

BACKYARD SB

Real Estate market woes

I heard on NPR that the housing market is in the steepest decline since the Depression. Real estate prices now equal their 2005 level, according to the L.A. Times. It might be good news that we have short term memories regarding bad news: it doesn't seem long since my husband and I sold a Montecito house for 20% below what we purchased it for six years previously. They say the rule is location, location, location, but I think it's timing, timing, timing.



KAREN TELLEEN-LAWTON

process is almost sure to require on-the-job training. Maybe our first home purchase, back in 1979, came too easily.

I had never lived outside of California when we found ourselves as newlyweds, living in Cincinnati and working as engineers for the two largest employers. During the first snowfall we walked down a picturesque street and fell in love with a Cape Cod style house. As first-time buyers we qualified for an FHA loan,

but the government would not cover a house without gutters. So a few weeks later, in sleety rain, we were on the roof installing gutters on a house that might not even become ours. The elderly owner kept her eye on us as she watched TV in her dark den. We lived there only a year or so before I gave up on the weather-challenged Midwest, but we still managed to double our tiny \$4000 investment.

Our next house had The Crack. It didn't seem like a big deal when we (again) fell in love, this time with a ranch-style house near Arroyo Burro Beach. But potential buyers four years later thought the house was about to slip the foundation. With what the buyer saved (well, maybe a little more) they mansionized our nice ranch house.

The next house had a pool, which some people warned would make a house difficult to sell. We sold it in 15 hours for about 20% more than our purchase price. The market was hot.

The most excruciating deal was in Colorado, which doesn't enjoy the same legal protections as California transac-

tions. When the buyers asked for a lengthy escrow period covering the entire sales season (there's definitely a sales season in snowy Boulder), we obtained a substantial increase in the escrow money. The August closing date arrived and we were stood up. The buyers had not just skipped town, they'd skipped state. They knew the rules required both parties to agree to release the escrow money; they declined. We hired a lawyer, who informed us that because the runaway suitors were a military couple, we'd have to sue them in a military court. The closest court was in New Jersey. We lost a year and many thousands on that deal.

Anyway, those times are long gone and we're happily ensconced in a house we love (again). We plan to stay as long as we can live independently. With my genes, I could become a centurian, to the chagrin of my kids.

Being twenty-somethings in this dol-drums market, they may get lucky with timing and be able to start at the bottom, if you can call million-dollar fixer-uppers the bottom. When they start looking for their first houses, I will advise them not to fall in love with a house: it's an investment first and foremost. They would be well advised to see what we've done and then do the opposite. Except of course when we were right.

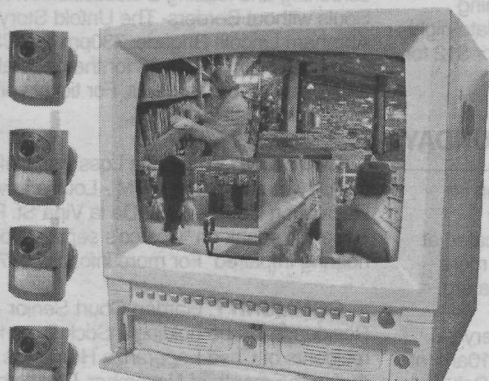
Karen Telleen-Lawton's column is a mélange of people, nature, events, and observations transporting the reader around the world and back to Santa Barbara. Her writing can be found at www.CanyonVoices.com, including excerpts from her book, Canyon Voices - the Nature of Rattlesnake Canyon.

We purchased the rustic plank-wood house in the summer of 1989; it was nestled in a small avocado orchard, a pit's throw from the freeway. Real estate prices crashed about six months later, but we weren't concerned because we planned to live there through the kids' childhoods. Four years later, a job offer enticed us to Boulder Colorado. We rented the house, knowing we'd want to return eventually. But the market rent was far below our mortgage, taxes, and insurance.

It was a stressful time; naturally, David and I had different stress thresholds. When we could project - in the not-too-distant future - our net worth dangling below zero, we agreed to cut our losses and sell in 1995. We returned to Santa Barbara in 2001, and although we might have been better off financially if we'd held out, we didn't regret choosing our sanity and our marriage.

Home-buying combines a huge long-term financial outlay with the commencement of a personal, almost intimate relationship with a space. The

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