To print article, click **Print** on your browser's **File** menu.

Go back

The Basics

How much house can you really afford?

Just because the bank will lend you the money doesn't mean you should take it. Your lifestyle, your spending habits and a host of other factors should be taken into account in any homebuying calculations.

By Adriane G. Berg

The price you'll pay for your next home isn't just a mathematical computation. Yes, that's how mortgage lenders and brokers consider it, but it's not how you should do your own in-house arithmetic.

Assess your own lifestyle, deciding what amenities you'll need (and which ones you can live without to cut costs) and how long you plan to live in the home. If you're planning to live in the house less than five years, it should be looked at as an investment. Are you sure the home will appreciate and the tax savings will more than compensate for the extra monthly payments you'll make as compared with a rental unit?

Consider these factors before you make the single biggest purchase of your lifetime.

Decision Center: Homebuying guide

more on this topic

Tap your home for extra cash

See where mortgage rates stand

Look for a home loan here

Find It!

Article Index
Finance Q&A
Tools Index
Site Map

msn Money

What house offers the best resale value?

Before you decide to mortgage yourself to the hilt, put your fantasies aside and take a hard look at the potential resale value of the house you're considering. Some houses are worth the expense, others are just overpriced. Time and again, the following attributes are bellwethers of enduring appreciation:

- Good location. The smallest house in the best neighborhood is more valuable than the largest house in a less desirable neighborhood.
- Easy to maintain, and not a heat hog or a repair nightmare.
- Low taxes in comparison to neighboring areas.
- A desirable floor plan. Today, that means a large family, communal areas and a large kitchen, to name a few amenities.

Homes with these attributes are available in every price range. Look at the multiple listings directories, which are available from real estate brokers. The houses are listed by price, starting with the cheapest in town and ending with the most expensive. Then the next city in the county is listed, in alphabetical order, again by price.

Some brokerages and Internet-based companies are beginning to offer multiple listing services via the Web. It's always worth looking at houses within a wide range, at least $50,000 on either side of your target purchase price. Why? Because you never know how underpriced or overpriced a property may be or how negotiable the owners may be for the home you want.

To determine your target purchase price you'll need two figures:

1. The down payment.
2. The mortgage amount.

How much of a down payment can you afford?

Most homebuyers underestimate the down payment they can make, much to their future detriment. Aside from money you've already saved to buy the house, you might be able to borrow from family members, or better yet, convert your "non-performing assets."

What might those be? Don't scoff at holding a yard sale, taking clothes and furniture to consignment shops, or selling appreciated works of art or other valuables that no longer interest you. One of my biggest mistakes was not holding a garage sale before I looked for a new home. I was aware of all the furniture I no longer wanted, but I was too lazy to sell the pieces early and add the proceeds to my down payment. The result was unnecessary moving expenses, storage charges and $100 paid to a liquidator to remove a dining room set worth $1,000.

Then there's your pension and deferred compensation plans. An Individual Retirement Account can now be tapped for all of your contributions and up to $10,000 of earnings you've accumulated penalty-free for the down payment of a first home ($20,000 if you buy in Washington, D.C.). Or borrow from your 401(k) or 403(b) and pay yourself back. If you're moving to a city, do you really need that car? And if you're only a small amount away from your goal, the credit card can come in handy.

The question as you consider these options is, should you take such drastic measures to make a high down payment? If the home is a bargain, just barely out of your reach, my answer is yes. Most young couples "under buy" and soon find themselves ready to move. Frequent moving is a huge financial strain. If you find a place that will serve you for a few decades, you'll be a winner in the long run, even if you went "house-poor," for a while.

J:2

With interest rates so low right now, you might want to consider the opposite belief. You can now qualify to buy a home valued at a higher price than you could have bought only two or three years ago. If you put yourself on a tight financial budget, you leave little room for savings, investments or even your own extracurricular enjoyment. Think about your lifestyle and if the home truly is worth the tradeoffs you'll have to make.

Remember that the down payment is just the start of your costs

Mortgage interest expenses, despite the tax deductibility aspects, cost a fortune. For every down payment dollar you make, you have a dollar less to finance. While a whopping 97 percent of new homebuyers don't put down 20%, it's costing them all. If you make a 10% down payment or less, the lender will require private mortgage insurance (PMI), which adds about another $45 a month to your mortgage payment for every $100,000 borrowed. A down payment of 20% or more won't require such insurance.

That has led some borrowers to seek out "piggyback loans," in which they essentially take out a second loan for a shorter time period to avoid the insurance payments. An example might be an "80-10-10," in which you borrow 80% of the required purchase from one lender and another 10% from a second lender. Meanwhile, you supply the remaining 10% in your down payment.

And remember that one-time closing fees may eat into your down payment, so you may need to stretch a bit no matter what.

How much of a mortgage can you afford?

