

Real Estate Digest

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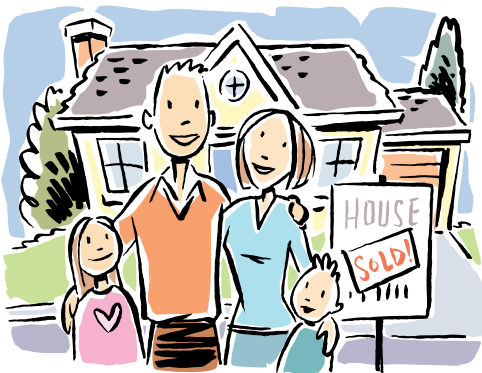


Title Company Edition

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Survey Shows Steady, Strong Rise In First-Time Homebuyers, Single Women



A final look at last year's trends finds that the housing market welcomed a bigger share of first-time buyers and single women, while a majority of sellers resorted to dialing down prices to get their homes sold.

First-time buyers accounted for a record 47 percent of home sales last year, up from 41 percent in the prior-year period, according to the survey conducted by the National Association of Realtors.

Home sales and prices showed some signs of stabilizing last year, and the survey results affirm the market continued to favor buyers, particularly first-timers.

Tax breaks working

"Tax incentives, record high affordability conditions and a pent-up demand brought a record share of first-time home

buyers into the market," said Paul Bishop, the trade association's vice president of research. First-time homebuyers last year were able to take advantage of a tax credit of up to \$8,000 meant to entice new homebuyers to enter the market. Congress extended the tax incentive through this June, as long as the buyer signs a binding contract by the end of April. The program also was expanded to include a \$6,500 credit for existing homeowners who buy a new place after living in their current residence for at least five years.

First-time buyers had a median age of 30 and reported a median income of \$61,600, the survey shows. The typical first-time buyer paid \$156,000 for their home, about \$9,000 less than in the Realtors' 2008 survey.

Repeat buyers were typically a few years older, 48, and earned a bit more than first-timers: \$88,100. They also said they

planned to stay in the home for 12 years.

Buyers generally took 12 weeks to search for a home, two weeks longer than last year. They also generally looked at 12 homes, up from 10.

Women take the plunge

Single women made up a slightly bigger share of homebuyers, accounting for 21 percent of buyers. That's a one percent increase from the prior-year survey. Single men accounted for 10 percent of buyers. But married couples continued to make up the majority of buyers at 60 percent, the survey showed.

Whites continued to dominate among homebuyers, representing 85 percent of buyers. That figure was slightly higher than in the 2008 survey.

The median down payment homebuyers made was eight percent. More than 61 percent of buyers tapped their savings to come up with the down payment, while 22 percent received a gift from a friend or relative.

Sellers had to go the extra mile to sell their homes, with 52

percent offering incentives like paying for closing costs. They also lowered prices.

The typical home sold for 95 percent of the original listing price, the survey shows.

Still, many sellers came out ahead. The median amount over the price sellers originally paid for their home was \$36,000.

MORTGAGES

Fannie to Tighten Loans to Borrowers



Fannie Mae has begun tightening its lending, saying it is rejecting borrowers who have credit scores below 620, even if they offer a 20 percent down payment.

Also, the mortgage giant said borrowers who use 45 percent of their gross monthly income to pay debts are likely to be rejected. The new restrictions went into effect in December. Some lenders already have implemented similar standards.



FHA Drops Second-Appraisal Requirement for High Loans



FHA has announced it is repealing the second-appraisal requirement for loans that exceed \$417,000. The second-appraisal requirement was issued at the

height of the housing crisis for high mortgage amounts and cash-outs.

The government said, however, the second-appraisal requirement will remain when a property is resold between 91 and 180 days following acquisition by the seller, if the resale price is more than 100 percent higher than the price paid by the seller when the property was acquired.

HUD Asks Early Restraint on RESPA Enforcement



HUD has announced that for the first four months of 2010, the Mortgage Review Board (MRB) will exercise restraint in enforcing RESPA regulations that took effect Jan. 1.

The MRB reportedly will show restraint in considering actions against FHA-approved lenders who have demonstrated they are making a good faith effort to comply with the new requirements.

HUD also is asking other federal and state enforcement agencies to exercise the same 120-day restraint for non-FHA originators and other settlement service providers who demonstrate good faith efforts to implement the rules. The mortgage industry maintains it cannot fully implement the new regulations with such short notice.

LAW

Key Senator Doubts Any More Tax Credit Extensions



Sen. Johnny Isakson, R-Ga., the primary architect of the home-

buyer tax-credit extension, says the likelihood of another extension next year is somewhere near zero.

In an interview with the Associated Press, Isakson – a former broker/owner from Atlanta – said he was pleased Congress adopted his plan to extend and expand the credit to the move-up market. The stimulus plan now is set to expire in June; binding contracts must be signed by the end of April.

Isakson said the extension needed a termination date to force homebuyers to make a decision, and that without the termination date buyers would have continued to wait for prices to come down and the housing recession would have languished. Home buying has steadily improved since the initial credit was adopted earlier this year.

