

Now or Never?

The question of the day is: what's happening in the real estate market now? Are prices going to continue to drop? Will interest rates rise? Whatever the topic of conversation, when the subject of real estate comes up socially or in business the questions are the same. Being in the center of the storm for the past few years, those of us "in the business" ask each other these same questions. The answer is unequivocally that conditions are improving. Our office seems to be a microcosm of the real estate community. We are in the center of the action.

Here's what we are seeing on a daily basis: More people are stopping in to inquire about selling and or buying homes, more are finding homes and successfully competing in multiple-offer situations. Loan interest rates are the lowest they've been in years. And with the stock market recovering (but still unstable), investors are using funds they've preserved to purchase real estate.

What has also changed in the past few years is a decrease in experienced professional REALTORS® in the field. The numbers are down but the quality and skill of those still in the business is better. The inventory of high-quality, well-priced listings has also decreased. Most recently, with these two factors affecting the market, we are seeing multiple offers on many properties. Short sales and

bank-owned properties do not compete well with the few properties that the listing agent and seller take care to prepare and price well.

This appears to be the time to take action. If you are considering selling or buying a home, now is the time. The conventional wisdom is that, since it is an election year, interest rates will stay low. All bets are off after November 2012. We can no longer say that things will remain unchanged in the future. It looks like the time is now. Home values in Santa Cruz county are not declining as rapidly as they did over the past few years and perhaps are near the bottom.

For sellers, low inventory means less competition from comparable properties. For

buyers who are ready, preapproved and familiar with the houses on the market, the opportunity to find the perfect home is a challenge but still very possible. All this said, working with an experienced, professional REALTOR is the key to a successful outcome.



VANGUARD
Realtors

1142 Soquel Avenue
Santa Cruz, CA 95062
www.VanguardRealtors.com
(831) 462-3110

Seller's Market?

The Santa Cruz county housing market is in the midst of a transition. Over the course of the past year, we have seen a distinct tightening of the inventory of available homes, particularly in the mid-range. Homeowners who are “underwater” on their mortgages, but not necessarily in financial hardship, are holding their properties, hoping to make it through the tumult to some future date when their equity will make it possible to sell.

Additionally, banks currently own more than 500 properties in the county, but only a tiny fraction of these homes have come on the market. In fact, in March of this year, only 448 homes were available for sale, including bank owned, short sales and regular sales.

homes for owner occupants. Since inventory is so low, and prices are on the upswing, we are witnessing the return of something we haven't seen for some time: competition and multiple offers. In our office, we've seen 8, 12, even 28 offers in recent months. The momentum, for now, is definitely in the seller's favor.

Trends at a Glance (Single-family Homes)			
	Mar 12	Feb 12	Mar 11
Median Price:	\$ 499,250	\$ 499,900	\$ 476,900
Average Price:	\$ 553,339	\$ 536,196	\$ 530,909
Units Sold:	166	117	171
Pending Sales:	364	323	231
Inventory:	448	482	411
Sale/List Price Ratio:	97.6%	97.4%	97.7%
Days on Market:	79	88	101
Days of Inventory	81	115	72

Bidding Wars

As a seller, is there any downside to a competitive frenzy among interested buyers?

Although it may seem counterintuitive, sometimes too much competition can be a negative.

