

February 2009



Dear All-

Another notch in the belt, another year passed. The only thing that can be said about the (insert appropriate expression here) economy is that we are closer to the end of the problems than we have ever been before. Small consolation as no one knows where the end really is or how bad it really will get. But enough of the dark cloud of despair; let's look at the bright side!

Fixed interest rates are the lowest in decades, housing prices are at an affordable level that I can't ever remember seeing in my 25-year career, and there are enough houses on the market to give you a choice. If you ever had thoughts about buying that investment property, vacation home or helping your kids get into their first home I can't ever remember a more opportune time.

Paul is rocking with his Project Purr- we adopted 3 kittens from them, and it makes me tired just watching them play. Pam and I live in Bonny Doon, and sometimes during the winter, mice decide to take up residence. With 3 almost 1 year old kittens in the house, we no longer have that problem. So, not only are they fun to have as pets, they earn their keep, too!

Richard absolutely loves Arizona. He tells me that even he, as a transported-Berkley raised-liberal (although, I might add, more of an anarchist than liberal) middle aged man, can find people to agree with. He says that finding people to argue with isn't hard at all. He never had that problem in Santa Cruz either though. He loves the climate, the culture and the housing prices.

We all know what a collapse housing values have had in the country as well as California. I don't have any insightful thoughts as to when it may be turned around; but, I know this, prices are down to where they are the most affordable in years. When did you EVER think that you could say that about California real estate? Yeah, the mortgage process can be grueling to capture these low rates (and this is from someone who does battle daily!), but the rewards may be the best thing you do to secure your financial future. To that end, try and make the process easier by using us for both the real estate and mortgage on your purchase. Joe Perez in Santa Maria has finally thrown up his hands and has added buyers' agent to his resume. After years of helping clients with their mortgages, he now offers them the same personal and professional service in assisting them in finding, negotiating and closing their new home purchase that he has always provided in the mortgage sector. And the prices in Santa Maria, and area, are at decades lows.

Best to Each and Everyone-

Bruce McCoy
Head Cheese What's In Charge!

CHRISTMAS SUCCESS AT CAPITOLA MALL

By: Paul B. Costa, Real Estate Broker/Volunteer
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Project Purr sponsored a Home for the Holidays adoption program and teamed up with the Santa Cruz Animal Services Authority to bring adoptable animals from the shelter to the Capitola Mall to attempt to find forever loving homes. The program went through the month of December to Christmas. This event exposed many folks to these sweet animals and to the new Animal Services shelter that is now open on 7th Avenue just down from Soquel Avenue. Cats and dogs adopted directly from those efforts totaled 25.

The residual benefit from this exposure was that many folks from the mall went to the shelter to look at the adoptable animals not taken to the mall. We aren't sure of the numbers adopted because of this secondary exposure, but were told that the adoption rate for the month of December had risen. Several volunteers put in many hours during the month and received nothing more than a feeling of satisfaction watching these loving animals get placed in forever homes. What a Christmas gift for animals and volunteers alike!

Kitten season is fast approaching, so Project Purr along with Animal Services is gearing up for the inevitable crunch of litter upon litter of kittens. If only all of those cats had been spayed/neutered before nature called. Because of budget cut backs or lack of funds, Animal Services will be stretched thin which means lots of kittens will be put at risk for euthanasia. Project Purr is the only county wide 501© (3) organization providing low cost (sometimes free) spay/neutering of feral cats through their Trap-Neuter-Return programs. Project Purr receives NO funds from any government agency! No one at Project Purr receives compensation, and all funds go directly to Trap-Neuter-Return programs.

We will be having our semiannual yard (rummage) sale on May 30 and 31, 2009. This is the weekend after Memorial Day, May 25. In order for it to be a success, we must continue to receive saleable items from our generous supporters. If you have items that we can sell at the fund raiser, please save them and bring them to our sale site at the corner of Thurber Lane and Soquel Drive on Friday May 29 between 7am and dark. Our volunteers will even help with the unloading. **REMEMBER-YOUR DONATIONS ARE TAX DEDUCTABLE. JUST ASK FOR A DONATION FORM AT THE TIME OF DROPOFF.**

If you are in the market for a kitten, think about a pair-they love playing together! Please call Project Purr at 423-MEOW or check out the web site at www.projectpurr.org. If you need help with trapping those feral cats for the spay/neuter program, please contact us.

