

June 2008

Newsletter for
Clients and Friends
of SUMMiT Properties

KEEP FALLING HOME PRICES IN PERSPECTIVE

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

Many investors look with dismay at the recent precipitous drop in home prices in Solano County. If you bought your home in the past two years it is probably worth less than what you paid. Those who bought several years ago most likely still have value over and above their purchase price. Did those who purchased more recently simply suffer from bad timing?

Not in my opinion. The purchase of real estate should be viewed as a long-term investment. Just like the stock market, trying to time the market almost always results in lower returns than a thoughtful, long-term strategy. While prices have significantly declined over the past year, this decline was preceded by 10 years of rising prices. To put this in perspective consider the following statistics. The current median price of a single family home in Solano County is about \$330,000, approximately 25% less than a year ago and equal to the median price from four years ago. However, that same median price of \$330,000 is 92% higher than the median price from only eight years ago. While gains are less than the approximately 250% that these same homeowners might have realized at the peak of the current market, even in the depths of the most precipitous drop in housing prices in recent history, these homeowners are still benefiting from a healthy appreciation in value.

Many smart investors think this is an excellent time to pick up solid property at a good price. Sellers are motivated, interest rates remain low, and demand for rentals remains high. In addition, for the first time in several years it is possible to buy rental property in Solano County with 20% down and receive a positive cash flow. Take advantage of SUMMiT Properties years of experience in locating and managing investment properties by letting us find one that is right for you.



UNDERSTANDING FORECLOSURE

By William Hite, *REALTOR® /
Residential Property Manager*

If you are in the unfortunate situation of being faced with having property foreclosed upon, here are 5 laws you need to know.

- 1. Notification of Intent to Foreclose:** Many states require a lender to notify the borrower in advance before obtaining a court judgment
- 2. Non-judicial Foreclosure:** Many states permit lenders to add a clause to a mortgage document that permits the lender to foreclose and sell the property without obtaining court approval.
- 3. Right of Redemption:** Some states permit a defaulting borrower to satisfy the loan default and recover the property if done within a specified time after the property is sold.
- 4. Deficiency Judgment:** Some states permit a lender that forecloses on a mortgage to file a judgment against the borrower entitling the lender to collect any amount of the outstanding mortgage not covered by the sale price.
- 5. Military Service:** If the borrower or spouse is on active military duty, the Civil Relief Act of 2003 prohibits a lender from foreclosing on the property. In addition, the borrower may qualify for an interest rate reduction or temporary suspension of mortgage payments.

For more information on laws affecting foreclosure, please check out www.foreclosurelaw.org.

COMMERCIAL OWNERS ABLE TO WEATHER THE ECONOMIC DOWNTURN

By Mary Ann Rollison, Commercial Property Specialist

First quarter commercial property sales are down 75% compared with the volume of one year ago, according to Real Capital Analytics. Investors are in a “wait and see” mode as there is yet to be an end in sight for this uncertain economy, and the market is responding with cap rates inching upward.

Lease rates for vacancies are softening in response to a sharp decrease in leasing activity. Investors that were able to fill their buildings in the last several years won't be hit hard by these market trends as most market deals have built-in cost of living increases that will help the buildings hold their values until spaces are vacated. Vacancies are increasing as tenant businesses close down because they are not prepared to weather the storm of weak consumer spending and rising fuel prices. There is still a great deal of new product available, especially in outlining areas where expected new housing developments were halted due to the downturn in the housing market. These combined market conditions are driving the resurgence of free rent and tenant improvement concessions. We recommend that investors build reserves and/or take care of deferred maintenance so you are better prepared to meet or beat the competition.

LOCAL NEWS

By Theresa C. Hite, BROKER, CERTIFIED PROPERTY MANAGER

- Solano County ranked 10th out of 58 California counties for highest median income based on 2006 tax data from the California Franchise Tax Board. The medium income for a married couple in Solano County was \$73,276. For the 9 county Bay Area, Solano ranked 5th, behind Marin, Santa Clara, San Mateo and Contra Costa, but ahead of Sonoma, San Francisco and Napa.
- Vallejo became the largest city on California to file for bankruptcy when the City Council authorized the move in early May.
- Unemployment in Solano County reached 6.0% in April, slightly below the statewide average of 6.2% but significantly above the 4.9% from a year earlier. During the past year Solano County lost 2100 jobs, 1800 of which were in the construction industry. Vacaville's Travis Credit Union Park, located on the old Nut Tree property and home to several minor league teams since its opening in 2000, has been dismantled and moved to a college in Redding.

WATER CONSERVATION A MUST FOR DRY TIMES

By Karen Heaney, Homeowner Association Manager

The rain season ended early and the once green rolling hills of Solano County are gone. We are all hearing the news reports that it looks like we are in for a dry spell and water conservation is fast becoming a hot topic.

There are many ways to conserve our valuable resource:

- Fix dripping faucets or running toilets. One drop per second wastes 2,700 gallons of water per year!
- Install low flow, adjustable spray showerheads
- Change your sprinklers heads to lower water usage type and water early in the day
- Replace your dishwasher with a new energy & water efficient appliance
- Consider purchasing a low-volume toilet that uses less than half the water of older models. Many on the market use less than 1.6 gallons per flush
- Avoid wasting water waiting for it to get hot. Capture it for other uses such as plant watering or heat it on the stove or in a microwave.
- Use a commercial car wash that recycles water
- Consider planting drought resistant plants
- Cover pools and spas to reduce evaporation of water.

All changes, large or small, have a big impact on our reservoirs and it saves you money in the long run. Consider having a friendly competition with your neighbors on who can save the most water and have the lowest water bill! For more information on conserving water, visit www.wateruseitwisely.com for more water saving tips and facts.

KEEPING YOUR LAWN HEALTHY ALL SUMMER

By Marisa Zelaya, Maintenance Supervisor

With the hot weather creeping upon us, water is going to be crucial in helping your lawn withstand the heat and stress of summer. Conserve water by watering early in the morning to prevent the water from evaporating before the grass can use it and allow it to soak into the root zone

Through the hottest stretch of summer, keeping the mower height around 3-4 inches will help keep the grass long enough to inhibit weeds, and will also keep the surface cool and moist enough to sustain good growth.

During the months of June and July, I will be conducting my annual lawn inspections. So please keep a look out for a copy of the inspection with your statement. Have a wonderful summer!