You're not the only arbiter of what you can spend for a home. Your lender uses a set mathematical formula. Lenders apply two calculations to judge how much you can afford to pay monthly and base their loan limit on the lesser of the two.

Together, the two percentages are known as the 28/36 rule. The 28% figure is simply your mortgage payment as a percentage of your household gross income. The 36% figure adds in your monthly debt payments (e.g. credit cards, auto loans, personal loans, etc.). Your lender will do both calculations and give you a mortgage based on the lower of the two results.

Let's say that gross monthly income for you and your spouse is $4,000 and that you pay $500 per month on two auto loans as your only debts. The first calculation would qualify you for a monthly payment of up to $1,120. The second calculation goes like this:

1. Multiply your income times 0.36
2. Subtract your non-mortgage debt payments from the result

J:3

3. What's left is your allowable mortgage payment:

In our example, 36% of $4,000 is $1,440. Subtracting the $500 in monthly auto loan payments, leaves a maximum monthly mortgage payment of $940. At current interest rates, that would allow you to borrow about $150,000.

If you want a more expensive house, and therefore need a larger mortgage, take these steps before you apply: Pay off all of your debt so you can qualify for a larger loan and, if you can, increase your down payment. But keep in mind that lenders today will allow you to borrow far more than you can comfortable afford.

How can you buy a more expensive home?

Another way to buy a bigger house or one in a better neighborhood is to buy a house that needs some repairs. If you were born with a hammer in your hand and know how to pick a neighborhood, don't pass up all the potential profit. Fix it up and refinance it since lenders typically are very conservative in how they value homes needing repairs.

But the financial rewards can be high since the government now allows you to keep up to $500,000 in profit per couple from the sale of a home every two years.

More Resources

- E-mail us your comments on this article
- Post on the Your Money message board
- Get a daily dose of market news

Search MSN Money tips

MSN Money's editorial goal is to provide a forum for personal finance and investment ideas. Our articles, columns, message board posts and other features should not be construed as investment advice, nor does their appearance imply an endorsement by Microsoft of any specific security or trading strategy. An investor's best course of action must be based on individual circumstances.

J:4

Liz Pulliam Weston

To print article, click **Print** on your browser's File menu.

Go back

The Basics

The 3 worst reasons to buy a house

Buying a home . . . that's what everyone says you should do, right? Get the lowdown on home values, costs of ownership and your own financial situation before making a big commitment that truly isn't for everyone.

By Liz Pulliam Weston

If you're feeling pressure to buy a home, you're not alone.

Home prices are spiraling ever upward, indicating a demand that's outstripping the available supply. Wait too long to buy a house, many people fear, and you could find yourself priced out of the market – or at least out of the neighborhoods you like best.

Meanwhile, mortgage lenders are bending over backwards to give people money to buy homes. They're allowing people to take on more debt or get loans with worse credit, than ever before.

But that doesn't mean everyone should be a homeowner. It's a bigger commitment and more expensive than most first-time buyers ever realize. You should have a clear idea of what you're getting into before you commit to 30 years of payments – and you shouldn't let any of the following popular myths guide your decision.

Decision Center
Homebuying guide
more on this topic
Tap your home for extra cash
See where mortgage rates stand
Look for a home loan here
Find It!
Article Index
Finance Q&A
Tools Index
Site Map
msn Money

'A house is a better investment than the stock market'

It's become popular, with the current anemic stock market, to tout homeownership as the new best way to build great wealth.

When, oh when, will we learn that past performance is no guarantee of future results?

It's true that owning a home can be a good financial foundation, because it forces you to save (in mortgage payments that build your equity) and offers you the potential for great leverage. Leverage, simply put, is the ability to invest just a portion of the purchase price, borrow the rest and reap outsize rewards from any appreciation.

J:5

Say you put down $20,000 on a $100,000 home, borrowing the balance. If your home appreciates 10%, your equity in the home has grown by 50%. ($110,000 minus the mortgage of about $80,000 equals $30,000, or 50% more than you invested.)

Home prices, however, don't always go up.

Ask homeowners in Boston, Dallas, Houston, Anchorage and Southern California -- all of which suffered major real estate recessions in the past 20 years.

After dropping more than 20% in the 1990s, Los Angeles home prices took almost 10 years to regain their peak, says real estate expert John Karevoll, an analyst with DataQuick Information Systems. Anyone who lived here during that time knows people who were "upside down" – owing a bigger mortgage than the home could be sold for. Thousands of people simply walked away from houses they couldn't sell, trashing their credit ratings in the process.

It's hard to know, in advance, when you're buying into a real-estate bubble. That's why you should be relatively sure you won't need to move anytime soon if you buy a home. Three years is probably a minimum, five years is better and 10 or more will help you ride out all but the worst real-estate crashes.

'I'm tired of throwing away money on rent'

You're not really throwing money away when you send a check to your landlord. You're exchanging it for a place to live. You're also getting flexibility and freedom – things you sacrifice when you buy a home.