ARIZONA NOTES

By: Richard Lockie Real Estate Associate & Loan Officer
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Six weeks ago autumn began. The trees turned red & gold, leaves fell within the space of three days, and Winter began. After three weeks of grueling frigid temperatures (as low as 64 degrees!!!), we are now in the midst of Spring. The trees are green again, hummingbirds and garden lizards have been seen, and the Sunsets! Have I ever mentioned the sunsets? Wow!

Real Estate browsing here is still a breathtaking experience. Would you like a lake with that house? We got 'em. Mountain views abound. How about an Adobe or Santa Fe style with desert landscaping and real coyotes? Sure thing! The next block has lots of Cape Cods with acres of lawn. Downtown penthouse? No problem! Your very own castle? O.K. Whatever you like – it's here! And, it's walking distance (yes, even in the summer) to great restaurants and shopping.

Yes, the politicians say Arizona is in crisis. But the roads are new (no pot holes), the schools are great, utilities are cheap, taxes are low, decent wine and chocolate is available, and people are friendly. You can see the GIANTS play the A's for free! It is a great time to relocate here. Give me a call, and I'll show you around...I know just the place to watch a good sunset.

RISK BASED PRICING

By: Bruce L. McCoy Broker Mountain Coast Mortgage and Properties 831-438-7130 x 201
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The mortgage rates are great, BUT.....how about those "adjusters"? Currently, 30 year fixed rates are hovering in the mid-high 4% range for 1 to 2 points and the 15 year fixed are about a half point lower in rate. This is what you will see advertised, and that is what we have also. That is until everyone has to start adding in the "adjusters" for perceived risk to the price/points.

Currently about the only buyer in the secondary market for Fannie and Freddie loans is the Federal Reserve, and they have pledged only \$500 billion. Sounds like a lot until you start looking at the whole country's mortgage needs. Because of the Fed being the only buyer, they can pretty much call the shots on deciding any add-on fees.

Here is how the adjusters/add-ons work: there is a base price associated for each eighth in interest rate. If the borrower elects to not have the taxes and interest collected each month (impounds) with the payment, there is an add-on for that. If the borrower wants the interest rate to be locked in for 30 days, there is an add-on. If the borrower's credit score isn't above 740, wants cash out, or has a loan greater than 60% of the value of the house (LTV) there is an add-on. If the property is something other than an owner-occupied single-family residence, there is an add-on.

HOWEVER, if the borrower falls within these tight parameters, then the rates are outstanding! If

the borrower is subject to too many "adjusters" (call me and we can price it out together), then they need to take a step back and re-evaluate whether to refinance out of their old mortgage. If you are a buyer, you should snap up the rate; even with all the adjusters they are better than they have been in decades!

SALES ARE UP!

By: Bob Jeremiason Real Estate Associate & Loan Officer 831-438-7130 x 206
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Thanks to buyers searching for deals, the number of sales of foreclosed homes in these towns are some of the highest in the U.S.

No. 1 Murrieta, Calif.

Number of foreclosure sales in last 12 months: 814
Average foreclosure sales price: \$275,053
Average property price one year ago: \$410,686
ZIP where the sales are focused: 92563

No. 4 Brentwood, Calif.

Number of foreclosure sales in last 12 months: 545
Average foreclosure sales price: \$376,466
Average property price one year ago: \$567,580
ZIP where the sales are focused: 94513.

I started looking around at what sales and listing prices are in my small area of Felton in the Santa Cruz Mountains. They are not as bad as these cities, but it is helpful to get an idea of what we might face if having to sell.

Better to know than stay in the dark. If you would like a summary of prices in your neighborhood, give us a call and we can send you a quick report, not only of prices, but of current financial options.

INSURANCE ALERT

By: Richard Lockie Real Estate Associate & Loan Officer Mountain Coast Mortgage and Properties 831-818-1212

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Life Insurance: Got Life? Even if you don't, here is the news. This year, 2009, Life Insurance companies are mandated by our government to start using new and improved mortality tables. A mortality table is an actuarial construct that predicts, pretty well actually, how long the average life span will be. These tables have been re-computed based on current census numbers, medical data, etc., and guess what? We all get to live longer. That means the insurance company has more time to collect money before a claim needs to be paid. Which means – wait for the drum roll – life insurance rates just went down! If you have an “old” policy, or a new need, it might be worth checking out the new rates.

Health Insurance: Too expensive, too restrictive, too expensive, too....well, ...yeah. Some plans have even imploded and disappeared. However, things are a changing. The new stimulus package gives some relief to those trapped on a COBRA plan. Health Savings Accounts (HSA's) are still deductible, and surviving plans are starting to offer two-year rate guarantees. Outside California, coverage is increasing and rates are falling; in Arizona, there is even a Guaranteed Issue full medical plan at reasonable rates.

