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This month's distinctive property, Cerro De La Paz. Read more on page 4.

What's Inside?

A Resolution...Simply Faith and Hope In 2011

By Rey Post, Managing Editor & Associate Broker, Sotheby's International Realty



If faith is defined as “something believed with strong conviction” and hope is “to value a wish with expectation of fulfillment,” then I suspect most of you will join me in seeking a big helping of both in the New Year. Combined with hard work, a bit of luck and the view that embracing pessimism is simply not an alternative, then I think the stage is set for 2011 to be a better year than the one to which we have just said a fond farewell.

You'll note that we have a new look to our monthly newsletter. On November 30, 2010 Sotheby's International Realty (SIR) acquired Santa Fe Realty Partners (SFRP), bringing together the established local presence, global reach and brand recognition of SIR and the well known performance and perspective in Santa Fe of SFRP. Under the Sotheby's International Realty banner, our combined team of brokers share considerable optimism about the future of the real estate market in 2011.

Nationally, the *Wall Street Journal* reported in December that 55 economic forecasters predict growth for the U.S. economy in 2011 at around 3 percent. This kind of growth isn't bad in normal times, but as journalist Kevin Hall of McClatchy Newspapers reports, the economy tends to grow at twice that rate when coming out of a typical recession. This simply underscores, as Hall observes, that our recent recession was worse than normal ones and with a mild recovery, the jobless rate will remain uncomfortably high for some time.

In spite of this observation, there is reason to have faith and hope that the economy in 2011 will continue to trend in the right direction which suggests that things will continue to improve in the housing market. As evidence:

- The Institute for Supply Management recently reported that its index of manufacturing activity came in at 56.6 for November and any reading above 50 indicates economic growth. In addition, a new survey from the

Continued on page 6



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Tune in Every Sunday "All Things Real Estate"

RADIO SHOW

Join host Rey Post and his guests each Sunday at noon on Santa Fe's Talk 1260 KTRC-AM

Sotheby's International Realty's weekly radio show features a variety of compelling stories, guest interviews and listener questions regarding all aspects of the current real estate market.



Mountain Star Ranch

Ranch Lifestyle

By Steve Ziegler, Co-Managing Partner, Canyon Ridge Ranch Conservation Development



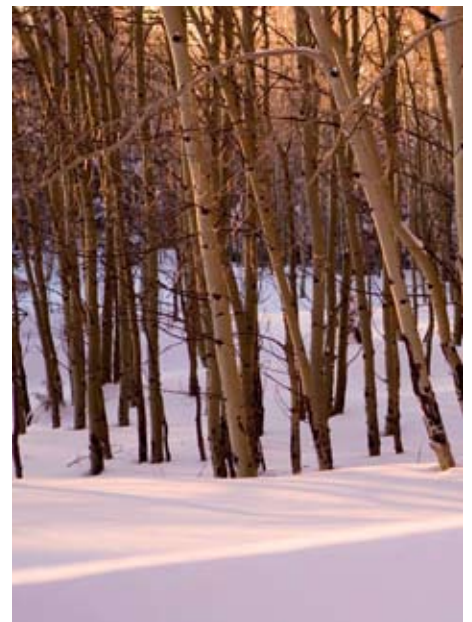
In April, 2007 five short months after Mike Plant introduced me to Canyon Ridge and the beauty of an alpine ranch, my wife and I actually jumped in and purchased one. After Internet searches and a trip from Wisconsin to Colorado to visit possibilities we ended up buying an 873-acre ranch named Mountain Star Ranch.

I remember calling Mike the day after we closed on our new ranch and thanking him for introducing us to these mountaintop wonders. Although our Mountain Star Ranch isn't the size and splendor of Canyon Ridge's 5,800 acres, it has transformed our lives over the past three years with outdoor activities and family gatherings as well as a place for friends, relatives and business contacts to enjoy. In fact, our ranch has become so popular within our circle of family and friends that we built an informational website for them to use (www.mtn-star.com) when they visit us or make personal trips to enjoy Mountain Star Ranch.

As I mentioned last month, I did not join Mike as a partner in Canyon Ridge because I was not confident in his two partners at the time. I will jump ahead in my articles on ranch living to say that in December 2008, I did join Mike as partners in Canyon Ridge as Mike's former two partners exited. The two of us are continuing with Mike's dream and vision of turning this New Mexico mountaintop splendor into the most unique gated ranch in America.

