



2nd Quarter 2005

Maine Real Estate — Still a Great Investment

Honeck · O'Toole client Mike O'Connor, real estate broker for Re/max By the Bay, is having a lot of fun this year because in his words, "The southern Maine real estate market is phenomenal! We appear to be ahead of last year, where home values appreciated 12% on average." After 14 years of selling residential and investment real estate in southern Maine, he's particularly excited about this year's trends.

According to Mike, "All segments of the southern Maine real estate market are booming: single family homes, multi-family buildings and condominiums. Inventory seems to be up over last year, but demand is absorbing the increase and the market is strong. All communities within a half hour of Portland are highly sought after. Today's values are higher than they have ever been in Maine for all segments."

The Maine Real Estate Information System, Inc. (MREIS) reported on April 27, 2005 that Maine's home prices jumped 15 percent during the past 12 months. (See the chart on page 2 for the numbers.) Nationally, single-family home sales were up 4.5 percent in March. According to the National Association of Realtors, the median sales price reached \$193,600 last month, an 11.3 percent increase.

Mike gave us his opinion of why real estate is still hot in our region. "Owning property in Southern Maine continues to be a dream for many people. Our beautiful coastline, Casco Bay and the islands, and a manageable city like Portland are a huge draw for those 'from away.' Many people see themselves here in five or ten years, but they want to buy something now while they still can. People I meet with talk about wanting a simpler life, away from long commutes, large cities and the memories of 9-11."

Still a great investment

Mike noted, "Residential real estate in southern Maine will continue to be a good investment as the allure of a simpler life continues. When compared to other New England states, our real estate prices are less expensive. The growth of the Internet has made it easier for people to live where they want, and when quality of life is considered, Maine may always be near the top of the list." Mike cautioned that there may not be many "steals" left in this market, but it's all in the perspective

Home Loan Considerations for Self-employed People

Honeck · O'Toole Client Jerry Jalbert, with Wells Fargo Home Mortgage, suggests that if you're self-employed (SE) and shopping for a home, here are some questions to consider.

What's the difference between lending to a "company person" versus someone who is SE?

A salaried or hourly permanent employee has an advantage because the employee's work and salary history are not nearly as heavily weighted as that of an SE person. In short, a mortgage loan underwriter focuses on the future earnings of the company employee versus the past performance of the SE person. However, if the SE person has a good history of verifiable personal income from the business, he or she is treated the same as a company employee with similar credit history, assets and liabilities.

Which loan types may be more favorable for SE people?

If the SE person has been in business for more than two years and has very good credit but low or unverifiable income, many lenders offer programs called Stated Income and No Documentation programs. These programs vary slightly from lender to lender. In essence, both programs are driven by credit scores and your down payment percentage of the home purchase amount. These loans carry higher rates as a result of the perceived higher risk.

Additionally, many lenders now offer an Interest-Only option on some mortgages. This type of loan could free up additional working capital for your business.

How do lenders view income records when approving loans for SE people?

For the best rate, SE people need at least a 24-month income history, which is averaged out. For example, if you earned \$60,000 in the first 12 months and \$80,000 in the next 12 months, the lender averages the entire period to arrive at an annual income of \$70,000. However, if the business experiences an income downturn over that 24-month period, the lender may use a lower income figure.

Continued on Page 2 - Real Estate

Continued on page 3 - Home Loan

Real Estate - Continued from page 1

of the buyer. "As far as bargains to be had, all segments are at their highs. However, a few years ago, people thought prices were high, but looking back now, one might say they were bargain prices." Mike O'Connor can be reached at 207-553-7351 or moconnor@homesinmaine.com. ▼

HOW TO REACH US
T: 207 · 774 · 0882 ★ F: 207 · 773 · 2047

www.honeckotoole.com
info@honeckotoole.com

**Maine Real Estate Statistics:
 March 2005 Housing Report (4/27/05)***

The first chart lists statistics for the month of March only, statewide. The second chart compares the number of existing, single-family homes sold (units) and median sales price (MSP) in the first quarter of years 2004 and 2005.

MARCH STATEWIDE CHART: March 1-31, 2004 to March 1-31, 2005					
# Units Sold 2004	# Units Sold 2005	% Change	MSP 2004	MSP 2005	% Change
895	959	7.15%	\$163,000	\$187,500	15.03%

FIRST QUARTER CHART: Cumberland and York Counties Jan. 1-March 31, 2004 compared to Jan. 1-March 31, 2005						
County	# Units Sold 2004	# Units Sold 2005	% Change	MSP 2004	MSP 2005	% Change
Cumberland	580	644	11.03%	\$214,000	\$239,900	12.10%
York	430	440	2.33%	\$206,000	\$235,000	14.08%

* Source: Based on information from the Maine Real Estate Information System, Inc. for the period January 1, 2004 through March 1, 2004 and January 1, 2005 through March 31, 2005

6 Tips for Preparing Your House for the Market

Joanne M. Larman, JML Casual Home Design

1 De-clutter! Start packing before your property goes on the market. Clean out closets, cupboards, basement and garage. Have a yard sale, make donations and pass extras on to family. Minimize furnishings and put away excess family photos or collections (china, dolls, anything too personal) to make your home look more spacious.

