

Real Estate Digest

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States Step Up to Help At-Risk Homeowners with Mortgage Assistance

State governments are acting more aggressively to help homeowners avoid foreclosure, frustrated by what they view as the federal government's tepid response to the mortgage crisis.

In Ohio, for instance, officials announced recently that they had enlisted more than 1,000 local attorneys to work with certain borrowers free of charge to try to block foreclosures, according to the *The Wall Street Journal*.

Since May 1, borrowers in Massachusetts have had 90 days to cure any defaults before their mortgage company can initiate a foreclosure.

In April, an Illinois lawmaker introduced a bill, backed by the state's governor, that would impose a moratorium of as long as 60 days on foreclosures. The measure would apply only to borrowers who enter housing counseling and is meant to give them more time to work out a deal with lenders.

Maryland Gov. Martin O'Malley signed emergency leg-

islation this spring to give borrowers at least 150 days to cure defaults, effectively creating a short-term moratorium on foreclosures.

Shared interest

The state actions come as Congress considers a variety of plans to aid the housing market, including a \$15 billion plan that includes a tax credit to buyers of properties facing foreclosure and grants for communities to buy and refurbish foreclosed properties. But there is little in the plan that would help individual borrowers facing foreclosure, and state officials say they can't wait for federal help.

Lawmakers say that states are acting in their own interest; foreclosures push down property values and tax revenues and create problems not only for borrowers in financial distress, but also for their neighbors and communities.

"We have a crisis in mortgage foreclosures, and this seemed like the boldest way that we could respond to the problem," said state

Sen. Ellen Anderson, a sponsor of a Minnesota bill that would let some borrowers with subprime loans or negative amortization mortgages defer paying a portion of the amount owed, without being considered delinquent.

Stepped up efforts

These latest efforts by states are more aggressive — and in some cases more controversial — than earlier programs, most of which provided counseling services or offered to refinance certain home loans into state-backed mortgages with better terms.

Such efforts "will help promote the conversation between borrowers and lenders," said Paul Richman, vice president of state government affairs for the Mortgage Bankers Association. "It's something we don't have a problem with so long as it's not being used to create unnecessary and frivolous delays in the legal process." However, the association opposes foreclosure moratoriums.

TRENDS

Guaranteed Home Value Brings Out Buyers



A California builder offering a lifetime guarantee on the value of its homes says sales have improved dramatically.

Pacific West says if a buyer's home type is ever offered for a price lower than the guaranteed price in the same community, the homeowner will be reimbursed for the difference.

The offer is in response to homebuyers who complain they purchased a new home in a development at one price, but then the builder cut prices on future homes in the development — eroding the value of the original homes. The company said it had sold three times as many homes



in the first two weeks since offering the guarantee than it did in the entire three months previous.

Lenders Paying Troubled Homeowners Not To Trash Properties



An increasing number of lenders involved in foreclosed properties are resorting to bribing homeowners not to trash their properties before they are evicted, according to an article in *The*

Wall Street Journal.

In a story from Las Vegas, the newspaper said homeowners are getting hundreds and even thousands of dollars from the banks as incentives not to strip out appliances or simply wreck the house before they leave.

The *Journal* quoted a Campbell Communications survey of mortgage brokers around the country as saying almost half of homes foreclosed upon nationwide have “substantial damage” that must be repaired — at a cost of thousands of dollars to the lender — before they can be returned to the market.

Industry Leaders See Some Improvement



A REALTrends survey of real estate leaders finds that 67 percent “strongly” or “somewhat” agree that their market is improving. Some 14 percent either “disagreed” or “strongly disagreed.”

REALTrends said that of the 750 industry leaders surveyed, many commented they were seeing increases in buyer inquiries, open house traffic and relocation.

Nineteen percent of those responding said foreclosures and/or short sales were a significant market problem, with 26 percent somewhat agreeing. Thirty-four percent stated they strongly or somewhat agree these are issues in their areas.

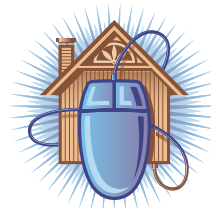
The National Association of Home Build-

ers meanwhile reports that its members are not so upbeat; only one in five believes the market will improve any time soon.

The index of builder confidence for March was 20, unchanged over the past few months. The lowest the index has ever been was 18, in December. An index of 50 suggests as many builders are positive about the future as are negative.