In the months ahead I will share with you what my family and friends have been doing at Mountain Star Ranch since 2007, as well as give you updates on how ours and your future ranch at Canyon Ridge is taking shape.

See more photos of the Canyon Ridge Ranch Conservation Development at www.DiscoverCanyonRidge.com



The Bloom is Off the Rose

State of the Market

By Andrew Hoffman, Advisor to "All Things Real Estate" Radio Show

In the last two weeks, the 30-year fixed rate has jumped by .5 percent, to 4.75 percent. In the bigger picture, this is still a great rate and substantially below the 5.25 percent that we experienced earlier in 2010. I do believe that we have seen the last of the historic lows, at least for now.

Even though the Federal Reserve and the Obama Administration would like to see rates stay impossibly low, the "market" (i.e., the investors who purchase mortgage-backed securities) seem to want more for their money. The Federal Reserve tried to stop the push for higher rates by launching a program called Quantitative Easing 2 (QE2) but investors don't seem to believe that the Fed's buying its own securities is a good thing.

So what does this mean for buyers? A \$200,000 loan is going to be about \$45/month more expensive. That is a whole lot of Big Macs, but it shouldn't break the bank. This move should, though, create some sense of urgency. With interest rates still very low, buyers who have been sitting on the fence awaiting lower prices or better rates, should be spurred to action. My crystal ball is broken, but I don't see rates going much higher, and they may settle down a bit. I definitely think that rates around 4 percent which were historically low, may be seen only in the rear view mirror.

Tune in Sunday at noon for Andrew's State of the Market Report on "All Things Real Estate" on 1260 KTRC-AM News Talk Radio.

HOA Issues in 2011

Property Management Report

By Tom Simon, WestGate Properties, LLC

The HOA and Condominium Act Bills will be taken up in the 50th session of the New Mexico Legislature, which runs from January 20 to March 20. The legislation, sponsored by Mimi Stewart in the House and Tim Keller in the Senate, will significantly change the way HOAs and Condo Associations do business in New Mexico. Contact me for a summary of important points and for copies of the bills, (see contacts, below).

We are experiencing a small uptick in requests for Condominium Resale Certificates which means owners are refinancing and selling condos. We expect this to increase in 2011 as the economy improves and owners become realistic about their asking price.

This is budget season for condominium and Homeowner Associations and while boards of directors recognize the need to build reserves and are raising dues when necessary, they are carefully scrutinizing expenses in an effort to keep dues increases to a minimum for 2011.

Commercial retail leasing has been busier these last few months and we expect this trend to continue with office space leasing trailing retail as employment improves.

WestGate Properties is sponsoring an important seminar about HOA and Condo Issues in New Mexico, focusing on legal, insurance, management, and what it takes to close a condo or HOA deal with the title company. Experts from these fields will be present to answer your questions in a roundtable discussion format on January 23 from 11 am to 2 pm at the Hotel Santa Fe. The seminar will also be broadcast live on News Talk Radio 1260 KTRC-AM. For more info, contact Tom Simon, CMCA, AMS for details. (505) 995-3134, tom@westgatepm.com.



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Earnest Money

Legal Topic of the Month

By Kristin L. Davidson, Scheuer, Yost & Patterson, PC

Buyers generally deposit funds, called “earnest money” with a third-party escrow agent, typically the title company, within a short period of time after executing a purchase agreement. General terms designating the escrow agent may exist in the purchase agreement. Alternatively, both parties may execute a separate agreement which designates the escrow agent and instructs how, when, and to whom the escrow agent may release the funds.



The Teahouse at Sunrise Springs.
For information, call Paul Duran at 505.310.5566

It is not uncommon for disputes over the escrow money to arise when the purchase does not occur. If a buyer delivers a legitimate objection to the title or survey contingencies and the seller fails to reasonably cure the objection, then the buyer may be entitled to declare the purchase agreement terminated and recover the earnest money. However, this is not always the case. Both buyer and seller should be aware of whether the “termination” provisions exist in the escrow or purchase agreement and the terms by which a party is entitled to the release of funds if the purchase does not occur.

