

WHAT'S YOUR NEXT MOVE?

After taking a beating during the Great Recession, the housing market is finally staggering back to its feet—but millions of Americans are wondering: Is it safe to get back in the real estate game?

By Kate Rockwood

Cover illustration by Joe Zeff Design

Opening illustration by Eric Palma

"IT MADE SO MUCH SENSE AT the time," says Maura C. of the Chicago condo she and her husband purchased in 2009. The 30-something couple—motivated in part by the \$8,000 federal tax credit for first-time homeowners—decided to buy the \$310,000 two-bedroom unit shortly after their wedding.

"I'd been a renter for more than a decade," Maura says, "but I never doubted that I would eventually own. In my mind, it was an integral part of building a future for myself and my family."

Fast-forward four years and their apartment is underwater. A neighboring unit went through a short sale last summer, going for just \$220,000, and another condo in the building is on the market for \$243,000.

Now pregnant with her second child, Maura wants to eat the loss and buy a larger home. "Prices are starting to come back up, and interest rates are so low.



If we wait to get above water, we'll miss our chance," she says.

But first, Maura has to convince her husband, Paul. "He feels trapped by the whole situation," she says. "For him, renting would mean regaining our freedom and flexibility. But I grew up dreaming of having a 'forever home.' I just can't let go of that idea."

Maura and Paul are not alone. As statistics hint at a budding housing recovery, millions are struggling with the same questions. Is it time to get back in the game? Can we trust the market again? And perhaps the most difficult question of all: Is owning a home still the right dream?



The Housing Horizon

One thing is certain, says Jed Kolko, chief economist and head of analytics for real estate site Trulia.com: "The rebound is real." After U.S. home prices hit rock bottom in the first quarter of 2012 (plummeting nearly 30 percent since early 2008), they rose over the next nine months, according to the Case-Shiller home price index. The National Association of Realtors recently reported that the median existing home price in February was \$173,600, up 11.6 percent from a year ago. And fewer listings are languishing, which means buyers are making choices faster. The median time it took to sell a house in January was 108 days, down from 119 days in January 2012, per Realtor.com.

"When any housing recession

ARE YOU MARKET READY? Were you hit by the housing crash? Have you recently tried to sell a home—or are you ready to buy again? Take our real estate poll and tell us how you feel about home ownership today at parade.com/realestate


recovers, it goes like gangbusters," says real estate mogul Barbara Corcoran. "But this is the fastest comeback I've seen."

Celia Chen, a housing analyst with Moody's Analytics, expects to see continued growth for the next few years. If you're ready to buy a home, this is a good time to do it, she says. But in today's post-bubble market, how should we define "ready"?

"Home ownership makes

sense only if you can buy toward the future you want for yourself and your family," says Ilyce Glink, head of the financial website ThinkGlink.com and author of *Buy, Close, Move In!* "You shouldn't buy a one-bedroom condo if you want to have kids in the next five years. If you're looking to retire but the thought of monthly payments keeps you up at night, you're far better off skipping the mortgage—even if

interest rates are at 3 percent. And whoever you are, you should plan to be there for a minimum of 10 years."

That means staying not just in your home but also in the town and region. Think about the area schools and amenities, and how they'll align with your needs over the next decade. Consider the stability of your current job, as well as your career prospects if your company were to close or lay off employees. In today's job market, many workers find themselves having to relocate for new opportunities. In that scenario, a home—especially one that's underwater or 

WE TEAMED UP WITH REALTOR.COM TO BRING YOU A SAMPLING OF UNIQUE HOMES FOR SALE—FROM \$150,000 TO NEARLY \$2 MILLION—ACROSS AMERICA —Vi-An Nguyen

WHAT YOU
CAN GET
FOR UNDER

\$200,000



RIVER VIEW

SELMA, ALA. / \$150,000

This two-bedroom cottage may be on the small side, but it doesn't lack for charm. Victorian trimmings give the home a bed-and-breakfast feel, and a backyard deck overlooks the historic Edmund Pettus Bridge spanning the Alabama River.



ZEN OASIS

TUCSON / \$198,000

The pièce de résistance of this three-bedroom, 1,685-square-foot ranch is the authentic Japanese garden, complete with koi and water lily ponds, lush foliage, and a 19th-century tile-roofed farmhouse for outdoor entertaining.



COLONIAL ELEGANCE

ABILENE, KAN. / \$195,000

The stately columns and classic wooden shutters on this four-bedroom, 2,800-square-foot home give it a sophisticated air. Upscale interior details like built-in oak cabinets, French doors, and crown molding continue the look inside.

