



# Lauren Spencer REAL ESTATE UPDATE



A Seasonal Newsletter for Friends & Clients of Lauren Spencer

March 2016

## Dear Friends and Clients:

Happy March and Spring. It's been quite a winter and while we need the rain, I am happy to have the warm sunny days again. I have become an avid Warrior's fan this past fall. Having been a luke warm basketball fan in the past, I can't help enjoying Steph and the outrageous things he does with the basketball. Richard (my husband) and I are still riding our bicycles, and have some 100K rides coming up soon.

There is good news and bad news of the Santa Cruz Real Estate market. We had 4.5% appreciation rate for single family homes in Santa Cruz for 2015, after a robust 17.5% appreciation in 2014, and a strong 14.8% in 2013. That is all good news. The bad news is that there is a lack of inventory of homes for sale in 2016. Santa Cruz County has a population of 270,000 people, yet there were only 187 active homes on the market, 100 pending sales, and 96 sales in January 2016. That is historically the lowest level of homes for sale and sold since we have been tracking the numbers in 1979. It's a great time for sellers, much harder for buyers.

Thank you all for your support in real estate last year. 2015 was an amazing year for me. I was the top sales person for Coldwell Banker Santa Cruz County, earning the International President's Premier status (awarded to the top 1% of all sales associates/representatives internationally qualified out of 85,000 agents). And in addition I was the #2 agent in Santa Cruz County out of 1250 agents. I love my job, and it very humbling to have such success. Thank you all, because I couldn't do it with out you!

Warm Regards, *Lauren*

## Smart Home Technology Catching on: Some of the Most Popular Smart Home

It wasn't too many years ago that smart-home technology was thought to be the stuff of the Jetsons – sci-fi products that we might see some day in the far distant future. Well, the future is now. And the trend could have widespread implications for those people thinking about selling their home this year or shopping for a new home themselves.

Smart home products are catching on with consumers, everything from remote controlled thermostats and lighting to home monitoring cameras and security systems to entertainment systems and even refrigerators that let you see what's inside without opening the door – and then ordering groceries right from the door itself! The Coldwell Banker Smart Home Marketplace Survey, which polled more than 4,000 Americans, found that just under half of all Americans either own smart home technology or plan to invest in it in 2016, while eight out of 10 consumers using smart home products said they would be more likely to buy a home if technology was already installed.

Here are some of today's most popular smart home devices:

- **Entertainment systems.** The most popular type of smart home technology that people already own is smart entertainment, such as smart TVs and speaker systems, according to the Coldwell Banker survey. Some 44 percent of people surveyed already have these devices in their home.
- **Home security systems.** The next most popular type of smart home technology that people currently have installed in

their home according to the survey is smart home security (31 percent). In addition to traditional systems, these may include video monitors inside and outside the house that you can view on a smart phone from anywhere you happen to be.

- **Smart temperature controls.** According to the Coldwell Banker survey, 30 percent of consumers polled already have devices like smart thermostats. These smart devices can be programmed remotely via your computer or mobile device so that the temperature is just right when you get home. And many quickly learn your habits so they will soon be able to turn themselves up or down at just the right time and just the right amount, based on what you've done in the past. Some related products on the market now include water and humidity monitors to alert you to any leaks in your house while you're away.

So as you can see, the smart home of the future is already here today. And with more consumers interested in buying homes with these features, the trend will only continue to grow in the years ahead.



CO Home&Style

# 5 Mortgage Misconceptions Set Straight!

Getting a mortgage can be a breeze or a slog, depending on what you know about the process. To get organized and set your expectations properly, let's debunk some common mortgage myths.

**Myth: Your best credit scores are used in your loan approval.** If you're applying for a mortgage jointly with a co-borrower, logic suggests that your lender would use the highest credit score between both of you.

However, lenders take the middle of three credit scores (from Equifax, TransUnion, and Experian) for each borrower, then use the lowest score between both borrowers' "middle scores." So if you had a middle score of 780 and your co-borrower had a middle score of 660, most lenders would qualify and approve you using the 660 credit score.

