



- [Blog](#)
- [The Mission](#)
- [Services](#)
- [Short Sales](#)
- [Contact](#)

## If HE Says It Is Time To Buy a Home, BUY A HOME!

226  
tweets

by The KCM Crew on October 5, 2010 · [21 comments](#)

retweet

in [For Buyers](#)



**“If you don’t own a home, buy one. If you own one home, buy another one. And if you own two homes, buy a third and lend your relatives the money to buy one.”**

– John Paulson 9/27/2010

WOW! That’s a powerful statement.

There is no question that John Paulson is a bull when it comes to residential real estate right now. Should we care what Mr. Paulson thinks? Should we listen to him? The answer to both questions is a resounding ‘YES’. Here are several reasons why.

### Who is John Paulson?

Paulson is the person who made a fortune betting that the subprime mortgage mess would cause the the real estate market to collapse. He understands how the housing market works and knows when to buy and when to sell. What do others think of Paulson?

According to [Forbes](#) John Paulson is:

*a multibillionaire hedge fund operator and the investment genius who made a killing going short subprime mortgages a few years ago.*

According to the [Wall Street Journal](#) Paulson is:

*a hedge fund tycoon who made his name, and a fortune, betting against subprime mortgages when no one else even knew what they were.*

### What did other financial players think of his statement?

The [Wall Street Journal](#) agrees with Paulson:

*Ignore the critics. The odds have to be on his side...It isn’t just that home prices have fallen a long way. It’s also that, if you can get a mortgage, you are basically taking a reverse bet on the bond market. You could be a long-term borrower at fixed rates, instead of a long-term lender. Right now you can borrow for 30 years at around 4.3%. After the mortgage tax deduction, for some people the net effective interest rate is nearer to 3%. That’s going to prove an awesome deal if we see inflation again.*

And [Forbes](#) said:

*As this is the best time in 50 years to buy homes, Paulson advised his listeners to take 30 year mortgages to buy a home as “your debt and interest payments get locked in at record lows, while the price of your home will rise.”*

Are others also saying now is the time to buy?

Just last week, we [posted](#) that there is a growing number of people saying that NOW is the time to buy, including:

- The Wall Street Journal
- Professor Karl Case, founder of the Case Shiller House Pricing Index
- The wealthiest families in the country and
- 70% of everyone else in America

### Bottom Line

Thinking of buying a home? Are you taking advice from a friend or family member telling you that now is not the time? It may be time to listen to people who better understand the opportunities that exist in real estate today.

226 tweets











3020

Share

retweet

Tagged as: [Home Prices](#)



#### About The Author

We at *The KCM Crew* are pursuing our mission of building a home for real estate information. We are truly dedicated to helping real estate professionals by supplying all the tools and resources they need to be seen as industry leaders in their marketplace. See how we can help *you* to [become an industry leader](#) in your marketplace, and be sure to check out our page on [Facebook](#) and follow us on [Twitter](#).

{ 20 comments... read them below or [add one](#) }



Gene Taylor [October 5, 2010 at 3:30 pm](#)

As always, this is great information to share with the consumer.



Kelly A. McBride [October 5, 2010 at 3:41 pm](#)

I think this in information that really needs to be shared. The market is good to pick up a foreclosure. Not just at a reasonable price, but so many are in great condition. I saw one two weeks ago and honestly I saw little evidence that it had ever been occupied. It was only 4 years old. Sat on the market for a year prior to the original buyer. They may have lived there 9 months. It was a still deal.



Cory Workman [October 5, 2010 at 3:46 pm](#)

He needs what he said to happen.

Cause there are too many houses. We built too many houses for not enough people.

Population growth will be stagnant with the baby boom generation entering retirement and passing on.

They will leave even more empty McMansions sitting around as they all move to condos on the coast somewhere.

Prices are going nowhere for a long time. Rents will fall because there are too many homes.

I own a home, but only because I could buy it for less than current rental rates (which will likely fall).. and the tax write offs.

