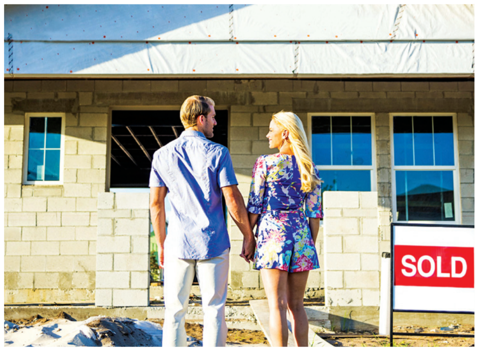
April 2019

American Home

Inside

- The State of Housing
- Mortgage Myths to Bust
- Steps to Building Your Dream Home
- Preparing a Home for Sale
- How to Save for Your First Home
- And more



Home Sweet Home

DAILY DEMOCRAT
DailyDemocrat.com

Yolo a.r.
a local REALTOR® association

The State of Housing

Submitted by Nick Marin

You don't need to be a seasoned real estate professional or an economist to recognize the severity of the existing housing crisis plaguing California. Our state, attracting new, prospective residents daily for, arguably, being perceived as a Mecca for economic prosperity and professional innovation, is starving for new housing construction to keep up with a steady economic growth not seen since 2008; California's current 4.2% unemployment rate is the lowest it's been in 10 years and wages are accelerating at their fastest pace in nearly a decade.

During his State of the State speech earlier this year, Governor Gavin Newsom confidently stated: "If we want a California for all, we have to build housing for all." Housing advocates couldn't agree more with Governor Newsom, but the overarching question on everyone's minds is how is the state going to build itself out of this crisis and how fast? Unfortunately, the answers legislators are seeking are quite complex and multifaceted, but the overall focus can be boiled down to two main themes; tackling the issue of housing affordability, and the obstacles preventing housing growth at the local/municipal level.

Present market trends, driven by the lack of housing inventory and affordable housing options, clearly exemplify it's a seller's market. Home valuations continue to show growth year over year — the average statewide price per square foot for a single-family home increased from $266 in February 2018 to $272 in February 2019, and February 2019 statewide median home price was $534,140, up 2.2 percent at $522,440 from February 2018.[1] Homeowners considering selling their homes in hopes of downsizing, cashing out on equity, needing to relocate, or for any reason should seriously consider taking advantage of the favorable market conditions and current home valuations as we move quickly into the busiest time for real estate, the spring and summer months.

On the opposite side of the coin, those renting and actively looking to purchase property are growing more and more frustrated as home values in California continue to rise and a lack of inventory leaves them searching for longer periods of time. Purchasing a home is a major rite of passage for any hardworking individual looking to create personal stability or increase financial equity, but with the minimum annual income needed to qualify to purchase a median-priced condo/townhouse in California at $90,810 and single-family home at $111,260[2], and the average expected homeownership

continued on page 4

1 February Home Sales and Price Report, March 19, 2019. California Association of REALTOR®S®. <https://www.car.org/aboutus/mediacenter/newsreleases/2019releases/feb2019sales>

2 California Dreamin' infographic, April 2, 2019. California Association of REALTORS®. <https://www.car.org/marketing/clients/infographics/California%20Dreamin>

continued from page 3

age [in California] for Millennials to be 35, Gen X'ers to be 48 and Baby Boomers to be 62[3], the likelihood of attaining homeownership frustratingly continues to gets pushed later and later in life.

Governor Newsom's State of the State call to action prioritizing his administrations focus on tackling the state's current housing crisis sparked an immediate response from legislators at the State Capitol, whom began working on, and subsequently advancing, several bi-partisan bills looking to create funding for development projects, and ease bureaucratic red-tape at the local level. Those include:

• Senate Bill (SB) 50 — Planning and zoning: Housing Development: Incentives. Proposed by Senator Scott Weiner (D), San Francisco. This senate bill offers providing developers density bonuses and other incentives when proposing large housing or apartment developments in and near large urban transit hubs and employment centers.

• Senate Bill (SB) 509 — Vehicles: California Housing Crisis Awareness specialized license plate. Proposed by Senator Anthony Portantino (D), La Canada-Flintridge. This senate bill would create a specialized license plate program through the Department of Motor Vehicles that would bring awareness to the housing crisis. Individuals could purchase, for an additional fee, a specialized license plate of which generated revenue from those purchases would go to affordable housing programs throughout the state.

• Assembly Bill (AB) 1568 — Housing Law Compliance: Prohibition on applying for state grants. Proposed by Assembly Member Kevin McCarty (D), Sacramento. This assembly bill would require local governments to be held responsible for withholding gas tax revenue if counties do not meet home building benchmarks set by the CA Dept. of Housing and Community Development.

