

Real Estate Digest

800 Westchester Ave,
Suite S-340
Rye Brook, New York 10573
Tel: (914) 381-6700
Fax: (914) 381-3131



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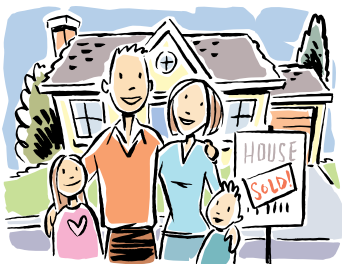
Richard Giliotti
President & Chief Operating Officer

888 Seventh Ave., Suite 300
New York, NY 10106
800-281-TITLE (8485)
Tel: (212) 432-3272
Fax: 800-FAX-9396



November • 2009

Volume 35 • Number 11



Homeowners Increasingly Optimistic About Real Estate Market's Future

Despite consecutive years of dropping values, more than 40 percent of homeowners believe their home's value has "increased" or "stayed the same" over the past year, according to a survey by Harris Interactive and Zillow.com. Sixty percent of respondents think their home's value has decreased, when in reality 83 percent of U.S. homes declined in value over the past year.

There is also growing optimism that home values will stabilize in the coming six months. Three-quarters of homeowners surveyed said they believe their home's value will not decline any further. This quarter, the number of optimists was the largest yet:

- ✱ 34 percent of homeowners think their home's value will increase
- ✱ 47 percent of homeowners think their home's value will stay the same
- ✱ 19 percent of homeowners think their home's value will decrease.

The most optimistic bunch are homeowners in the South and Northeast, where fewer markets experienced a "bubble," and where home value declines haven't been as precipitous as in many major cities in the West.

Supporting data

Homeowner optimism may be well founded; the data and research firm Clear Capital has released its Home Data Index through the end of August, which shows that home prices nationally have gone up by 7.3 percent from the previous quarter.

The company said there were price gains of 16.4 percent in the Midwest, 5.7 percent in the South, 5.4 percent in the Northeast and three percent in the West. The company attributed the increase in sales prices to the steady draining off of REO properties that are on the market.

There are still challenges ahead, according to researchers at the University of Utah's Metropolitan Research Center. Changing attitudes, tighter lending rules and the chaos in the housing markets of the past few

years will add up to lower homeownership rates in the years ahead.

Slow growth

The Center reports that while homeownership topped 69.5 percent in 2004, it has since fallen to 67.4 percent and will likely go to 63.5 percent by 2020.

"Demographic changes, strict mortgage rules, energy-saving policies and lessons learned in this housing crisis are driving more people to rent," says Center Director Arthur Nelson.

The Center predicts that about 57 percent of the 30.3 million housing units added from 2005 to 2020 will be rentals.

MORTGAGE

Popular Housing Tax-Credit Window is Closing



A number of industry organizations, including the Web site [\[tors.com\]\(http://tors.com\) and the National Association of Home Builders, have joined other housing interests in urging first-time homebuyers to move quickly into the purchase process before the government's \\$8,000 tax credit expires Nov. 30.](http://Real-</p></div><div data-bbox=)

The national median home today costs approximately \$174,100. By moving quickly to find and close on a home by Nov. 30, first-time buyers qualifying for the tax credit can actually purchase this same home for only \$166,100, a discount of almost 4.5 percent.

Housing affordability is at its highest level in 28 years, and inventory remains high. According to NAR, on average, first-time buyers search 12 weeks to find a home, and closing can take up to 60 days.

The Mortgage Bankers Association (MBA) reports mortgage applications are at their highest level since late May, largely because first-time homebuyers are taking advantage of the government's \$8,000 tax credit. The MBA said applications – both purchases and refinancings – are up 17.0 percent.



BofA Makes Jumbo Play With Slashed Rates



Bank of America has cut interest rates on jumbo mortgage loans in the hopes of expanding its share of what the bank sees as an underserved market for loans too big for purchase or guarantee by Fannie Mae

and Freddie Mac.

Not everybody will qualify for the 30-year, fixed-rate loans of up to \$3 million that Bank of America has been offering at reduced rates since January, with interest rates currently in the high 5 percent range.

In order to qualify, borrowers will need strong credit (a 720 FICO score or above), down payments of 20 percent or more, documented income, full appraisals, and assets sufficient to cover six months of payments, said Bank of America product management executive Vijay Lala.