When you're a renter, it's the landlord, not you, who is generally responsible for maintenance, repairs and fixing the toilet that blows up in the middle of the night. If the neighborhood should start to slide, or you get or lose a job, you can up and move with a few weeks' notice (less, if you don't mind losing your deposit).

It's true that you may have to deal with rising rents and recalcitrant landlords. Homeowners, however, are often stuck with rising taxes and maintenance costs, as well as recalcitrant neighbors.

Moving is never fun, but moving when you own a home is an expensive, time-consuming process. Finding a buyer can take months in all but the hottest markets, and you should figure selling costs will eat up about 10% of your home's value, once you add agent commissions and moving expenses.

J:6

In other words, homeownership is more like marriage; renting is more like living together. Make sure you're ready to be wedded to a house before you propose to leave behind life as a renter.

'I need the tax deduction'

Would you give someone a buck just to get 27 cents in return? That's essentially what you're doing when you take on a mortgage just to get a tax deduction.

If you're in the 27% federal tax bracket, every dollar you pay in mortgage interest only saves you 27 cents in taxes.

Don't misunderstand -- the tax break is nice, and you need somewhere to live. But you should make sure you can really afford to own a home before you take the plunge.

Remember that many of the real costs of owning a home aren't deductible. Uncle Sam won't give you a break for insurance, repairs or maintenance, for example -- and those costs can really add up.

Most homeowners should plan to spend at least 1% of their home's purchase price each year on maintenance and repairs, says finance expert Eric Tyson -- and more if they plan to hire someone else to do all the work. Tyson, co-author of "Home Buying for Dummies," recommends setting aside some money each month into an emergency fund. You may not spend the whole amount every year, but sooner or later a big expense will come along -- a new furnace or roof, for instance -- that will consume several years' worth of savings.

If you fail to maintain your home properly, you'll pay even more when it comes time to sell. Many buyers won't even bid on a property that shows significant neglect. Even in hot markets, buyers are likely to ask for expensive concessions to pay for the repairs you should have been doing all along.

The best advice on the issue of whether to buy vs. rent remains the time-tested version: Buy a home when the timing's right for you, when you can swing all the costs and when you plan to stay put awhile. That way you can ride out any downturns in the market and benefit from any appreciation while enjoying a nice and affordable home in the meantime.

Liz Pulliam Weston's column appears every Monday and Thursday, exclusively on MSN Money. She also answers reader questions in the Your Money message board.

SPECIAL REPORT

Real Estate Value Cycles

K:1

Hold a tennis ball waist high and drop it. The tennis ball will bounce back up, although not to its previous height if left alone. The distance from the ground to the top of the bounce is called amplitude, and the time from the bottom (or top) to another bottom (or top) is called duration. Over time, the tennis ball gradually comes to a stop. However, if an external source hits the tennis ball anytime while going up or down, a new amplitude is created. This simple analogy generally describes real estate value cycles.

Real estate value cycles exist in both the residential and commercial property markets, and this in turn affects owners, tenants, investors, and lenders. Rents, cap rates, and valuation are impacted by the cyclical nature of real estate. There are "national" real estate value cycles, "city or market" cycles, and cycles for individual property types within a city. Property real estate value cycles are each impacted by different economic, financial, and demographic factors.

The modeling and forecasting of real estate value cycles has received significant attention in the real estate industry over the last seven years. Public and private real estate investors are cognizant of overbuilding of the 1980s and the subsequent effects upon the real estate industry in the early 1990s. Supply of real estate exceeded demand, causing vacancy rates to rise, rents to fall and cap rates to increase, ultimately leading to decreasing property values. Investors want to know where the real estate market is heading, which submarket is hot, which submarket is losing market share, and where new supply will show up over the next five years. Basically, investors want to know what the future risks to an investment are. The good news is that more timely information on real estate markets is available as we approach the 21st Century than was available in the 1980s. The more information and data we have, the better the accuracy of our forecasting models.

Basic Cycle Modeling

PricewaterhouseCoopers (PwC) receives primary data for 58 metropolitan statistical areas (MSAs) and five property types (office, warehouse, retail, multifamily, and hotel) on a quarterly basis from third-party vendors. This data is compared to the data from the previous quarter to observe and document significant changes in historical and forecast numbers. Every attempt is made to gather historical data as far back as possible. In many cases, the data extends back 20 or more years; however, for some markets and property types historical data is simply not available.

The explosion in the quality, quantity, and timeliness of real estate information over the last 10 years has produced a more efficient real estate asset class. The natural result of the increase in timeliness of real estate information is a reduction in the lag between vacancy and rental rates of specific property types in a market, to pricing and value. Research shows that the relationship between vacancy rates and cap rates has collapsed over the last two years, such that market movements in vacancy rates are assimilated quickly in pricing and valuation of real estate assets.

