

## In today's Treasure Coast housing market, cash is king

By Nadia Vanderhoof

Saturday, July 25, 2009

Antonio and Elizabeth Vargas placed a bid on a Port St. Lucie home last year, hoping to join the ranks of other first-time home buyers on the Treasure Coast taking advantage of falling home prices.

The couple nervously waited for an answer on the home that eventually received multiple offers. Several days later, they got some bad news.

"Someone came in with cash and beat us to the house," said Antonio Vargas, 27. "It's frustrating when you have your sights on something and you don't get it."

Realtors and real estate analysts say the glut of foreclosures and short sales on the Treasure Coast has created some extraordinary once-in-a-lifetime deals for prospective buyers — including homes as low as \$34,770. But in today's real estate market, those buyers better be prepared to pay for that dream home in cash.

Some Realtors say getting rid of excess inventory is good for the Treasure Coast, especially in the current housing climate. Others argue that first-time home buyers using traditional financing might not be getting a fair shot at buying moderately priced homes and distressed properties, ranging from \$50,000 to \$120,000, because of aggressive cash ready investors.

"The sad thing is, we're seeing a lot of investors gobbling up these homes in cash for rental properties," said Sharon Kelly-Brown, who owns a real estate firm under her namesake in Port St. Lucie. Kelly-Brown said today's homes are finally within reach of young families and the workforce population, but ironically, investors are scooping up them up, a trend reminiscent of the early housing boom days of 2003. Additionally, she said dozens of Treasure Coast families have lost out on purchasing low-priced homes to cash buyers or out-of-town investors after lengthy and often frustrating bidding wars.

"I put one home on the market at 11:30 (a.m.) for \$45,000 and had five offers by 3 (p.m.)," Brown said.

Jack McCabe, chief executive officer of McCabe Research and Consulting, a real estate consulting firm in Deerfield Beach, said the phenomenon isn't unique to the Treasure Coast. Sellers throughout Florida are increasingly taking cash offers, bids

that are even lower than offers attached with traditional financing.

He cites two reasons for that.

Financing through a bank is contingent upon the home's appraisal and, if that number comes in lower than the borrower's loan, that buyer will need to come up with the difference, which can be a deal breaker. Another factor is time; cash deals simply move much faster than financing through a lender.

"Think about these sellers that had written contracts but were burned two or three times because of deals falling through because of a low appraisal," McCabe said. "Cash offers are very desirable because with traditional financing comes a risk." In some cases, bids attached to a lender aren't even considered when multiple cash offers are made on a foreclosure.

"One of my agents made an offer on a home that received 14 offers and four (bids) were cash," said Vincent Laviano, president of the Realtor Association of Martin County and owner of Better Homes and Gardens Real Estate Laviano & Associates in Stuart, Palm City and Port St. Lucie. "Within two days, we heard that all the other offers were off the table. They only wanted the cash offers."

Debi Jensen, broker owner of Century 21 All Professional in Port St. Lucie, worries about the future repercussions the phenomenon could create for the Treasure Coast's beleaguered housing market.

"It's very frustrating for the buyers because some of these deals take three months to six months to negotiate," Jensen said. "And for us, working 80 hours a week, just to have the deal go to a cash buyer in the end, it's not fair."

Chris Young, a Realtor with All Florida GMAC Real Estate in Vero Beach, said after his client Derik Bello lost several homes to cash bidders and investors in St. Lucie County, he suggested properties in Vero Beach, where there is less competition.

"In Port St. Lucie, if you have a home between \$80,000 to \$100,000, there's going to be three or four offers over the asking price," Young said. "People understand that they need to go above the asking price now."

For more than six months, Bello made offers above the listed price on about 10 to 15 homes in St. Lucie County. After losing all the homes to investors and cash buyers, he made an offer on a home at the Lexington Place subdivision in Vero Beach. The buyer accepted the bid and Bello is just days away from closing on his new home after house hunting for nearly one year.

"You just have to keep looking," Bello said. "These investors have a lot of buying power, but they can't bid on everything."

The Vargas family had the same attitude, changed Realtors and eventually bought a home last month through their bank, Suntrust.

Their new Realtor Matt Harrington, broker associate at All Florida GMAC Real Estate in Port St. Lucie, said those using traditional financing methods will eventually find a seller to negotiate with, they just need to persevere.

"First-time home buyers, end users, they have much more of a vested interest in sticking with the house and negotiating any repairs because there's a long-term commitment there," Harrington said. "Cash offers talk, but not on every transaction."

## **HOUSING AND DOWN PAYMENT ASSISTANCE PROGRAMS THROUGH FLORIDA HOUSING**

Florida Housing was created by the state Legislature to help Floridians obtain safe affordable housing that might otherwise be unavailable to them. The agency works with local governments, nonprofits, elected officials and others entities on housing issues in Florida.

Here is a list of housing and down payment assistance programs. For more information on Florida Housing's Home ownership programs, call (800) 814-HOME or visit [www.floridahousing.org](http://www.floridahousing.org).

**Florida Assist:** Offers lower-income borrowers up to \$10,000 to assist with down payment and closing costs. This is a deferred second mortgage with no payments and zero percent interest that is repaid when the borrower sells or refinances the home, or at the end of the term of their first mortgage.

**Homeownership Assistance for Moderate Income Loan (HAMI):** Offers borrowers up to \$5,000 to assist with down payment and closing costs. This is a low fixed-rate second mortgage that is repaid over 10 years.

**Florida First:** This program offers a low, 30-year, fixed-rate first mortgage to all borrowers who meet program guidelines and qualify for a loan.

**Florida Plus for Government Loans:** This 30-year, fixed-rate first mortgage program provides qualified borrowers with a 3 percent grant that can be used for down payment and closing cost assistance.

**Florida Advantage:** For buyers purchasing in special geographic areas, rural self-help buyers or for households with at least one disabled member.

**Community Heroes:** This 30-year, first-mortgage loan program is designed to help both veterans and active duty military personnel as well as full-time employees of the school system, police departments, firefighters and certain health care workers with obtaining affordable housing. Florida Housing may offer a pool for these loans at a lower interest

rate for the purpose of assisting this special target group.



© 2009 Scripps Treasure Coast Newspapers