Rates are tied to credit scores, so in this example, your rate would be based on the 660 credit score, which would push your rate up significantly - or potentially even make you ineligible for the loan.

There are exceptions to this lowest-case-credit-score rule. Most notably, if you have the higher credit score and are also the higher earner, some lenders will allow your higher credit score on the file - but this is mostly for jumbo loans above \$417,000.

Ask your lender about exceptions if you have credit score disparity between co-borrowers, but know that these exceptions are rare.

**Myth: The rate you're quoted is the rate you'll get.** Unless you're locking in a rate at the moment it's quoted, that rate quote can change. Rates are tied to daily trading of mortgage bonds, so most lenders' rates change throughout each day.

Refinancers can often lock a rate when it's quoted - as long as you've given your lender enough information and documentation to determine if you qualify for the quoted rate.

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Homebuyers will often be quoted a rate when you're beginning your pre-approval process, but a rate lock runs with a borrower and a property. So until you've found a home to buy, you can't lock your rate. And while you're home shopping, rates will be changing daily, so you'll need updated quotes from your lender throughout your home shopping process.

Rate quotes also come with an annual percentage rate (APR), which is a federally required disclosure that shows what your rate would be if all loan fees are incorporated into the rate.

This can make you think that APR is the rate you'll get, but your loan payment will always be based on your locked rate, and the APR is just

a disclosure to help you understand fees.

**Myth: Fixed rate mortgages are always better than adjustable rate mortgages.**

Many borrowers became conservative in the recessionary years that followed the 2008 financial crisis, and strongly prefer 30-year fixed loans. For good reason, too: The rate and payment on a 30-year fixed loan can never change. But the longer the rate is fixed for, the higher the rate. So before settling on a 30-year fixed, ask yourself this question: How long am I going to own this home (or keep the loan) for?

Suppose the answer is five years. If you got a 5-year adjustable rate mortgage (ARM) instead of a 30-year fixed, your rate would be about .875 percent lower. On a \$200,000 loan, you'd save \$146 per month in interest by taking the 5-year ARM. On a \$600,000 loan, the monthly interest cost savings is \$438. To optimize your home financing, you want to peg the loan term as closely as you can to your expected time horizon in the home.

**Myth: Real estate agents don't care which lender you use.** A federal law enacted in 1974 called the Real Estate Settlement Procedures Act (RESPA) prohibits lenders and real estate agents from paying each other fees to refer customers to each other. So as a mortgage shopper, you're always free to use any lender you choose.

But real estate agents who would represent you as a buyer do care which lender you use. They'll often suggest that you use a local lender who's experienced with nuances of your area, such as local taxation rules, settlement procedures, and appraisal methodologies.

Likewise, real estate agents representing sellers on homes you're interested in will often prioritize purchase offers based on the quality of loan approvals. Local lenders who are known and respected by listing agents give your purchase offers more credibility.

**Myth: Mortgage insurance is always required if you buy with less than 20 percent down.** Mortgage insurance is a lender risk premium placed on many home loans when you're putting less than 20 percent down. In short, it means your total monthly housing cost is higher. But you can buy a home with less than 20 percent down and avoid mortgage insurance.

The most common way to do this is with a combination first and second mortgage - often called a piggyback - where the first mortgage is capped at 80 percent of the home's value, and the second mortgage is for the balance of what you want to finance.

Comparisons of mortgage insurance vs. piggyback loans that simplify the math can help you make decisions.