2 Let in as much natural light as possible. Replace heavy light-blocking drapes with sheers for privacy if you need to.

3 Remove dated wallpaper or dark wall colors. Replace with soft neutral paint colors that add warmth but will not turn off a prospective buyer with too trendy of a look. Intense trendy colors limit the number of potential buyers. Use the same trim color throughout the house.

4 Make sure kitchen or bath renovations are very neutral—in warm tones, such as Sherwin Williams Blonde # 6128. Add color accents with accessories such as towels, placemats etc.

5 Replace worn/smelly carpeting with an inexpensive neutral Berber carpet. Buyers will feel they can move right in and make major changes later.

6 Spruce up the entry and the yard. Many people fall in love with the house before they even enter it. Clean up bushes and plant some flowers. Make the house feel welcome with fresh flowers inside.

Honeck · O'Toole client Joanne Larman of JML Casual Home Design can be reached at 781-2266 or www.jmlcasualhome.com.





Selling It Yourself Requires Diligent Homework

Selling a home yourself as "For Sale by Owner" (FSBO), can be exciting and rewarding as long as you're fully prepared to take on all the tasks involved. These include pricing your home correctly, gathering and preparing legal documents, showing your home to strangers and making sure your potential buyers have solid financing. While the Internet and other resources such as *Real Estate by Owner* magazine have great information about the basics of selling your home—including tips on improvements you can make that pay for themselves; how to create curb-appeal and how to prepare your home for showings—you'll want to consult with a local attorney who specializes in real estate to protect yourself and this major asset from mistakes.

The law practice of Sam Kilbourn, attorney in South Portland, is limited to residential real estate and works mainly with sellers who don't have a broker. Sam is also currently the chair of the Title Standards Subcommittee of the Real Estate and Title Section of the Maine State Bar Association. He has developed a set of standard questions and forms to help the do-it-yourself home seller and works to ensure that all related issues are addressed up front so there are no surprises at closing. Sam charges a flat fee for his services, at a fraction of the cost of listing with a real estate broker, which encourages communication between attorney and client because no meter is running when you call or stop in. "Whether you work with me or another real estate attorney, you'll need to gather a number of documents and make important decisions before you post that "For Sale" sign on the property," noted Sam. Here's an inside look at some of Sam's guidelines for FSBOs.

The All-Important Property Worksheet

Similar to the tax organizer we send you each January to help you capture all the details you'll need for tax season, Sam's three-page checklist is jam-packed with all the information he needs about the seller and the property, plus a request for documents (deeds, survey plans, tax map, easements, etc.). "From this information, I can create a specific Purchase & Sale document for you and your home, including blueprints for various contingencies," said Sam. "I routinely



make amendments for each sellers' and buyers' situation. For example:

- ▶ **Identify and address potential problems up front.** Missing private water and sewer easements, encroachments, and other potential snags can be fixed beforehand, or you can agree in the contract to fix them before closing. Have you sold a portion of the property or added a parcel to it; or, is there a Quitclaim deed involved? Whenever ownership changes, a new deed should have been recorded to protect the seller and the buyer. I review the deed for any issues, thus putting the client in the position to make business judgments up front regarding corrections.
- ▶ **Know the home's condition before your buyer inspects it.** If you have an older house and it isn't in perfect shape, consider paying for an inspection beforehand so you'll know exactly what your buyers will find. This way, you can decide what to fix or what to sell AS IS. A radon inspection is a must if you have not had one.
- ▶ **Determine the right selling price for your home.** Buy a professional appraisal and/or get two or three opinions of value from local real estate brokers; brokers are willing because you may later decide to use their services. For the best pricing, go with the middle. Finally, never go for 'what I need to get.' If you start out too high and then have to drop your price, it can lead to lowball offers thereafter.
- ▶ **Plan your selling strategy.** Where and how will you advertise? Decide now whether you will pay a commission to a buyer-broker because you can expect to hear from them; I can adapt their paperwork to protect a seller's interest. Interview interested parties on the phone before letting them into your home; request written pre-approval for financing.

These are just some of the considerations a real estate lawyer can help you manage successfully. Sam suggests that you shop around and find out which attorneys will get into this level of detail for you, and ask what they charge/how they charge. Sam Kilbourn can be reached at 773-9955. •

◀ Home Loan

Continued from page 1- Home Loan

The most common records needed by a lender are your last two years' Federal income tax returns—personal and business. If your business is fairly new (established less than 24 months ago, for example), a lender will look at your credit history, assets and down payment instead.

