



Dear Friends and Clients:

The New Year is moving along quickly and it is already February. Happy Valentine's Day.

2013 was a very positive year for Santa Cruz real estate. The average residential home appreciated 14.6% for the year (see the back for additional statistics). The inventory of homes for sale remains historically low (like our rain this year). The low inventory is affecting the real estate market by pushing the prices higher. The amount of short sales and foreclosures are dwindling and no longer affecting the market negatively by bringing values down. There are currently more buyers than properties for sale, so we are experiencing multiple offers on many homes, especially in the \$500,000-\$900,000 range. The second home market is also strengthening, as buyers feel like they have more disposable income to spend as the economy recovers. The forecast for 2014 is even better than 2013. The strengthening of the National economy and lower unemployment numbers all work together to create a more positive outlook for the near future.

Interest rates will continue to rise in 2014. The Federal Reserve has indicated that as the economy improves interest rates will rise and might even get to 5% by the end of the year. Please note the two articles enclosed regarding obtaining mortgages today.

Thank you all for your support for my business this past year. I had one of my best years ever in my career. I moved from the Coldwell Banker President's Elite (top 2% of CB agents nationwide) to the President's Premier (top 1% of CB nationwide), which is quite an honor for me. I was #6 out of 1250 local agents, and I continue to serve on the Santa Cruz Association Board of Directors. After 28 years in the business, I am fortunate to be enjoying my work more today than when I started.

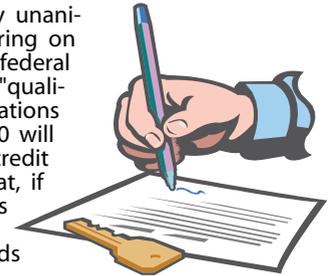
I would love it if you would help me win the Santa Cruz Good Times Best Realtor of the year, by placing your vote for me. Voting starts Monday, Feb 3 and ends Sunday, March 9. Unfortunately the link to vote is yet not posted, but the Good Times website is www.gtweekly.com.

Thank you for your support!

Best Regards, *Lauren*

STRATEGIES FOR GETTING A MORTGAGE AMID TOUGHER FEDERAL RULES

The verdict was nearly unanimous at a recent hearing on Capitol Hill: The new federal "ability to repay" and "qualified mortgage" regulations that took effect Jan. 10 will make obtaining credit tougher this year. What, if anything, can buyers who find it difficult to meet the new standards do about it?



By forcing creditors to offer mortgages within a tightly confined box of complex underwriting requirements and imposing financial penalties for infractions, the new regulations are making lenders hyper-cautious about approving anybody, especially applicants who don't quite fit the standard profile.

Debt ratios. Though the baseline standard for a new "qualified mortgage" is that a borrower's total debt-to-income ratio should not be greater than 43%, lenders say there is wiggle room if you search for it. For example, conventional loans being sold to giant investors Fannie Mae and Freddie Mac may exceed 43% by a little, provided your overall application makes it through the companies' electronic underwriting systems, which take multiple factors into consideration.

Down-payment assistance. Toughened federal rules are shedding new light on some alternatives that get relatively little public attention — hundreds of bond-funded, low-cost mortgage assistance programs run by state and local housing finance agencies. According to an online service that tracks them and helps connect buyers with houses and funding, there are nearly 1,600 such programs across the country. The site estimates that 70% of for-sale listings in any given market are eligible for at least one of these programs.

Bottom line: You may have options. Check them out with the help of an experienced loan officer who works with a variety of sources. Ask about that upfront.

2014 KITCHEN DESIGN TRENDS: OPEN SHELVES, GLASS CABINET FRONTS

Are you thinking — or dreaming — of a kitchen remodel in 2014? Read this first! Kitchens featuring black countertops, open shelves or glass-front cabinets, and darker paint tones will be popular with homeowners this year, according to the Zillow Digs Home Design Trend Report for 2014. This one-of-a-kind report depends on actual homeowners to identify trends and includes a survey of the Zillow Digs Board of Designers, a group of design experts from across the country.

To learn more about open shelving and glass-front cabinets, we asked Zillow Digs Board of Designers member and design expert Kerrie Kelly of Kerrie Kelly Design Lab in Sacramento, California, to provide some tips for homeowners considering kitchen or cabinet remodels in 2014.

Tip 1: Open shelving and glass-front cabinets are great for any kitchen style

Open shelving and glass-front cabinets are just as beautiful in modern kitchens as they are in traditional spaces. “Just be sure to focus on using only one or two materials,” Kelly says. Painted cabinets or shelf walls, glass or wood shelves are all great options depending on your style.

Tip 2: Try experimenting with glass-front cabinets or open shelving in other rooms throughout the house

Open shelving and glass-front cabinets are spilling into other areas of the home, especially in

bathroom vanities.” Get creative with shelving units,” Kelly says. Try incorporating “vintage pieces with sleek colors for a chic storage solution in any living space.”



Tip 3: Display kitchenware to match your style

It’s important to carefully select your kitchenware so that you are showcasing items that match your overall kitchen style. “Spices, olive oil, cookbooks and glass jars filled with oatmeal or dried fruits are all great candidates,” Kelly says. Take time to curate those important statement kitchenware pieces. Kelly advises homeowner to “let your kitchenware collection grow with you and your space.”

Tip 4: Try experimenting with DIY shelving

One easy, or temporary, solution is to create do-it-yourself kitchen shelving with graphics, wallpaper or unique paint colors on the inside of open-shelf walls. “This could be done over the weekend and provides great versatility,” Kelly says. With Zillow Digs, homeowners can find visual inspiration and understand the real cost of remodeling projects.