MSN Money



## HOME IMPROVEMENTS THAT PAY OFF!

**ENTRY DOOR REPLACEMENT (STEEL)**  
Job Cost: \$1,366 Resale Value: \$1,683  
Cost Recouped: 123%

**GARAGE DOOR REPLACEMENT**  
Job Cost: \$1,756 Resale Value: \$1,929  
Cost Recouped: 110.0%

**DECK ADDITION (WOOD)**  
Job Cost: \$11,685 Resale Value: \$11,828  
Cost Recouped: 101.2%

**ATTIC BEDROOM**  
Job Cost: \$60,675 Resale Value: \$55,646  
Cost Recouped: 91.7%

**SUNROOM ADDITION**  
Job Cost: \$83,694 Resale Value: \$47,488  
Cost Recouped: 56.7%

**BATHROOM REMODEL**  
Job Cost: \$19,436 Resale Value: \$16,681  
Cost Recouped: 85.8%

**BATHROOM ADDITION**  
Job Cost: \$45,635 Resale Value: \$33,715  
Cost Recouped: 73.9%

**WINDOW REPLACEMENT (WOOD)**  
Job Cost: \$12,489 Resale Value: \$11,911  
Cost Recouped: 95.4%

**WINDOW REPLACEMENT (VINYL)**  
Job Cost: \$11,465 Resale Value: \$10,372  
Cost Recouped: 90.5%

**TWO-STORY ADDITION**  
Job Cost: \$183,801 Resale Value: \$136,524  
Cost Recouped: 74.3%

California Association of Realtors

# The Most Common Questions Asked by Home Buyers—Answered!

Buying a home is thrilling, scary, sometimes weird, often epic, and never dull. You're ponying up a huge wad of cash for a place you'll inhabit hopefully for years to come. As such, you're bound to have a lot of questions throughout every step of the process. So to head you off at the pass, we asked real estate agents to spill the beans on most common questions buyers ask them—and the answers, of course.



## Q: What home can I afford?

That depends, of course—on your income and other financial obligations; plug them into [realtor.com's Home Affordability Calculator](#) for a ballpark figure. And do it before you start shopping, says Alyssa Blevins of Pierce Murdock Group in Alexandria, VA. "If you see houses you love outside your price range, it opens you up to disappointment," she says. Meet with a lender to get pre-approved for a home loan (added bonus: pre-approval makes you much more attractive to sellers).

## Q: Can I buy a home and sell my current one at the same time?

Yes, you can—but it's the real estate equivalent of walking a tightrope. "This is one of the trickiest questions to answer," says Cedric Viquerat of Coldwell Banker Residential Real Estate in Bradenton, FL. On the one hand, if you buy a home before you sell the one you're in, you're overextended financially; if you sell before you buy, you might need to rent awhile before finding a new place. But there are ways to do both at once, and one option is to instate a "sale contingency" in your contract. This means you only agree to buy a home if you can sell the one you're in. The only downside is if your seller doesn't agree (which is possible if they want the timing set in stone).

## Q: How many homes should I see before making an offer?

Up to you, sport! While home shoppers these days can look at hundreds of homes online, they only hoof it to check out 10 homes on average before they put in an offer. But keep in mind, "This varies tremendously for each person," says Will Johnson, a Realtor® in Hendersonville, TN, and founder of Sell and Stage. "Some people find their home within hours of hunting. For others, it takes months." If you want to streamline the process, it can help to really hone in on a particular neighborhood you're keen on; that said, if you feel limited by your options, it may be time to expand to surrounding areas.

## Q: How do I know if the property is a good deal?

While there's no crystal ball on whether a certain home is a bargain and will appreciate, rest assured that with research, you can keep surprises to a minimum. The best way is to check out comps—what similar properties are selling for in the area—"and whether those prices have been going up or down in the recent past," says Felise Eber, a Miami Beach real estate associate with Coldwell Banker.

## Q: How quickly can I close?

"Typical escrow periods are 30 to 45 days," says Rina Camhi, a Houston, TX-based agent and founder of 10MinRealty. "This gives you enough time to do the investigation on the property and get a loan completed." And yes, this due diligence counts (see our next point).

## Q: Should I get a home inspection?

While buyers often wonder if a home inspection is truly necessary, most Realtors unequivocally say yes, yes, and yes. "A home inspector takes a weight off of your shoulders by looking into the condition of the roof, electricity, heating and air, plumbing," says Johnson. "Ensuring these things work prevents you from paying to fix them in the future. If some things are not up to par, you can negotiate with the seller to get those fixed before you sign the paperwork."

## Q: When can I back out if I change my mind?

While buyers can always back out of a deal, doing so without good reason may forfeit their earnest money (the cash put down to secure the offer, typically around 1%-2% of the home's price). But there are some ways to walk with your earnest money in hand.



