



Second Quarter 2013

Q2 Springs Homes

MARKET REPORT

Summer in the Pikes Peak region has always brought to mind warm weather, wildflowers and outdoor activities. Unfortunately, now for the second year in a row, our summer memories are tinged by the smell of smoke and the devastation of wildfires. The Black Forest Fire was a horrible tragedy that not only destroyed almost 500 homes and claimed two lives, but has forever changed the visual landscape of the Black Forest. The decision to rebuild will be a deeply personal one for most victims of the fire. Some will choose to leave the Black Forest forever, while others view this as an opportunity to start anew. Property values in Black Forest will most likely fluctuate in the short term, but are expected to stabilize over the long term. Wildfire mitigation is now becoming a hot topic in both in newly developed forested neighborhoods as well as neighborhoods that have existed in the forest for years. As tragic as the past two fires have been, they should serve as a learning tool to all residents who live in or near an area susceptible to wildfires.

On a lighter note, you may notice some changes to the look of our newsletter and our branding. In the past we have called ourselves Boylan and Company, but with the focus on the web for home searches, we have realized most people identify us by our website name, Springs Homes. We have the same great agents and tools; we have simply changed our name and updated our look.

We have always been known as having a great website to search for homes. That will not change; in fact we are adding some new tools and features to make your home search even easier. You will be able to subscribe to your favorite homes so that when the price or status changes, you will receive email notifications. You will also notice an expanded neighborhood section and a new map search to help you identify exactly where to search. Sign up for our email newsletter on our website www.springshomes.com and you will receive an announcement when our new website is launched.

The Cost of Waiting – Brooke Mitchell

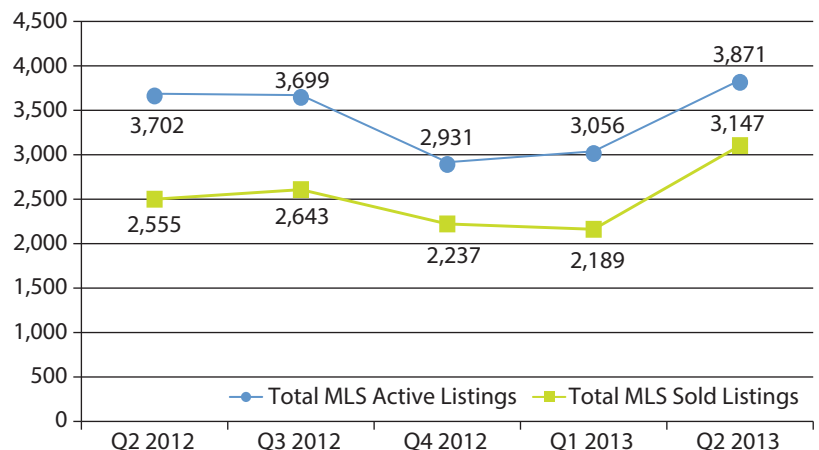
Mortgage rates are slowly creeping up off some all-time lows. At the end of 2012, mortgage rates hovered in the 3-3.5% range which attracted many first time buyers to enter the market. At the end of June, a 30-year fixed rate was approximately 4.5%. So should this new increase in rates prevent you from entering the market?

Brooke Mitchell, realtor with Springs Homes doesn't think buyers should turn to rentals just yet. "Don't panic, but rates are expected to slowly increase over the next few years". Brooke recently worked with some clients whose buying position was eroded by the increase in rates. "When we first started shopping for houses their budget was in the \$270,000 range, but a few months later with the increase in the rates, they later felt more comfortable at the \$230,000 range." Brooke said that her clients had a positive attitude and just restructured their expectations of the price range of the homes that they looked at and looked for properties where there was some room for negotiation.

Rick Allen, CEO of Mortgage Marvel agrees according to an article on realtor.com. "Relatively

speaking, rates are still at or near historic lows," says Allen. "A 4.5 percent mortgage is still an incredibly attractive rate at which to finance a home. From a real estate perspective, we're not far off from recent lows, and we're heading to improve real estate values. The combination of those two factors make this still a good time to buy."