I'll keep you posted should there be any dramatic improvements available in California. For California residents, check out coverage at www.richardlockie.mymedquote.com. In Arizona or Texas, give me a call. And remember – if you apply for a Medicare Supplement Plan within six months of eligibility you will be covered for ANY PRE-EXISTING Condition!

Homeowners Insurance: Always do a yearly review and shop around. Each year I have done that my premium has gone down. There are several discounts available – I just got one for

upgrading my heater – so ask your agent to review.

NEWS FROM SANTA MARIA

By: Joe Perez Branch Manager Mountain Coast Mortgage Santa Maria 805-347-4488, 722-5025 from Watsonville and Santa Cruz area
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I am FINALLY writing something for the newsletter! Not that I didn't have anything to contribute before, but everyone else took the good topics! This time they can't.

I have been with Mountain Coast for almost 13 years, first with an office in Watsonville and now in Santa Maria. My focus has always been in the mortgage side of the business as that is where I felt I could do the most good. Now, I know there is more that I can do.

Over the years I have always acted occasionally as a “buyer's agent” where I would sit down with my clients and help them find the right house for them. From start to finish, I would pre-qualify (or get pre-approval) for a mortgage, look at different areas where they may want to live, look at different houses that they may want to call home, write a purchase contract that was within their means, cure all the problems that come up during escrow and closing, and help them get moved in to their dream home.

What so many of my clients said to me is that they really appreciated that during this stressful/exciting time they didn't need to think about who they should call for answers: it was always me.

I live in Santa Maria, have kids that go to school here, and plan to be your all-in-one agent for life! Come on down and see me some time, we have MUCH prettier sunsets than Richard does!

I look forward to hearing from you soon and working together to achieve the purchase of your dream home.

NOT IN KANSAS ANYMORE!

By: Bruce L. McCoy Broker Mountain Coast
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I recently had the full experience of the new Fannie/Freddie underwriting guidelines for a self-employed borrower. It wasn't pretty. A long story short, if you are self-employed be prepared to provide back up for any entry on your tax returns outside of normal business income. Most of the firms I deal with are underwriting to the strict new rules and are unable to use any discretion in what is asked for in qualifying borrowers.

I'm certain that everyone else is as sick and tired of the financial fiasco and disaster headlines as I am. So, here is a bit of bright news. The California Association of Realtors predicts that home sales will rise in California this year. No doubt fueled by the banks selling their foreclosed properties, the fact that sales are expected to rise will help clear that inventory off the market. As those homes are sold, and foreclosures slow down, we should finally see some stabilization in the market.

Currently, if you are able to fully document your income (and when I say fully, it is far more in depth than ever before!), there are some tremendous buys out there. Interest rates are hovering around the mid-high 4% range for 30 year fixed which may make that move-up, investment/ retirement/vacation property a "do-able" thing now. 5 years from now, you may very well be congratulating yourself on how smart you were. Just be prepared to lay bare your soul; and remember through the ordeal, when it was easy everyone was doing it. Now it is not easy, but the rewards may also be bigger than before.

MORTGAGE LOAN RATES & INDEXES AS OF 02/12/09

By: Bruce McCoy, Mountain Coast Mortgage
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These fixed rate loans are quoted at 1 point.

Loans under \$417,000

30 yr: 4.75% (APR 4.91%) \$2,175.27/mo.

15 yr: 4.375% (APR 4.642%) \$3,163.45/mo.

These are 2 point loans

Loans from \$417,000 to \$625,500 (in certain counties!)

30 yr: 4.75% (APR 4.986%) \$3,260.30/mo

15 yr: 4.375% (APR 4.781%) \$4,745.17/mo.

Indexes:

11th dist COFI 2.757% (go figure?)

1 Year Treasury 0.49%

6 mo. LIBOR 1.811%

Prime 3.25%

12 mo. MTA 1.633%

PAM'S CORNER

By: Pam McCoy Office Manager Mountain Coast
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Mark February 28th for the 3rd annual Broadway Cabaret staged by Scotts Valley Performing Arts. Join us for a musical extravaganza, and support local community theater. We have several past performers from previous SVPA musicals as well as other theatre troupes from Santa Cruz contributing song and dance numbers.

We are pleased to announce our 2009 season that includes the Youth Shakespeare program production of *Much Ado About Nothing* June 19 through 21. Our fall musical, *The Sound of Music*, runs September 25 through October 11, and is a great family show.

If you would like to be involved with any of these shows, or learn more about our organization, please call or email me.