It is a simple fact that appraisals always lag behind what's happening

Santa Cruz County - March 2012												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 499,250	\$ 553,339	166	364	448	81	97.6%	4.7%	4.2%	-2.9%	57.6%	9.0%
Aptos	\$ 575,500	\$ 520,047	8	18	26	97	100.0%	16.3%	-22.3%	14.3%	50.0%	-23.5%
Capitola	\$ 677,500	\$ 695,000	10	10	19	57	97.4%	23.5%	12.4%	66.7%	25.0%	-5.0%
Rio del Mar	\$ 734,150	\$ 827,396	13	23	44	101	95.0%	2.0%	23.1%	30.0%	15.0%	-18.5%
Seacliff	\$ 423,611	\$ 692,537	3	6	9	90	102.0%	-14.4%	33.2%	-25.0%	20.0%	-10.0%
San Lorenzo Vly	\$ 345,000	\$ 315,149	21	49	53	76	97.3%	27.8%	3.1%	-38.2%	-9.3%	-34.6%
Soquel	\$ 516,000	\$ 629,817	6	21	29	145	98.6%	24.3%	35.0%	0.0%	61.5%	-17.1%
Scotts Valley	\$ 544,500	\$ 568,167	18	43	41	68	96.4%	-6.9%	-6.8%	28.6%	53.6%	-38.8%
Santa Cruz	\$ 550,000	\$ 669,128	45	81	97	65	97.6%	-0.9%	-11.5%	25.0%	9.5%	-26.5%
East County	\$ 398,164	\$ 431,983	10	33	53	159	99.9%	44.8%	21.5%	-28.6%	-2.9%	-19.7%
West County	\$ 370,000	\$ 370,000	1	5	11	330	98.7%	-34.9%	-55.3%	-80.0%	0.0%	-8.3%
Watsonville	\$ 277,000	\$ 277,077	22	65	20	27	97.2%	21.0%	16.3%	37.5%	32.7%	-28.6%

With interest rates at historic lows and uncertainty in the stock market, investing in real property has rarely been more attractive. Sales in the low end of the market are being dominated by investors with cash, and properties in the \$1 million+ range are being snapped up by people who see an opportunity to own a luxury home at a time when their accumulated liquid capital isn't giving the returns they once expected.

In the middle of the market, there is a distinct need for attractive, well-priced

right now in the market. Appraisers must look at the past six to nine months of sales data to establish a fair market value. While that way-over-asking offer may seem attractive, be cautious. If the property doesn't appraise, the buyer may have to make up the difference or be unable to perform. Our advice: accept the most solid offer (which may or may not be the highest priced).

Santa Cruz County - March 2012												
Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 299,000	\$ 314,439	35	101	157	134	97.0%	21.1%	3.6%	16.7%	50.7%	-29.0%
Aptos	\$ 268,250	\$ 268,250	2	2	2	30	98.6%	26.2%	26.2%	100.0%	-33.3%	-50.0%
Capitola	\$ 281,000	\$ 281,000	2	14	10	150	98.7%	-9.8%	-22.1%	-50.0%	16.7%	66.7%
Rio del Mar	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Scotts Valley	\$ 298,750	\$ 298,750	2	6	2	30	95.6%	17.2%	9.6%	-33.3%	-25.0%	-75.0%
Santa Cruz	\$ 315,000	\$ 339,340	15	35	53	106	99.1%	16.3%	7.3%	150.0%	75.0%	-3.6%
Watsonville	\$ 161,000	\$ 161,750	4	19	9	67	101.2%	-5.3%	-10.1%	-42.9%	-5.0%	-47.1%



I am happy to report that our gorgeous office on Soquel Avenue continues to delight everyone.

The staff is proud of the ambience, and our many clients and friends love to visit. Every day, there is more activity, be it for real estate transactions/consults, the annual Gail Rich Award reception, art exhibits, to hear guest speakers or just a drop in for a cup of coffee and a chat.

In the past few years, I have become an active volunteer serving on the board of directors for the Cultural Council of Santa Cruz County. The Cultural Council provides grants to artists and arts organizations, provides support for the arts education of youngsters from elementary through high school and manages one of the most acclaimed Open Studio Tours in the country every October.

I am honored to have been asked to be the next President of the Board for the Cultural Council and will take up the position in June of this year. It will be a privilege to lead the Board's talented and enthusiastic group of volunteers.

My sons, Christopher and William, continue to persevere in this challenging real-estate market. It is a joy to work with both of them and share support and knowledge with each other.

My grandchildren are all growing into fun and fascinating people. Adele is three and no longer a baby. She is articulate and full of energy. She started preschool and is a star.

Max (Christopher's step-son) is in third grade at Gault Elementary, our great neighborhood school. He was recently featured in a campaign brochure for Yes on I & J, the effort to continue

local funding for librarians and counselors in Santa Cruz City Schools.

