



Dear Friends and Clients:

Fall is upon us, and this last few weeks of our Indian Summer has been glorious. I just can't seem to come to terms that it's already October and that Christmas is right around the corner. Where has the year gone??

The Santa Cruz Real Estate market has been busy this summer. The statistics of the Average home prices (see the back of the newsletter) are up from last year. In July 2014 the Average was up 18.5% from July 2013, and although things have settled down again this September, we are still up by 14.5% year to date. We are not seeing the frenzy in the market that we had earlier in the year with multiple offers on each property. But all you need is one good offer to sell a house. The average days on the market County wide is now 50 days. The inventory of homes remains low compared to the last 2 years. And for some reason, country property sales are slow this year. Coveted neighborhoods like Pleasant Valley, Corralitos & Larkin Valley have a lot of homes for sale, but few actual sales.

Interest rates have dropped to a level not seen since May 2014, which is good news. But that doesn't mean that loans are easy to get. I thought the article on Tight Credit enclosed was amusing. Even the old Chairman of the Federal Reserve could not refinance his mortgage, which shows that lenders have over compensated with tight qualifying rules compared to the easy sub prime days of 7 years ago.

The home-buying forecast seems to be that first time home buyers will drive the market in the coming years. The millennial generation, who will be the largest cohort of home buyers is transitioning from graduating from college and paying off student loans, to starting a career and becoming financially stable and ready to take on the responsibility of buying a home.

If you ever have questions about anything real estate related, please call or email me. I would love to talk with you.

Best Regards,

Lauren



TIGHT CREDIT? WHY BEN BERNANKE COULDN'T REFINANCE



Just how inflexible are lending standards these days? Ben Bernanke said at a conference Thursday that he'd been unable recently to refinance his mortgage.

"It's entirely possible" that lenders "may have gone a little bit too far on mortgage credit conditions," he said. But wait. Surely a man with high income, lots of equity in his home, good credit and a solid net worth must be able to get a mortgage. Mr. Bernanke stepped down as the chairman of the Federal Reserve in January and joined the Brookings Institution as a "distinguished fellow in residence."

The broader point Mr. Bernanke was making isn't that credit standards on their own are unnecessarily restrictive. Borrowers who can make a 3.5% down payment with a 650-ish credit score and two years of income can qualify for a loan backed by the Federal Housing Administration.

Instead, the issue is one of nuance—or the lack thereof. Lenders have grown to rely heavily on automated underwriting systems and the requisite documentation of borrower incomes, the sources of their down-payment funds and anything else that's fed into those computers to determine whether a borrower qualifies for a loan. This can result in the odd situation in which a perfectly qualified borrower might find a loan officer who's unwilling to process a loan.

Lenders have blamed their defensive underwriting postures on new regulations and on the billions of dollars in loans they've been forced to buy back from mortgage-finance giants Fannie Mae and Freddie Mac for violations of underwriting protocols—some are legitimate frauds, while others are the underwriting equivalent of foot faults.

As for Mr. Bernanke, he's refinanced the mortgage on his Capitol Hill house since he and his wife bought it in 2004 for \$839,000, once in 2009 and again in 2011. Credit is no tighter now than it was then and home prices have gone up.

One thing that may have changed for Mr. Bernanke besides his employment situation: His loan might be too big to qualify for government backing. While jumbo mortgages have in some cases actually carried slightly lower interest rates over the past year than conforming loans, they typically require more equity. If Mr. Bernanke hasn't substantially paid down the principal, he'd need to do so to qualify.

And while interest rates on 30-year, fixed-rate mortgages were lower in early 2013, in recent months they've been about the same as where they were the last time Mr. Bernanke refinanced.

5 factors that influence your home's resale value

While home sellers hope to get top dollar for their property – and some have an inflated idea of what to expect – establishing a home's value can be a complex process.

1. Location

The classic real estate refrain says, "location, location, location." Location includes factors such as the price of recent nearby transactions, the quality of local schools and whether the area has a strong community. "Buyers increasingly value community," says Amy Anderson, an agent.

As Americans scale back their dependence on automobiles, some homebuyers seek out communities that don't require cars to get around. One resource is WalkScore.com, which rates neighborhoods throughout the U.S. based on access to public transit and proximity to grocery stores, parks and more. "I think walkability has become more important in many markets, especially amongst millennials," says Ken Wilson, president of a professional association for real estate appraisers. "You're also finding empty nesters that are looking for walkability." But as Zillow.com chief economist Stan Humphries points out, location encompasses many other considerations. "Does it have a view? Is it waterfront?" he asks. "What's it next to?"

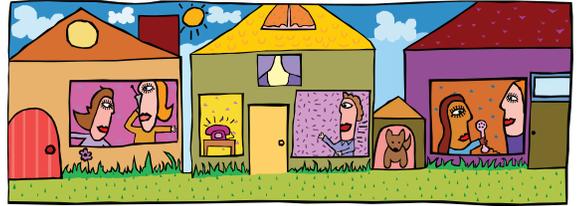
2. Size and layout.

