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EAST BAY BUSINESS TIMES

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Signature Properties hopes price guarantee will aid sales

East Bay Business Times - by [Jessica Saunders](#)

Pleasanton developer **Signature Properties** is trying to lure more home buyers by guaranteeing sale prices for up to two years after closing, which the company contends is the first commitment of its kind in the Bay Area.

The "Live Secure" program applies to buyers in all the company's new home communities in the Bay Area and Sacramento, said Linda Kime, Signature's vice president for sales and marketing. It's aimed at reassuring buyers worried they will lose money if they buy now and home prices continue falling.

The median price paid for a Bay Area home fell 16 percent from \$639,000 to \$536,000 from March 2007 to March 2008, according to **DataQuick Information Systems Inc.**

The main concern keeping potential buyers from signing contracts is falling home values over the next six months to two years, according to traffic at Signature sales offices, Kime said.

"This is a recurring theme for all buyers at all price levels in all communities," she said. "They don't know what is going to happen down the line. This takes that question out of their minds."

Under the guarantee, if a new-home buyer has to sell within two years of closing on a Signature Properties home and the company is still selling new homes in the community but at a lower price than the buyer originally paid, Signature Properties will pay the buyers the difference between what they paid and the current sale price, Kime said.

"We are making sure we are not their competition if they have to sell their home," Kime said of buyers.

Signature sold about five homes the first weekend after rolling out Live Secure on April 17, she said.

There are caveats: The guarantee is only triggered by a sale within two years of the original contract; Signature's local sales office must still be open and selling the same home plan; and the homeowner



Stephanie Secret | East Bay Business Times

Customer Sabrina Franklin, left, talks about housing options with Diane Klein-Gwynne of Signature Properties in Livermore.

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has to provide a HUD-1 closing document to back up the original sale price.

"Live Secure" also includes a pre-closing guarantee, that covers the list price between contract signing and closing, which some other builders have offered in recent years as well.

A half-dozen home builder clients of sales and marketing services company **Reiser Group** in Alamo are considering implementing post-closing guarantees, but they are complicated to structure, said Reiser Group President Michael Carreno. For example, builders often price homes based on location, or amenities like views, so that a house on a busy corner lot might cost less than an interior, quieter lot.

"If you don't have it clearly spelled out how these nuances occur, you might have many disputes down the road. It just ends up being costly," said Carreno.

There are new-home communities that have comparable lot location and sizes and comparable amenities, which would make implementing guarantees simpler, he said. Builders also have to make sure homes are priced according to the market and that buyers find the guarantee terms and conditions acceptable.

"As long as the marketplace is saying they believe your price, and I am now going to guarantee and protect that price, it's a great program and it should produce sales," Carreno said.

Signature plans to finance the guarantee in-house, but it has not budgeted a specific amount for it, Kime said.

"We don't think we will have a lot of instances where people will resell their home and not get what they paid for it," Kime said. "We believe in our product and the communities we are building in."

Signature is currently selling new homes at 12 developments in Concord, Livermore, Oakland, Richmond, Sacramento, San Francisco and San Pablo.

But "Live Secure" won't last if it doesn't boost sales, Kime said. Signature will evaluate the program weekly to determine how long it will be offered.

If Signature is willing to guarantee sales prices for two years, does that mean the housing market has reached bottom?

"We think that it's either there or very close to there," Kime said.

Signature Properties

Business: Private home builder

Headquarters: Pleasanton

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Employees: 114

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