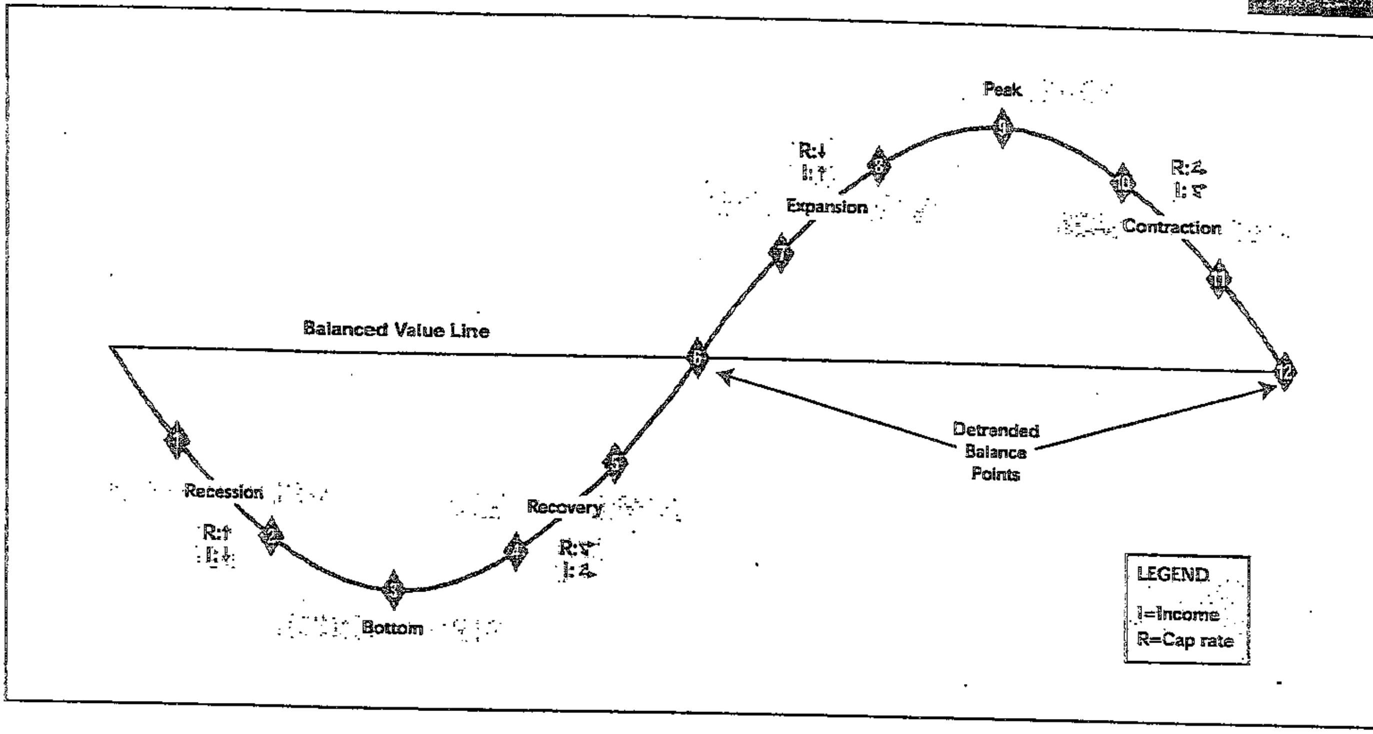
PwC's real estate value cycle methodology incorporates both the physical real estate cycle and the capital market real estate cycle through a simple concept. The physical real estate cycle addresses real estate economics — the interaction between supply and demand of real estate that impacts vacancy rates and rental rates. The capital market real estate cycle addresses the redistribution of real estate assets from sellers to buyers — the creation of real estate value through new construction.

The combination of the physical and capital market real estate cycles occurs in the formula known to many in the real estate industry...V = I/R, wherein V equals value, I equals income, and R equals the cap rate. The physical real estate cycle directly impacts the income (I) of real estate assets. If vacancy rates increase and occupancy declines, rental rates decrease. The capital market real estate cycle impacts cap rates (R), which respond to changes in vacancy rates and changes in income. The bid-ask between sellers and buyers is impacted by real estate cycles and new construction by developers and owners.

Real estate values can increase or decrease by the changes in income or cap rates. If income decreases over time, holding the cap rate stable will decrease value. Conversely, holding income stable with declines in cap rates increases value. The best situation for increases in real estate value is increases in income with decreases in cap rates, and the worst case is decreases in income with increases in cap rates. We believe that income (I) and cap rates (R) respond differently depending on the real estate cycle phase as shown in Illustration 1.