No way in hell i'd buy another house.



Joan Parkinson [October 5, 2010 at 5:13 pm](#)

It is a great time to be a buyer. People who do not take advantage of this opportunity will look back on this time as many looked back on the 50's & 60's. My husband and I put every cent we had together to purchase a home in 1966 for \$33,000 (\$3000 higher than our top price range). We sold that house in 1992 for \$265,000. Houses in that neighborhood sell today for \$400,000-\$600,000 even after the real estate bubble burst. The interest rate on our loan was 3.5%. You can get a loan today for only 1% point higher. You will not see an opportunity like this again in your life time. If you are first time buyers, it's a no brainer. You will have a place to call your own and a tax deduction as well. If you are a move up or down buyer, do it and lock in a long-term mortgage at better rates than you are paying now.



[Mark Brian](#) [October 5, 2010 at 5:17 pm](#)

If you can, maybe you should. But such a serious decision needs to be thought about long and hard. Just because affordability is great, prices are great, inventory is up giving you plenty of choices and interest rates are at historic low levels does not mean it is right for you.....or does it?



[Billy Jalbert](#) [October 5, 2010 at 5:18 pm](#)

Interesting article. Paulson won because he gamed the system. He's brilliant, but always beware of guys like Paulson who may have an ulterior motive. I agree with his premise regarding interest rates and Cory's rationale which was pure logic; it's cheaper to own than rent. Those are outstanding reasons. On Maui, I add another which is buy for love. It's hard to be disappointed that way. Finally, don't over-reach. The perils of that folly don't even need to be discussed any further...Cheers.



[Marty Vusich](#) [October 5, 2010 at 7:46 pm](#)

Check out who is telling you to Buy! Its like the owners of a company saying its a great time to buy their Stock. The worst of the RE Market is yet to come. Morgage write-offs- yes but there will be minimul appreciation for years to come.



[dude](#) [October 5, 2010 at 8:54 pm](#)

If the job market was hot, people would be snapping houses like it was the new black. But it doesn't look like it will be for a few years. We haven't even had quantitative easing 2 yet.

Prices are relatively high compared to the long run, but interest rates are lower, so it is ok. Basically, if you have a stable job, buying a house beats renting. Otherwise, you're just setting yourself up to ruin your credit.



[Millou](#) [October 5, 2010 at 10:06 pm](#)

Yeah, don't listen to the weathy on how to get rich. Instead, keep renting from me (and other like me) and in 30 years, I will own the house free and clear (even if it never appreciates a dime) and you will still be struggling to pay rent on your non-existent social security checks. You don't buy a house to get rich quick, you buy a place to live that will eventually be yours free and clear. The mistakes made in the last few years was to use ones home as an atm machine for newer and more gadgets and bling. Drive the old car a few more years and get serious about your future!



[Alan Gross](#) [October 6, 2010 at 12:41 pm](#)

This is the perfect storm for the real estate market. Low home prices combined with record low interest rates. As usually happens most people will wait to long to get off the fence and miss this opportunity



[Jeanine](#) [October 6, 2010 at 12:58 pm](#)

These buying signs have been here for the last 6 months. My clients are finally seeing it too. Unfortunately, I believe its the mortgage companies last-minute hoops and mind games that are making it hard for "good buyers" to take advantage of it right now.



[Helen](#) [October 6, 2010 at 11:50 pm](#)

Millou hit it on the head. I have been hearing more talk in the media of why buying houses is out, was a bad idea in the first place, and how most Americans should just rent. Think about it....who would you be renting from? Who's mortgage are you paying down? If the investor doesn't have a mortgage, have you figured out what kind of return he is getting on his investment just from the rental income??? The problem was too many banks and people treating their homes like ATM's. So many people who are upside down on their homes now, already cashed out and spent their equity when they did cash out refi's. A house should be treated like a home, or respected as an investment. The housing shortage is coming.... This is a fading opportunity. Either interest rates will remain low, allowing prices to go up quickly, or interest rates will go up and it will be far more costly to buy. In the mean time, investors are snatching up all those good deals and will soon enough cash out on those that don't take advantage of this market.