Blake will be moving to Santa Cruz in the summer and attending Branciforte Middle School as an eighth grader in the fall. He is 6'1" and still growing. He's bright and sweet, a grandmother's dream.

Livia completed her first year at Sarah Lawrence. She loves it and plans to spend two months working and living in New York City. I hope she decides to come back when she finishes school!

Lucia, after a year of working and saving money, will move to New York City to attend Hunter College. She returns to college with new-found motivation and impressive skills as a barista that she has acquired during her time "in the real world."

I am asked regularly: "How's business?" My response is always: "Better!" I attribute much of the improvement to our new location and the wonderful productive agents who work here. On a personal note, if you are considering selling or buying or have friends who are "in the market" for an outstanding real-estate experience, please call me or send them my way. I am enclosing two cards, one for you to keep and one to pass on to a friend.

I love being in this business, not least because of the many clients that I have worked with over the years who have become genuine friends. I welcome your referrals and the opportunity to provide top-notch service you would be proud to recommend.

In addition to this printed newsletter, please feel free to visit our website, **CharmanAndSons.com**, where you can view an electronic version.

Linda Charman



As you've no doubt noticed in this issue of the **Vanguardian**, all the signs point to a seller's market, with multiple offers, bidding wars and the attendant hoopla. If you've been thinking about making a move, the timing may be good.

But what about those of us—and there are unfortunately still too many—who find that our dream of home ownership has gone sour? Although the pace of foreclosures has slowed, the market recovery is slower still. We're seeing median home prices that would have been familiar a decade ago. You may have purchased at the height of the market, or you may have used the equity in your home to weather the tough economic times of the past few years. In either case, through no fault of your own, you may be in the position of owing more on your home than it is currently worth.

If you can ride out the next five to seven years, you have the chance of coming out on top. If not, as many of our friends and neighbors have found, you'll get little sympathy from the banks. Loan modifications are being offered, sort of. Most people who are offered modifications find that the new terms either don't help much with their hardship or don't do enough to impact the balance owed.

To a lot of people, it seems hopeless. What are the options at this point? You could request forbearance, but that's unlikely to happen. You could simply allow the bank to foreclose, or offer to give your keys and deed back to the mortgage holder—"cash for keys," or as it's called in the business world "strategic default." Of course, cash for keys is still a foreclosure and will stay on your credit for as long as a bankruptcy.

So how about bankruptcy? While a bankruptcy attorney can tell you if this is the best option for you, the fact is, a personal bankruptcy will merely postpone foreclosure.

A better option may be a short sale. A short sale means that the bank settles your debt for less than you owe—in other words, the payment is "short" of the full amount. A short sale allows a homeowner to sell their property at its current market value and, under current California law, owe nothing more to the bank. As an added benefit, a short sale vanishes from your credit report much faster than either foreclosure or bankruptcy.

The banks are interested in this alternative to foreclosure for several reasons. First, foreclosure can be a costly process and can end up being much more expensive for the bank than simply taking a lesser amount than the full payoff for a mortgage. Second, there are several advantageous government programs currently available that provide substantial financial incentive to complete a short sale. Finally, the banks already own a large number of properties. Holding those properties vacant while they wait for the market to correct further is both expensive and a liability.

If you're stressed out by an underwater mortgage, give me a call at **(831) 272-4747**. Everyone's situation is different. I can't promise that a short sale will be the right option for you, but I can promise that I can give you straight answers, and help you determine what options are available to ease your financial burden, at no cost and with no obligation.

A handwritten signature in black ink, appearing to be 'Chris'.

Dear Vanguardian

Q: *My agent is encouraging me to list my home for less than my friends tell me it's worth. How do I price my home with the market heating up in favor of sellers?*

A: Your agent is the professional with an ear to the ground.

Experienced REALTORS are following the market trends and know the comparable sales in your area. The conventional wisdom is to price your property ahead of the competition. Yes, multiple offers are occurring more often now, but these are on properties that are priced well. As the appraisers see more sales with higher price points, home values will increase. At the moment, sales are still compared to many short sales and bank-owned properties. Listen to your agent, and you will be successful in selling your property in a timely manner—and at the best possible price.