Total Active versus Sold Listings
Q2-2012 – Q2 2013

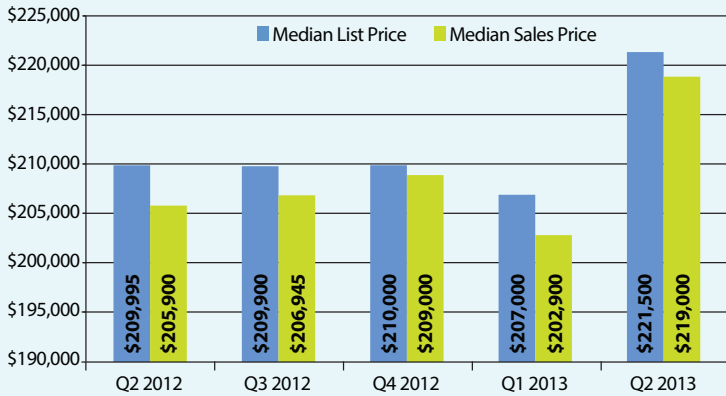


What is a Tree Worth? – Nicole Happel

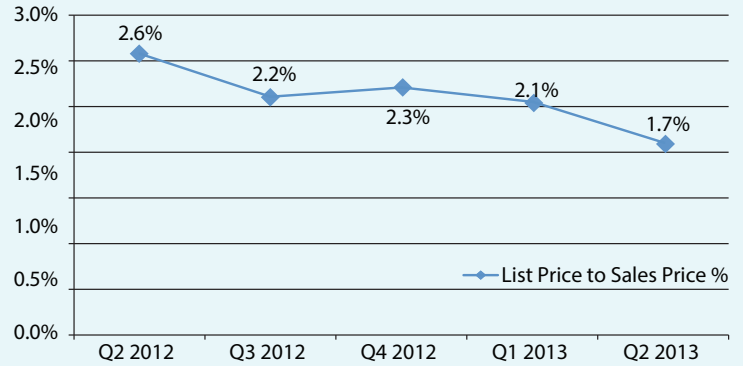
Many home buyers in the Pikes Peak region are well aware of the distinction between a lot with trees and a lot without trees. Unfortunately, it was the Black Forest Fire that actually drove someone to put a value on those trees. According to the El Paso County Assessor's Office, \$29 million worth of trees were incinerated by the Black Forest Fire. Mark Lowderman, the El Paso County Assessor stated, "If a crown fire roared through a property, incinerating the trees from top to bottom, property value was instantly decreased by 30 percent." Overall, nearly \$300 million in insurance claims have been generated due to the fire and it has been reported that the area has suffered over \$116 million of market value loss.

The towering Ponderosa Pines are what attracted a lot of people to the Black Forest region as many people relished living privately in the trees not to be disturbed by neighbors or HOA covenants. With the trees now left as blackened twigs and many areas clearly visible from the road, some wonder which of the Black Forest residents will choose to return and rebuild in the area. Nicole Happel, an agent and longtime Colorado resident, understands the type of people who love the Black Forest. "It is obvious that the values will depreciate initially. But over time, the shock will wear off and the people who love the Black Forest will return to the area." She acknowledges that the landscape may look different in some areas, but she believes that people will start purchasing lots with the hope of the trees re-sprouting

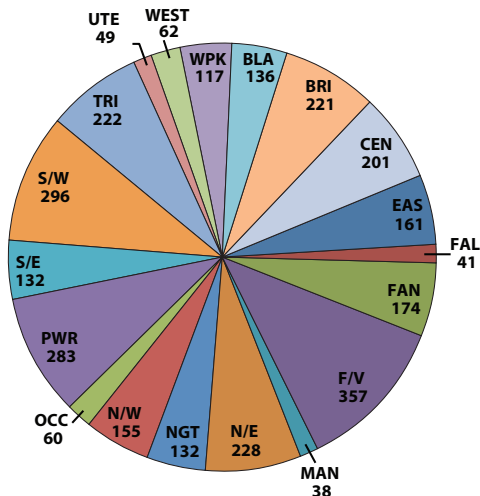
Median List Price versus Sales Price
Q2 – 2012 to Q2 – 2013



List Price to Sales Price %
Q2-2012 – Q2 2013



Total Active Listings by Area
Q2 – 2013



and the values increasing. El Paso County Commissioner Dennis Hisey agrees, "even if homeowners abandon their land, it will be of value to someone. That property out there still has value. Even if it ends up in bank ownership, eventually someone will buy it."

Nicole is certain that "The Black Forest will always be a great area for families who wish to own acreage and live amongst the trees. The spirit of the area will never change." She believes that through the rebuilding process, a new generation of home owner will emerge that is more sensitive to wildfire mitigation and the overall impact to the area will be a positive one.

What the Walls Won't Tell You –Jennifer Lohrig

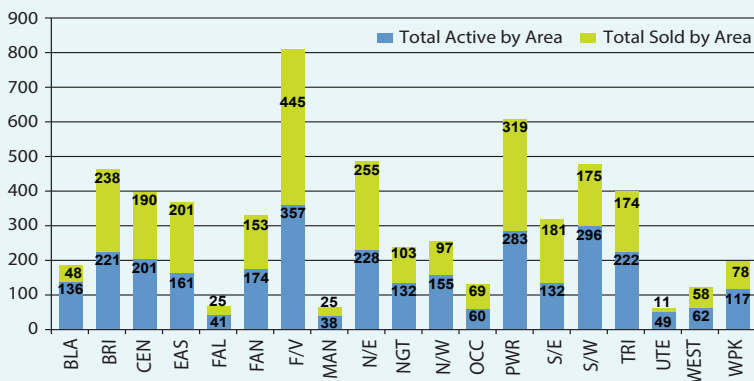
When purchasing a home, there are tests every buyer should complete to assure the safety of the home; lead-based paint, radon, asbestos and mold/mildew to name a few. But should testing for illegal drug use and/or drug manufacturing be added to this list? Springs Homes agent Jennifer Lohrig thinks so. "Methamphetamine usually isn't on people's radar; they are more concerned with the structural, mechanical and electrical health of a home. Environmentally, people are aware of lead-based paint and radon, not drugs and chemicals."

