

Celebrity foreclosures show extent of housing woes



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LOS ANGELES - Tabloid magazines like to reassure us that celebrities are just like us — they go grocery shopping, take their dogs for a stroll around the neighborhood, even pump their own gas.



AP Photo: This photo released by ReMax Olson and Associates shows actress Joely Fisher's home in the...

These days, that can also hold true when it comes to the plummeting real estate market. Several celebrities have dealt with foreclosure issues on their luxurious estates and many more have had to drop their asking prices, putting some high-profile faces on a growing problem: the real-estate meltdown is now hitting every socio-economic class.

The case of [Ed McMahon](#) has shown that you can make millions over a lengthy show business career and still find yourself in foreclosure. Johnny Carson's former "Tonight Show" sidekick owes more than \$644,000 in mortgage payments on his Mediterranean estate in Beverly Hills, a house he and his wife have been trying to sell for the past two years. The six-bedroom, five-bathroom home — in the same exclusive, gated community where Britney Spears lives — is now on the market for \$6.5 million, down from an original price of \$7.6 million.

The 85-year-old television personality, who has been unable to work since breaking his neck in a fall 18 months ago, described his economic problems as "a perfect storm."

"If you spend more money than you make, you know what happens. And it can happen. You know, a couple of divorces thrown in, a few things like that. And, you know, things happen," McMahon said on "Larry King Live" recently. "You want everything to be perfect, but that combination of the economy, I have a little injury, I have a situation. And it all came together."

McMahon certainly is not the only celebrity to find himself in such financial trouble. Former NBA player Vin Baker saw his home in Durham, Conn., go up for auction last weekend. The seven-bed, six-and-a-half-bath mansion, on about 11 acres with a basketball court and a bowling alley, had been on the market for \$2,950,000. Earlier this year, former baseball star and "Juiced" author Jose Canseco stopped making payments on his \$2.5 million home in the upscale Encino section of LA's San Fernando Valley.

Rick Sharga, vice president of marketing for [RealtyTrac](#), which monitors foreclosures, says that people of any income level can get in trouble by buying overvalued homes at the peak of the market that they ultimately can't afford.

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"Ed McMahon's a sympathetic character in this scenario in that he got into a house that possibly he could have afforded if he had been able to keep working, then he had an injury that upset his financial apple cart pretty badly," Sharga said. "What you don't know is, in a normal real estate market, if the same lender would have taken a look at an 82-year-old man at the tail end of his career and written him a \$4.6 million mortgage he had to keeping working to be able to afford."

It's not all doom and gloom, of course. Avril Lavigne listed her nearly 6,900-square-foot Mulholland Estates mansion for \$5.8 million and, after just 36 days on the market, recently accepted a cash offer of \$5.2 million.

But as celebrity real estate columns like "Hot Property" in the Los Angeles Times and "Gimme Shelter" in the New York Post show, other stars can't command the same prices for their homes that they might have been able to a few years ago.

The price of Angela Bassett and Courtney B. Vance's house has dropped more than \$2 million in the past year. The French Colonial in a gated section of Los Angeles' old-money Hancock Park neighborhood has five bedrooms, seven and a half bathrooms, a gym, a hair salon and a two-story guest house. An agent listed it last year for \$5,999,000, then a month later took it off the market for seven months. Then June Ahn of [Coldwell Banker](#) got the house and listed it for \$4,999,000; she reduced it soon afterward to \$4.6 million, and now has reduced it again to \$3.9 million.

"It was overpriced," Ahn said. "The price difference from \$5,999,000 to \$3.9 (million), obviously we'll have a bigger number of buyers that can afford to get into it and even take a look at it."

It helps that the husband and wife, who bought the house 17 years ago for about \$1.8 million, own it outright. "They're very flexible, they just go with the flow of the market," Ahn said. "Unfortunately, this happens. Last year was better than this year. Now they realize they didn't reduce in time. They were hoping to get the best (price) last year but it didn't happen so they learned the lesson."

Then again, property values can be a matter of perspective, says Ed Kaminsky, a Manhattan Beach, Calif.-based real estate agent who helps professional athletes relocate.

"You've got the new guys with the big contracts that are excited about the \$8 million check they just got and they want to spend some, and I'd say rightfully so. Sometimes it's not a smart investment and sometimes it is," he said. "But if you make \$8 million a year and you blow \$5 million on a house and you sell it for \$3 million a few years later, is it really wrong?"

"What I try to do is identify what is it that they want, and let them know that it is possible that they could buy a home for a lot of money and sell it for less than they paid for it, and are you OK with it?" he added. "If I handed you \$25 million right now, would you think differently about the \$2 million house that's down the street? You may not really care that it's 50 grand overpriced 'cause you like the swing set in the backyard for your kids."

The primary element driving where a celebrity chooses to live is privacy, said Jordan Cohen of Re/Max, who has represented more than 50 stars and athletes in real estate transactions, including Shaquille O'Neal and Marilyn Manson. He's now selling actress Joely Fisher's house — a four-bed, seven-bath, mid-century craftsman at the end of a secluded drive with a pool and a screening room — for \$3,295,000, about \$1 million less than the asking price when another agent first listed it last summer.

He believes a star's property can bring in more money than a regular house.

"I know it adds value," said Cohen, sitting on a limestone countertop in the kitchen of the suburban Encino home. "A good analogy would be, shoe companies pay athletes millions of dollars to wear a specific shoe so you'll have young America buy that shoe because a celebrity endorses it. It's the same thing with a house."

"Why does anyone read Hot Tracks in People magazine or any other publication?" he



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continued. "I've never understood that, because they're just, like, people — just like you and me. From the celebrities I've gotten to know, they're just normal people. . . I don't know why America is fascinated by that, but they are."

But Mark David, who follows celebrity real estate on his cheeky blog "The Real Estalker," doesn't think prospective buyers are willing to pay top dollar for houses simply because someone famous has lived in them.

"It's not common. Property values are property values," said David, a 38-year-old graphic designer who writes under the pseudonym "Your Mama." "You've really got to be somebody for it to add cachet. Maybe if it's a major A-list celebrity who's going to go down in Hollywood history, like Jack Nicholson. But does anybody really care about most of these people's houses? Would you pay more for Danny Bonaduce's house? And I'm not trying to bag on him. I can't imagine that people would do it — then again, there's a lid for every pot."

Bonaduce's house, by the way, is still on the market. It was listed last July for \$4.5 million — now it's down only slightly to \$4.2 million. The ornate Spanish-style mansion, with four bedrooms, five and a half bathrooms and a theater on just over 7,000 square feet, sits in the hills of LA's Los Feliz section.

So why not drop the price further and finally sell the property?

"He can afford to wait it out for 20 years," said Alfonso Milanese of Show4you Realty, who co-listed the home with another agent when Bonaduce and his wife, Gretchen, filed for divorce. "It's such a minuscule mortgage on there. He's one of the few the people who are not in dire straits in selling their house."

As for McMahon's home, "we've actually gotten a bunch of offers," his real estate agent, Alex Davis of Hilton & Hyland, said recently. "I think we're going to sell it very soon and that it's going to be onward and upward for the McMahons."

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