But Bank of America thinks its fixed-rate jumbo loans will prove to be attractive to qualifying borrowers, because many competitors will be hard-pressed to match its rates.

Jumbo loans have become more expensive and harder to come by since September 2007, when rising delinquencies gave investors who fund most home loans through the purchases of mortgage-backed securities cold feet about “private label” securities that don’t carry the backing of Fannie and Freddie.

Obama Program to Reduce Mortgage Payments Gaining Use



The Obama administration’s \$50 billion “Making Homes Affordable” program, designed to quickly help troubled homeowners who need to reduce their monthly payments – finally appears to be gaining traction.

At the beginning of the year when the program was announced as a cure for the housing crisis, banks were ill-equipped to rewrite mortgages at the scale needed to allow families to avoid foreclosure.

Now, however, the government says almost 600,000 homeowners have been offered help – either through reduced payments from lowered interest rates or mortgage extensions from 30 years to 40 years. The government believes about 3 million homeowners are eligible for the program.

TRENDS

Good News for Sellers: ‘Rent or Own’ Payment Gap is Narrowing



An Associated Press analysis of 45 metro areas has found the gap between owning a home and renting one is about \$221 per month, an indication, it says, that more renters may soon make the leap to homeownership.

In Cleveland, Atlanta, Indianapolis and St. Louis, the gap was less than \$100 per month. It predicted that with home prices still declining, that gap would narrow further.

Real estate agents around the country are seeing an uptick in the number of first-time buyers who are trying to get into homes before the government’s first-time home-buyers tax credit expires on Nov. 30. Listing agents are reporting in some parts of the country that bidding wars are taking place for entry-level properties. Inventories also are seeing declines in some markets.

ZipRealty Says Its Website Helps Consumers Negotiate Commissions



The online brokerage ZipRealty has begun marketing a new feature on its Web site – a tool that allows consumers to see what real

estate sales commissions are like in their target neighborhood and about how many buyers are actively looking there.

According to ZipRealty, typing in the ZIP code of a particular neighborhood will allow

sellers to get an idea how much they can expect to pay in commissions – and to negotiate accordingly.

The “buyers looking” program gives sellers an idea of how many buyers are actively searching for homes like theirs. The site also allows sellers to type in their address and receive back three estimates on their home’s value.

Make Sure It Supports Broadband



A new research study commissioned by the Communications Workers of America union reveals that

many American households now consider broadband Internet access a necessity.

Broadband at home, the study concludes, provides more than \$30 billion annually in benefits to consumers in the areas of education, health care, work, news, entertainment and civic affairs. The study also found that home broadband adoption increased more than six-fold between 2001 and 2008 – from 10.4 million households in 2001 to 66.6 million households in 2008.

Home Still Seen as Top Investment Vehicle



Despite turmoil in the market, a new survey released by Bankrate.com shows most Americans still believe that hom-

ownership is an essential element in wealth building. According to the survey, 92 percent of respondents believe that a home is a good investment for the future. The survey also found that 48 percent of those polled worry about losing their home or being unable to afford the home they live in.

Ranking other wealth-building tools:

- ✱ 39 percent said they don’t believe the stock market will make them wealthy.
- ✱ 70 percent have trouble saving money.
- ✱ 50 percent worry about their ability to save money for college.



* 60 percent said they would put off getting married if they found their betrothed had heavy debt or bad credit.

MARKETS

Price Reductions Decrease In Major Markets



The real estate data firm Trulia says that 25 percent of homes currently on the market have experienced at least one price reduction, but the amount of the reductions is beginning to decrease. The company said homes in the \$2 million-plus range were seeing the greatest percentage price reductions – averaging 14 percent off their original list price.

Another real estate data firm, Zip Realty, said its research showed the average reduction was 10 percent. The steepest average cut was in Las Vegas, where prices on average have been dropped by 23 percent. The smallest cuts were in Denver and Raleigh-Durham, N.C., where sellers reduced prices by an average of five percent.

The company said in July that more than 40 percent of listed homes in 29 markets had at least one price reduction, and the average reduction was \$25,000.

United States Getting More Views From International Buyers



The Great Britain-based Web site HomesgoFast.com reports that properties in the United States are drawing more views from international buyers than any other country. CEO Nicholas Marr said listings in Florida and Western New York have seen the greatest traffic increase. Following the United States in international buyer views was Brazil.