While homebuyers used to swoon over ample square footage, many have fallen out of love with the McMansion. "I think people realize when they buy a 3,300-square-foot house, they're not getting what they thought they were," Anderson says. "There's more upkeep and more involved taking care of huge houses."

Layout is a key factor because an open-concept design can look much more spacious than a boxy space of the same size. Think twice before putting up a wall and subdividing one room into two. "Adding a bedroom may take away value," Humphries says. "Fewer but larger bedrooms tend to boost value."

3. Age and condition

Historic homes (assuming they're livable and well-maintained) and new homes are typically more valuable than homes built somewhere in the middle. "Generally, as a home gets older, it



becomes less valuable," Humphries says. "Then there's a point where homes become so old that they have historical significance. A home that's built in 1910 is probably more valuable than one built in 1970." Age aside, condition matters.

4. Upgrades

Renovations play into a home's value, but if your home is considered "over improved" compared with other properties in the neighborhood, it can actually hurt the property's value. "You want it to be common for the neighborhood or subdivision," Wilson says. "It wouldn't hurt to visit neighbors' homes or visit a home via an open house to see what people are marketing." You could also hire an appraiser to prepare an analysis that will help determine the impact of renovations on your home's value.

Unless you live in an area where granite countertops and built-in wine fridges are the norm, Humphries says you might be better off saving the money and choosing more basic finishes. You should keep records of repairs and upgrades to show buyers.

5. Negative events

If your property has issues like mold or experienced a fire or was the site of a violent crime, it could be a harder sell – and command a lower price. "Nowadays, people are very concerned if there was a fire, prior mold damage or even if there were some sort of death or crime at the property," Wilson says. Federal law requires the disclosure of all known lead-based paints, but state laws vary in whether the seller must disclose other issues.

US News - July 2014

How To Survive Living In Your For-Sale Home

Start Packing Now! Keep in mind that you're not going to need many of the extra space-gobbling items that are currently filling your rooms and closets.

Store it, Sell it, Chuck it or Donate it! Clutter eats equity and kills deals. The concept of less is more—clutter removal and the creation of space—is at the heart of preparing to sell a home, because space is an extremely precious commodity.

Get Squeaky Clean! Of course your house not only has to look good and be clutter-free, but it needs to be spotless. Kiss cobwebs, dust, grime, rust, mildew, and stains goodbye!

Maintain Your Privacy and Safety - Believe it or not, people will look through your drawers, closets, and medicine cabinets at open houses or showings. Make sure your listing agent is clear to other agents that they should always be accompanying their

prospective buyers. Also, don't keep anything in the house that you don't want anyone else to see.

Send your Pets On A Holiday! Come opening day, when your home hits the market and the open houses and showings begin, plan on boarding your pets elsewhere. It takes a bit of planning, but it's oh-so necessary.

Prep Like A Pro! When you are living in the house, you need to be prepared to "Show Prep" your house for each showing. Real Estate Agents may not have the time to prep the house. When those buyers arrive, you must have this house on!

Involve Your Kids. Make the process a game and get them to participate. Let them understand that it's time to put the house "on show" and you all need to set the stage together.

Forbes.com - September 2014

13 WAYS TO SAVE ON YOUR BATHROOM RENOVATION

Nobody likes a house with an outdated bathroom. Of course, you can use a blue toilet and bathe in a pink tub, illuminated by eight naked light bulbs shining on a stained 1970s laminate countertop. But do you really want to?

Building the spa bathroom of your dreams may cost more than you want to spend. But you don't have to empty your wallet to improve your bathroom. A little bling and a few luxurious touches can give you a big impact for a small amount of money, and that's a good place to start.

"One little thing creates that luxury instead of worrying about everything else," says Laura Redd, an interior designer in Greensboro, North Carolina. "I think sparkle is a big thing."

The easiest way to cut costs on a bathroom renovation is to keep the old bathroom footprint. Keep the toilet, sink and tub or shower in the same locations, just replacing the old with the new. That saves the thousands it costs to add to the footprint of the house or relocate plumbing and electrical wiring.

You should avoid adding a \$100,000 bathroom to a \$200,000 house, Redd notes, because you'll never recoup your investment.

But there are other ways to save, too. "Paint is always, on a budget, your best quick option on a makeover," says Justin DiPego, senior editor of *DoltYourself.com*. And you can do that yourself.

But with a bathroom renovation, you want to be careful about getting in over your head, especially if your home has only one bathroom. "Know your limits," DiPego says. If you've never laid tile before, a bathroom is probably not a good place to start. Sometimes, it's cheaper to hire someone who knows the ins and outs of the job. Hiring a contractor is usually smart for plumbing and electrical work, as well as for complicated tile jobs or ones that require tearing out walls.

But, Redd says, don't let the contractor choose the materials. Shop for them yourself instead. You'll get what you want, and you won't have to pay for the contractor's shopping time.

13 ways to save while improving your bathroom:

Bring in some posh accessories. Search for items that can change the look of your bathroom dramatically without anyone picking up a wrench. Those could include a new shower curtain, plush bath sheets, a new rug, a magnifying makeup mirror or perhaps a flower in a vase. "Don't cheap out on your towels," Redd says. "Bamboo towels are phenomenal. They last forever."

