

N e w s l e t t e r

April 2007

Newsletter for
clients and friends
of SUMMiT Properties

INCREASING FORECLOSURES A CONSEQUENCE OF RISKY LOANS

*By Theresa C. Hite, BROKER,
CERTIFIED PROPERTY
MANAGER*

Being the number one is usually a good thing — but not if it means leading the pack in foreclosures. And that's just where Solano County finds itself, leading all California counties in percentage of homes receiving a notice of foreclosure.



The raw numbers themselves are not terribly high. In February Solano County had 589 homes under foreclosure, a rate of about one per 260 homes. While Solano's numbers are worse than other counties, foreclosures rates have risen everywhere both statewide and nationally.

Why are foreclosures increasing and why is Solano leading the pack? The major factor has been the increase in non-conventional and subprime loans over the past few years. Non-conventional loans include those with no down-payment requirements or ones that offer extremely low initial payments, but adjust to higher payments after the first couple of years. A subprime loan is generally described as a loan to a borrower with a low credit score. Because housing prices stopped rising about a year ago, many borrowers, especially those who only barely qualified for a loan in the first place, find themselves with negative equity. When monthly loan payments adjust upward, or family income unexpectedly decreases, foreclosure is often the result.

Because Solano County has the most affordable home prices in the Bay Area, buyers with limited means often found that Solano was the only place they could purchase a home, and then only by securing a more risky loan. Many of these buyers are now finding out the downside of this strategy. The upside is that buyers can find willing sellers and excellent value. As always, SUMMiT Properties is happy to help you find a property that is right for you.

ENSURING THE INTEGRITY OF YOUR INVESTMENT

By Peggy Rardin, REALTOR®/Property Manager

It is spring time again! This means during my drive by and bi-annual inspections I will be paying close attention to exterior paint, fencing, landscaping, and roofs. We have excellent relationships with licensed and insured contractors who will provide a professional proposal to correct any problems I may find.

Please know that our objective is to ensure the integrity of your investment property. If I find any problems with your exterior paint, fencing, or roof, I will send you a detailed explanation with a copy of the professional proposal for you to review.

PROPERTY TAXES

By Tina Buxa, Bookkeeper

The final installment for 2006/2007 property taxes was paid in March. Please check your March Profit/Loss Statement to verify that a current month tax payment is shown. If SUMMiT Properties should have made your tax payment and there is NO payment shown for the current month please call me at (707) 448-8906, Ext. 13 as soon as possible.

LOCAL NEWS

*By Theresa C. Hite, BROKER,
CERTIFIED PROPERTY MANAGER*

- Sales of Solano County single family homes and condos slipped 13.3 % in February from a year earlier. Median prices also slipped 2.2 % to \$445,000.
- The fate of Dixon Downs will be decided by Dixon voters on April 17. Dixon Downs would include a state of the art horse racing track, a hotel complex, restaurants, and retail stores on a 260 acre site east of Dixon.
- Vallejo's giant Marine World amusement park has been renamed Discovery Kingdom. The park's operator, Six Flags, believes the new name will better reflect their unique combination of land animal, sea animal and ride attractions.
- Vacaville residential water and sewer rates increased effective March 1. The City Council voted to raise water rates 9.5% a year for the next 4 years before dropping to a 3.5% increase. Sewer rates will increase 3.5% a year.
- Solano County experienced a 32.9 % increase in jobs between 1990 and 2005, significantly exceeding the average job growth of 9.6 % in coastal counties but trailing the 50% growth rate in counties further inland. Analysts credit affordable housing as the fuel behind job growth.
- Plans to dispose of 50 of the 74 ships that make up the Suisun Bay Reserve Fleet have been put on hold until policies are in place to ensure they can be disposed of without causing environmental damage to the Bay. The fleet is easily visible from I-680 between Benicia and Fairfield.
- Vacaville officials reported that the city is in great shape at a State of the City address earlier this month. Financial figures look good and reserves should remain at healthy levels. Additionally, the city saw a 4.2 % drop in major crime and saw its safe city rating jump from 55 to 81.
- Vallejo faces a \$9 million deficit next fiscal year unless it can significantly cut expenses. The City Manager is proposing \$6.8 million of cuts for police and fire and \$2 million for transportation. On the brighter side, construction on Vallejo's long awaited downtown redevelopment project, which is expected to add 158 housing units and 100,000 square feet of commercial space, is expected to start shortly.
- David Grant Medical Center at Travis AFB will soon become the sole Air Force military hospital with the closing of the medical facility at Lackland AFB in San Antonio.

THE CURRENT RESIDENTIAL RENTAL MARKET

By William Hite, REALTOR®/Residential Property Manager

So far the rental market is remaining strong for single family homes. The demand is enough to keep up with the supply of homes coming over from the sales side but is not so much that rental rates are climbing. The quality of homes coming to the rental market from the sales market is high. They've been made ready to sell which usually means there are many upgrades. In order to compete with these homes it is important that our property owners complete upgrades to their properties when the opportunity arises.

Some upgrades can be costly such as new windows, central heat and air conditioning, or replacing that old wooden garage door with a new metal roll-up door and adding an automatic opener. Other upgrades can be done for much less money but will add greatly to the appeal of a property include; adding ceiling fans, changing outdated door knobs, cabinet handles, and light fixtures so they all match, installing a garbage disposal, or replacing an aging range hood/vent with a microwave hood.

In the end, a higher quality property attracts higher quality renters and helps keep down the vacancy time between renters.