If a dispute over escrow funds cannot be easily resolved between the parties, it is common for the escrow agent to file a legal action, called an “interpleader action,” whereby it places the disputed earnest money with the court and joins to the lawsuit the parties who have a claim to the earnest money. The funds will not be released until the court enters an order declaring which party is entitled to the earnest money.

November Home Sales

Real Estate by the Numbers

By Kate Marburger, Marketing Director, Palace Office
Sotheby's International Realty

The following information has been compiled to provide you with updated information on sales in Santa Fe and its surrounding areas from November 1 to November 31, 2010. These statistics are for all residential home sales including single family homes, condos and town homes.

There were a total of 95 home sales during this time period ranging in price from \$75,000 to \$1,700,000. The number of sales this month was up from 76 homes sold in October 2010. The total sales volume for November was \$40,652,647 which is up from the sales volume of \$35,419,262 in October.

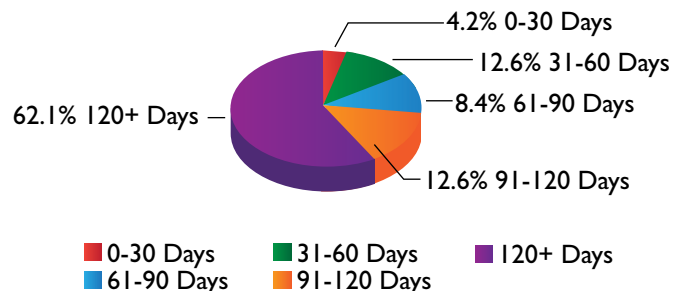
The average sales price was \$429,923, lower than the average sales price of \$466,043 for the month of October.

Homes on the market for more than 120 days sold for an average of 90.65 percent of list price and accounted for 59 or 62.11 percent of the sales. Homes on the market for 30 days or less sold at an average of 97.32 percent of list price but accounted for only 4 or 4.21 percent of the sales.

The average number of days on the market was 188 days which is a little lower than the average days on the market in September, which was 195.

Fifty-four of the homes sold for under \$350,000; 16 sold from \$350,000 to \$500,000; 17 sold from \$500,000 to \$1,000,000, and ,8 homes sold from \$1,000,000 and \$1,700,000.

Days on the Market



A Resolution, continued from page 1

Federal Reserve shows that in 10 of its 12 national banking regions, the U.S. economy is growing. ADP Employer Services reports that employment at private companies this past November showed the largest increase since November 2007. Retailers report that 2010 holiday sales were among the strongest in many years.

- Fannie Mae, the secondary mortgage market lender, recently released the second installment of its national “2010 Own-Rent Analysis” and reports that despite the housing crisis, Americans maintain a strong desire to own a home.
- The tax relief package passed by Congress and signed into law in December by President Obama contains provisions that, among other things, should have a direct stimulative effect on the economy. As *New York Times* journalist Jeff Sommer reports, “Besides extending jobless benefits to the long-term unemployed, by cutting the 6.2 percent Social Security payroll tax, net savings of up to \$2,136 for each worker should be realized in 2011.”
- Survey results by RISMedia show home builders around the country are pointing to an uptick in business in 2011. Many see the following as trends to watch for in the New Year:

- Home building in close-knit communities with respected homeowner associations, mature landscaping and neighbors waiting to greet new buyers (sounds like Santa Fe!)

- Jim Chittaro, president of Smykal Homes predicts that the idea of a home as a short-term moneymaker is gone, “...when people do buy in 2011, they’ll do it with the intention of staying put for closer to 10 years rather than two to three.”

- Not only will new homes be more “green” in their design and the features they offer, but they will also be healthier in 2011 (enhanced in-door air quality, low VOC paints/adhesives and all-around healthier materials). In addition, with the average size of new homes decreasing for the first time in decades from 2008 to 2009, there is general consensus that this trend will continue in 2011.

Perhaps the spirit of faith and hope in 2011 is best exemplified by a recent quote from incoming chancellor of the New York Public Schools (and former head of *Hearst Magazines*) Cathleen P. Black: “I’ve never been afraid of people who say something is never going to make it. If it’s got the right investment and the right market, it can make it!” If I had to make a resolution for 2011, it would be to suggest we take Ms. Black’s positive perspective and make it our collective mantra for the New Year.