• Assembly Bill (AB) 1590 — Personal Income Tax: Credit: Qualified first-time homebuyer. Proposed by Assembly Member Blanca Rubio (D), Baldwin Park. This assembly bill would create a first-time home buyer's tax credit.

• Assembly Bill (AB) 1074 — Accessory Dwelling Unit Construction Bond Act 2020. Proposed by Assembly Member Tyler Diep (R), Orange County. This assembly bill would allow bonds to provide loans to homeowners to construct Accessory Dwelling Units (ADU's) to help increase additional housing supply.[4]

The current housing crisis shows signs of threatening the economic, environmental and social prosperity of California, but Governor Newsom's administration seems to understand the severity and is proactively working to create solutions. Are those solutions going to be the answers for California's housing issues for the long run? We don't know yet, but what is known is that something needs to be done soon or this crisis will spiral out of control.

Nick Marin is the Executive Director of the Yolo County Association of REALTORS® at 449 Elm Street in Woodland. He can be reached at 530.666.4253 or nicholas@yolorealtors.com.

3 Homeownership Achieved infographic, March 05, 2018. California Association of REALTORS®. < https://www.car.org/marketing/clients/infographics/Homeownership%20Achieved>

4 'Solving California's housing crisis demands action. These steps will help' by Jared Martin, California Association of REALTORS® 2019 President. <https://calmatters.org/articles/commentary/housing-crisis-2/>

Mortgage Myths to Bust!

Submitted by Jenni Jacobs Garcia and Vicki Jacobs

With the plethora of mortgage and home loan information available online there are mortgage myths to bust! Here we go…

Myth #1: You need a 20% down payment!

You can buy with 0% down on USDA and VA loan and as little as 3% down on a Conventional loan and 3.5% on FHA loan. While FHA and USDA loans have their mortgage insurance built in by HUD and USDA and VA loans with no monthly MI, Conventional loans with less than 20% down will still require some sort of MI. However, what you might not be aware of is that the cost of MI for Conventional loans has fallen dramatically in recent years, it is much more affordable! **Busted!**

Myth #2: You need to be debt free.

As long as your income supports the monthly obligations on your credit report and the new house payment, your loan will be approved. Even IRS payment plans, and Alimony and Child Support payments are all acceptable debts, they must be disclosed to the lender and figured into your ratios. Normal monthly bills that we all have, insurance, cell phone, cable, PG&E are not counted against you or part of the qualifying process. **Busted!**

Myth #3: You need perfect credit!

To qualify for down payment assistance programs you need a middle score of 640 or higher, but there are other home loan programs for borrowers with scores as low as 580. If you think your credit needs some work or just want to confirm your scores, please reach out to a local lender now to run your credit so if you do have some work to do you can start now and be ready to purchase in a few months. **Busted!**

Myth #4: Buying a home and getting a loan is no fun and super stressful!

Finding the right home can actually be very exciting! And, because you can complete much of the loan process BEFORE you find the right house, it does cut down on the stress. Being pre-approved is just smart! You shop with confidence knowing you can afford the homes you are looking at, and what the monthly payment will be and the cash you need to close. Most lenders can send your loan file through the underwriting process as if you were in contract so you can have a full underwriter approval before you shop. This allows the lender to write you a stronger approval letter to accompany your offer and make you stand out from others who haven't taken this extra step. At that point, all you must worry about is the home appraisal and other inspections if necessary. **Busted!**

Interest rates have not risen as anticipated and that makes home ownership more affordable. The Yolo County Realtor® community is full of great people who can help you on your real estate journey. Find a local lender or real estate agent and explore home ownership today!

Jenni Jacobs Garcia and Vicki Jacobs are a local mother/daughter lending team with Envoy Mortgage. They have offices in Woodland, Davis and their home office in Winters. Please contact them with any questions. They can be reached at jjacobs@envoymortgage.com and vjacobs@envoymortgage.com.

How Agents and Sellers Can Work Together

Selling a home can be stressful. Despite this, 5.51 million existing U.S. homes were sold in 2017, according to data from the National Association of REALTORS®. In many cases, homeowners choose to work with real estate agents to facilitate the process of listing, showing and selling their homes.

Real estate agents are valuable assets. Agents have neighborhood knowledge, are educated in pricing trends, can filter phone calls or emails from buyers who aren't serious, and can organize all of the people necessary for a closing. Real estate agents provide many services that the average person may not have the time or the experience to handle.

When selecting an agent to sell their home, homeowners may not understand that the terms real estate agent and REALTOR® are not interchangeable. Although both must be licensed to sell real estate, the main difference between a real estate agent and a REALTOR® is the latter is a member of the National Association of REALTORS®. NAR ensures that members subscribe to a certain code of ethics.

