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THE BUZZ Today's Real Estate News

Balances On Credit Cards, Home Equity Lines Grow

Borrowing can be habit-forming, but Americans love to do it.

With tighter lending standards on autos and home refinancing, consumers are tapping other sources of credit. The average balances on credit cards rose 9.5 percent recently, and balances on home equity lines of credit rose 8.1 percent, according to data from Equifax, Inc., and Moody's Economy.com.

Borrowing is climbing faster in areas where housing prices fell the most, making it difficult to get extra cash from refinancing. The most affected areas in the

study were found to be in California, Florida and Nevada.

Rates on some credit cards and home-equity lines of credit have fallen with the Fed rate cuts, making borrowing from those sources more attractive.

Further, as credit standards continue to tighten, borrowers are pulling more money from home equity lines of credit before banks can reduce or freeze their credit lines. In some cases, the extra borrowing is vital to keeping a home.

In the worst-case scenario, it is for the cost of excessive living.

5 Feng Shui Concepts To Help A Home Sell

To put the best face on a listing and appeal to buyers who follow Feng Shui principles, keep these tips in mind.

1. Pay special attention to the front door, which is considered the "mouth of Chi" (chi is the "life force" of all things) and one of the most powerful aspects of the entire property. Abundance, blessings, opportunities and good fortune enter through the front door. It's also the first impression buyers have of how well the sellers have taken care of the rest of the home. Make sure the area around the front door is swept clean, free of cobwebs and clutter. Make sure all lighting is straight and properly hung. Better yet, light the path leading up to the front door to create an inviting atmosphere.
2. Chi energy can be flushed away wherever there are drains in the home. To keep the good forces of a home in, always keep the toilet seats down and close the doors to

bathrooms.

3. The master bed should be in a place of honor, power, and protection, which is farthest from and facing toward the entryway of the room. It's even better if you can place the bed diagonally in the farthest corner. Paint the room in colors that promote serenity, relaxation and romance, such as soft tones of green, blue and lavender.
4. The dining room symbolizes the energy and power of family togetherness. Make sure the table is clear and uncluttered during showings. Use an attractive tablecloth to enhance the look of the table while also softening sharp corners.
5. The windows are considered to be the eyes of the home. Getting the windows professionally cleaned will make the home sparkle and ensure that the view will be optimally displayed.

Holly Ziegler, from her book "Sell Your Home Faster with Feng Shui" (Dragon Chi Publications, 2001)

What's New In Northern Colorado Real Estate...



The Sharp Housing Downturn Continues to Pressure the Economy

2008 marks the 20th year that the Joint Center for Housing Studies of Harvard University has produced an annual report summarizing national housing trends for a wide audience of policymakers, practitioners, industry decision makers, academics, affordable housing advocates, and public sector leaders. *The State of the Nation's Housing* is supported by a broad-based coalition of organizations that seek to address the nation's housing challenges and opportunities, and each year the report's presentation of critical data and analysis provides timely and relevant information to help meet these goals.

"The nation is in the throes of a housing downturn that is shaping up to be the worst in a generation", finds *The State of the Nation's Housing* report. "While the falloff in housing starts, new home sales, and existing home sales already rivals the worst downturns in the post World War II era, home price declines and mortgage defaults are the worst on records that date back to the 1960s and 1970s." Further, Nicolas P. Retsinas, director of the Joint Center for Housing Studies, says that "the slump in housing markets has not yet run its full course. Mortgage rates have barely responded to the aggressive easing of the Federal Reserve, the supply of for-sale vacant units continues to grow, and much tighter under-

writing is locking many would-be homebuyers out of the market. With home prices falling in most metropolitan areas, homeowners are tightening their belts and staying on the sidelines."

