



FIRSTTEAM REAL ESTATE

CONTENTS

- Calendar of Events 1
- OC Housing Report 1
- Smart Irrigation:..... 1
- Real Estate Corner 1
- DIY & Repair Center 2
- Air Conditioner Maint 2
- Trivia Center!..... 3
- Quick Energy Boost..... 3
- Get Your BBQ Grill Ready 4
- Sudoku 4
- Recipe Corner 4

CALENDAR OF EVENTS

- OCTOBER 1ST: WORLD VEGETARIAN DAY
- OCTOBER 4TH: FEAST OF ST FRANCIS OF ASSISI
- OCTOBER 5TH: CHILD HEALTH DAY
- OCTOBER 9TH: LEIF ERIKSON DAY
- OCTOBER 12TH: COLUMBUS DAY
- OCTOBER 13TH: NAVY BIRTHDAY
- OCTOBER 15TH: WHITE CANE SAFETY DAY
- OCTOBER 25TH: MOTHER-IN-LAW DAY
- OCTOBER 30TH: NATIONAL CANDY CORN DAY
- OCTOBER 31ST: HALLOWEEN



A PRICE CORRECTION... KEEP DREAMING!



It seem that every year after we jump into the slower Autumn Market, buyers start talking about a housing price correction.

A Price Correction: because the median price is within 6% of the record established in June of 2007, many buyers feel a correction is near.

As soon as the kids go back to school the housing market shifts gears and we enter a new season, the Autumn Market. The inventory slowly drifts downward as fewer homes come on the market and many sellers throw in the towel; the best time of the year to sell a home is in the rearview mirror. Demand downshifts and slows as well. Buyers are no longer lunging over each other and getting caught up in bidding wars in order to purchase a home.

Buyers often mistaken this slower season as the beginning of a major market slowdown, one that will ultimately lead to a price correction. As we inch closer and closer to the Orange County median sales price record established last decade, their simple logic prevails. The last time prices were this high it lead to a major housing price correction. Logically, prices are about to drop again, right? Not necessarily.

The prior median sales price record was established in June 2007 at \$645,000. The median sales price last month was at \$610,000. During the Great Recession, the median low hit \$370,000 in January 2009. So, August's level is 65% above the recession low and just 5.4% away from matching Orange County's record height. Buyers from the trenches are squawking that prices are just too high, so they feel that prices must be on the verge of dropping. Don't bet on it.

The prior height was established 8 years ago. Even though inflation has been extremely mild, the Consumer Price Index in Orange County has been positive for years. Taking into consideration the slower, mild growth in overall prices, Orange County is closer to 15% off the prior peak, not 5%. Buyers are mistakenly comparing today's prices to 2007, that's 8 years ago, a long time ago.

Current data and trends simply do not support a housing correction anytime soon. Yes, we have cooled cont. on page 2

The National Fire Protection Association's (NFPA)

is excited to share this important information so everyone better understands the life-saving value of home smoke alarms.



WHEN IT COMES TO SMOKE ALARMS, IT'S ABOUT "LOCATION, LOCATION, LOCATION".

The key message of this year's Fire Prevention Week campaign is to install smoke alarms in every bedroom, outside each separate sleeping area, and on every level of your home, including the basement. Larger homes may need more alarms.

Visit NFPA's website: www.nfpa.org, for all of the information you need to make sure your home smoke alarms are properly installed and maintained.

REAL ESTATE CORNER

Q. We entered into a contract with someone who wanted to buy our home. The agent representing the buyer presented us with a "pre-qualification" letter from a lender. Today we discovered the buyer was rejected for financing. How can this happen?



A. You allowed the term "pre-qualification" to lull you into a false sense of security. The loan amounts referenced in pre-qualification letters are conditional on verification of income, employment, funds on deposit, credit report, and more. A lender can issue a pre-qualification letter after just a simple 10-minute phone interview with a prospective purchaser.

As a seller, your best vehicle for peace of mind would be a pre-approval letter accompanying the offer to purchase. A pre-approval letter is a firm commitment to

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considerable from the red hot Spring Market. Back in April, the expected market time for homes on the market was a low 1.8 months, or 54 days. Today's expected market time has increased to 2.7 months, or 82 days. Even with the increase, it is nowhere near a market that favor's buyers. Last year at this time, Orange County was enjoying a balanced market, 3.33 months, or 100 days, one that did not favor buyers or sellers. A market is balanced when it sits between three and four months of inventory. Even though Orange County is now approaching balance, it is still a slight seller's market, one where sellers can call more of the shots when it comes to the terms of a contract, but appreciation slows considerably. Home prices only appreciate rapidly when the expected market time drops to one-and-a-half months or less.