There are many qualified agents, but an agent cannot do his or her job well without some help on the part of the homeowner. These tips can make the process of selling a home go smoothly.

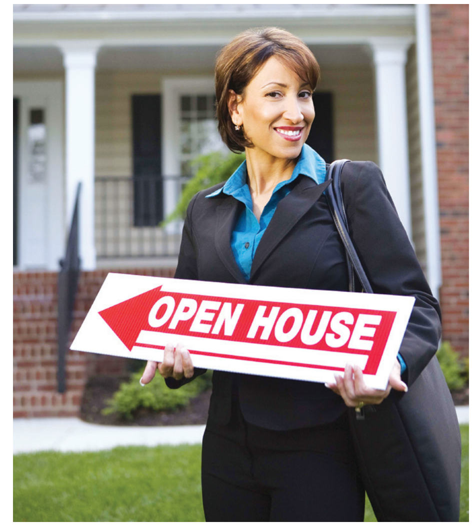
Price the home correctly. Homeowners should trust the agent's ability to price a home for the market. Everyone wants to get the most money possible, but listing the home for more than its worth may cause it to sit unnecessarily for several weeks or months, which could raise red flags among potential buyers.

Market the home. A real estate agent will list the home via a multiple listing service (MLS) on a private website, in newspapers, and wherever else he or she feels is pertinent. Homeowners can share the listing via social media and word of mouth to help increase the chances of selling the home.

Be available. Limiting the time an agent can show the house to potential buyers is in no one's best interest. Sellers should be ready and willing to open their homes, which is the best way to make a sale. An agent may suggest a lock box so the home can be shown when homeowners are not on the property.

Make suggested renovations. Agents know which features can make or break a sale. Homeowners should be amenable to certain suggestions, such as neutral paint colors, removing personal effects and clearing clutter.

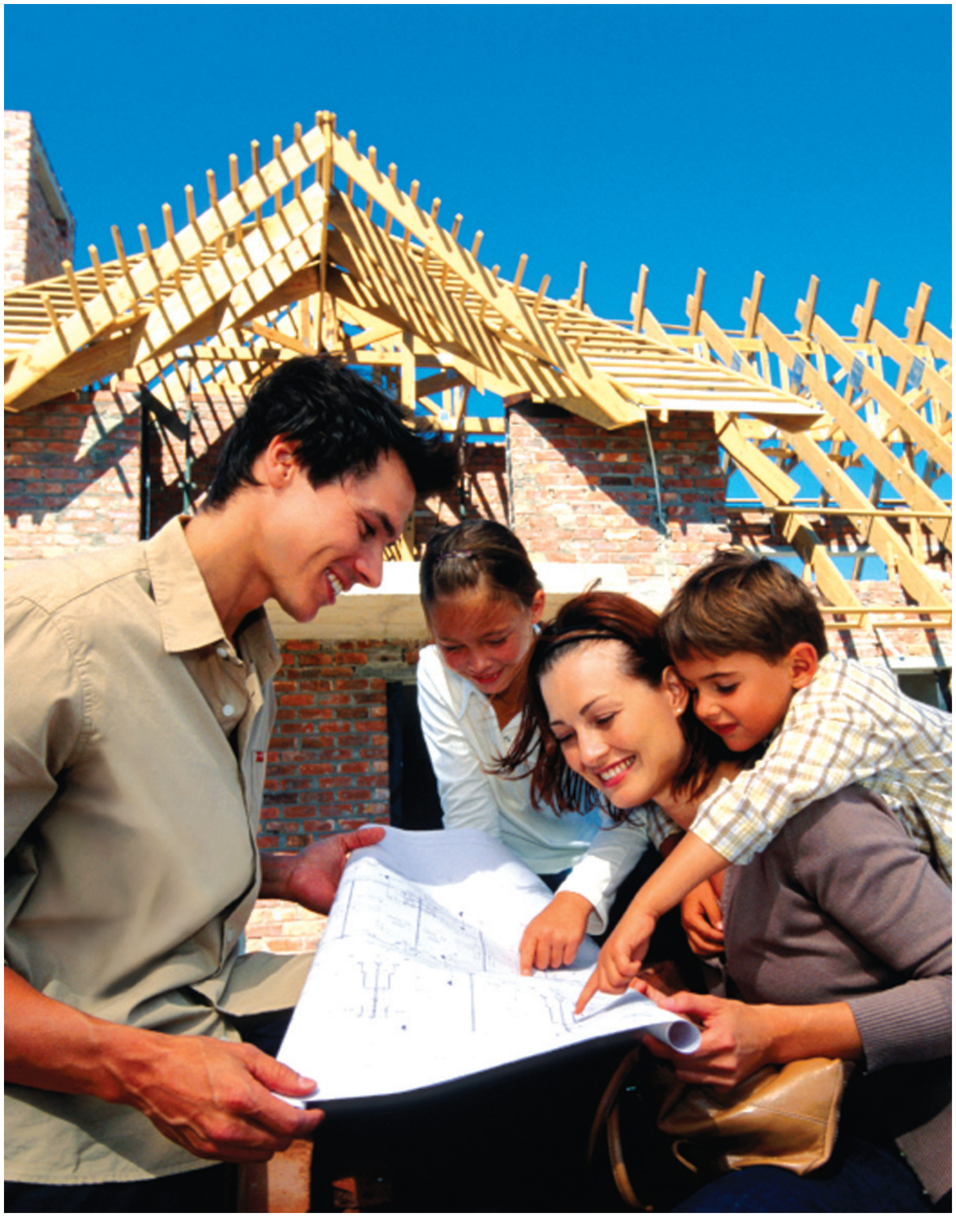
Give recommendations. Real estate is a commission-based industry. Agents often tirelessly put in hours and only reap rewards if the house is