Zillow Blog - December 2013

HOME SALES RISE FOR FIRST TIME IN 5 MONTHS

Bloomberg

Sales of previously owned homes climbed in December for the first time in five months, capping the best year since 2006 and indicating the real estate market is starting to adjust to higher borrowing costs. Purchases rose 1 percent to a 4.87 million annual pace, the National Association of Realtors reported. Faster employment growth, rising property values and a decline in consumer debt are giving would-be buyers the confidence to take the plunge into homeownership. Growing demand will also spur new construction and home improvements that will boost gross domestic product in 2014.

Mortgage Tips for 2014

1. Document your finances

Lenders will be extra diligent when underwriting home loans in 2014, as new mortgage regulations go into effect in January. The rules put pressure on lenders to verify that borrowers have the ability to repay their loans.

Keep good records of your finances, including bank statements, tax returns, W-2s, investment accounts and any other assets you own.

2. Lock a rate as soon as you can

Rates will likely climb in 2014 as the Federal Reserve is expected to reduce the pace of the economic stimulus program that has long helped keep rates low. If you are planning to get a mortgage, lock in a rate as soon as you are comfortable with the numbers.

3. Refinance now -- if you still can

Many homeowners lost the opportunity to refinance at a lower rate when rates jumped in 2013. But those who are still paying more than 5 percent interest on their home loans might still have an opportunity.

4. Buyers, use your bargaining power

As mortgage rates climbed, lenders lost a big chunk of their refinance business. In 2014, they will turn their attention to homebuyers and will fiercely compete for their business. Buyers should take advantage of bargaining power they gain with that increased competition.

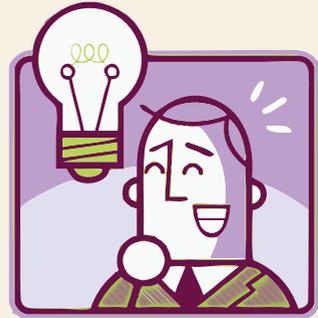
5. Learn your rights as a borrower

Mortgage borrowers will get many new rights as consumers this year when new mortgage rules created by the Consumer Financial Protection Bureau go into effect in 2014. If you run into issues with your mortgage servicer in 2014 or fall behind on your payments, make sure you are aware of your rights and put them to use.

6. Take good care of your credit

It's nearly impossible to get a mortgage without decent credit these days. That will continue to

be the case in 2014. If you are planning to get a mortgage, monitor your credit history and score until your loan closes. The best rates usually go to borrowers with credit scores of 720 or higher. You may still get a mortgage with a score of 680, but lower scores will mean higher rates or higher closing costs.



7. Don't overspend

Lenders don't want to give out loans to borrowers who will have little money left each month after they pay their mortgages and other debt obligations such as credit cards and student loans. If that becomes the case, the lender will tell you that your DTI, or debt-to-income ratio, is too high and you don't qualify for a loan. Try to keep your monthly debt obligations, including your mortgage and property taxes, below 43 percent of your income.

8. Considering an FHA loan? Reconsider

FHA loans have long been popular among first-time homebuyers because they require low down payments and have somewhat less strict underwriting standards than conventional loans. But they come at a price. Mortgage insurance premiums on FHA loans are likely to continue to rise in 2014, and after recent changes, the borrower is now required to pay for mortgage insurance for the life of the loan. Try to qualify for a conventional loan before you apply for an FHA mortgage.

9. Don't panic

Yes, mortgage rates will likely climb in 2014. But don't panic, thinking you have to buy a home now to grab a low rate. If you are shopping for a home, do your best to move quickly, but remember that this is one of the biggest financial decisions of your life. Get your mortgage and buy your home when you feel ready.



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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

My Current Listings

230 Via Novella, Aptos - Seascape Ocean View
Contemporary home. 5BR/4 BA 3,404 sq. ft. overlooking the greenbelt. **\$1,250,000**

116 Scenic, Santa Cruz - Classic single level home on a quiet cul de sac on the upper Westside **\$759,000**

154 Browns Valley Road, Corralitos - Original Corralitos Community Free Methodist Church Sanctuary, built in 1889 and parsonage. **\$650,000**

UPCOMING EVENTS

IN SANTA CRUZ COUNTY!

FEBRUARY 22, 2014

Santa Cruz Clam Chowder Cook-Off - Santa Cruz Beach Boardwalk

March 01, 2014 - March 02, 2014

Hummingbird Days - Arboretum at UCSC

March 16, 2014

Jazz on the Wharf - Municipal Wharf, Santa Cruz

March 28, 2014 - March 30, 2014

Santa Cruz Paddlefest Surf Contest - Steamer Lane at Lighthouse Point

First Fridays - Monthly

First Friday Art Walk - Downtown Santa Cruz

Santa Cruz Association of Realtors®

SANTA CRUZ COUNTY SINGLE FAMILY STATISTICS

2013	Inventory	New	Sold	Average	Median
OCTOBER	641	198	162	\$687,750	\$647,000
NOVEMBER	564	119	127	\$716,872	\$659,500
DECEMBER	394	75	130	\$678,489	\$608,000
Year end TOTAL 2013	6,880	2,421	1901	\$651,406	\$617,500
2012	Inventory	New	Sold	Average	Median
OCTOBER	679	203	180	\$594,097	\$499,750
NOVEMBER	606	139	168	\$594,835	\$512,500
DECEMBER	461	93	151	\$604,688	\$531,000
Year end TOTAL 2012	8,836	2,525	2048	\$566,789	\$503,000
2011	Inventory	New	Sold	Average	Median
OCTOBER	877	191	147	\$559,943	\$465,000
NOVEMBER	817	194	130	\$450,221	\$418,250
DECEMBER	676	126	156	\$549,531	\$472,500
Year end TOTAL 2011	10,686	2,632	1707	\$545,061	\$465,000



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for property searches, mortgage information and much more!