Orange County has not experienced a buyer's market since the beginning of 2011. Back then there were over 10,000 homes on the market and demand was similar to today. The supply of homes was much greater than today. When too many homes are left on the market, there is a lot more competition between sellers. When supply is high and demand is low, the biggest differentiator for a seller to make their home stand out among the competition is price. The more attractive the price, the quicker a home sells. That's when prices drop. Back in 2007, the active inventory reached 17,898 homes and prices were falling like a rock.

Today there are 6,959 homes on the market, 30% fewer than the 10,000 home level back in 2011. The long term average for the active listing inventory is actually 8,500 homes. The current inventory trend is to drop through the end of the year. Even with an anticipated drop in demand as we approach the end of the year and eventually move into the Holiday Market, the drop in demand will be offset by a simultaneous drop in the inventory. The expected market time is projected to remain relatively flat through the end of 2015. Do not expect any major change in Orange County real estate market trends anytime soon.

For 2016, the Federal Reserve is posturing to slowly and methodically increase the short term rate, which ultimately affects mortgage rates. Since their moves will be deliberately slower, buyers will continue to flood the market to cash in on today's historically low rates. Next year promises to be very similar to 2015 with increased demand and an inventory well below the long term average. It will once again be a sellers' market.

The bottom line: in Orange County, do not expect a correction in home values anytime soon.

Active Inventory: as is normal for the Autumn Market, the inventory continued to drop.

After peaking a month ago, the active inventory shed an additional 81 homes, or 1%, in the past couple of weeks, now sitting at 6,959. It was only above the 7,000 home mark for two months this year compared to five-and-a-half months in 2014. As we progress deeper into autumn, the days get shorter and the number of homes that come on the market drops as well. Just around the corner are the holidays, the biggest drops in the inventory each year. The inventory typically reaches a new bottom at the turning of the New Year. From there it will begin to rise.

Last year at this time the inventory totaled 7,663 homes, 704 more than today, with an expected market time of 3.33 months, or 100 days. That's 18 additional days compared to today.

Demand: Demand decreased by 4% in the past couple of weeks.

Demand, the number of new pending sales over the prior month, decreased by 108 homes in just two weeks and now totals 2,537 homes. Demand was last at this level back in January of this year. Just as there are fewer sellers coming on the market, there are also fewer buyers looking to buy right now.

Last year at this time there were 236 fewer pending sales, totaling 2,301.

Distressed Breakdown: The distressed inventory decreased by 12 home in the past couple of weeks.

Type of Market	Expected Market Time
Deep Buyer's Market	5 Months or Greater
Buyer's Market	4 to 5 Months
Balanced Market	3 to 4 Months
Seller's Market	2 to 3 Months
Hot Seller's Market	Less than 2 Months

The distressed inventory, foreclosures and short sales combined, decreased by 12 homes in the past two weeks, a 5% drop, and now totals 220. The up and down swings of

the distressed inventory has continued for a few months now. Even with these fluctuations, there really are not that many distressed homes hitting the market. With only 2.5% of all mortgage homes in Orange County currently upside down, there are far fewer homeowners in a precarious position compared to the days of the Great Recession when 25% of all mortgaged homes were upside down.

In the past two weeks, the foreclosure inventory decreased by 8 homes and now totals 65. Less than 1% of the total active inventory is a foreclosure. The expected market time for foreclosures is 61 days. The short sale inventory decreased by 4 homes in the past two weeks and now totals 155. The expected market time is 48 days. Short sales represent just 2% of the total active inventory.

Steven Thomas
Quantitative Economics and Decision Sciences

DIY & REPAIR CENTER



Five Tips For Saving A Bundle On Your Auto Insurance...

Do you remember the last time you shopped for auto insurance? If you can't remember, chances are you're paying too much. Insurance rates vary from category-to-category and from year-to-year. Unless you shop frequently, you could easily be paying double for the very same coverage. Here are five helpful tips you can use to cut insurance costs:

- 1. Shop Around.** Most consumers seek insurance quotes from just one or two companies. To get the best rates, check at least four companies or agents. You can make comparisons at www.insweb.com.
- 2. Consider A Higher Deductible.** Ask your agent to give you several deductible scenarios and compare the costs of each. Consumer Reports magazine reports that most people have a \$250 deductible on collision and comprehensive. And that's too low, given today's repair costs. A \$1,000 deductible, for example, you can save as much as 30 percent on collision and comprehensive.
- 3. Consider Your Car's "Profile."** Choose a safe car by checking safety records from the Insurance Institute for Highway Safety at www.iihs.org. A sports car will cost considerably more to insure than a family sedan. Drive a car that costs less to begin with, costs less to repair, and is less popular with thieves.
- 4. Ask For Discounts.** Most consumers are unaware of the many discounts available to them. The Insurance Information Institute, at www.iii.org lists many discounts you may not know about.
- 5. Drive Safely.** This sounds obvious, but insurers give better rates if you've had no moving violations in the past three years. Without a doubt, it pays to stay alert while driving.

