1.1%	-7.3%	-0.6%	-41.2%	28.2%
Cupertino	\$1,199,000	\$1,278,179	27	88	95	51	105.5%	-2.1%	0.7%	-37.2%	28.4%	1.2%	-2.6%	17.4%	46.2%
Gilroy	\$555,000	\$603,438	30	116	518	104	96.3%	-19.0%	-19.5%	87.5%	35.2%	3.2%	-4.8%	42.9%	5.1%
Los Altos	\$1,760,404	\$2,050,114	24	55	65	29	99.9%	2.9%	8.8%	-25.0%	-5.8%	-7.9%	-0.3%	60.0%	20.4%
Los Altos Hills	\$2,442,500	\$3,096,333	6	18	44	292	98.3%	-2.3%	-5.2%	-60.0%	-4.3%	-16.6%	12.3%	100.0%	2.3%
Los Gatos	\$1,565,500	\$1,908,745	22	68	168	58	98.1%	0.7%	4.4%	-45.0%	47.4%	11.8%	9.6%	15.8%	11.3%
Milpitas	\$585,000	\$660,805	16	56	173	119	97.9%	-20.4%	-16.2%	-50.0%	66.3%	4.2%	18.0%	60.0%	8.8%
Monte Sereno	\$2,200,000	\$2,176,666	3	11	25	66	93.3%	9.1%	-5.7%	0.0%	25.0%	20.9%	4.1%	0.0%	25.0%
Morgan Hill	\$655,000	\$669,108	25	74	334	127	95.4%	-21.6%	-24.1%	-26.5%	38.6%	-0.8%	-11.8%	66.7%	2.1%
Mountain View	\$1,072,625	\$1,106,718	15	39	55	29	103.1%	12.9%	0.3%	-31.8%	89.7%	-2.0%	-1.7%	-48.3%	10.0%
Palo Alto	\$1,700,000	\$1,939,446	31	62	68	23	101.2%	0.0%	8.8%	-31.1%	30.8%	5.1%	1.1%	0.0%	25.9%
San Jose	\$665,000	\$734,671	331	1,301	3,808	83	97.6%	-12.7%	-14.6%	-23.2%	67.7%	0.4%	-3.1%	11.1%	8.1%
Santa Clara	\$726,000	\$722,662	40	106	241	60	96.1%	-3.7%	-6.5%	-7.0%	92.8%	3.6%	1.7%	53.8%	19.3%
Saratoga	\$1,626,000	\$1,701,866	29	48	101	53	98.1%	-1.5%	-3.7%	-23.7%	-18.5%	1.9%	10.0%	31.8%	9.8%
Sunnyvale	\$897,500	\$902,244	42	128	203	30	102.6%	-0.3%	-1.7%	-25.0%	116.0%	-4.6%	-5.4%	-10.6%	20.8%

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. 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

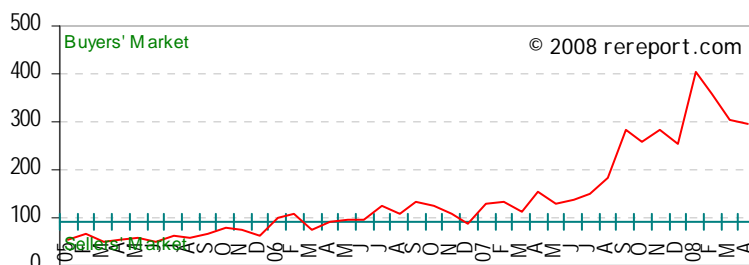
won't insure you, especially if it's a water-related claim.

- 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.