"Higher gas prices, higher food prices and the still high cost of shelter are all taking a toll on the American Dream. After nearly two years of falling home prices, incomes still just are not a match for the cost of housing", states Broderick Perkins. "From the beginning of the housing boom in 1999, to 2006, when prices peaked, home owner incomes actually declined about 1.5 percent as home prices skyrocketed by 48 percent. Before buyers can really return to the market in droves, income, home prices and mortgage rates will have to cooperate. And even if they do, tight credit stands in the way of all but the most creditworthy home buyer".

"During the housing boom, the dramatic run-up in home prices was fueled by buyer access to cheap financing and lax underwriting. That combination allowed borrowers to negotiate more competitively. And that, of course, drove up prices beyond true income-based affordability levels", says Perkins.

The center predicted that "income growth over the next 10 years would be constrained, reducing demand for homes.

Consumer concerns over the direction of the economy have kept buyers at bay and some households from forming. Much of employment growth will be in part-time and low-wage positions, the study said. The somber conclusion is that if the economy slips into recession or job losses keep racking up, household growth and homeownership demand could fall even more".

On the other hand, the report sounds a more optimistic note about the medium to long-term. "At some point, demand will bounce back", notes Retsinas. "Historically, housing markets recover only after the economy has entered a recession and a combination of falling mortgage interest rates and house prices have improved housing affordability. It is difficult to judge how far away from these conditions we may be. It will take longer this time to rebound given the unusually high levels of foreclosures and constrained credit markets. The slump in housing markets has not yet run its full course."

Used with permission by The Joint Center For Housing Studies. If you would like to read the entire report, please visit: www.jchs.harvard.edu/media/son_release_2008.html.

Mortgage Rates Posted On 08/25/08	
30 Year Fixed:	6.66
15 Year Fixed:	6.18
5/1 ARM:	6.26
(U.S. Weekly Averages provided by Bankrate.com)	



**Mary M. Rhoades
 CRS, GRI
 Broker/Owner**



Hello, and welcome to the September issue of my newsletter, "THE BUZZ". It's my way of sharing with you pertinent information about today's real estate topics that affect you and our community.

September is the month of both autumn and its herald, the lovely Harvest Moon, which is the last full moon before the autumnal equinox. The Harvest Moon on September 15th will offer some extra light in the earlier evenings of September. As we enter the fall season, you should be thinking about completing your exterior home projects. **If your future plans include selling your home, call me to help you prepare your home for sale with tips on curb appeal, staging, showing and updating your home for selling success.** Serving you would be my pleasure!

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**Should I Refinance My Mortgage?
Take A Quick Quiz To Help You Decide.**

By Chris Butcher, MBA and Homeownership Consultant

As reported in the media recently, the values of homes continue to decline to lower levels than previous years and mortgage rates have dropped. This has made many homeowners ask themselves, "Should I refinance my mortgage or not?"

Under today's conditions, the fact remains that those who do prepare for declining home values will reap big dividends. For example, if the value of your home declines below your current mortgage balance, you may not be able to refinance in the future. Keep in mind that refinancing should put you in a better financial position. There are many questions that you should ask yourself before considering to refinance. Take a quick quiz to help you decide if now is the right time.

The Refinancing Quiz

1. Would you like to lower your monthly payment?
2. Are you interested in saving thousands of dollars in interest?
3. Do you have debt to consolidate into 1 easy lower monthly payment rather than making many monthly payments?
4. Do you have an adjustable rate mortgage or high fixed-rate mortgage that you would like to change to a secure low fixed-rate mortgage?
5. Would you like the opportunity to pay your loan off faster than the original 30yr, 20yr, or 15yr term?
6. Do you need to get cash from the equity of your home for improvements, college, or vacation?

Add up the number of times you answered YES to a question and see where you fall in the scoring guide.

0-1 No. Put off refinancing to another time.

2-4 Maybe. Consider a mortgage analysis in the near future. Now might be a good time to refinance and put you in a better position.

5-6 Speak with a mortgage professional soon to review your loan options before interest rates change.