TRIVIA CENTER!



The Origin of Halloween

The word Halloween has its origins in the Catholic Church, coming from a contraction of Hallowed Eve. The history of Halloween goes much farther back than the Catholics or the name.

In 5th century BC Ireland, summer officially ended on October 31. The Celts believed that on this day ghosts walked and mingled with the living. The holiday was called Samhain (sow-en) which marked the third and final harvest of the year, the Celtic New Year.

The Druids sacrificed to their deities by burning victims in wicker cages. Prior to the ceremony, all other fires extinguished and were then re-lit from the sacrificial fire.

Today modern pagans and Wiccans celebrate Halloween or Samhain as the New Year, the day when the veil between the living and the dead is at its thinnest. The pagan god dies at Samhain, only to be re-born again at Yule. For these pagans, Samhain is a day for remembering and honoring the dead and celebrating the eternal cycle of reincarnation.

Pope Boniface was instrumental in superimposing a Christian festival over the pagan traditions. Originally, the holidays took place on May 13, but a century later, Pope Gregory III changed it to the present November 1. October 31 was no longer the last day of the year and Samhain was reassigned to the Feast of All Saints.

It is interesting to note that many of the customs surrounding the observance of the Christian All Souls Day also center around accessibility to the dead. In fact, many customs with their origins in pagan traditions have survived to the present. In addition to the souls of the dead alleged to be roaming about, the devil, witches and other assorted monsters and goblins are believed to be at the peak of their supernatural powers.

In Europe, Halloween eventually evolved into a celebration for children. "Ghosts" went from door to door asking for treats, or else a trick would be played on the owners of the home. When millions of Irish immigrated to the United States in the 1840s the tradition followed them.

RED CROSS HALLOWEEN SAFETY TIPS FOR KIDS AND ADULTS

Halloween should be filled with surprise and enjoyment, and following are some common sense practices to keep events safe and fun.

- Walk, slither, and sneak on sidewalks, not in the street.
- Look both ways before crossing the street to check for cars, trucks, and lowflying brooms.
- Cross the street only at corners.
- Don't hide or cross the street between parked cars.
- Wear light-colored or reflective-type clothing so you are more visible. (And remember to put reflective tape on bikes, skateboards, and brooms, too!)
- Plan your route and share it with your



family. If possible, have an adult go with you.

- Carry a flashlight to light your way.
- Keep away from open fires and candles. (Costumes can be extremely flammable.)
- Visit homes that have a porch light on.
- Accept your treats at the door and never go into a stranger's house.
- Use face paint rather than masks or things that will cover your eyes.
- Be cautious of animals and strangers.
- Have a grown-up inspect your treats before eating. And don't eat candy if the package is already opened. Small, hard pieces of candy are a choking hazard for young children.

IS BEER GOOD FOR YOU?

We all know that red wine is rich in heart-friendly antioxidants. But did you know that your favorite beer could be healthier than you realize. Beer can help you lower the risk of heart diseases, strokes, gallstones and kidney stones!

Beer - The bitter-better drink. Gone are the days when beer was associated with sagging bellies; your favorite pint is now gaining a status of a drink with health benefits - of course when consumed in moderation! This means, while men can consume about 710 ml of beer per



day, women should limit it to 355 ml, to reap the health benefits. If you overdo it, just like any alcohol, beer too can take its toll on your health. So let's look at the benefits and risks of drinking beer.

Benefits of drinking beer

Helps protect bones: Beer, when consumed in moderation, is said to protect your bone health as it is high in silicon content. Several studies have shown that beer may help in preventing bone loss and also rebuild bone mass in men and young women. However, no benefits have been seen in women in the post-menopausal stage.

Healthy heart: Just like an apple a day

keeps the doctor away, a beer a day may help you keep heart diseases away. Moderate consumption of beer has many benefits and one of them is the significant increase in HDL (good) cholesterol. The good cholesterol has anti-clotting effects which keeps the blood vessels clear and healthy.

