Cure the Glooms with Sunlight

Is your home feeling small and closed in? Do you find yourself inexplicably gloomy? The cure may be increasing the amount of natural sunlight in your home. Scientific reports are showing that sunlight, entering through the retina of the eye, stimulates the production of chemicals in the brain that have an antidepressant effect.

Although the exact mechanism is unknown, lack of exposure to adequate sunlight and imbalances of two key neurotransmitters - serotonin and melatonin - may trigger seasonal patterns of depression.

Windows, skylights and sunrooms are common modifications to let more sun into your home. Consider replacing small windows with larger more energy efficient windows.

French-style doors, with framed glass windows or doors with inset windows can turn an entry into a light filled space.

What works best for your home is naturally going to depend upon your location and home style, but the good news is that letting in the sun doesn't mean losing energy efficiency, thanks to new energy efficient window designs.

High performance windows and skylights are now available that feature Low-E coatings, gas-fills and insulating spacers and frames that significantly reduce winter heat loss and summer heat gain. Look for the Energy Star designation for window products that meet energy performance criteria set by the U.S. Department of Energy and the Environmental Protection Agency.

If more light isn't the answer, perhaps it's time for a new home! Give me a call today and let's look at ways to set your gloom aside with a new house and a new setting.

©2005. All Rights Reserved. Should your home or property be listed by another firm, please disregard the real estate portions of this newsletter. It is not our intention to solicit existing business from other professional Realtors® or other persons licensed to sell real estate in the state.

Linda Murphy,
Associate Broker
(505) 780-7711
LindaMurphySF@aol.com
www.santafehearthandhome.com

Please visit my website
www.santafehearthandhome.com
to view my listings.

For more information on topics covered in this newsletter or on buying and selling homes in general, call me for assistance.

SANTA FE PROPERTIES
644 Paseo de Peralta
Santa Fe, New Mexico 87501
505-988-3600

Prsrt Std
US Postage
PAID
Permit No.463
Santa Fe, NM

SANTA FE PROPERTIES® INC.

Real Estate News You Can Use

If you would like to receive this newsletter via email please email your information to me at the email address below!

Linda Murphy
Associate Broker
1-800-374-2931
(505) 780-7711
LindaMurphySF@aol.com
www.santafehearthandhome.com

The Housing Bubble Myth

Since 2002, a number of bearish forecasters have warned of a housing bubble about to burst. A closer look at the realities of the real estate market, however, shows little sign of impending danger in the housing market as a whole. Even in areas where house prices have increased the most, the potential for disastrous drops in home prices is limited.

1. There is no national housing bubble. For the nation as a whole,

continued on page 2

Source: National Association of Realtors

"Know Your Lender" More Important Than Ever

The last year has seen a dramatic increase in Internet phishing schemes based on mortgage offers. A typical email may state that you have been approved for a new low interest rate mortgage and need to click on the site link to confirm the details of the offer or your acceptance. The site, however, is fraudulent and designed to trick visitors into providing confidential information, such as social security numbers, credit card and bank information. This information is then used by the scammers or sold to other parties for identity theft.

You can also end up on a fraudulent site by searching for low rate on-line mortgage offers. These sites are becoming very sophisticated and mimic those of authentic on-line providers. Techniques are even surfacing that allow the false site to overlay the address bar with what appears to be the correct url for a real lender.

Before you provide any information on-line, make certain the site is authentic and offers a secure data interface. Start by finding out who owns the site. Network Solutions "Who Is" function allows you to determine who owns a domain name and where the owner is located. Go to http://www.networksolutions.com/en_US/whois/index.jhtml and enter

continued on page 3

Debunking the Housing Bubble

continued from page 1

the median value for 2004 home prices was up 7.4% from the prior year, reports the National Association of Realtors©. That's not much higher than the average appreciation of 6.3% over the last 36 years.

2. Huge increases in housing prices have been confined primarily to hot spots in California, Florida, Nevada and New England, where building has been restricted by land scarcity and regulations. With the cost to build new housing units soaring, the value of existing housing increases. And, the factors that are increasing the costs to build new homes show no signs of going away.

3. Higher mortgage rates may slow price increases, but as the chart from the National Association of Realtors shows, home prices have increased regardless of interest rates in the past. Higher interest rates also tend to be associated with higher inflation, which is a positive for the values of tangible assets, such as real estate.

4. Despite recessions in 1990 and 2001, the Office of Federal Housing and Enterprise Oversight reports that the national index of sold home

prices never failed to increase for longer than a single quarter at the national level.

5. The worst previous declines in housing prices in Los Angeles (-21%) and Houston (-23%) were tied to huge local job losses of 8 to 10%.