Said NAHB President Sandy Dunn, “Our surveys confirm what I’ve been hearing personally from builders across the country, which is that interested buyers are out there, but they are either reluctant to go ahead with a home purchase or they are unable to find mortgage financing they can afford.”

Real Estate Web Sites Seeing Increase in Traffic



Sign of a thaw? Traffic on real estate Web sites has gone up substantially since January, according to Internet data collector Comscore.com. The company said there had been an overall 28

percent gain in traffic in the real estate category, to 42 million visitors since January.

The Move Network, home to Realtor.com, led the category with 10.1 million visitors (up 49 percent), followed by Yahoo! Real Estate with 4.6 million visitors (50 percent), and Rent.com with 3.5 million visitors (up 51 percent).

Are Agent Commissions Rising?



Real estate commissions in some parts of the country are going up, as anxious sellers are willing to pay more to attract the attention of agents with buyers, and listing agents are becoming more particular about the homes they list, *Business Week* magazine reports.

The magazine said commissions of eight percent are not unusual in hard-hit parts of the country — such as California — and that

some home builders are paying agents as much as 10 percent to help them reduce inventory.

Business Week quoted an agent with EXIT Realty in Minneapolis as saying he charges sellers six percent commissions for his “typical menu of services,” seven percent if the seller wants a guarantee that the home will be sold in 39 days, and for an eight percent commission he’ll do free home staging and mount additional advertising.

MARKETS

People Returning to New Orleans Area



For those watching the housing recovery in the aftermath of Hurricane Katrina, the Census Bureau has released numbers that show St. Bernard and Orleans parishes were the fastest-growing counties in the nation in 2007. Right

after Katrina in 2005, the same two parishes were listed as the fastest-declining counties in terms of population.

St. Bernard showed population growth of 42.9 percent between July 1, 2006 and July 1, 2007. Orleans Parish showed a gain of 13.8 percent in the same period.

Following these Louisiana parishes on the national list were Pinal County (Phoenix area), which grew 11.5 percent last year; Kendall County (Chicago area) with an increase of 10.6 percent; and the Dallas area’s Rockwall County, with an increase of 8.6 percent.

Iowa Farmland Prices Up 18 percent



What happens when you turn food into fuel? Prices go up, naturally. The value of Iowa farmland has gone up an estimated 18 percent in one year, according to the Iowa Farm and Land Chapter of the Realtors Land Institute. The Institute said prices had gone up 11 percent since last September as investors try to buy up land that produces corn

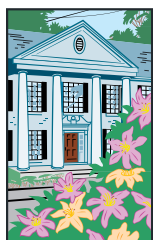
investors try to buy up land that produces corn



for biofuels. The Institute estimates Iowa land prices have gone up 67 percent since 2003.

Crop prices also are surging nationwide.

Charlotte, Raleigh, Best Cities To Buy Foreclosed Homes



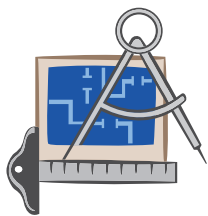
Forbes magazine has named Charlotte, N.C., as the best place in the country to buy a foreclosed home, reporting that buyers can buy the average foreclosure for as much as 28 percent below the median home price of \$147,000.

The magazine used statistics from RealtyTrac to look at communities where foreclosures were the biggest problem, but then factored in its view of how quickly the community was likely to recover from the current housing recession.

Charlotte was deemed to have good prospects of a quick recovery, meaning an investor in foreclosed homes now could expect a quick return on investment.

Other good investment cities named in the report were: Raleigh, N.C.; Nashville, Tenn.; Oklahoma City; San Antonio; Albuquerque; Knoxville, Tenn.; Seattle; Indianapolis; and Washington, D.C.-Alexandria-Arlington, Va.

MLS to Use Square Footage Ranges



In a move that might spell a trend, the Carolina Multiple Listing Service no longer includes specific square footages of homes, opting to state square foot ranges instead. The move is an attempt to cut down on arguments before, during and after closings that sometimes lead to lawsuits, but more often lead to endless re-negotiating of contracts.

Owners and listings agents who know the approximate square footage of a home will state the range as being 10 percent below that figure to five percent higher. A home believed to be about 2,000 square feet would be listed as between 1,800 and 2,100 square feet.