This should have given you a good idea if refinancing is a good option for you. If you scored between 2-4, consider a mortgage analysis from an experienced mortgage consultant. Between 5-6, most definitely. However, before you get started, be aware that a lender might want to charge you an upfront application fee before they review your credit. Since you might not qualify for a loan at the time, you could lose your application fee which can range from \$300-\$400 dollars. I recommend working with a mortgage professional that does not require an application fee before reviewing your credit report. Once you have picked a mortgage professional, you are ready for a mortgage analysis.

A mortgage analysis is a very simple process and it only takes about 10-15 minutes. The mortgage professional will ask you questions about residency, employment, income, assets along with reviewing your credit report. Shortly after, you should receive a customized proposal of your refinance loan options. Once you receive your results, compare it with the results from your quiz. At this time, you should have a better idea if refinancing is right for you. If you are still unsure, meet with your mortgage professional to explain your options further.

Per-Mile Deduction Raised Second Half Of '08

The Internal Revenue Service has announced that it raised the standard mileage rate that taxpayers can use to deduct the cost of business miles on their income tax returns.

Beginning July 1 though the end of this year, the new rate is 58.5 cents a mile, an increase of 8 cents. The higher rate allows self-employed workers to deduct a larger amount on their 2008 tax returns. It will also benefit workers whose employers reimburse them for the use of their vehicles.

July 1 is also the date for an increase in the mileage rate for deductible moving and medical expenses. Those rates will rise to 27 cents a mile, up from 19 cents in the first half of this year.

Left unchanged is the rate taxpayers can deduct for use of their vehicles for charitable activities. It stands at 14 cents a mile. Self-employed taxpayers can deduct their actual expenses, or they can take the allowance on miles-driven.



**Fort Collins, Colorado
Ranked as the
#2 Best Place to Live**

*from Money's List of
America's Best Small Cities*

**August 2008
CNN Money Magazine**

Homebuyers Expect Market To Improve

CRS 2008—Certified Residential Specialist/Member Connect

Will a new U.S. President help turn around the housing market? Many homebuyers seem to think so. A new Harris interactive survey commissioned by Move, Inc., finds that 44 percent of homebuyers believe the housing market will improve once a new president takes office next January. Nearly half (48 percent) of women and 41 percent of men think a new chief executive will bolster the housing market.

However, 81 percent of homebuyers are still nervous about the housing market and cite several barriers to owning a home, including cost of down payment (28 percent), their annual income level (20 percent), lack of confidence in the economy (26 percent), and high home prices (31 percent), especially in the Western states (39 percent).

Despite these reservations, desire for homeownership remains strong, the survey finds. While 41 percent of current homeowners plan to purchase again, 80 percent of all renters plan to purchase a home someday and 47 percent plan to do so within the next five years.

Ask An Expert

By Mary M. Rhoades, CRS, GRI



Question: We are planning on listing our home in the spring and are taking your advise and improving the home we currently have not only for our enjoyment, but with a future owner in mind. While our kitchen needs the most work, is this home improvement the best place to invest our money?

Answer: You *can't lose* with a kitchen remodel. Dollar for dollar it has a high return on investment and is my most requested buyer feature. One of the key factors in deciding to remodel your kitchen *should be* the percentage of the cost you will recoup when selling your home. A complete redo could cost up to \$50,000., so when considering what you might do to make your kitchen more enjoyable and convenient, here are a few less-costly projects.

- New kitchen appliances are a good investment and give a good bang for your buck.
- For new cabinets, don't order custom-made. Good cabinets are available at home improvement centers.
- New lighting can be a dramatic improvement. Add energy-efficient recessed task lights. Create lighting that can be either bright or atmospheric.
- Buy a new sink and faucet. Consider a high end model.
- For countertops, I recommends solid granite. It lasts for many years and doesn't scratch or stain easily.