WHAT YOU
CAN GET FOR
\$200,000 TO

\$300,000



21ST-CENTURY CABIN

LEXINGTON, S.C. / \$230,000

This lodgelike property balances a rustic exterior—cedar siding, a pond-view balcony, a detached barn, and a tranquil 1.2-acre woodsy setting—with modern indoor amenities like a gas fireplace, a whirlpool tub, and a built-in entertainment center.



BAY-SIDE COTTAGE

BELFAST, ME. / \$219,000

At 768 square feet, this two-bedroom, one-bathroom home is one of the smallest on our list. But it comes with a private 8.25-acre waterfront lot on Belfast Bay, and walls of windows mean you can enjoy the view even on Maine's coldest winter days.



MILE-HIGH LIVING

DENVER / \$275,000

Situated inside a turn-of-the-century former school, this one-bedroom, 1,162-square-foot condo has a private entrance and spacious deck. Inside, two floors are linked by a spiral staircase, and 18-foot ceilings and extra-tall windows let in lots of light.

tough to sell—could become a millstone. During the Great Recession, the number of long-distance moves sank to record lows in part because many job seekers were trapped in a frozen housing market.



Before You Leap

Ready to start cruising the real estate listings? First, experts recommend taking three steps.

1 | Look at the local market. National statistics don't necessarily apply in your own backyard. "With real estate, it's local numbers that really tell the story," says Errol Samuelson, president of Realtor.com. "And the variances between local

markets are staggering."

On one end of the spectrum: the impressive comebacks experienced by some of the towns and cities most affected by the crash. Prices are up about 20 percent in Sacramento and Phoenix, for example. But

buyers beware. "These high growth rates aren't sustainable," says Chen, and new owners shouldn't expect huge price gains to continue year over year. "Twenty percent jumps are too good to be true for long."

Elsewhere, the rebound is softer. New Jersey, Florida, and Illinois, among other states, require judicial foreclosures, a process that can drag through the courts, so distressed homes in those states will continue to trickle onto the market for years. Other economic factors come into play, too. "In Chicago, for instance, job growth is weaker than in most of the country, and the bubble didn't hit as hard," says Kolko. "That means prices are rising more slowly."

2 | Investigate your ability to get a loan.

Today, banks are much more tightfisted than they were a few years ago, meaning it's tougher to get a mortgage—much less those tantalizingly low rates—than ever before.

Generally speaking, a home



A BIG THANK YOU TO HASBRO for allowing us to use the Monopoly game in our cover image. It seemed a perfect choice given that the first house many of us bought was a little green one. This fall, the newest edition of the game will be released with a cat token replacing the Depression-era iron.

AARP | Member-Advantages

THE HAPPY DANCE



Hundreds of trusted brands.
Hundreds of great deals.

AARPDISCOUNTS.COM/DEAL

YOU WIN!

AARPDISCOUNTS.COM is funded by companies who make available special AARP approved discounts for AARP members. It is not operated by AARP.

buyer would need a credit score of 760 or higher for the best mortgage rates, says Lawrence Yun, chief economist for the National Association of Realtors. Even a respectable score of 700 to 720 may require additional fees, such as insurance. "Below 700, you'll probably have to rethink your expectations," says Yun. The good news: The credit market is expected to loosen this year or next, though interest rates may well rise at the same time.

For now, says Glink, the best way for buyers to look more attractive to banks is to make a bigger down payment—think 20 percent or even more. (This will, of course, have the added benefit of minimizing your monthly mortgage payments.) "In years past, homeowners were getting mortgages with no money down or interest-only payments," she says. "Now there's been a sea change. More people are strategically buying less home than they can afford. They're asking: How can I spend less than my max to afford the life I want to live?" And at a time when tens of millions of Americans are living paycheck-to-paycheck, that financial breathing room can mean the difference between security and sleepless nights.

3 | Reconsider your reasons.

"Housing should not be viewed simply as an investment vehicle," says Chen. "I'm afraid that attitude could come back: Home prices start rising, investors pile into the market and ➡

WHAT YOU
CAN GET FOR
\$300,000 TO

\$400,000



ROOMY TOWN HOUSE

PORTLAND, ORE. / \$350,000

At nearly 2,000 square feet, this updated home has plenty of space for families. The property includes a private, plant-filled backyard, plus access to a common garden and pool.



URBAN LOFT

CHICAGO / \$330,000

This two-bedroom, 1,200-square-foot condo has a prime spot inside Chicago's Cinema Lofts, a 1926 building formerly home to the Belmont Theater. The unit features high ceilings, hardwood floors, and a balcony.



SPRAWLING TUDOR

LUDINGTON, MICH. / \$397,000

With seven bedrooms and more than 5,000 square feet, this 1888 Victorian mansion once operated as a bed-and-breakfast. A separate carriage house contains three rentable apartments.