MORTGAGES

Americans Spend Little Time Researching Home Mortgage Loan



Despite the fact a home is one of the largest and most expensive purchases most Americans will ever make, those adults who have obtained or refinanced a home loan in the past five years typically spent only five hours researching a home loan, according to a recent survey of 2,897 adults conducted by Harris Interactive on behalf of the real estate Web site Zillow.com.

In fact, more time is typically spent researching a car purchase (eight hours) or major home improvements, such as a kitchen remodel (10 hours), and equal time is spent planning a single vacation (five hours). When calculated as time spent per dollar invested, this means Americans typically spend almost 80 times more time researching their vacation (.159 min./dollar) than a home loan (.002 min./dollar).

"Financing a home is one of the largest investments most people will make in a lifetime. What most people don't realize is the type and terms of a loan are often more significant than the actual purchase price as these factors can dramatically affect the affordability of a home," said Spencer Rascoff, Zillow chief financial officer.

But the trends might be changing. Borrowers seem to indicate a desire to be more informed in the future. Those who obtained or refinanced some type of mortgage or home loan in the last five years secured an average of four quotes, but those who plan to obtain or refinance a mortgage or home loan within the next year say they expect to obtain six quotes, on average, according to the study.

What's stopping buyers and refinancees from getting more mortgage loan quotes? The top five concerns:

- * Having personal information sold or shared with multiple lenders (58 percent)
- * Sharing personal information and credit score with multiple lenders (55 percent)

- * Missing the opportunity to get the best rate (54 percent)
- * Ending up with a monthly payment that is greater than original budget (48 percent)
- * Not understanding the terms and financial implications of the loan (41 percent)

Nine out of 10 loan buyers said that a standardized quote form would make it easier to compare loan quotes from multiple lenders. And three in four say they would obtain more mortgage or home loan quotes if they could do so anonymously.

Foreclosure Filings Dip Slightly



The foreclosure database RealtyTrac is reporting a sliver of good news on the housing front, releasing numbers showing that foreclosure filings were down four percent in February compared to the month before.

Still, on a year-over-year basis, foreclosures are 60 percent ahead of where they were in February 2007. Nationwide, one in every 557 homes is now in foreclosure, and RealtyTrac CEO James J. Saccacio says he believes despite the February downturn, foreclosures have not peaked. Nevada, California and Florida continued to show the highest number of foreclosure filings.

LAW

Bill Would Give Home Buyers \$15,000 Tax Rebate



The proposal may not get very far, but Sen. Johnny Isakson, R-Ga., has proposed an economic stimulus bill that would rebate \$15,000 to anyone who agrees to buy a home.

Isakson, an Atlanta real estate broker and business entrepreneur before being elected to the Senate, says the rebate plan would give

buyers a new incentive to purchase homes. Once home sales improve, he believes, the rest of the economy will follow.

The Congressional Budget Office estimates the plan would cost \$14 billion over the next few years. Although some Republican senators have signed on to the bill, insiders say it will languish in committee until the Senate is finished dealing with foreclosure relief proposals.

AGENTS' CORNER

Stay Positive in a Discouraging Market



Getting a little discouraged? It's easy to do in the difficult conditions of today's real estate market. Dr. Maya Bailey, Ph.D., has a few suggestions for remaining positive in a negative world.

1 Avoid toxic people. Toxic people can be well-meaning but when they talk to you, they are coming from a negative at-

titude about money, finances and especially about the current real estate situation. When you encounter them, either change the subject or walk away. Better yet, speak up for yourself and mention that you want to think positively about yourself and your business.

2 Avoid toxic thoughts. You can do this very simply by having your own inner conversation when you hear negative thoughts arise. When you hear yourself complaining counter with "that may be true for others but it's not true for me."

3 Remember that successful real estate professionals do well in any market. Knowing that fact can help you to let go of the excuse about the market being bad. In addition to the right marketing strategies and regular lead generation activities, desire for success is important.

"If you believe you can or you can't, either way you are right," said Henry Ford.

5 Remember to engage the Law of Attraction. The law of attraction states that you get what you focus your attention on. Furthermore, your beliefs create your reality so choose your beliefs carefully.

6 Be proactive. In any marketplace there are always people wanting to buy and sell homes. They need your help and they need your expertise. Your job is to become visible to them. In today's market, they are not likely to fall in your lap.

However, with a good system of lead generation, you can contact them and use your intention to attract your ideal clients. Clear out any self-limiting beliefs that inhibit your ability to pick up the phone.



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