6. Despite worries that homeowners are over extended, equity remains at a national average of 56% of the value of the homes, and that ratio has stayed relatively flat.

Real estate is very different from other investments. Much of the extreme action of the financial markets comes down to two very real emotions, greed and fear. While everyone likes to make a profit when they sell their home, very few view home buying along the same lines as day trading. The reason is in the word "home." At the end of the day, most people want a roof over their heads. Panic selling isn't a factor like it is in other asset markets. When real estate markets slow down or decline, selling also declines. People stay put. The supply of homes for sale decreases and prices tend to level out.

Real estate is also not one big market, but rather many local economies. What happens in Baltimore doesn't determine what happens in Santa Fe. If prices drop in one market, there's no reason they will drop in another where different factors are at play.

Typically prices increase when there is a lack of homes for sale and buyers bid up what inventory there is. Consumer confidence also plays a role. When buyers are confident of the future of their jobs and the housing market, they are willing to use a greater percentage of their income for housing.

While increasing interest rates will make housing more expensive and have the potential to depress prices, most economists and housing experts consider 8% as the mortgage rate tipping point, one that could trigger a drop in home prices. Rates are currently far removed from such dangerous territory. Expectations are not for falling prices in national markets, but rather a more moderate pace of appreciation.

Mortgage Lending

continued from page 1

the web address of the site. Check the contact information. There should be a phone number listed. Call and make certain the business is real.

You can tell that you are on a secure server a few different ways. The address on the address bar should contain a 's' after the http – https... this indicates secure. There should also be a lock symbol in the lower right hand corner of your computer screen.

Even if the site is real and secure, you still need to verify that the company has the financial wherewithal to provide you with financing at the stated rate and terms. All too often a deal that seems to be too good to be true is exactly that.

Purchasing a home is one of the biggest financial transactions you will make. Having the proper financing to close the deal is essential. We highly recommend that you work with mortgage providers whose credentials and reputation you can personally verify. Don't fall prey to scams or firms that can't deliver on their promises.

Answers to Your Questions

Q ***We are preparing to sell our home, but my husband refuses to stop smoking inside while we have the home on the market. I've been told the smell of cigarette smoke will hurt our ability to sell the house. What can I do?***

A Odors are a big problem. Smells tend to evoke emotional responses in people. If a house smells dirty or the potential buyers find cigarette smoke offensive, the property has an immediate black mark in the buyers' minds, even if other features may be just what they want.

The good thing about cigarette odor is that you know what the source is, but it also requires the most effort to eliminate because it tends to get into everything. In addition to cleaning carpets and curtains, air out the rooms where your husband smokes every day. Place saucers of white vinegar around the rooms and near affected furniture over night. If this doesn't help, you might need to have the rooms professionally cleaned. While your home is on the market, consider investing in an air purifier system to absorb new cigarette odors from your husband's smoking.

Q ***I thought that Private Mortgage Insurance terminated once the equity in my home exceeded 20%, but we are still being charged for the insurance. Why?***

A If you put less than 20% down when you purchased your home, your lender required you to have Private Mortgage Insurance (PMI) in case you defaulted on the loan. The federal Homeowners Protection Act of 1998 - which became effective in 1999 – requires that for a home mortgage signed on or after July 29, 1999, your PMI must - with certain exceptions - terminate automatically when you reach 22% equity in your home based on the original property value – if your payments are current. You can also request that your PMI be canceled when you reach 20% equity in your home, again based on the original property value.

If your mortgage predates July 29, 1999, federal law does not require your lender or mortgage servicer to cancel the insurance. It does require the lender to tell you about your termination or cancellation rights, so read those carefully and then take the steps you need to eliminate the insurance.

To Profit in Real Estate, You Have to Buy Right

A savvy home seller is going to take the time and effort to assure the home makes a good impression on potential buyers with fresh paint, and a spic and span setting. A savvy buyer needs to learn to look beyond the décor and surface appeal of a house to consider the following:

- the roof condition
- cracks or bulges in the foundation or walls
- water stains on the ceiling
- dampness in the basement or garden level rooms
- windows that won't open or doors that stick
- drainage issues outside
- trees that may have to be removed to protect the foundation and septic system
- condition of the heating, ventilation and air conditioning system
- age and working condition of major appliances.

These are all indications of problems that could result in major costs down the road. It is critical to have a satisfactory professional inspection of the home a condition in your purchase offer.

In real estate the saying goes, you make money when you buy, not when you sell.

When you shop for a new home it's important to use a professional home inspector who looks beyond the fresh paint to the structural integrity of the home.