[Joe Murphy](#) [October 8, 2010 at 1:53 am](#)

I think that those that can qualify for a home with a 30 or 15 year mortgage should jump on it. For primary home purchasers it actually makes more sense to

buy if you know are pretty sure you have stable income, and you plan to be in the area for at least a few years. I just sold a home this week for 120k, it had been valued at the peak of the market at almost double 5 years ago.  
That first time home buyer has a FHA mortgage with a payment PITI under 600 a month! That Bradenton home buyer had paid 900 a month for a similar quality home.  
We all need shelter, whether we rent or own it is all the choice of the individual.



[Patricia Pertusi](#) [October 11, 2010 at 9:32 am](#)

Affordability is key. Buying is the way to go in this housing market if you can afford it and if you have a stable income. The price is right in this current market. If and when they will truly stabilize and/or start to appreciate once again is a crystal ball situation. If you meet the criteria of affordability and stable income, step up to the plate and hit a home run.



[Patricia Pertusi](#) [October 11, 2010 at 12:40 pm](#)

Affordability is key. In addition, one must have a stable income. These two qualities are essential. Many people fall into this category and those are the people who should buy NOW. Incredible buys are available NOW. Will they be there in the Spring?...if I had a crystal ball, I'd certainly share that information. Prices will begin to recover at some point. In the meantime, if a person meets the criteria mentioned, they should step up to the plate and hit a HOME RUN.



[Cyndia Moore](#) [October 18, 2010 at 7:26 pm](#)

As usual with information prepared in this style the information is incomplete at best. The "Wall Street Journal" is not a person and doesn't have the ability to disagree or agree with anyone. Neither can "Forbes". They are magazines not individuals. Those quotes validating John Paulson's views are meaningless until they say what article, in what issue, written by whom was the quote taken from. I do not want to participate in passing along incomplete and inaccurate information, no matter how compelling or personally accomodating it may be.



[Steve Harney](#) [October 18, 2010 at 8:50 pm](#)

Hi Cyndia,  
I'm confused by your remark. Both the WSJ and Forbes articles are hyperlinked within the blog post so that you can read the original articles first hand. Unlike many blogs, we pride ourselves in linking every possible article we can.  
Steve



[NED KIRCHER](#) [November 2, 2010 at 2:59 pm](#)

I BELIEVE THIS INFORMATION IS TRUE AND TELL MY CLIENTS THIS. WHEN A GIANT IN THE INDUSTRY LIKE JOHN PAULSON SAYS THIS IS THE TIME TO BUY, I HOPE THEY WILL RESPECT HIS ADVICE AND BUY, IF POSSIBLE, AND NOT MISS OUT ON A CHANCE TO RE-POSITION THEMSELVES FOR THE REST OF THEIR LIVES! AS REALTORS IT IS OUR JOB TO HELP AS MANY PEOPLE AS WE CAN RIGHT NOW, MORE THAN EVER.



[Scott](#) [November 7, 2010 at 7:29 am](#)

Wondering if now would be a good time to BUILD a modest-sized house (2,000 sf) (in a major metro coastal area) on a lot in a fully built-out area, with partial ocean views.  
(Lot is fully paid)  
Probably would rent out (very slight profit) or maybe sell if market is better after construction (7 mos.)

Finished total cost of house would be 50 % of area home prices. (So, it would be similar to buying a foreclosed home)



[Steve Harney](#) [November 7, 2010 at 10:38 am](#)

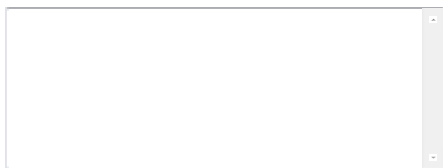
I would as you can not lose the money required to build. A modest home is the best bet. However, because of the great location, make sure you build it in a way that future additions are easily completed.