PwC's real estate market value cycle includes 12 points, two of which are labeled *"detrended balance points."* A detrended balance point is similar to a fulcrum point that indicates neutral value risks to real estate assets impacted by the physical and capital market cycles. Based on our research relating to the relationship of vacancy and cap rates, we use histori-

Illustration 1. Real Estate Value Cycle



cal vacancy rates as a proxy for values. We use a unique method to calculate the detrended balance points — a parabolic function that allows the use of an entire time series of vacancy rates, yet allows for changes of balance over time. Thus, the cyclical nature of a specific market's property type in the early 1980s has less impact on the present balance point, or value inflection in 2000.

Each phase of the real estate value cycle has a predetermined set of decision rules for six variables: supply, demand, rents, vacancy, cap rates, and investor interest for each point in time for which we have data (see Exhibit A). The result is a series of points which, when plotted on a time axis, yields the value cycle chart. This analysis is completed for each market and property type, resulting in the creation of 290 individual cycle charts, plus five national properties market overview charts that are illustrated in each semi-annual *Real Estate Value Cycles* publication. Additional cycle charts are also prepared which track submarkets in office and warehouse categories and historical cycle patterns in each market and property type.

By way of example (see Exhibit B), let's look at the national office market overview. This overview presents a snapshot of the office markets in all 58 MSAs. For this analysis, the sine wave represents the progression of the theoretical real estate value cycle. This simplified view is useful for presentation of the current position of each market; however, care should be taken not to turn the snapshot into something that it is not. The snapshot does not answer dynamic questions about the historical movement of the markets through the cycle. Only an analysis of individual market cycle charts can address differences in the duration and amplitude of value cycles. The same is true for forecasts of the expected movements of each market over the near term.

In order to create the national office market overview, each market is initially placed in one of the four market phases based on the decision rules enumerated in Exhibit A. A market in the recession phase is moving away from the balance line toward the bottom of the value cycle, whereas a market in the recovery phase is moving away from the bottom toward the balance line. A market in the expansion phase is moving away from balance toward the peak of the cycle, and one in the contraction phase is moving from the peak toward the balance line.

Having been placed in one of these four phases, each market is located in one of three positions within that phase depending on the actual property cycle data for the market being analyzed. Thus, at this point in time, each of the 58 MSAs has been placed in one of 12 cycle positions along the sine curve.

Advanced Cycle Modeling

Further value cycle analysis allows a more detailed and customized view of individual markets and submarkets. This provides for a more focused analysis of individual property and multiproperty portfolio investment. Examples include:

- In-depth analysis of a particular property type's cycle in a particular

Exhibit A. Decision Rules for Market Positions

INDICATORS	RECESSION	RECOVERY	EXPANSION	CONTRACTION
Supply	Limited or no new supply	Minor	Beginning to increase	Increasing greater than demand
Demand	Declining	Beginning to increase	Strong, greater than new supply	Positive, but slowing
Vacancy	Increasing to highs	Decreasing to balanced rate	Declining to lows	Increase to balanced rate
Rents	Falling or negative growth rates	No growth	Positive growth	Positive growth, but slowing
Cap Rates	Increasing	Stable at high rates	Starting to decline	Declining as capital flows
Investors	Few or no transactions; limited interest	Bottom fishers	Very interested with high number of transactions	Interest declining with limited number of transactions
Value Impacts	With income declining and cap rates increasing, values are declining	With incomes improving and cap rates remaining high, values are increasing	With income improving and cap rates decreasing, major value increases are evident	With income stable or declining and cap rates stable or increasing, values are declining

market on a historical and forecast basis. This type of analysis is available for all five property types for 58 markets.

Value changes for a specific property do not necessarily follow changes in value for the market. Our research indicates, and the industry recognizes, that differences may exist between real estate cycles for peer groups, submarkets, and the market.

- Comparative analyses of property cycles in one or more markets, i.e. Denver office versus Houston office. This analysis is available in all 58 markets.

  Value is impacted by volatility. An analysis of the real estate value cycle in one market could show that the amplitude of the value cycle is less than other markets. Investors interested in stable markets can use the real estate value cycle as a tool to identify potential property types and markets with less volatility based on historical and forecast cyclical patterns.

- Office or warehouse submarket analysis for individual cities or a group of cities. This is available in all of the 58 markets.

  Our real estate value cycles clearly show relationships and distributions between Class-A rents and Class B and C rents for either market or submarket. Such an analysis can assist in identifying potential trends that impact real estate values.

- Comparative examination of warehouse properties over 250,000 square feet to the overall warehouse value cycle for a market. This is available for all 58 markets.

  Changes in the distribution of goods within a market have an impact on the demand for warehouse space, including submarket locations and specific size properties. An analysis of the real estate cycle by warehouse submarket, or even by size of warehouse properties, illustrates changes in a market highlighting potential value impacts.

- Portfolio analysis using real estate value cycle models (by reflecting property values on the market and submarket cycle charts) complements standard economic, geographic, and property type diversification analytical tools. The addition of real estate cycle models can identify opportunities for rebalancing a real estate portfolio based on cyclical value risks not possible with other diversification tools.