Q: *My REALTOR suggested that I provide a home warranty when I sell my home. What is the advantage of doing this as a seller?*

A: It is a good idea for many reasons, but primarily because the basic plan covers heating, plumbing and electrical problems that may come up during the first year after the sale. There is a nominal copayment, usually around \$60. With a home warranty in place, the new owner is unlikely to come back to you after close of escrow when something comes up that needs repair. The plan can be upgraded to include appliances.

For a buyer, a home warranty is a good investment, even if it is not provided by the seller, and for the same reasons mentioned above. The cost usually ranges from \$240 to \$450, depending on the size of the home and the desired coverage—a small price to pay for peace of mind!



Taking Title

When you buy a new home, what's the best way to take title? How you take ownership of your property will have implications about who needs to sign documents, who has tax and inheritance rights, liability for creditor's claims and more. You may want to consult a lawyer to determine which form of title is best for you.

Sole Ownership

A single person takes title to the home. The owner might be an unpartnered man or woman, and the home will be their individual possession. A person who is married (or in a registered domestic partnership) may still take sole ownership, but the other partner must specifically give up any right, interest or title.

Co-Ownership

There are various forms of co-ownership, each with slightly different rights and responsibilities.

Community Property

In California, it is assumed that when a married couple or domestic partners purchase a home, that home is a shared asset. Both partners own a half interest in the property, and both must sign all documents to transfer the property or take out a new loan. Both may also will their half of the property to whomever they wish.

Community Property with Right of Survivorship

Like community property but with an important distinction: if one partner predeceases the other, the surviving partner becomes sole owner. There may be tax benefits to this form of title.

Joint Tenancy

Two or more individuals hold undivided, equal interests in the property. If one of the owners dies, the surviving joint tenants automatically take equal ownership.

Tenancy in Common

Two or more individuals hold undivided, fractional interest. Ownership may be unequal in duration or quantity and may be sold, leased or willed by each party. Income and expenses are shared in proportion to ownership.

Vanguard Realtors

Successful... Vanguard is recognized as a professional, ethical, established, preeminent Santa Cruz area real estate office. **Knowledgeable...** The Vanguard team of experienced, full-time REALTORS® is committed to remaining expert in all aspects of residential Real Estate. **Locally Based...** Our 12 REALTORS® live here and know our communities. We know our resources and the benefits of living in Santa Cruz County. **Responsive...** Because Vanguard is local and independent, we can respond immediately to market changes. Our advertising and marketing programs are creative and flexible. **Committed...** Our excellent reputation reflects the strength of our commitment to our clients. A high percentage of our sales result from repeat and referral business. **Far Reaching...** Vanguard listings are on the MLS Infolink Service throughout the South Bay, Santa Cruz and Monterey Bay area to South San Francisco and on the Internet!

Office & Staff Information

Hours: Monday – Friday 10:00 AM – 6:00 PM
Weekends 10:00 AM – 4:00 PM

Voice: (831) 462-3110
Fax: (831) 462-9583
Web: www.vanguardrealtors.com

REALTORS® / Brokers:

Linda Bailey	linda@lindabailey.com	465-7712
Linda Charman	lpcharm@pacbell.net	465-7700
Chris Charman	chris@vanguardrealtors.com	465-7718
Ben Dunn	bendunn@vanguardrealtors.com	465-7705
Loren Goodman	loren@lorengoodman.com	465-7708
Rick Miritz	rick@rickmiritz.com	600-1086
Anne M. Murphy	amurphy@vanguardrealtors.com	465-7703
John O'Donnell	johnodonnell91@yahoo.com	345-6583
Edward Olsen	mredolsen@yahoo.com	465-7701
Judy Phillips	judy@vanguardrealtors.com	465-7713
Barbara Schatan	bschatan@sbcglobal.net	465-7707
Woutje Swets	woutje.swets@gmail.com	278-2447

Property Management: 465-7718



1142 Soquel Avenue
Santa Cruz, CA 95062
www.vanguardrealtors.com