NOTICE OF PROPOSED SETTLEMENTS

If You Purchased Potash Indirectly For End Use And Not For Resale In The United States Between July 1, 2003 And January 30, 2013, From JSC Uralkali, JSC Silvinit, JSC Belarusian Potash Company, BPC Chicago L.L.C., JSC International Potash Company, Agrium, Inc., Agrium U.S., Inc., The Mosaic Company (N/K/A MOS Holdings Inc.), Mosaic Crop Nutrition, LLC, Potash Corporation Of Saskatchewan Inc., Or PCS Sales (USA), Inc., Your Rights May Be Affected And You May Be Entitled To A Benefit.

The purpose of this notice is to inform you that two settlements have been reached in *Potash Antitrust Litigation (II)*, MDL Dkt. No. 1996, No. 1:08-CV-6910, a putative class action pending in the United States District Court for the Northern District of Illinois. The lawsuit alleges that several large potash producers ("Defendants") conspired to restrict the supply of potash, and to raise and fix its price. Potash is a mineral or chemical salt, used mainly in fertilizer. The Defendants have agreed to settle the lawsuit in two separate settlements.

In the first settlement, Defendants JSC Uralkali and JSC Silvinit (as well as JSC Belarusian Potash Company, BPC Chicago L.L.C. and JSC International Potash Company, collectively the "Foreign Settling Defendants") settled the claims against them in this litigation for \$2,750,000.00 and important cooperation. In the second settlement, Defendants Agrium, Inc., Agrium U.S., Inc., The Mosaic Company (n/k/a MOS Holdings Inc.), Mosaic Crop Nutrition, LLC, Potash Corporation of Saskatchewan Inc., and PCS Sales (USA), Inc. (collectively, the "North American Settling Defendants") have agreed to settle the claims against them, which are all of the remaining claims in the indirect purchaser action, for the sum of \$17,500,000.00. The Defendants deny they did anything wrong.

The Court will hold a public fairness hearing on **June 12, 2013, at 1:30 p.m.** to consider (1) whether to give Final Approval to the Settlements and approve the Plan of Allocation, (2) whether to approve Class Counsel's request for attorneys' fees and reimbursement of expenses from the Settlement Funds; and (3) whether to approve the incentive awards for the Class Representatives. You or your own lawyer may ask to appear and speak at the hearing. If you wish to appear, you must file a Notice of Appearance received by **May 29, 2013**.

A copy of the Settlement Agreements, the formal Settlement Notice, Proof of Claim, Plan of Allocation and other important documents are available on the settlement website at PotashIndirectSettlement.com. For additional information, you may also contact the Settlement Administrator (A.B. Data, Ltd.) at 1-866-778-9623.

If you are a member of either Settlement Class, you may seek to participate in the corresponding Settlement by submitting a Proof of Claim on or before **September 2, 2013**. You may obtain a Proof of Claim on the settlement website referenced above. If you are a member of one of the Settlement Classes but do not file a Proof of Claim, you will still be bound by the releases set forth in the Settlement Agreements if the Court enters an order approving the settlements. All objections and requests to be excluded from the settlements must be made in accordance with the instructions set forth in the formal Settlement Notice and filed with the Court and served on the Parties' counsel by **May 22, 2013**. The formal Settlement Notice is available on the settlement website referenced above.

For More Information: Call 1-866-778-9623 or Visit PotashIndirectSettlement.com

Dated: February 20, 2013

cause prices to rise higher, soon everyone's buying homes because they think they can make money. Over the long term—10 to 15 years—a home can be a decent investment. But no one should expect to make a killing just because they bought a house.”

Instead, think beyond investment: Have you found a home you can see your family growing in for a decade or more? Do you love the neighborhood and

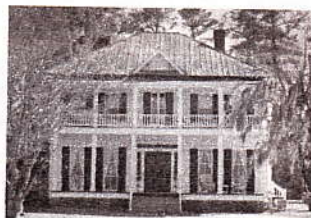
the people in it? Are there plenty of job opportunities within commuting distance?

“You should really be looking at properties you can see yourself in for 15 to 20 years,” says Leslie Piper, a consumer-housing specialist with Realtor.com. “We went through a period where too many people were taking leaps of faith. But buying isn't about playing musical chairs. It's about making a house into your home.”



WHAT YOU
CAN GET FOR
\$400,000 TO

\$500,000



SOUTHERN ESTATE

OLIVER, GA. / \$495,000

This Civil War-era manor has all the southern charm you'd expect: a sundial fountain, a gazebo, a parlor, a sun room, and nine fireplaces. And big families will appreciate the five bedrooms, 5,781 square feet of living space, and six-acre grounds.