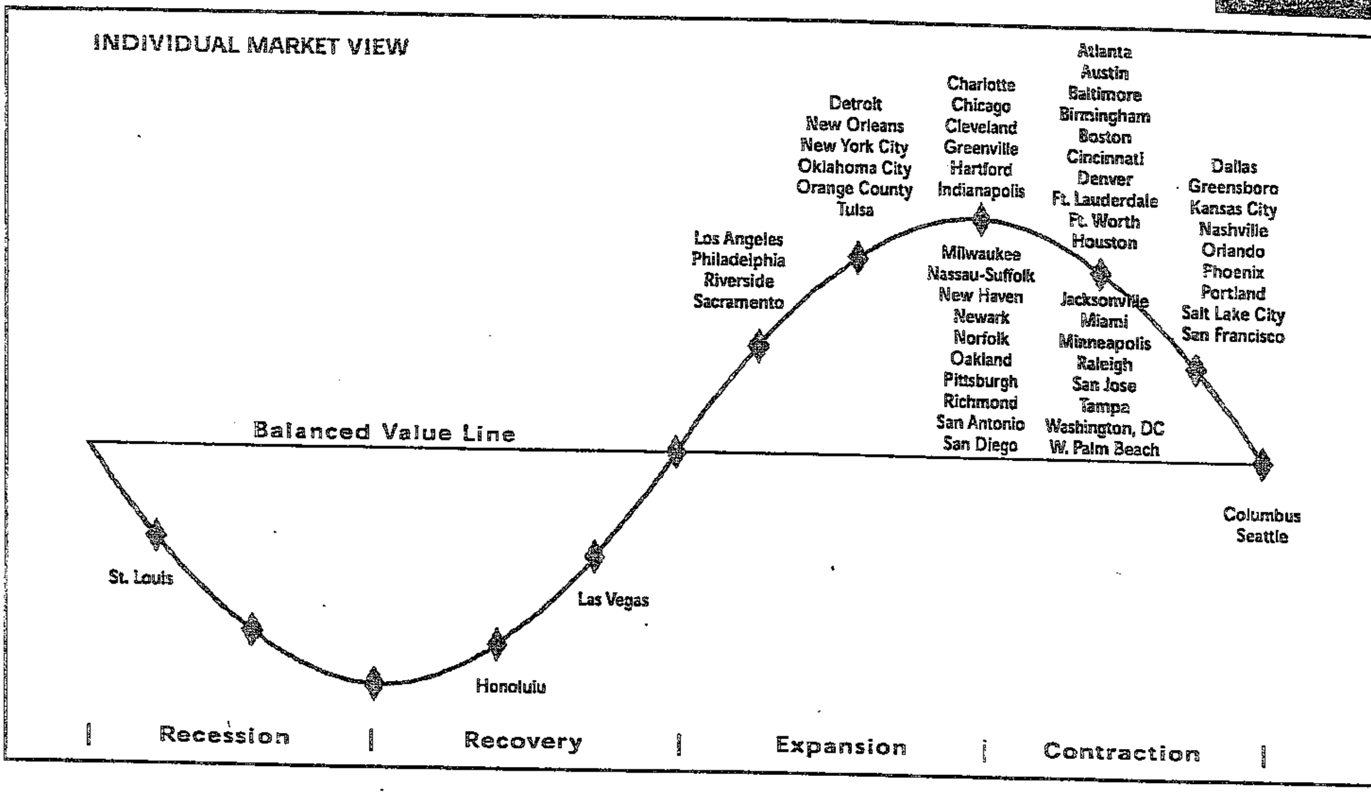
Value Cycle Analysis Practical Uses

Real estate value cycle modeling is primarily a risk management tool. Although short-term investors may indirectly use it for timing strategies, the intent of real estate value cycle modeling is for long-term investors, owners, tenants, lenders, and asset managers. During all phases of the real estate value cycle, investors can sell or buy properties, and landlords can write leases.

For investors, the importance of real estate value cycles is valuation, the justification of forecast rent inflation and vacancy rates. For landlords and tenants, the importance is lease terms — short- vs. long-term. For service providers, real estate value cycles may expand or contract different products or services offered to the real estate industry.

Exhibit B. National Office Markets: Year-End 1999

K:4



For industry sectors that service the real estate industry, such as lawyers, appraisers, building contractors, etc., cycle modeling can help in identifying markets where business opportunities are available.

