

PALO ALTO ODYSSEY

Couple pawns everything to buy a house

CAROL and Harold made the decision to buy a house in Palo Alto's Southgate neighborhood. They were a young couple in their early 30s, with a small daughter and another on the way.

They made the decision to buy in Palo Alto because of the public school system. Palo Alto had high taxes; but the citizenry, historically, had believed in schools and libraries and supported such institutions.

Living next to a world-class university was a reminder of the importance and power of education; and they wanted their children to share that experience.

When they looked at Palo Alto house prices it was overwhelming. A small bungalow that might cost \$50,000 in another part of the country, cost \$3 million in Southgate.

Carol and Harold had no idea how

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they could swing it. They sat down and crunched the numbers.

They looked at several houses in Palo Alto and were outbid, before they decided they wanted to live in Southgate. It was close to Paly, for when their children reached high school age. It was near Peers Park, with its recreational activities.

It was a lovely little oasis in the middle of town. "Esto es el paraíso," their friend Emilio has said, when they walked him through the neighborhood.

Southgate was walking distance from Midtown and the weekend farmers market on California Avenue. And it was also walking distance, in the other direc-

tion, to the Town and Country Village Shopping Center; as well as downtown. It seemed like a perfect location.

They put in a bid on one house; and lost out to someone who overbid by \$300,000. Their bid on a second house was the high bid; but they lost out to an all-cash buyer.

"Where does someone get a suitcase of bills totaling \$3 million?" Harold asked his wife. "I don't understand how that works."

For their third bid, they tried to figure out all cash. They borrowed from all four parents, and from two of the grandparents. They took Carol's inheritance early.

Harold's mother cashed out her life insurance policy.

Harold told his mother, "Mom, the value of this house will grow better than

the rate you're getting on your insurance policy. This is a sure thing." Harold's mother wasn't so sure, but she loved her son, so she repurchased her policy at a loss, and gave him the cash.

Harold and Carol also took out loans. The last bit came off credit cards.

So they got the house. It was bare bones. They had no furniture. That was a little embarrassing. But when friends or neighbors came over, they immediately understood what had happened; how the financing of the place had sucked up all the money; and there was nothing left for household amenities.

It was like being a student.

"Yes," Harold liked to joke. "We've pawned everything for our house. But we like our investment, and think it will be a good one."

More tomorrow.