Methamphetamine use and manufacturing has skyrocketed in the United States. Once confined to more rural areas because of a lower chance of detection, new and different means of

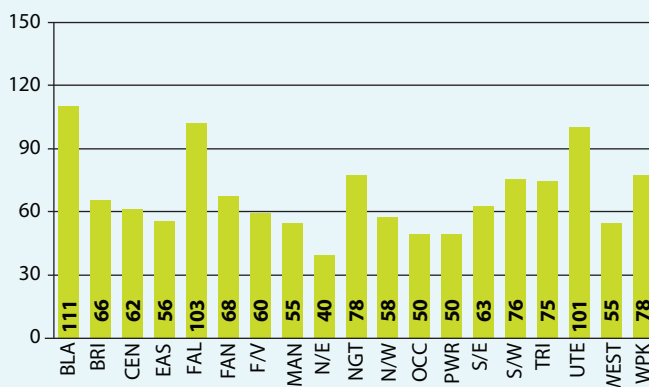
methamphetamine manufacturing has occurred, but it doesn't include properties that haven't been reported, busted or tested or where there has just been use and no manufacturing. In addition, once a home has reported to be cleaned, it is then removed from the list.

Jennifer advises, "Don't resort to over-the-counter kits that you can purchase over the internet and DIY cleanup. Get a professional involved that can do proper testing and provide you specific remediation cleanup methods and procedures." In the end, most contamination can be eliminated though it may be costly. "There is no way to tell the presence of methamphetamine contamination with certainty by visual clues or smell," says Jennifer, "your best bet is to talk to the neighbors and engage a professional."

Total Active Listings versus Total Sold Listings by Area Q2 – 2013



Average Days on Market by Area Q2 – 2013



manufacturing methamphetamine now means that you could be living next to a meth house without even knowing it. Making methamphetamine involves ordinary household products like acetone, acid, brake cleaner, drain cleaner, iodine and paint thinner. For every pound of meth produced, five to seven pounds of chemical waste is left behind. Meth molecules and chemical residues can cling to carpet, walls, furniture, floors, and drapes and penetrate materials like insulation and drywall, according to Glenn Morrison, an associate professor of environmental engineering at Missouri University of Science and Technology. The effects can remain in a home for months and even years after.

Lawmakers have attempted to protect the innocent home buyer from exposure, but it is still difficult to determine on paper whether the home was actually a meth lab. The Colorado Springs Police Department maintains a listing of houses where

key

BLA	Black Forest	NGT	Northgate
BRI	Briargate	OCC	Old Colorado City
CEN	Central	PWR	Powers
EAS	East	S/E	Southeast
F/V	Fountain Valley	S/W	Southwest
FAL	Falcon	TRI	Tri-Lakes
FAN	Falcon North	UTE	Ute Pass
MAN	Manitou Springs	WEST	West
N/E	Northeast	WPK	Woodland Park
N/W	Northwest		



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The FHA 203K Loan – Kelly Moriarty

The FHA has created a new type of loan geared toward helping owners buy fixer-uppers and revitalize older neighborhoods. The FHA 203k loan is designed for homes in need of significant renovation such as room additions, roofing, flooring, plumbing, kitchen remodeling, and decks and patios. These can be rolled up into the loan amount allowing the home owner to finance the costs and take advantage of low interest rates. To apply for the loan, many of the same loan requirements are necessary. Additional requirements include a home appraisal showing how much the house will be worth after the improvements as well as a detailed plan including a cost breakdown. "This is a great deal for home buyers who want a fixer-upper but who don't have the upfront cash after the purchase of the home," says agent Kelly Moriarty. Kelly points out, "There is even a provision to include labor for those people who want to do the repairs themselves."

The FHA 203k has two loan types one for homes requiring structural repair and a streamlined version for homes requiring nonstructural repair. There is additional

paperwork required for this type of loan and there is a list of qualifying and non-qualifying repairs. The closing can take 60 – 90 days and not all lenders are able to provide this type of loan. If there is a fixer-upper on your horizon, it is definitely worth checking out this program to see if it is a good fit.

Year to Year Comparison
Q2 – 2012 to Q2 – 2013