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### REFERRALS

Call me with your referrals! A closed escrow as a result will entitle you to **DINNER FOR TWO** at the restaurant of your choice

## SANTA CRUZ COUNTY

# UPCOMING EVENTS

**March 12, 2016 Glamour & Glitz at the Grove** - Santa Cruz Symphony League invites you to a fun-filled evening of dancing to rhythms of Jon Nordgren at the Cocoanut Grove. Includes dinner with champagne and wine, live entertainment and auctions. Cocoanut Grove.

**April 2-3, 2016 Santa Cruz Ballet Theatre in Concert** - This season's mix promises to delight with premieres by award-winning choreographer Robert Kelley and alumnus Nahshon Marden, as well as an original work by Jacqueline Colledge of Utah Regional Ballet

**April 16, 2016 Passport Days** - SCMWA Passports are the best way to experience the wonderful Santa Cruz Mountains wine region at a great value.

**April 24, 2016 Jazz on the Wharf** - The popular Jazz on the Wharf returns to Santa Cruz. With the beautiful backdrop of the Monterey Bay, enjoy top jazz musicians outdoors and in wharf restaurants.

**April 30, 2016 26th Annual Ducky Derby** - The event will be a fun-filled day of activities for children and adults, with exciting rubber duck races held throughout the day. In addition there will be food, games, live music and entertainment. FREE

**May 7-8, 2016 Santa Cruz Symphony Concert: "Ode to Joy"** - The dramatic season finale features the Cabrillo Chorus and vocal soloists from the Metropolitan Opera in a performance of Beethoven's great 9th Symphony. Get tickets in advance before this sells out!

## My Current Listings

**650 Branciforte Ridge, Santa Cruz** - Modern Mediterranean Villa, The best of old-world craftsmanship & materials and new-world engineering architecture. **\$2,450,000**



## Santa Cruz Association of Realtors®

### SANTA CRUZ COUNTY SINGLE FAMILY STATISTICS

2016	ACTIVE	PENDING	SOLD	AVERAGE	MEDIAN
JANUARY	203	93	96	\$743,483	\$694,500
FEBRUARY	228	138	93	\$954,731	\$795,000
2015	ACTIVE	PENDING	SOLD	AVERAGE	MEDIAN
JANUARY	323	121	97	\$708,531	\$662,000
FEBRUARY	334	137	114	\$703,736	\$670,000
2014	ACTIVE	PENDING	SOLD	AVERAGE	MEDIAN
JANUARY	376	114	125	\$730,299	\$608,625
FEBRUARY	392	120	108	\$657,943	\$599,000

## Refresh Your Interior With Paint

Looking for a quick way to rejuvenate your living space? Before you go changing layouts or knocking down walls, try giving your interior a fresh coat of paint. This fairly simple task can dramatically alter the look and feel of your home.

Changing interior paint is an easy do-it-yourself project that most can tackle in a weekend or two. Before you get the rollers out and start painting, here are some basics about the interior paint finishes available:

**Flat or Matte** - Hide imperfections with flat paints, which absorb light and make the colors seem darker. The downside? This type of paint is the least stain resistant, so reserve it for low-traffic areas and ceilings.

**Eggshell** - Not as dull as flat paint but less shiny than semi-gloss, this low-sheen option works well in living rooms and bedrooms. Be aware that the shine can accentuate wall imperfections, so it's best on smooth, well-prepared surfaces.

**Satin** - This easy-to-clean finish is often used on windows, doors and trim. Its soft sheen sets it apart from walls painted in eggshell or flat finishes. Though it is highly durable, satin paint has less protection than shinier options.



**Semi-Gloss** - Designed to stand up to stains, semi-gloss paints are easy to clean, making them ideal for kitchens and kids' rooms. It also stands up to moisture, so consider this in a bathroom.

**Low VOC** - The name says it all. This type of paint contains fewer volatile organic compounds (VOCs), which release toxic gases. Opt for low-VOC paint if you want to go green in your home and deal with less paint fumes.

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