sold. A homeowner who was satisfied with an agent can then recommend that person to friends or family.

By working with the right real estate professional, homeowners can sell their homes more quickly and with less stress.

Steps to Building Your Dream Home



Submitted by Dave Trussell

So, you want to build your dream home, but you heard it's so complicated and expensive, so you give up before you even start! Well, let's discuss the finer points of how a construction loan works and where to start.

To qualify for a construction loan is the same process as purchasing a home, in that, income and debt and available down payment are the same.

First things first! The LOT! The lot is an obvious component and is something only you can decide of its location, topography, size and viability to utilities (water, sewer and power) and price. Once you have identified a "LOT", then what? If the property is for sale, is there financing for just a vacant lot? There is but expect to have a down payment of anywhere between 20% - 50% depending on the lender.

Typically, however, lenders have a maximum lot size of 5 acres up to 20 acres. The "LOT" size should also be normal to the surrounding area (having a lot of 20 acres around an area of 1 acre lots may not work). *Lenders don't like financing large plots of land within an area of smaller lots because they don't want their financing used for speculative type construction; there are different types of lenders for that type of construction.*

The rates and terms of lot loans range between a short term fixed rate 3/1 ARM, to a 10- year fixed rate. Sometimes, if you have the means, it may be a good idea to purchase the lot giving you ownership and control of the land. If you don't want to go this route, then you will need to apply for a construction loan, where the sale price of the land will be included in the loan.

Prior to all this however, it is important to speak to a lender who does construction loans and determine your qualification. The process is identical to being qualified to purchase a home given a specific scenario, i.e. down payment, income, credit. Once how much "loan" you qualify for is determined, then you are ready to start factoring in the lot and construction costs to make sure it fits into your budget.

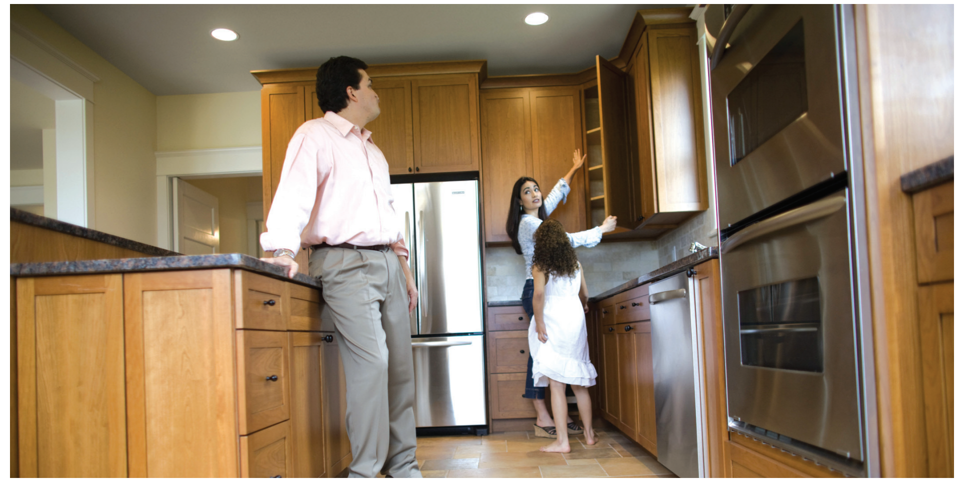
continued on page 8

continued from page 7

There are three components for a construction loan (well four if you factor in the lender). First is "you" the borrower, the second is the "lot" and third is the "contractor". So, "you" have been qualified and know exactly how much loan you can be approved for given your credit, income and down payment. The lot is exactly where you wanted, it's the size you dreamed about and has all the utilities up to the site (though can be bare land just know that water, sewer and electricity will need to be added into the budget.) The next and probably the most critical will be the General Contractor!