Paint the walls. Avocado fixtures against white may look extremely dated. But change the walls to a complementary color, and "suddenly the avocado green is a player," says Mary Anne Brugnoni, a designer with Renovations by the Morton Group in Fairport, New York. "Paint is your best friend."

Change the showerhead. You can buy a rain showerhead, massage showerhead and other models that will give your bathroom a spa look and feel as well as improve your shower experience. Most of the time, you can make the change in five minutes with a wrench.



Shop around for vanities and fixtures. Compare the prices online, in big-box stores, in specialty stores and even on Craigslist. Watch for sales and clearance items, too. You can find deals online on everything from faucets to vanities, and the online selection is much larger than what you'll find at any store.

Use granite remnants for counters. Granite shops often have small bits of granite left over from bigger jobs and will sell you enough for a bathroom vanity counter at a discount. To find out what's available, call your local shops first then drop by to see the granite and negotiate the price.

Shop around for tile. You can find nice floor and wall tile for \$1 to \$2 per square foot. Use that less expensive tile for most of the work, and then incorporate luxury tile as accents.

Tile a smaller area. Instead of tiling all the bathroom walls, tile only around the tub and shower, and use drywall for the rest.

Create a vanity from a piece of old furniture. "If you want to get creative...you can create something unique," Redd says. If your vanity is wood, refinish or paint it rather than buying a new one. She bought a used piece of furniture for \$45, a cultured marble top for \$150 and two sinks on closeout for \$50 each, creating a unique double vanity for just \$245.

Renovate just part of your bathroom. If you can't afford to tear the entire bathroom down to the studs and rebuild it, consider renovating just the tub and shower area. "It's going to give them the impact of a new bathroom," Brugnoni says.

Use a shower curtain instead of a glass shower enclosure. "A curved rod with a really cool shower curtain is going to save you a lot of money," Brugnoni says. Plus, a shower curtain adds color and can be changed out easily.

Choose chrome rather than brushed nickel fixtures. It's cheaper, and there are more choices. And chrome is even making a comeback, Brugnoni notes.

Buy a framed mirror or frame your existing mirror. That small change can quickly give your bathroom a glamorous look. If your mirror is small, you may be able to buy a frame at a yard sale or thrift store. For a large mirror, use molding to build a frame.

Have everything planned and materials in hand before you start. Changing course in midstream always costs time and money. You should know what you're doing and when you expect to finish before launching into any bathroom renovation.



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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

UPCOMING EVENTS IN SANTA CRUZ COUNTY!

5th Annual Chili Cookoff at the Boardwalk!

October 25, 2014
Santa Cruz Beach Boardwalk

Santa Cruz Sea Glass & Ocean Art Festival

November 08, 2014 - November 09, 2014
Cocoanut Grove - 400 Beach Street

Santa Cruz Film Festival

November 13, 2014 - November 16, 2014
Del Mar and Rio Theaters - Santa Cruz, CA

Surfin' Santa

November 29, 2014
Capitola Beach

Holiday Art Faire

December 05, 2014 - December 07, 2014
The Tannery Arts Center, 1050 River Street

My Current Listings

154 Brown's Valley, Corralitos - Original 1889 Community Free Methodist Church Sanctuary & parsonage. **\$650,000**

7276 Freedom, Aptos - Delightful sun-filled single level home on 4.7 park-like view acres. **\$765,000**

5095 Campo, Soquel - Extensively remodeled single level home with beautiful hillside views. **\$759,000**

6312 Baseline, Aptos - Peaceful Oasis. French country-style kitchen overlooks backyard & pond. **\$839,000**

235 Lou's Court, Corralitos - Country Luxury with a View, Gorgeous remodeled home. **\$995,000**

338 Treasure Island, Aptos - European Flair at the Beach, Mediterranean style home w/ ocean views. **\$1,050,000**

757 Via Palo Altos, Aptos - Elegance at the beach, perfect vacation or second home, sold fully furnished. **\$1,725,000**

1035 Laurent, Santa Cruz - Remodeled by award-winning Green architect Stephanie Barnes-Castro. **\$1,779,000**

Santa Cruz Association of Realtors®

SANTA CRUZ COUNTY SINGLE FAMILY STATISTICS

2014	INVENTORY	NEW	SOLD	AVERAGE	MEDIAN
July	654	274	191	\$816,501	\$725,000
August	646	219	181	\$753,951	\$650,000
September	601	207	183	\$786,200	\$675,000
2013	INVENTORY	NEW	SOLD	AVERAGE	MEDIAN
July	692	275	199	\$666,169	\$610,000
August	679	244	191	\$670,420	\$630,000
September	656	214	159	\$672,307	\$640,000
2012	INVENTORY	NEW	SOLD	AVERAGE	MEDIAN
July	861	278	156	\$664,643	\$579,000
August	822	220	196	\$587,974	\$540,000
September	708	174	191	\$604,205	\$560,000



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