So, until next month (and for the rest of 2011!) I wish you good luck and fortune in “ALL THINGS REAL ESTATE.”

The Good News About Furniture in 2011 Interior Design Today

By Annie O’Carroll, Principal, Annie O’Carroll Interior Design



To learn more about 2011 design trends, visit www.annieocarroll.com

My days spent trend-spotting at the Furniture and Décor Show in High Point, N.C., was my opportunity to get a sneak peak at home decorating styles for the new decade. Changes in furniture design will give your home a modernized look. You do not need to sacrifice quality or personal style when your furniture is scaled down.

I saw a significant change in the scale of furniture. The large deep roll-arm chairs and sofas are being replaced with a new scale to fit different living spaces. These well-designed upholstered pieces are comfortable and easy to live with in smaller spaces. As people move into urban homes, cottages or acquire smaller vacation homes we have exciting choices in design style. These pieces are well designed, built to last and range from modernist to classic styles.

Dining furniture offers a new scale in table and chairs for flexibility. These pieces are lighter and can be easily moved to do double duty as extra seating for a gathering of family and friends. The chairs offer comfort to host sit-down gatherings and encourage lingering long after the dessert course. The chairs fit closely around the table to save space.

The new furniture designs combine elements of sophistication, tradition and modern functionality. As we design your living space the furniture pieces are carefully chosen to match your home. I was pleased to see we have luxurious quality furniture choices to create a sense of spaciousness and coziness for smaller interiors in the New Year.

Planning for the New Year

Trust and Financial Planning

By Steven R. Bone, Executive Vice President, Santa Fe Trust, Inc.

While making your list of 2011 resolutions, don't forget to revisit your estate and financial plans. An annual review is vital to keeping your plans up to date, especially in these times of rapid and uncertain tax law changes and greater market volatility.

Now is the time to review your existing wills and trusts. Speak with your tax advisors about the desirability of changing them, setting up new trusts and making charitable and other gifts in 2011.

■ Do you own low basis real estate you would like to sell outright without having to realize the capital gain?

■ Do you have a personal residence, the value of which you would like to get out of your estate while gifting the property to your children at the lowest possible tax cost?

■ Do you own a ranch, farm or business, the value of which you would like to get out of your estate and the title to which you would like for your heirs to receive ultimately at the lowest possible transfer tax cost?

These are all situations involving real estate, the solutions to which can be addressed by creating various types of trusts.

Trustmakers can plan for the disposition and future use of their property in the most advantageous ways for themselves and their heirs. Santa Fe Trust would be pleased to review your trust documents and provide feedback on our ability to help you implement your trust dispositions. Happy New Year!



The master bedroom at 804 Apodaca Hill. Call Darlene Streit for more information at 505.920.8001

Insurance Tips for 2011

Insurance Q & A

By Robin Schritter, Regional VP with HUB International (An Interview with Managing Editor Rey Post)

Q. Given we are launching into a new year, what should people be thinking about when it comes to their insurance coverage?

A. When it comes to life insurance, you may want to ask whether your designated beneficiary is current and accurate and, if your children are now adults, maybe they need to be listed individually. Regarding the status of your living trusts, you should ask if the volunteer or non-profit organizations you listed are still the most current organizations in your life. Lastly, when it comes to umbrella or personal liability limits, you should make sure that the coverage amount protects your current assets.

Q. From a real estate standpoint, what are your best suggestions?

A. Doing a home inventory is critical. With the popularity of flat-screen televisions, iPhones, iPads, video games and all the other expensive electronic equipment you may have in your home, without an inventory you are just asking for trouble.

Q. OK, this makes a lot of sense. So where does one begin with an inventory?

A. Because the process can be time consuming and difficult, the Insurance Information Institute has created a tool to make this a lot easier and it can be found at www.knowyourstuff.org. Using this system, consumers can enter items by rooms in the house, upload photos or scan receipts and sort items by price, date of purchase, type or location. You can even create your own home item categories. Because the purpose of insurance is to put you back where you were prior to a loss, having a home inventory and then obtaining property insurance coverage can help you enormously should a theft, fire or other mishap occur in your life in 2011.

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