The General Contractor (GC) will be responsible for the entire project, so it is imperative that the GC has a track record of building homes. The building industry in of itself is a great industry and I have nothing but admiration for the trades. There are contractors for every aspect of a building and each one should be commended for their experience. With that said though, a "home builder" is a specific industry. Just because a person has a GC license does not necessarily make them a home builder. Think of a contractor like a doctor? Surgeons are different than family doctors? Correct? An experienced GC will usually have a team they either work with, or employ; specifically, engineers and architects.

Your first meeting with the contractor will usually include an architect who will draw your dream home to your specification and overall design (the Architect and Engineer will work hand in hand). From those plans your GC will then break it down to a cost. Included in that cost estimate will be the cost of material, labor, overhead, permits, hook-up fees (to utilities); and more. Foundation to keys will be line itemed in this estimate. It may seem overwhelming at first but know that the GC wants you to know everything he/she will be doing for you to construct your home. Once that is agreed on, a "Contract" between you and the contractor will



be supplied outlining exactly the responsibility of the contractor and any recourse each party has.

So, you know how much loan you qualify for, you have picked out the LOT, you have picked a General Contractor, now you need the money to put it all together.

There are two different types of construction loans. The fist is a traditional construction loan whereby the lender will ONLY provide the construction monies and NOT the permanent loan once the home is complete. The second type of construction loan is called a "Construction to Perm; one time close" or C2P.

So, what's the difference?

A construction lender who only does the construction loan may or may not finance the long-term financing, {more commonly referred to

continued on page 9

continued from page 8

as the “Take Out Financing”} such as a 30- year fixed rate. If they do, then it will be a different loan and require you to be qualified all over again. The advantage of this will be the type of loan and rate you ultimately can get. Rates are determined, among other factors, but primarily on Loan to Value (LTV). The lower the loan is to value, the potential of a more favorable rate. For a regular construction loan, the probability for future value may be higher once your home is built. But in this case, you are betting on rates in the future for the “Take Out Financing”.

A C2P loan is all inclusive, meaning you only qualify once at today’s rates, when the home is completed, and you move in, the loan seamlessly rolls into the permanent loan. No additional qualification needed and no additional fees. The potential draw- back to C2P lenders is that they normally use a “Cost Approach”. The Cost approach is the cost of the lot plus the cost of Contractors bid and use that number as the value of the property. The lender will still want an appraisal of your home and compare that to the cost of the project. These types of lenders will take the lower of the two (cost vs appraised value) to determine how much they will loan.

How much down payment and additional money will I need?

As in any type of loan, there can be a range of down payment requirements. But in construction lending, the down payment or equity can come from the money used from the purchase of the land or can come from the future market value of the home; it can come from the sale of an existing home. You and your construction loan lender will need to determine the best approach for down payment.

A construction loan will also come with two expenses that will need to be factored in. Contingency and Reserves. The Contingency requirements are really to protect you (and the lender) in case the contractor under estimated a portion of your home, that you have the means to cure the issue without having to go back to the lender requesting more construction monies. The cost can be up to 10% of the construction costs. Contingency monies do not necessarily need to be actual “cash”, rather assessable monies in case they are needed.

The second expense that needs to be factored is the “Reserves”. During construction, you will be required to still make payments on the loan. However, you will only be required to make payments on the monies you take out called “Draws”. These payments will be paid back with interest only payments. Think of this like a credit card; you only are paying back what you take out. Reserves are an account set up for you on your behalf to make those “Interest Only” payments during construction. This CAN be a negotiable item, but make sure this is adequately budgeted for.

There are many moving parts in a construction loan (that may not be outlined in this article for space reasons), so it is vital that you find a lender and a mortgage professional that specializes in construction lending. From getting qualified, finding the property, identifying the General Contractor, drawing the plans and getting the necessary permits, to determining what type of construction loan you need can take up to a year or more. Someone who specializes in these types of loans is in it for the long haul and can guide you all along the way!

In closing; is building your dream house too expensive? Is it too complicated? Will you stop before you start? Find out by reaching out to a construction loan specialist and get the answers!

David Trussell is a Mortgage Loan Originator at U.S. Bank, NMLS # 1018048. He can be reached at 916-801-8082 or David.Trussell@USBank.com. Website: http://mortgage.usbank.com/david-trussell-roseville-ca.

Preparing a Home for Sale

Submitted by Greta Eoff

In Yolo County, home inventory remains low for the number of buyers seeking to make a move. It can be tempting for sellers to simply put a for sale sign in their yard without considering the significance that a bit of preparation can make in reducing the number of days on the market as well as obtaining top dollar for the home. Here are ten factors to consider when preparing your home for sale.