Some of the practical uses of real estate value cycle analyses are:

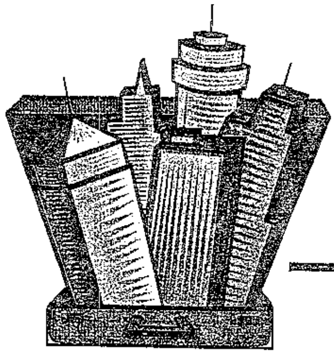
- Investors/REITs: Top down, market screening approach for investment strategies, including the identification of market imbalances and opportunities, periodic analysis for disposition of properties or capital improvements, hold/sell analysis, and acquisition benchmarks for DCF analysis inputs.
- Asset Management/Valuation: Analysis of rental rate growth and capitalization rate assumptions, tenant retention, and short- vs. long-term leasing strategies.
- Lenders: Identification of markets with expected construction lending opportunities and/or commercial loan cycle risk assessment.
- Pension Funds: Cycle diversification complementing economic, geographic, and property type diversification strategies; critical component of annual investment strategies.
- Corporations: Lease strategy analysis, buy/ sell/hold analysis, build-to-suit decisions, and sale leaseback timing strategy.
- Lawyers: Identification of markets to target for transaction support, foreclosure/bankruptcy litigation, construction litigation, and debt restructuring services.
- Appraisers: Justification of cash flow assumptions, including cap and discount rates, graphic presentation of market cycle position in market analysis for historical, current, and future perspectives, enhanced analysis of price and rate indications of comparable sales and identification of markets to target potential clients for various types of valuation and counseling services.

Conclusion

As long as there are business and demographic cycles, there will be real estate cycles. Hopefully, this special report encourages the reader to understand real estate cycles better and how they impact real property investment decision making; but in addition, strengthens their vision on watching the tennis ball bounce. ■

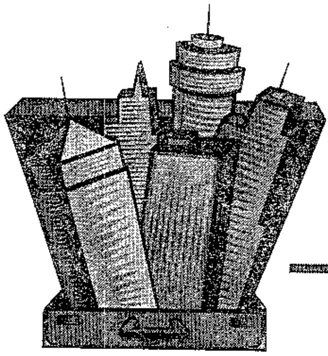
This special report is based on an article contained in the premier Year-end 1999 issue of Real Estate Value Cycles published by PricewaterhouseCoopers LLP.

Real Estate Value Cycles is the first industry-wide, accessible publication of real estate value cycle information and analysis. It is a separate, subscription-based, semiannual publication designed to supplement the quarterly Korpacz Real Estate Investor Survey® and the annual Emerging Trends in Real Estate®. For subscription information, call 301-897-4637.



Movie List

A Civil Action
Airforce One
Batteries Not Included
Beetlejuice
Big
Bounce
Dante's Peak
Deep Impact
Emperor's New Groove
It's a Wonderful Life
E. T.
Erin Brockovich
Father of the Bride II
Fletch Lives
For Love or Money
Funny Farm
Ghostbusters
Goonies
Gross Pointe Blank
Happy Gillmore
Independence Day
Jean De Florette
Local Hero
Medicine Man
Mr. Smith Goes to Washington
Oh Brother Where Art Though
Other People's Money
Pacific Heights
Pretty Woman
Rumble in the Bronx
Shrek
State & Main
Superman: The Movie
The Apartment Complex
The Castle
The Field
The Net
The Pelican Brief
The Super
There Goes the Neighborhood
Thunderheart
Total Stranger
Twister
Young Guns
You've Got Mail



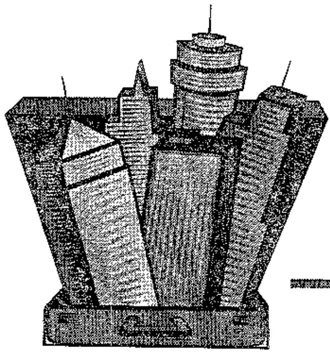
Book List

REAL ESTATE RELATED

Title	Author
Rich Dad Poor Dad	Robert Kiosaki
Cash Flow Quadrant	Robert Kiosaki
Millionaire Next Door	Thomas Stanley
Millionaire Mind	Thomas Stanley
Richest Man in Babylon	George S. Clason

BUSINESS RELATED

Think and Grow Rich	Napoleon Hill
Courage to be Rich	Susie Orman
7 Habits of Highly Effective People	Stephen R. Covey
Business Think	Dave Marcum, Steve Smith, Mahan Khalsa
Good To Great	Jim Collins
The E-Myth	Michael Gerber
The Goal	Elijahu M. Goldratt
Orbiting the Giant Hairball	Gordon MacKenzie
Who Moved My Cheese	Spencer Johnson
The Present	Spencer Johnson
Rich on Any Income	Christensen & Combs with Durrant



Book List

<u>DARRIN'S PICKS</u>

It's Not About the Bike	Lance Armstrong
Lucky Man	Michael J. Fox
Touching the Void	Joe Simpson
The Screwtape Letters	C.S. Lewis
Leading with the Heart	Mike Krzyzewski
Success is a Choice	Rick Pitino

BELL REALTY

N:1

CREDENTIALS

KEN BELL, C.R.S., C.R.B.
BROKER
(O) 278-0850 (H) 277-9691

EDUCATION:

Bachelor of Science Degree in Management from the University of Utah
- graduated Magna Cum Laude

EXPERIENCE:

Sales representative with Terracor selling Bloomington and Stansbury Park properties October 1976 - June 1979
Real Estate Sales - Salt Lake City area
June 1979 - June 1981, Realty-World Concorde
June 1981 - October 1990, Mansell & Associates
October 1990 - September 1993, Partner, Realty Pro Metro
September 1993 - Present, Broker/Owner, Bell Realty

HONORS AND SERVICE:

Lifetime Member of the Salt Lake Board of Realtors® Million Dollar Club
Designated as a Certified Residential Specialist (CRS) by the National Association of Realtors®
Designated as a Certified Real Estate Brokerage Manager (CRB) by the Real Estate Brokerage Managers Council
Member of the Realty World Million Dollar Club
Member of the Mansell Million Dollar Club
Voted "Agent of the Year" - Mansell and Associates, 1987
Salt Lake Board of Realtors® Long-Range and Strategic Planning, Political Action Committee and Multiple Listing Service Committee
Member of the Board of Directors for the Salt Lake Board of Realtors®
1994 Treasurer for the Salt Lake Board of Realtors®
1995 Finalist for Salesperson of the Year
1996 Finalist for Salesperson of the Year
Salt Lake Board of Realtors® 1998 Salesperson of the Year
Accepted as a Life Member of the Kingston's National Registry of Who's Who, published in the 2002 edition

4659 South Highland Drive • Holladay, Utah 84117 • (801) 278-0850 • FAX (801) 278-7901
Email kenbell@realtor.com • www.bellrealty.net

Requirements for a Utah Real Estate License

The Utah Division of Real Estate has established the requirements for qualification for a sales agent. Applicants must meet all education requirements before they apply for the examination. Sales agent candidates must complete 90 classroom hours of approved pre-licensing education.

When complete, the following two University of Utah courses meet 78 of the 90 hours:

Finance 3040
Finance 4740

The Utah Division of Real Estate requires an official transcript from the University reflecting a grade of C or better. The additional twelve hours of Utah Law and successful completion of the examination must be accomplished within one year of passing Finance 4740 and Finance 3040.

The remaining 12 hours of Utah Law can be acquired through an approved school. This is actually 12 hours of additional in-class instruction. Since the 78 hours were accomplished via personal lecture, the remaining 12 hours can be done through video. However, only a maximum of 8 hours per day can be completed. Therefore, the 12 hours must be spread over at least two days.

Process: After successful completion of Finance 4740 and Finance 3040, take a copy of your transcript to the Utah Division of Real Estate. This is on the second floor of the Heber J. Wells Building located at 160 East 300 South, Salt Lake City, Utah. They will give you a waiver for 78 hours. Then, take the waiver to an approved school to complete the remaining 12 hours of Utah Law.

Estimated Costs:

12 Hours of Utah Law*	$150.00
Real Estate Examination (State test)	$68.00
Fingerprinting /Misc. Fees	$39.00
Utah State Licensing Fee	$101.00
Total Fees	$358.00

**** Stringham Real Estate School will provide a Special Rate of $125.00 to U of U students with a valid waiver.***

"Utah's Premier Real Estate School"

Stringham Real Estate School

5248 South Pinemont Dr. (415 West) Suite C-250
Salt Lake City, Utah 84123
(801) 269-8889 Fax (801) 269-9025 (800) 759-8889
www.stringham.org

Dear University of Utah Student:

As a graduate of the University of Utah myself, I would like to congratulate you on your excellent choice in attending the "U". I am sure you are keenly aware that you are not lacking for opportunities to make choices that affect your future. After completing the two real estate courses at the University you need only to complete the remaining twelve hours of Utah Law and take the state examination to obtain a license. Even if you choose not to use it now and simply place it on inactive with the state, it gives you the power to activate it any time in the future so long as you continue to pay the licensing fee every two years.

You can complete the additional twelve hours of Utah Law at Stringham Real Estate School. Included in your tuition for the twelve hour course is the textbook which covers the entire range of real estate subjects, including special sections on Utah Law. In addition, the textbook provides you with a comprehensive glossary and a full set of practice tests for both the general real estate exam and the Utah Law portion.

Additional learning aids are available for purchase for those interested in computerized practice tests, computerized flashcards, and audio vocabulary CD's in preparing for the state exam.

The school is conveniently located centrally in the valley, on the west side of the 5300 South exit of I-15. Additional information can be found on the internet at www.stringham.org, or by telephone at 801-269-8889.

Again let us congratulate you for your study of real estate. You will find the knowledge valuable in many ways, not the least of which will be in the purchase and sale of your personal residence. We will be happy to assist you any way we can.

Sincerely,

Kevin W. Swenson
President

0:2