

# Lending a hand

An informational newsletter from Santa Cruz Home Finance

Summer 2007

## There's a New Loan in town!

**SANTA CRUZ-** Santa Cruz Home Finance is offering an exciting new loan program! This loan is a very innovative line of credit that replaces your current first mortgage. It accelerates the payoff of your loan, saving thousands in interest – and all with no change to your spending habits. It is called the Home Ownership Accelerator. The San Francisco Chronicle notes that it is “designed to help borrowers **accelerate their principal payments as painlessly as possible**.”

Here's how it works. Your line of credit is tied to a checking account. You deposit your entire paycheck into the Home Ownership Accelerator line of credit account which dramatically reduces the principal balance. Interest is computed on your daily balance so you start saving interest immediately. You then pay all of your expenses out of your line of credit using checks, ATM/Visa® or online bill-pay, just like a regular checking account. Your money stays in your account until you need it, keeping your balance lower and saving you thousands in interest expense, instead of sitting idly in a low interest-bearing account. Call me and I will run a comparison against your current mortgage to show you how it works!

Did you know that the median price of a home in Santa Cruz County was up to \$784,500 in May!

## What's all the flap over subprime?

**SANTA CRUZ -** The mortgage industry is getting a lot of attention these days and very little of it is positive. While subprime lenders seem to be dropping like flies, there are still plenty of subprime lenders to go around. The so-called high risk loans like 100 percent financing with no income documentation may soon be a thing of the past, interest only, stated income loans and adjustable loans with negative amortization are still available.

It has been said that an appreciating housing market covers up a lot of evils. Conversely, a flat or falling real

estate market uncovers the excesses and abuses of consumers as well as over zealous mortgage lenders. The fallout that we are seeing today is more likely a direct result of flat home values rather than abusive lending tactics.

Borrowers with poor credit must depend on subprime mortgages (those with mid scores under 620 or so) if they are going to buy a home. These borrowers generally spend more money than they make and are constantly being challenged to keep up with their credit obligations. The good news is that the mortgage industry is alive and kicking and is busy approving and granting mortgages. The good old fashioned 30 year fixed rates remain hovering just above 6 percent. Median home prices in May in Santa Cruz County went up for the fifth month in a row to \$790,000. Compare that to \$755,000 for the same month last year. Sales were down from 193 in May, 2006 to 153 in May, 2007.

## Current Rates

	Last Year	Today
<b>30 Yr Fixed</b>	<b>6.63%</b>	<b>6.63%</b>
<b>Prime Rate</b>	<b>8.25%</b>	<b>8.25%</b>

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Who do you know that could benefit from strategic mortgage planning? Have them give me a call at 831/425-1250, or e-mail me- [MAK@SantaCruzHomeFinance.com](mailto:MAK@SantaCruzHomeFinance.com)



Punkin is a sweet and shy 2-year-old brown tabby. She's a healthy, beautiful cat who had been abandoned.

## Help the animals!

I will match donations made to this local non-profit organization made through the end of July – send your checks payable to 'Animal Friends Rescue Project' to me and I will forward them on with my matching funds.

Animal Friends Rescue Project



Trixie is a sweet and loving month-old, 25 pound Border Collie mix that was a victim of abuse.

(AFRP) is nonprofit animal rescue organization based in Pacific Grove, California. They are dedicated to finding good permanent homes for abandoned, stray, and abused companion animals and ending the pet overpopulation crisis through focused spay/neuter programs.

AFRP has an incredible network of volunteers which now number over 275. Animal Friends uses a network of volunteer foster homes while making arrangements for permanent placement. They are committed to help any animal that comes into their

care – they do not put animals down just because they have been with them too long or need medical attention.

AFRP primarily rescue animals slated for euthanasia from the City of Salinas Animal Shelter and the Monterey County Animal Shelter. They have also been called on to help with animals from many other cities and counties, including Santa Cruz Animal Services.

Their goals are simple: 1) to ensure that all companion animals who need a home in our community are spayed and neutered and placed in good homes & 2) to end euthanasia as a means to control the pet overpopulation problem in our community.

If you are interested in learning more about this organization, visit their web site at [www.AnimalFriendsRescue.org](http://www.AnimalFriendsRescue.org). Thank you for your contribution!

\*Animal Friends Rescue also has a wish list of items needed for their cats and dogs . See their web-site [www.animalfriendsrescue.org/donation.html#wishlist](http://www.animalfriendsrescue.org/donation.html#wishlist). A sample of items needed:

- Dog leashes
- Small dog collars
- Washable dog and cat beds
- Dog and Cat toys