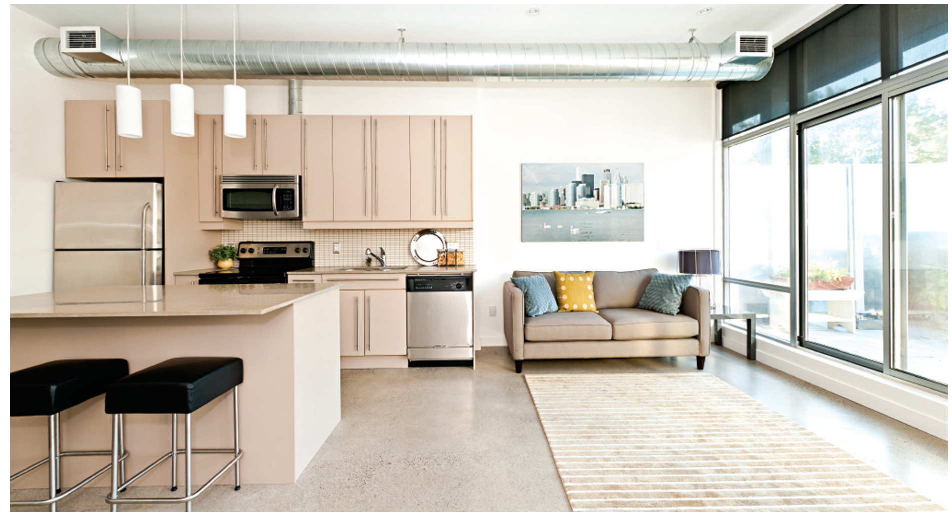
1. Focus on the goal. Do your best to dis-associate with the home and look at the property with the eyes of a buyer. Walk through and consider what stands out. Those unique kitchen knobs and paint colors you adore may not be ideal for a future buyer. What would you be changing and updating should you wish to remain at the home for another five years?

2. Depersonalize the space. Remove those personal photographs and family heirlooms. Create a more neutral and understated space where buyers can visualize their own personal touches.

3. Declutter. After years of living in a space, it may be difficult to see how much has been accumulated. Go through each room and donate, pack up, and remove as much as possible. Even bulky furniture can be moved to the garage or a separate storage unit.

4. Organize closets. It can be tempting to ignore closets, but chances are buyers will take a peak to see how their belongings will fit within the space. Keep these spaces looking tidy and buyers will feel confident that other unseen areas of the home have likely been well-maintained.

5. Remove favorites. Swap out grandma's chandelier if it is not going to convey with the sale of the property.



Take out the wine refrigerator if it doesn't impact the space significantly. Removing these items before photographs and tours reduces potential future disappointment and conflict with the buyer.

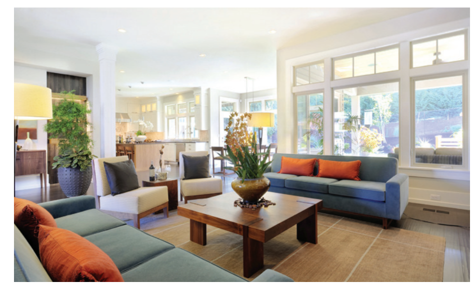
6. Complete minor repairs. Update those cracked tiles, patch the holes in the wall, tighten leaky faucets, swap out the lightbulbs, and consider painting rooms that need a freshening up. These small items make a big difference in a space feeling clean and ready for a new homeowner.

7. Clean the house! From the baseboards to the fan blades, get a thorough cleaning.

8. Spruce up the curb appeal. Power wash the porch, plant some fresh flowers, clear out weeds, update the bark, and have the front of the home ready for a buyer to be wowed from the moment they arrive.

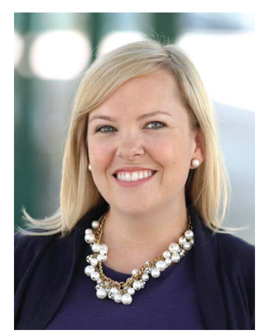
9. Staging. Whether strategically moving and placing existing furniture or completing bringing in new furniture; staging should not be overlooked. According to the National Association of Realtors® 2019 Profile of Home Staging, eighty three percent of buyer's agents share that staging makes it easier for the buyer to visualize the property as a future home.

10. Partner with an amazing REALTOR®! The right agent will support you through each of the steps



above and ensure that you are getting a solid return on investment through any improvements you opt to make and assist you with helping your home to shine!

Happy Home Selling!



Greta Eoff is a REALTOR® with Lyon Real Estate. She is a Yolo Association of Realtors® Masters Club Recipient, YAR 2018 Realtor® of the Year, regularly featured on Realtor®.com, and holds a National Association of Realtors® Green Designation. CA License # 02012471. Contact her at 530-902-1935 or Geoff@golyon.com.