Leave a Comment

Name \*

E-mail \*

Website



Submit

{ 1 trackback }

- [Why It's a Great Time to Buy : North Lake Tahoe / Truckee Real Estate - Jean Ludwick, Chase International](#)

Previous post: [Forget Headlines. Get To the Core of the Story](#)

Next post: [The Attack of the 'Robo-Signers'](#)



• Search For Posts





To search, type and hit e

• Popular Posts

- o [5 Reasons You Should Sell Your House TODAY!](#)
- o [The New Foreclosure Mess: What It Means To You](#)
- o [If HE Says It Is Time To Buy a Home, BUY A HOME!](#)
- o [5 Reasons You Should Use a Real Estate Professional](#)
- o [Will Your House Be Worth More in the Spring?](#)
- o [Best Time to Buy AND Best Time to Sell?](#)
- o [The New Foreclosure Mess: A Possible Silver Lining](#)

• Want More Articles?

The KCM Crew

- 
 abilenealtor RT  
 @ KCMcrew 5  
 Reasons You Should Use a Real Estate Professional  
<http://bit.ly/9SDv8Z>
- 
 kimhughes RT  
 @ KCMcrew 4  
 Unique Open House Ideas  
<http://bit.ly/cSYhYO>
- 
 JeffShorter RT  
 @ KCMcrew 5  
 Reasons You Should Use a Real Estate Professional  
<http://bit.ly/9SDv8Z>
- 
 ReneeJClark RT  
 @ KCMcrew 5  
 Reasons You Should Use a Real Estate

Join the conversation

• Blogroll

- o [1000Watt Spotlight](#)
- o [Bill Hart](#)
- o [Calculated Risk](#)
- o [Coastal Carolina Real Estate](#)
- o [John Reinhardt](#)
- o [Matthew Ferrara](#)
- o [Mike Staver](#)
- o [Seeking Alpha](#)
- o [Seth Godin](#)

- o [The REALTORS @ Toolbox](#)

- **The SHI**

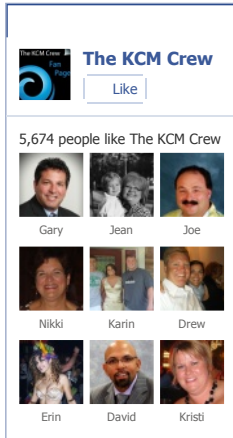
SHI (shē) n. the spiral adopted by [Keeping Current Matters](#) that symbolizes the continuous change of real estate and its current practices.



- **The KCM Connect**



- **Facebook for Agents**



The KCM Crew on Facebook

- **Categories**

- o [For Buyers](#)
- o [For Sellers](#)
- o [Foreclosures](#)
- o [Pricing](#)
- o [Short Sales](#)
- o [Uncategorized](#)
- o [Walking Away](#)

October 2010

**M T W T F S S**

[1](#) 2 3  
[4](#) [5](#) [6](#) [7](#) [8](#) 9 10  
[11](#) [12](#) [13](#) [14](#) [15](#) 16 17  
[18](#) [19](#) [20](#) [21](#) [22](#) 23 24  
[25](#) [26](#) [27](#) [28](#) [29](#) 30 31  
 « [Sep](#)   [Nov](#) »

- **Archives**

- o [November 2010](#)
- o [October 2010](#)
- o [September 2010](#)
- o [August 2010](#)
- o [July 2010](#)
- o [June 2010](#)
- o [May 2010](#)
- o [April 2010](#)
- o [March 2010](#)
- o [February 2010](#)
- o [January 2010](#)
- o [December 2009](#)
- o [November 2009](#)
- o [October 2009](#)
- o [September 2009](#)

Get smart with the [Thesis WordPress Theme](#) from DIYthemes.

Copyright © 2010 Steve Harney, Inc. All rights reserved.

[WordPress Admin](#)

»