Marr speculated that depressed home prices in the United States have triggered a rise in interest from international buyers. He said Brazil was benefiting from a concerted effort

by resort interests there to brand Brazil as “the next Spain” for vacation property buyers.

HomesgoFast.com carries listings from 70 countries.

Nudist Housing Market Remains Strong in Florida



Community development for nudists is a niche market that is improving while the rest of the housing market is still recovering. *The Times* of London reports there are 268 naturist clubs and resort communities in Florida now, and more have been approved.

The Times quoted a representative of Pasco County’s Oasis community as saying nudists are a “real estate agent’s dream.” “They tend to be older people, probably a little more settled, who generally don’t require mortgages and are prepared to pay a premium just to live here,” the representative said.

A representative of the Paradise Lakes community of 700 homes said only two properties there had gone into default, far below the Florida average.

LAW

Calif. Law Would Give REO Buyers Choice of Closing Service Providers



The California Legislature has passed a bill that will allow buyers of foreclosed homes to choose the escrow and title companies they’d prefer, rather than be forced to use the companies required by the seller – which is usually the bank.

Locally based escrow and title companies have complained that they are being shut out of working the foreclosure market because banks are insisting that buyers use the bank’s affiliated services.

The Buyer’s Choice Act, however, lifts that restriction. Banks contend they have so many REOs on their books that it is easier and more

economical for them to contract with a single, large closing service provider than having to deal with thousands of small, local companies.

HUD Posts New FAQ About RESPA



Brokers and agents who want to familiarize themselves with HUD’s new RESPA rules may want to go to a new page on the federal agency’s Web site, where a frequently asked questions section has been posted.

The new RESPA goes into effect Jan. 1, 2010. On that date, loan originators will be required to provide buyers with a new standard Good Faith Estimate and closing agents will be required to fill out a new HUD-1. The FAQ can be found at www.hud.gov/offices/hsg/ramh/res/respa_hm.cfm.

AGENTS’ CORNER

Single Property Sites Add Visibility to Listings, Aid in Search Engine Optimization



Single property Web sites (i.e. www.555MainStreet.com) can help you drive significantly more traffic to your Web site than using traditional tools.

To start with, single property sites provide significant search engine optimization (SEO). Having the address as the domain name means it will likely be listed very high in search engine page results. So, when someone enters “555 Main Street, Santa Rosa” in the Google search box, your 555MainStreet.com Web site will likely be the first result listed.

In addition, all of your single property Web sites link to each other and back to your own Web site. This can help each property’s site gain authority and page rank and become more visible in search engine page results. This can also enhance your own Web site’s search engine rankings, since there are many other sites linking to it.

Social Media Benefits

In addition to SEO benefits, you also get social networking exposure. Some single property Web site vendors include a built-in posting tool that enables you, or visitors to your Web site, to quickly post the listing to popular social networks such as Facebook or Twitter. Another convenient tool allows you to post the listing to the incredibly popular Craigslist.

And you can tie back your listings to all the major real estate portals. This can help drive even more traffic to your Web site, and insure that your listings are advertised to a world-wide audience.

Realtors Launch Short Sales Certification Program



Nearly one-third of all existing homes sold recently were either short sales or foreclosures, according to National Association of Realtors data. To help Realtors meet the needs of homebuyers and sellers who need these services, NAR has launched a new Short Sales and Foreclosure Certification Program (SFR).

“Foreclosures and short sales can offer opportunities for home buyers, but it’s extremely important to have the help of a real estate professional for these kinds of purchases,” said NAR President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth. “Realtors add value to the real estate transaction with their extensive knowledge and market insights, and this new certification will help them serve a growing need.”

The SFR certification program is offered by the Real Estate Buyer’s Agent Council of NAR. The program includes training on how to manage short-sale, foreclosure, and real estate-owned transactions, and provides resources to help Realtors stay current on national and state-specific information as the market for these distressed properties evolves.

To earn the certification, Realtors must complete a one-day education program, either in person or online, as well as three one-hour webinars. The certification program will be offered at the REALTORS Conference & Expo in San Diego, Nov. 13-16.

For more information regarding the SFR Certification visit www.RealtorSFR.org.



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