Where do I start if I'm getting ready to shop for a home?

Have an initial conversation with two or three lenders

about your personal situation so there are no surprises down the road for either party. A reputable lender should be willing to help you sort through various loans before you go through the formal application process. You will learn which loan is best for you, which documents you'll need to provide based on that loan, and which lender you feel most comfortable working with.

Jerry Jalbert is sales manager and a loan officer at Wells Fargo Home Mortgage in South Portland. For more information, contact Jerry at 207-772-4701 or e-mail him at Gerard.A.Jalbert@wellsfargo.com. •

Clients in the News

Pam Harwood, Longwoods Alpaca Farm in Cumberland

Pam Harwood, wife of Hugh, mother of two teenage boys, and a cancer survivor, is also an alpaca-convert and thriving business-owner. On her Web site, she wrote, "One day in November 2003, a year after my diagnosis for breast cancer, I visited an 'Open Farm' and had my first introduction to an alpaca, nose to nose. I buried my hands and face in its fleece. Oh, there's nothing like alpaca—and the idea of owning an alpaca for its glorious fiber was born." Her idea has since grown into a full-blown breeding and fiber business. Since November, 2004, she's adopted alpacas Dreamer, Guinness, Dazzell, Heidi Ho and her cria (baby), Claudia. The primary business is breeding, and Pam is on a mission. "I see plenty of people making a very good living in this business," explained Pam. "My ultimate goal is to help develop a domestic fiber market in the U.S. It takes one million alpacas to keep one fiber mill going in the U.S., and currently there are just 80,000 alpacas in the country, so we have a long way to go." The farm also provides soft woolly fiber to create a supply of yarns and items for sale, from felted tote bags to XPOS (eXtreme Pacos Outerware System) clothing. "It's all about lifestyle," said Pam. It's a great way to live! Not bad for a former investment professional and hockey Mom!" Visit www.longwoodsalpacas.com to learn more.



true self in a matter of seconds. You just have to 'come to your senses' by listening to the sounds around you and being attentive to your body." His technique, called Bridging, is a very simple method for recognizing a problem and then letting it go. Readers learn how resting their Identity System heals even extreme situations such as domestic violence, drug abuse, obesity, and more. Our writer tried the technique over the phone and was amazed by its effectiveness. *Come to Your Senses* is available in local book stores and Amazon.com. To learn more, visit www.cometoyoursenses.info.

Catherine Clark, Author

Maine Squeeze, the latest young adult novel by Cathy Clark, has been given rave reviews by locals and "those from away." A *School Library Journal* review stated, "This is a pleasant read for teens. Colleen is working at a restaurant on a small island off the coast of Maine for the summer before she goes off to college. Her boyfriend from last summer, Evan, who didn't keep in touch, unexpectedly shows up, creating a dilemma. She's still attracted to him, but doesn't want to hurt her current beau Ben. Three's a crowd—hence 'Maine squeeze'." We caught up with Cathy to talk about her book and its setting. "I always wanted to live on a Maine island, so I did through my characters! The island provided a couple of things beyond being a great, attractive setting: it meant that the characters would probably see each other often, whether they wanted to or not, and that people would know each other's business and it would be difficult to hide." Cathy, who now lives in Minnesota, lived in Maine for a few years and worked at Books Etc. on Exchange St. *Maine Squeeze* is her fourth of five published young adult/teen books, and a sixth is forthcoming. "I had so much fun writing the book, because every day I got this virtual escape to this beautiful Maine island. When the book first came out in 2004, I got e-mails from girls in Maine. Some of them asked for a sequel like "*Maine Squeeze II*," which would probably have to be called "*Maine Freeze*." You can find Cathy's books on www.barnesandnoble.com.



Dr. Stanley Block, Author

Dr. Stanley Block may have found the key to lasting happiness. This retired psychoanalyst, native Mainer (born on Munjoy Hill) and former medical director of Maine's Jackson Brook Institute has recently published *Come to Your Senses—Demystifying the Mind Body Connection*, in which he describes how people with serious problems can make them disappear by

"coming to their senses." Dr. Block told us, "Forty years of practicing medicine lead me to a conviction that we're always connected to our wellspring of goodness, power and wisdom. So why didn't I experience it when my kids were acting up? I found out that everyone has an Identity System made up of self-defeating thoughts, and I discovered a revolutionary technique that takes us from a paralyzed, damaged self to a vital,

Stanley Block,
native son

HONECK · O'TOOLE

Fifty Portland Pier
Portland, Maine 04101



In This Issue
Real Estate
Insight & Tips