



Dear Client,

Happy New Year!

What's in store for 2008?

2007 was a turbulent year to say the least. The sub-prime mortgage crisis and resulting drop in the housing market in the US even had a profound effect on the Bay Area. While prices in the fancier neighborhoods of San Francisco barely moved, sales volume was down even there. Other neighborhoods as well as cities in Marin County, San Mateo County and the East Bay saw substantial drops in prices and sales volume. Many industry experts believe that the housing market won't bottom out until 2009, which leaves us with the question of who if anybody should buy now.

Who should buy property in 2008?

If you have good credit, a stable and well-paying job and a 10% - 20% down-payment saved, you are in a good position to enter the market. Sellers are currently more likely to accept offers at or below the asking price, and you are competing with fewer buyers. Unless you are willing to go into transitional neighborhoods, you're not going to find bargains, but at least it won't feel like the feeding frenzy of the last few years.

Now is the time to bring your financial house in order:

1. Check your credit report for free on <http://www.annualcreditreport.com/> . If you find any errors on your report, contact the creditor and the credit bureaus to rectify them.
2. Review your savings strategy. Are you saving money in a savings account that pays you a decent amount of interest? Internet banks such as Apple Direct and Emigrant Direct currently pay between 4.5% and 4.75%.
3. Review your withholding taxes. Are you receiving large tax refunds every year? If yes, then you are in effect giving the IRS an interest free loan. Can you afford this? Wouldn't you rather have this money earning interest for you? Have your employer adjust your withholdings.
4. Find out how much you can afford. I offer a free financial and tax evaluation to each of my clients. To find out more please visit my website: www.clairmontcpa.com/freetaxevaluation.html .
5. Simulate being a homeowner. Once you know how much a home purchase will change your monthly housing costs, try to put this amount into a savings account every month. Do you find it hard to live on the remaining money, or are you ok with it? This will determine whether you are ready to own a home.

As always I'm here to answer your questions. I look forward to hearing from you!

Sincerely yours,

Bettina



*Serving clients in San Francisco and Marin County -
English - Deutsch - Français*

Bettina Clairmont
Realtor®, ABR, CPA, TRC

Clairmont Real Estate
202 Kirkham Street
San Francisco CA 94122

bettina@clairmontcpa.com
www.clairmontcpa.com

tel: 415-939-4601
fax: 415-358-4381

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