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Five local buyers profit from a real-estate cycle that brings home prices within reach

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HOPE & DESPAIR IN THE HOUSING MARKET:

Local buyers profit from a real-estate cycle on the down-swing

Many areas are becoming ghost towns as families foreclose

Homebuyers have time to cash on foreclosures

As lending industry crashes, thousands seek jobs elsewhere

Mortgage aid won't be easy to come by

Today's homebuyers are turning someone else's economic nightmare into their American dream.

And while there are not many buyers in most markets, they share a common trait: tenacity.

They are striking deals in a market with a distinct yin - record low sales - and yang - soaring foreclosures that are pushing supply up and prices down.

Some are buying their first homes after meeting the tightest credit standards in years. Some properties are attracting multiple offers again, and selling for more than the asking price.

Does this mean that the long, steep slide is over? Probably not. But purchase offers are being written and escrows are closing, even in this depressed market.

The five couples profiled here took advantage of a declining market that finally brought prices within their reach. Four are first-time buyers.

Cash sealed the deal

WOODLAND HILLS - Richard Shih, who's been house hunting since 2000, always knew that financial gravity would re-enter this overheated housing market.

It has. And he just made an astounding deal.

Shih recently paid $336,500 in cash for a house in the 22800 block of Crespi Street in Woodland Hills, a south-of-Ventura Boulevard property valued last May at $855,000.

"You're not seeing anything under $500,000, even for fixers, so it was definitely

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well-priced," he said of the house.

Shih also did something rare in this market. He paid more than the asking price.

The foreclosed home was listed for $329,000 and Shih put his bid in the first day he saw the 1,185-square-foot, three-bedroom, two-bath house. By day's end, there were seven offers on the table.

He had sold a commercial property so he could pay cash and thinks this was the leverage he needed for the winning bid.

The escrow lasted just 10 days.

Shih, 33, couldn't afford to wait to buy any longer, either. He and his wife Linda, 29, are expecting a baby in a few weeks.

"I'm really interested in real estate and I've seen former cycles," he said. "I didn't think these prices would be sustained."

He also believes the purchase price is comparable to the 2002 or 2003 level.

Shih, who owns BabyAnt.com in Tarzana, a baby-products company, is upgrading all of the cosmetics, including sheet rock, inside the house.

He hopes to have it ready in about six weeks.

Building sweat equity

VAN NUYS - Sometimes homeownership is the result of happenstance.

That's the case for Sky Hoffman, 30, and Carrie Locklyn, 29, the new owners of a 1,400-square-foot, three-bedroom, two-bath bungalow in the 5600 block of Calhoun Avenue in Van Nuys, not far from their apartment.

"I was walking my dog and walked past it," Locklyn said of their new house. "It was a mess, and I said, `Maybe we can afford that.'"

They could.

Their Realtor, Steve N. Smallson of White House Properties, said they had great credit and a 10 percent down payment so they breezed through the qualification process for a 30-year, fixed-rate mortgage.

The house, a foreclosure, was bought in 2006 for $679,000 and Hoffman and Locklyn paid $420,000, or 38.1 percent less than the previous owner.

The couple, who work in the entertainment industry, put their careers on hold and have been hard at work since late February.

Their challenges have been formidable. The former owners were evicted and the house was full of their belongings. Squatters had moved in and the copper plumbing and three window air conditioners had been stolen.

"I call this the Disneyland house," Hoffman said.

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"Everything is Mickey Mouse."

It took them more than five weeks to clear the yard, but they're making progress. They discovered wooden floors throughout, which they've refinished. Central heat and air have been installed, too.

At night, they retreat to their apartment.

"It's good to have a place where you can go and shower. And on Sunday we have a rule: no hard labor," Locklyn said.

Her research paid off

WINNETKA - Rachael Davis, 24, a recent graduate of California State University, Northridge, now works as an auditor at an accounting firm in Los Angeles.

She just added another title to her resume.

Homeowner.

"It was always one of my goals since I graduated (from) college," Davis said. "I've been going through this since last July. I was in one other escrow, but that one did not go through."

Her mother is co-signing for her loan, but the house is in Davis' name.

Last week, she got the keys to the modest bungalow in the 19800 block of Hart Street in Winnetka that she bought after the previous owners unloaded it in a short sale. She paid $352,500, which happens to be the cap on a low-cost loan program offered to first-time buyers by the California Housing Finance Agency.