**Midrange Remodel projects:
% of 2007 costs recouped at sale**

Remodel	Job-\$	Resale-\$	Recoup
Major Kitchen	\$55,503	\$43,363	78.1%
Master Suite	\$98,863	\$68,172	69%
Minor Kitchen	\$21,185	\$17,576	83%
New siding	\$9,910	\$8,245	83.2%
New garage	\$53,897	\$37,461	69.5%
Add Office	\$27,193	\$15,498	57%
Family Room	\$78,989	\$54,148	68.6%

Source: National Association of Realtors cost versus value remodeling report, 2007

Easier Wallpaper Removal

It's a messy, tiring job that no one likes. But now you can forget the soaking or steaming and scraping for hours at a time. There is a new product that makes wallpaper removal a lot easier.

Wallwik systems start at \$28. They include reusable fabric sheets that are soaked in a dissolving solution and applied to the papered walls. The sheets keep moisture at the surface and loosen the paste.

Before applying the reusable sheets, you will want to score the wallpaper. About 30 minutes after applying the sheets, you can remove them and the wallpaper peels right off.

Zucchini Bread— A Spicy Summer Treat

Recipe courtesy of Kristin Meyer in Fort Collins, CO



What is that late summer specter that lurks silently beneath the garden foliage? It's not the "Great Pumpkin," but rather, the "Great Zucchini," too big and too pulpy to saute like its early-season counterparts.

What is a chef to do? Make it into a nutritious breakfast cake or dessert. What makes this recipe so unique is the substitution of nutritious yogurt for

the cup of oil that is found in most traditional zucchini bread recipes. Moist, spicy and richly brown, it adds to any feast. This recipe makes one 9-inch loaf.

- 1 pound zucchini (about 3 small or 2 medium), ends trimmed
- 1 cup (7 oz) plus 2 tablespoons sugar
- 1 1/2 cups all-purpose flour
- 1/2 cup cake flour
- 1 teaspoon baking power
- 1 teaspoon baking soda
- 1/2 teaspoon salt
- 1/2 teaspoon ground cinnamon
- 1/4 teaspoon ground allspice
- 1/4 cup plain low-fat yogurt
- 1 tablespoon juice from 1 lemon
- 3 tablespoons unsalted butter, softened
- 2 large eggs
- 1/4 cup pecans, chopped

Preheat the oven to 350 degrees and adjust the oven rack to the middle position. Spray the bottom and sides of a 9 by 5-inch loaf pan with nonstick baking spray or butter the pan and dust it with flour.

Shred the zucchini on the large holes of a box grater and toss with the 2 tablespoons sugar. Transfer the mixture to a fine-mesh strainer set over a bowl and let drain for 30 minutes.

Meanwhile, whisk the flour, cake flour, baking powder, baking soda, salt, cinnamon, allspice and 1/2 cup of sugar together in a medium bowl; set aside. After the zucchini has drained, squeeze it dry between several layers of paper towels. Mix the dried zucchini with the yogurt and lemon juice in a small bowl; set aside.

Beat the remaining 1/2 cup sugar and butter together with an electric mixer on medium-high speed until light and fluffy, 3 to 5 minutes, scraping down the sides of the bowl. Add the eggs, one at a time, beating well after each addition.

Reduce the mixer speed to low. Beat in half of the flour mixture until just incorporated, followed by one-third of the zucchini mixture, scraping down the bowl as needed. Add half of the remaining flour, followed by another one-third of the zucchini mixture. Repeat this process once more, being careful not to over-mix the batter.

Scrape the batter into the prepared loaf pan and sprinkle the top evenly with the pecan mixture. Bake for 50 to 60 minutes until the loaf is golden brown and a wooden skewer will pull cleanly from the loaf. Cool the bread in the pan for 10 minutes, then transfer to a wire rack. Serve warm or at room temperature.

The bread can be wrapped with plastic wrap and stored at room temperature for up to three days or frozen for a winter treat.