Make the Dream Come True!
How to Save for Your First Home

Home ownership is a dream for people across the globe. Many people save for years before buying their first homes, squirreling away every dollar they can with the hopes they can one day become homeowners.

But thanks to factors beyond their control, even the most devoted savers can sometimes feel like their dream of home ownership may never come true. According to the Pew Research Center, American workers' paychecks are larger than they were 40 years ago, but their purchasing power is essentially the same. Things aren't much different in Canada, where analysis from Statistics Canada and the Bank of Canada has shown that, since 2015, wage growth in Canada has been weaker than in the United States.

Various challenges can make it difficult to buy a home. However, some simple strategies can help prospective home buyers build their savings as they move closer to the day when they can call themselves "homeowners."

Determine where your money is going. If you're finding it hard to grow your savings, audit your monthly expenses to determine where your money is going. Using exclusively debit or credit cards can simplify this process, as all you need to do is log into your accounts and see how your money was spent over a given period.

If you routinely use cash to pay for items, even just to buy coffee on the way to work, keep a notepad handy so you can jot down each expense. Do this for a month and then examine how you spent your money. Chances are you will see various ways to save, and you can then redirect that money into your savings account.

Become a more savvy grocery shopper. Another great way to save more money is to alter something you already do each month: grocery shopping. If you haven't already, sign up for discount clubs at your local grocer. This is a largely effortless way for shoppers, especially those buying food for families, to save considerable amounts of money. Shopping sales at competing grocery stores also can save money.

Dine in more often. The U.S. Department of Agriculture says that Americans spend, on average, 6 percent of their household budgets on food. However, the USDA also notes that Americans spend 5 percent of their disposable income on dining out. If these figures mirror your spending habits, you can nearly cut your food spending in half by dining out less frequently. That might be a sacrifice for foodies, but it can get you that much closer to buying your own home.

Saving enough money to purchase your first home is a worthy effort that can be made easier by employing a few budget-friendly strategies. (Metro)

Prepare for the Financial Impact of Natural Disasters

The fury of Mother Nature's wrath is displayed in vivid color during stormy times of year, including hurricane season. And it seems no area of the planet is safe from such furor.

In September 2018, Hurricane Florence battered the southeastern coast of the United States while Typhoon Mangkhut hit Hong Kong. Blizzards have shut down many central, southern and eastern areas of the country. There has been record flooding throughout many areas of the United States. Many areas of California have been impacted by devastating fires, destroying homes, businesses and entire communities.

After the flood waters recede and the rain or smoke has passed, people affected by natural disasters must face the financial ramifications. Whether storms touchdown nearby or overseas, the globalized economy means the financial fallout from natural disasters can be felt near and wide.

The National Centers for Environmental Information estimates that hurricanes cost an average of $21.8 billion per event in damages for the United States. Since 1980, when data started to be collected, NCEI indicates hurricanes (tropical cyclones), drought, flooding, wildfires, freezes, and winter storms tend to be the most costly events.

It's easy to underestimate the scope of the financial burdens caused by natural disasters. Here are a few ways to protect one's financial interests in advance of natural disasters.

• Experts at Property Casualty Insurers Association of America advise consumers to review and update their insurance policies regularly. Many homeowners are underinsured for natural disasters, particularly for flooding or earthquakes, which are not included in most policies.

• Adjust insurance shortfalls on your home based on what insurers provide and the type of weather that tends to affect the area in which you live.

• Policies should reimburse for hotel rooms or meals out if a home is uninhabitable after a disaster. In a Consumer Reports survey of people who experienced property damage after a hurricane, 5 percent said they had to stay elsewhere, while 42 percent needed to relocate temporarily after damages from wildfires.