The assistance package offers 100 percent financing at a rate of 5.4 percent and includes a 3 percent loan for part of the down payment. Any payment on that 3percent amount is deferred until the loan is refinanced or the home sold.

And she got even more assistance. CalHFA paid 3 percent of her closing costs. And she also got a $4,000 first-time-buyer grant from the Southland Regional Association of Realtors.

Davis said the hardest part of the process for her was putting together her financial records for the last three years.

"I'm definitely qualified and I have very good credit and make enough money," she said.

Davis and her boyfriend live in an apartment in Sherman Oaks and will move into their Hart Street house once the upgrades are finished.

Soon they will be pulling up the carpet, restoring the original wood flooring and painting.

"I think that even if the market goes down, I'm going to have equity in the house, especially since I'm making upgrades," Davis said.

Keys to their kingdom

CHATSWORTH - Regina Torres, 37, and Sergio

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Gonzalez, 38, recently saw their dream come true. They got the keys to a house in the 21700 block of Tuba Street in Chatsworth.

"We're very excited. It was a long journey, but you know what? We made it and I just thank everyone for everything they did for us," Torres said.

"It's my first house."

For Torres, a volunteer programs coordinator for the county of Los Angeles, the $435,000 purchase was a drawn-out process.

They bought the three-bedroom, two-bath home that was part of an estate. The former owner had taken a reverse mortgage.

Torres and Gonzalez initially applied for a CalHFA loan, but they made too much money to qualify. So they had to get a traditional, 30-year fixed-rate loan.

Originally, escrow was supposed to close in mid-January. It didn't happen until Good Friday.

Now they are in the process of refinishing the hardwood floors, painting, replacing doors and light fixtures, and redoing the bathrooms.

"I've been looking for a house for as long as I can remember," Torres said. "It's a good investment. Nowadays ... rent is almost like paying a mortgage."

A renter no more

LANCASTER - Michelle Mutter recently took the plunge and bought a house in east Lancaster after renting for nearly three years in west Lancaster.

The timing was just right for Mutter, 39. The price had fallen to where she could afford it - $180,000.

"I knew it was the time to buy. The market is definitely a buyer's market," said Mutter, who moved into the house with her family earlier this month.

"I'm in that bracket where I can't afford too much, and the benefits outweighed renting. If I'm going to pay the same amount for renting, I'd rather own."

The east Lancaster house was a foreclosure that had been vacant for about a year, Mutter said.

The bank put it on the market about a month ago, asking for $199,000. After three weeks, the price went down to $180,000, Mutter said.

Mutter said she had owned a house before renting, but had sold it to pay off debt.

Now she's an owner who plans to live in the house.

There is still some investing going on, too - people who see value in buying a house for the purpose of renting it.

"They've finally figured out that prices have

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come down drastically, and interest rates are great," Palmdale Realtor Sam Hare said.

Realtors say there are more than 4,000 homes for sale in the region and up to 2,000 are foreclosures. Antelope Valley house prices have plunged about 25 percent.

Staff writer Karen Maeshiro contributed to this story.

DONE DEALS

These numbers, based on the sale of the properties featured in this article, illustrate how the housing market has changed recently.

Address: 22800 block of Crespi Street, Woodland Hills

Square Footage: 1,185

Bedrooms: 3

Bathrooms: 2

Price: $336,500

*Prior Value: $855,000

*Bought for $775,000 in October 2006 and refinanced for $855,000 in May 2007

Address: 5600 block of Calhoun Avenue, Van Nuys

Square Footage: 1,382

Bedrooms: 3

Bathrooms: 2

Price: $420,000

Prior Price: $679,250 in December 2005

Address: 19800 block of Hart Street, Winnetka

Square Footage: 1,242

Bedrooms: 3

Bathrooms: 2

Price: $352,500

Prior Price: $432,000

Address: 21700 block of Tuba Street, Chatsworth

Square footage: 1,198

Bedrooms: 3

Bathrooms: 2

Price: $435,000

Prior price: Not Available

Address: 1800 block of Norberry Street, Lancaster

Square footage: 1,800

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Bedrooms: 3

Bathrooms: 3

Price: $180,000

Prior price: $112,000 in Feb. 1994