



AP photo

An unidentified woman passes by a pending sale sign outside home on the market in south Denver. A gauge of Americans who signed contracts to buy homes fell in April from nearly a two-year high in the previous month. °

Sales contracts dropped in April

ASSOCIATED PRESS

WASHINGTON — A gauge of Americans who signed contracts to buy homes fell in April from nearly a two-year high in the previous month.

The decline was the biggest in a year. Still, sales are well ahead of last year's level for the same month, suggesting the housing market is improving slowly.

The National Association of Realtors said Wednesday that its index of sales agreements dropped to 95.5, down

from March's reading of 101.1.

A reading of 100 is considered healthy. One year ago, the level was 83.5.

Contract signings typically indicate where the housing market is headed. There's a one- to two-month lag between a signed contract and a completed deal.

The decline could be a sign that a milder winter accelerated some home sales that normally take place in the spring.

Ian Shepherdson, chief U.S. economist at High Frequency Economics,

said pending home sales rose in the first quarter of the year at a 28 percent annualized rate. Most economists were expecting a decline in April.

"The decline is bigger than we expected, but the underlying upward trend is still intact," Shepherdson said.

Contract signings rose 0.9 percent in the Northeast in April from March. But they fell in the other three regions. The biggest decline was in the West, where signings fell 12 percent. Signings dropped 6.8

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Don't try to time the market

When you were a kid, did you ever play a Dodge the Raindrops game? Most kids have played that game. I remember walking home from school one day just as it was starting to rain, and I hopped around with the childish idea that I could avoid getting wet. Obviously I failed.

Today, prospective homeowners are playing their own game of Dodge the Raindrops and although it might seem to them like a smart idea, they're going to end up wet.

I'm talking about trying to time the market when you buy a home. It sounds like a smart idea but it's not. It can be quite costly.

In theory, the best time to buy a home is on the day when prices are at their lowest point and are about to start going up. If timed perfectly, you buy the house, and by your move-in date, your house has already started appreciating in value. Crack open the wine! Three to five years down the road (again assuming that everything has gone according to your market-timing plan) your house has risen with the rest of the market and you can sell for a huge profit.

That sounds great but it's about as effective as dodging raindrops because you can't time the market.

- No one knows if and when the housing market has bottomed out and prices are as cheap as they are going to go.

- No one knows how long home prices are going to stay down before they turn around.

- No one knows if a



Denise Panza

slightly rising price today is the start of a long upward trend or a little blip before another downward cycle (or vice versa).

The market timing crystal ball is broken and trying to "read the market" is about as easy as trying to clean up your teenager's room! One expert says one thing while another expert says another; one economic indicator suggests that things will get better while another economic indicator suggests that things will get worse. And with the Internet, even the slightest market movement in either direction is fuel for a million-and-one experts (and not-so-experts) to voice competing opinions.

There are three possible results to trying to time the market when buying a house:

1. You will get it exactly right, buying on the perfect day.

2. You will sit around waiting for the perfect time to buy.

3. You will get it wrong but you buy anyway.

The likelihood of achieving the first result — the perfectly timed home purchase — is extremely slim. The people who actually achieve that are heralded as geniuses. Heck, even most bankers can't do that (and they're supposedly the ones with the inside scoop).

Most homebuyers will fall into the second or third category. If you fall into the second category and you sit around wait-

Those who act now can get good mortgages at low interest rates and a home at a rock-bottom price while everyone else keeps paying rent and trying to dodge raindrops.

ing, you won't end up buying until prices start to noticeably rise. Then you'll have missed the bottom anyway. If you fall into the third category — you get it wrong but you buy anyway — is the best result: You're still buying at an extremely low price and you get to live in a house.

The economy was hit hard for a few years but things are slowly coming back. I'm seeing more and more lenders stepping up to lend money to homebuyers. Those who act now can get good mortgages at low interest rates and a home at a rock-bottom price while everyone else keeps paying rent and trying to dodge raindrops.

James Macchio (president of CT Assets LLC) sums it up nicely. He says: "You simply can't lose if you buy now. Rates are at historic lows, prices are down 40-60 percent in the last six years, and affordability is at all-time highs. If you are planning on living in the same house for the next five to seven years, there is no better investment than buying a home."

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