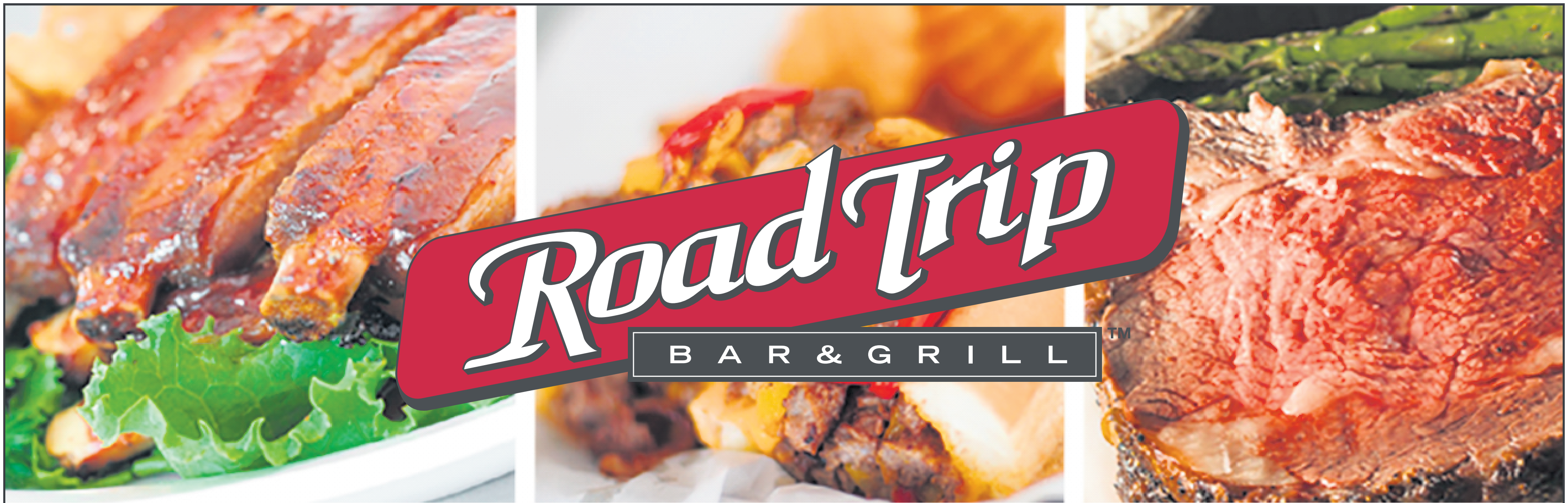
• Always remove valuables and store them in a bank safety deposit box or another location that's outside the path of the storm. Theft, vandalism and looting can occur after a disaster strikes.

• Have a backup employment plan and savings strategy if storms or flooding come through regularly. It is not uncommon for local businesses to shut down for some time to recover. This can mean temporary or permanent loss of employment.

• Recognize your portfolio may suffer as commodity prices and stocks

take a hit if regions are decimated by natural disasters. Think ahead in regard to how your investments may be affected and make changes accordingly to mitigate the financial damage.

Wildfires, floods, storms and other natural disasters cause structural and economic damage when they happen. Be prepared to protect the investment in your home and financial interests. (Metro)



GREAT AMERICAN FOOD
WITH A CAPAY TWIST

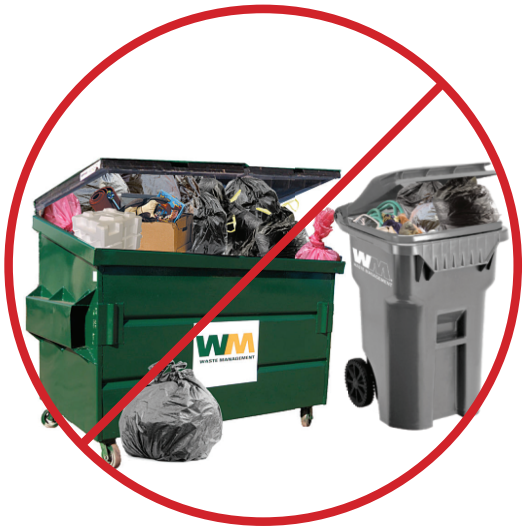
SpeedBump
MINI CONCERT SERIES
MAY

WEDNESDAYS from 5-8:30pm

5/1: Jim Hunter & Simpson Creek Band
5/8: Rachel Steele
5/15: Gun Shy
5/22: Jessica Rose Band
5/29: Crossman Connection

24989 STATE HWY. 16 CAPAY [530] 796-3777 ROADTRIPBG.COM

CLOSED MONDAYS + TUESDAYS



Stay Clear of Surcharges

It's easy when you **recycle right** and **keep the lid shut on your containers**. Follow these simple steps below to avoid contamination and overage surcharges and help keep Woodland green and clean.

Residential Rates

Cart Charges	Trash	Recycling	Organics
Contamination	N/A	$15	$15
Overage	$15	$15	$15

Commercial Rates

Bin Charges	Trash	Recycling	Organics
Contamination	N/A	$99.45	$99.45
Overage	$52.90	$52.90	$52.90

WASTE MANAGEMENT

Only place allowable materials in your recycling and organics containers.

Only materials free of contaminants are accepted.

RECYCLING

CART BIN

Recycle only empty plastic bottles/containers, glass jars/bottles, and clean paper and cardboard.

No plastic bags. Place recyclables directly into your container.

Keep food and liquids out of the recycling.

ORGANICS

CART BIN

Collect only yard trimmings and food and food-soiled paper.

Only clear or compostable bags accepted.

No plastic, glass, metal, treated wood, hazardous or pet waste.

Visit woodlandrecycles.com for more information and recycling guides.

Together We Can Keep Woodland Green and Clean