VINTAGE FARMHOUSE

CORNWALL, VT. / \$495,000

With four bedrooms and nearly 4,300 square feet, this historic home has plenty of idyllic features: a barn-red exterior, a spacious kitchen with fireplace, a screened porch, and, best of all, an 11-acre lot stocked with fruit trees and vegetable gardens.



HISTORIC CONDO

LEXINGTON, MASS. / \$489,000

This one-bedroom, 900-square-foot condo is inside the Hancock School, which is listed on the National Register of Historic Places for its Federal architecture. Southern exposure means plenty of sunlight, and a private patio offers room to roam. ➡➡

TEST YOUR REAL ESTATE IQ!

This three-bedroom Queen Anne beauty is located on Florida's Forgotten Coast in Apalachicola, a one-stoplight hamlet famous for its fishing and oysters.

NAME THE PRICE:

A \$250,000

B \$586,000

C \$797,000

To discover the answer, and play our housing version of *The Price Is Right*, go to parade.com/home



**ACT NOW AND SLIM
DOWN FOR SUMMER!**

Lose weight with our
best program ever:

Nutrisystem **SUCCESS**

Marie Osmond

SAVE UP TO 50%!*

THE MORE YOU LOSE,
THE MORE YOU SAVE!

Call 888-209-THIN (8446) or Click nutrisystem.com/par913

*Offer good on new 28-Day Auto-Delivery programs only. Savings vary based on plan purchased. Free shipping Continental US only. With this offer you receive an additional discount off the Full Retail Value with each consecutive 28-Day Auto-Delivery order. Additional 5% discount applied to each of the first five consecutive 28-Day plan deliveries up to 50% total savings. With Auto-Delivery, you are automatically charged and shipped your 28-Day program once every 4 weeks unless you cancel. You can cancel Auto-Delivery at any time by calling 1-800-727-8046. If you're not 100% satisfied, call within 14 days of receiving your first 28-Day order and return the remaining weeks of non-frozen food to us for a full refund. We'll even cover return shipping. Other restrictions apply. Call or see website for details. The Nutrisystem Select program is available to Continental U.S. residents only and cannot be shipped to PO Boxes, APO Boxes or military addresses. Cannot be combined with any prior or current discount or offer. Limit one offer per customer. ©2013 Nutrisystem, Inc. All rights reserved.
On Nutrisystem you add in fresh grocery items.

One solution for oxygen at home, away, and for travel

Introducing the INOGEN ONE It's oxygen therapy on your terms



No more tanks to refill. No more deliveries. No more hassles with travel. The INOGEN ONE portable oxygen concentrator is designed to provide unparalleled freedom for oxygen therapy users. It's small, lightweight, clinically proven for stationary and portable use, during the day and at night, and can go virtually anywhere - even on most airlines. Inogen accepts Medicare and many private insurances!

Reclaim Your
Freedom and
Independence

inogen

Call Inogen
Today to Request
Your Free Info Kit

1-800-234-9960



THE NEW RULES OF THE GAME

■ You're buying your first home

OLD RULE: Mortgage rates are so low you need only a small down payment. NEW RULE: Put down as much as you can up front. "It's now the norm for lenders to require a down payment of 20 percent," says Kolko. "Today the biggest barrier for first-time home ownership is saving enough to put down."

■ You're buying a bigger home

OLD RULE: Don't sell a home for less than you paid. Period. NEW RULE: Do the

math to see if taking a loss makes sense. "Let's say you bought a home for \$100,000, but it's now worth \$75,000," says Glink. "You want to buy a new house that would have cost \$200,000 but has suffered a similar price decline, to \$150,000. That means taking a \$25,000 hit on the sale will get you a \$50,000 gain on the buy. With these low mortgage rates, you'll be farther down the path to financial stability than if you'd stubbornly stayed."

■ You're selling a home

OLD RULE: Once the market bottoms, hold out as long as you can to net the biggest price gain. NEW RULE: Aim to put your home on the market in the spring. "If you want to get as many interested buyers as possible, spring is the season," says Kolko. "Sale prices naturally start to drop as the year draws to a close, so you'll probably net less money in the fall and winter, even if the market prices are still rising overall." —K.R.

WHAT YOU CAN GET IF

THE SKY'S THE LIMIT



ARCHITECTURAL GEM CINCINNATI / \$1,788,000

One of only 270 private residences designed by Frank Lloyd Wright, this three-bedroom home is still in pristine condition.



CITY LIGHTS

MADISON, WIS. / \$945,000

This two-bedroom apartment offers a panoramic view of Madison's capitol building and downtown skyline, which you can take in from the private terrace.



STATELY PALACE

TERRELL, TEX. / \$1,195,000

Restored to its 19th-century glory, this six-bedroom home features period details like a wraparound porch, intricate moldings, and nine fireplaces.