Healthy kidneys: A study conducted by Finnish researchers found that people who consumed beer were at a lower risk of developing kidney stones when compared to those who drank other types of alcohol. And this benefit could be

due to the high water content in beer. In addition, the beer's hops - a flower which gives beer its bitterness and also acts as a preservative - it is said to prevent kidney stones as it slows down the release of calcium from bones.

Apart from this, beer is also a rich source of vitamins, minerals such as magnesium, potassium, phosphorus and plenty of B vitamins.

Risks of drinking beer

Beer belly: Everyone says that drinking beer makes you fat or at least develop 'beer belly'. The fact is that beer contains almost no fat or nutrition. However, it does contain a lot of calories. And if you

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are trying to lose weight, you must know that alcohol does not let your body burn a lot of stored fat for energy. Actually, when you drink beer, your liver produces a substance called acetate with the help of the alcohol in the beer and your body, instead of using the fat stored on your hips and belly, burns this acetate for energy.

Heartburns: Drinking too much beer can cause heart burn as it contains powerful stimulants of gastric acid secretion leading to gastro-esophageal reflux.

Dehydration: You would do anything for a mug of beer after a long day outside in hot weather. Though beer is 95 per cent water, it is a diuretic. And since the alcohol in the beer interferes with the release of an antidiuretic hormone in your body, it makes you rush to the bathroom more often than you like. So if you drink beer, you will lose fluid through sweating as well as urine, dehydrating you completely. Also, make sure never to drink beer instead of water.

In addition, beer can affect your blood sugar levels despite being low in sugar. As beer contains alcohol, it has the ability to drop the level of sugar in your blood. This will lead to low energy levels and if you end up drinking too much beer, you will surely hit the sack in minutes!

Well, we conclude that drinking beer might be good for you if it's done in moderation. In fact most of the negative effects of drinking beer are due to excessive drinking. So if you actually want to gulp down a crate of beer at one go, do so, but at your own risk. However, make sure you drink a gallon of water to keep yourself hydrated!

HALLOWEEN HOLIDAY TRIVIA

- Orange and black are Halloween colors because orange is associated with the Fall harvest and black is associated with darkness and death.



- Jack o' lanterns originated in Ireland where people placed candles in hollowed out turnips to keep away spirits and ghosts on the Samhain holiday.

- Tootsie Rolls were the first wrapped penny candy in America.

- Halloween candy sales average 2 billion dollars annually in the United States.

- Chocolate candy bars top the list as the most popular candy for trick-or-treaters with Snickers #1.

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lend money and is issued only after verification of the crucial financial items mentioned above.

If you're thinking of selling your home in the next year, please call me at (661) 547-0256 for important information that could save you thousands in the process, and avoid unwanted surprises like the sellers above experienced.

AND... if you're thinking of buying or selling, and you just need a little helpful "guidance," call me or order one of my Free Consumer Reports.

For more information on this questions call me @ 949-929-8387 or visit my website at www.AnaDreamHomes.com.

OCTOBER IS CARAMEL MONTH



Having trouble unwrapping caramels? Place them in the freezer for 20 minutes, and plastic wrapping will easily peel off. Let the kids help and be sure to unwrap a few extras for snacking.

SADIE'S CRUNCHY CARAMEL POPCORN

Ingredients

1/2 cup packed brown sugar

2 Tablespoon butter

1/4 cup corn syrup

4 cups popped corn

1/4 cup peanuts, optional

Directions

In a small sauce pan, melt the sugar, butter, and corn syrup. Add the popcorn and peanuts and stir until evenly coated. Pour the coated popcorn onto a cookie sheet and spread out evenly on the sheet.

Bake in the oven at 250°F for 5 minutes. Remove from the oven. Enjoy!

If You Enjoy This Newsletter, Why Not Share It With People You Know?

THANK YOU for reading my OC Housing personal newsletter. I wanted to produce a newsletter that has great content and is fun and valuable to you. Your constructive feedback is always welcome.

I love helping people, and I hope you enjoy reading my newsletter each month. If you'd like your friends, co-workers, relatives, business-acquaintances, etc. to receive a FREE subscription, just call or email me or fill out the information request form on my website and I'll make sure they receive a free subscription.

I'll also send them a note with their first issue letting them know that you were the thoughtful person who suggested they receive this newsletter. It's that easy!

Smita Ana Bhula

FirstTeam Realtor
BRE# 01390628



Direct: **949-929-8387**
Fax: **949-837-3481**
anabhula@msn.com

FirstTeam Real Estate
27451 Los Altos, Suite 100
Mission Viejo, CA 92691



SUDOKU

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