April 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	\$497,500	\$524,795	205	734	1,987	57	97.7%	-9.4%	-7.5%	-45.6%	20.0%	-5.2%	-8.7%	12.0%	8.3%
Campbell	\$515,000	\$523,075	12	23	56	74	97.8%	-13.2%	-14.8%	20.0%	7.7%	-3.3%	-5.0%	20.0%	5.7%
Cupertino	\$723,500	\$745,072	12	23	24	16	100.0%	4.3%	6.0%	-36.8%	-4.0%	8.4%	-3.8%	100.0%	33.3%
Gilroy	*	*	*	11	39	*	*	n/a	n/a	n/a	85.7%	n/a	n/a	n/a	21.9%
Los Altos	\$777,000	\$777,000	2	4	6	74	99.2%	-6.2%	-19.0%	-33.3%	-25.0%	-15.2%	-16.4%	-50.0%	-14.3%
Los Gatos	\$805,000	\$827,000	6	26	44	53	97.2%	3.2%	7.8%	-64.7%	69.2%	-0.6%	-0.6%	-14.3%	46.7%
Milpitas	\$559,000	\$531,300	9	19	58	80	95.6%	-3.6%	-6.3%	-25.0%	70.6%	35.0%	21.9%	200.0%	11.5%
Morgan Hill	\$344,450	\$344,450	2	7	25	80	100.6%	-62.6%	-56.4%	-50.0%	-28.0%	-20.8%	-20.8%	0.0%	-7.4%
Mountain View	\$575,000	\$582,239	34	62	101	35	99.2%	-8.7%	-6.2%	6.3%	83.6%	-10.9%	-12.6%	78.9%	18.8%
Palo Alto	\$862,500	\$773,333	9	23	26	26	100.0%	7.7%	2.8%	-18.2%	62.5%	-10.4%	-25.4%	-25.0%	30.0%
San Jose	\$397,500	\$432,469	110	416	1,298	98	97.1%	-18.0%	-16.7%	-41.5%	27.5%	-14.5%	-4.1%	17.0%	4.8%
Santa Clara	\$661,500	\$602,897	12	53	143	46	98.0%	29.7%	17.1%	-66.7%	81.0%	32.6%	15.5%	-36.8%	9.2%
Saratoga	\$756,900	\$756,900	2	10	22	58	99.7%	24.5%	21.0%	-60.0%	-100.0%	2.6%	-2.9%	-100.0%	46.7%
Sunnyvale	\$596,000	\$547,408	10	57	113	58	98.2%	-7.2%	-11.3%	-61.5%	91.5%	-1.5%	-8.0%	-33.3%	13.0%

Days of Inventory



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Before the Flood, Make Sure Your Home Is Properly Insured

By Terri Cullen

The Wall Street Journal

Many homeowners turn their thoughts to spring cleaning this time of year. But my thoughts are usually drawn toward making sure the contents of our home remain safe and protected. That's because our homeowners insurance policy is up for renewal every June.

The renewal process is usually pretty painless: Check to see whether we need to update our policy to reflect any upgrades or new purchases. If no changes are needed, I then check the rate quote by doing some comparison shopping at Web sites such as InsWeb.com and Insurance.com.

Once satisfied that our current insurer is still offering the best deal, I typically pay our annual premium in full online and print out my payment confirmation. Generally, it takes no more than 20 minutes.

But this year, my policy renewal required a bit more attention to satisfy me that our home and its contents are being properly protected. For the past five years, my husband, Gerry, and I have been gradually making improvements to our home that have added to its value -- and our enjoyment -- and I wanted to make sure that our coverage has increased sufficiently to protect us in the event of a disaster.

Plus, a wild card was thrown into the mix: The federal government recently updated the flood-zone maps for our area for the first time in nearly 20 years. Though our home is still not designated as being in a flood zone, we're now within 10 miles of one.

Gerry and I haven't added any new rooms or increased our home's square footage, but we have made material improvements in our kitchen and family room that would increase the cost of rebuilding our home. This year, we're planning to upgrade our siding and all of our home's windows with top-quality energy-efficient replacements. We'll need to update our home's replacement-cost coverage limit to reflect the improvements.

One way to estimate a home's replacement cost is to get an estimate from a local contractor; a formal estimate of your home's replacement cost will cost you between \$100 and \$250. For \$7.95, AccuCoverage.com will provide an estimate of your home's replacement cost based on its size, age and features.

Steve, a family friend who's also a building contractor, gave us a free estimate. He suggested we raise the replacement-cost coverage of our home (the building itself, not its contents) to \$250,000 from \$189,000. The increase in coverage boosted our premium to \$800 from \$750.

Gerry and I insure our home for replacement cost, which means our policy pays to repair or replace damage to our home with materials of similar quality. What our current policy doesn't cover is "demand surge," or post-catastrophe inflation. Demand surge often occurs after large disasters, such as wind damage or flood, strike a wide area. When many homeowners and businesses are in need of rebuilding after a disaster, material and labor costs can skyrocket.

Our insurer does offer "extended replacement cost" coverage, which will cover an additional 20% of the cost of rebuilding the home over our policy limits. The cost: an additional \$50. (That raises our annual premium to a total of \$850.)

After checking over our limits on liability insurance and replacement costs for the contents of our home, I was satisfied we were adequately insured -- except in the event of a flood.

Flood insurance is relatively inexpensive for people who don't live in high-risk areas. Average premiums run about \$600 a year, though homeowners in high-risk areas can pay as much as \$5,400 a year. Renters in low-risk areas can protect their belongings for about \$200 a year, or \$2,200 for high-risk zones. (You can estimate your flood-insurance costs at Floodsmart.gov.)

Gerry and I have decided it's worth our peace of mind to buy flood insurance -- at an additional cost of \$348 a year. We already had minor water damage in our home after a severe storm the first year we purchased the home. With revamped federal maps indicating the threat of flood growing nearer, it's foolish to keep pressing our luck.

for a [city-by-city breakdown](#) and to receive the [monthly report regularly](#), visit my website at
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