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Low Number of Homes for Sale Is Not Due to Sellers Failing to List Their Homes

REAL ESTATE TODAY

By JIM SMITH, Realtor®

On Monday, the National Association of Realtors' daily news alert carried the headline, "Housing Shortage Will Dampen Spring Market." However, I think the NAR analysts are coming to a faulty conclusion — at least as it relates to the Denver market.

Yes, the number of homes listed as "active" on Metrolist at the end of March was down 35.3% from March last year, but the number of homes entered on Metrolist from January through March 2013 was down only 5.2% from the number listed in the same period last year. And the number of homes *sold* this March was up 16% over last year. That's the #1 reason for the reduced number of active listings.

What the NAR analysts are saying, in effect, is that because new listings are selling so quickly, resulting in fewer available homes, we're going to have a slow spring.

Nothing could be further from the truth. Homeowners, realizing this is a seller's market, will continue to put homes on the market as quickly as practical, and those homes will continue to sell quickly, often with multiple offers. The spring real estate market will be on fire, not dampened, by the shortage of listings.

The market is so hot that, in two instances last month, I recommended to my sellers that they accept offers that were contingent on their buyer's home being sold — and the buyers' homes were not even listed yet. I analyzed the market in the two neighborhoods where the buyers' homes were located (Sloan's Lake for one and Trailmark for the other) and even visited the Sloan's Lake home to see its condition and updates. Based on the proposed listing prices, I could see that each home would sell within a week, and both homes did sell within a week. As a result, my sellers are happily moving toward closing on their homes.

In a "normal" market, no agent in his or her right mind would recommend taking an offer that was contingent on the sale of a house that wasn't already under contract, much less not even listed. But this is not a "normal" market.

I had a listing in Golden that didn't sell last year or the year before, but I knew the owners still wanted to sell. Because of how the market had turned, I urged them to put their home on the market one more time. They were burned out from the process and said, "No." At that point I said, "Sign a two-week listing agreement. If it doesn't sell in two weeks, it's off the market." They were leaving on a 2-week vacation anyway, so they agreed. That house, which didn't sell last fall for $550,000, was under contract for $570,000 in 12 days.

CREC to Review Use of Font Signatures

By now, I suspect everyone with a credit or debit card has had the experience of signing electronically instead of on paper at supermarkets and other stores.

Imagine if, instead of signing with the stylus, you could just check a box and see the name on the credit card appear in a script font. Now imagine that you could do that for purchasing a house, not just a bag of groceries or a jig saw.

That's exactly what is happening every day in real estate transactions. CTM eContracts, the official provider of electronic contracts for the Colorado Association of Realtors, allows buyers and sellers of real estate to "Select Font Signature" on every document, unless the agent disables that feature. Mine is the only brokerage I'm aware of which has a policy of not accepting such signatures on contracts and last week I convinced the Colorado Real Estate Commission (CREC) to put the topic of banning font signatures on the agenda for their next meeting.

Electronic signatures should, by law, be verifiable. It's not hard to imagine a disgruntled spouse or client saying in court, "I didn't sign that counterproposal," or "I didn't approve that price reduction." Such signatures should not be allowed.

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Jim Smith
Broker/Owner
Golden Real Estate, Inc.
DIRECT: **303-525-1851**
EMAIL: Jim@GoldenRealEstate.com
17695 South Golden Road, Golden 80401
COMMENT AT: www.JimSmithBlog.com

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