Law Professor: Underwater Homeowners Should Walk Away



An Arizona University law professor is recommending that more homeowners walk away from their homes if they are upside down on their mortgages, saying the only thing stopping most homeowners is the emotion of being a debtor.

Professor Brent White believes clear financial thinking about mortgages should override the emotion of defaulting on a property.

In his paper “Underwater and Not Walking Away: Shame, Fear and the Social Management of the Housing Crisis,” White also suggests that homeowners do some advanced thinking before they abandon their property, such as buying a car or even another home while their credit rating is still good.

MARKETS

Wind Farms Do Not Harm Sales Prices



A Department of Energy study has determined the presence of electricity-generating wind turbines does not appear to impact the sales price of nearby homes. The DOE studied 7,500 home

sales over a three-year period in 10 communities near wind farms.

“Neither the view of wind energy facilities nor the distance of the home to those facilities was found to have any consistent, measurable, and significant effect on the selling prices of nearby homes,” said report author Ben Hoen. “No matter how we looked at the data, the same result kept coming back — no evidence of widespread impacts.”

TRENDS

Home Affordability Remains Near Record High



Over 70 percent of all new and existing homes sold at the end of last year were affordable to families earning the national median income of \$64,000, down slightly

from a near-record 72.3 percent during the previous quarter and up from 56.1 percent during the third quarter of 2008, according to the National Association of Home Builders.

Indianapolis was the most affordable major housing market in the country during the third quarter, a position the metro area now has held for 17 consecutive quarters. Almost 95 percent of all homes sold were affordable to households earning the area’s median family income of \$68,100.

New York-White Plains, N.Y.-Wayne, N.J. was the nation’s least affordable major housing market during the third quarter of 2009. Slightly more than 19 percent of all homes sold during the quarter were affordable to those earning the New York area’s median income of \$64,800.

Last Year’s Price Reductions Amount to About 10 Percent



About a quarter of the homes on the market last year saw price reductions, and 20 of the nation’s top 50 markets have seen average reductions of more than 30 percent, according to the real estate



research site Trulia.com.

Trulia said that 25.6 percent of homes on the market had seen at least one price reduction in the past 12 months. Nationwide, the average actual price reduction was about 10 percent.

Trulia co-founder Pete Flint said that in the coming months he believes more homes will be coming onto the market, both because of REOs that have been held back and more homeowners who need to sell.

Foreclosure Filings Still Coming Down



RealtyTrac reports foreclosure filings were down three percent at the end of last year but were still 19 percent higher than in 2008. In October, 332,292 properties received a foreclosure filing, or 1 in 385 homes.

Nevada, California and Florida continue to lead the country in foreclosures, but in all three the number of foreclosure filings declined. In Nevada, 1 in every 80 homes is in foreclosure; in California, 1 in every 156 homes; and in Florida, 1 in every 168.

Overall, the company said it was the first time that the number of foreclosures had declined for three consecutive months.

NAA, NMHC, to Continue Opposing Help for Homeownership



The nation's two leading opponents to more incentives for homeownership – the National Multi Housing Council (NMHC) and National Apartment Association (NAA) – have renewed their agreement to push a single legislative program.

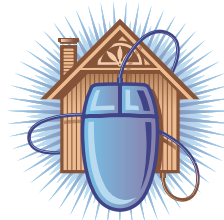
"During this critical legislative time, it is important for our industry to be heard as we continue to advocate for a balanced housing policy in Washington," said 2009 NAA Chairman Ron Shelton. "The tremendous strength

in numbers from the NAA/NMHC grassroots efforts enables us to make a powerful impact on policymaking decisions."

The NMHC represents several hundred of the nation's largest apartment-owning corporations. The NAA is comprised of more than 50,000 multifamily housing companies representing more than 5.9 million apartments

TECHNOLOGY

Momentum Builds for Broader Acceptance Of Digital Signatures



This time next year, it's a safe bet that many more of us will be routinely circulating forms, disclosures and contracts for clients to sign electronically.

It's been nine years since President Bill Clinton signed the E-Sign Act, granting electronic or digital signatures the same legal status as ink on paper. Since that landmark event, however, real estate professionals have been slow to embrace the technology, which adds tremendous efficiency to managing paperwork generated in the typical transaction.

Whether the reluctance stems from a mistrust or misunderstanding of digitally signed documents, the fact is that a growing number of real estate professionals are already using and promoting the technology. It promises to become an option that savvy clients will expect in the future. Efforts underway now to guarantee acceptance of digital signatures by all segments of the lending community, including the FHA, could prove a watershed moment in making the electronic signing of contracts a standard practice.

Because of resistance to changing modes of business, it may take some sort of governmental push, according to Tom Gonser, vice president of product strategy with DocuSign, a company that would benefit tremendously by widespread use of electronic signatures.

"For digital signatures to really take off, it's going to take some government mandate stating everyone must accept a digital signature, on all types of documents and contracts. We're actively working with a number of bodies, in-

cluding the FHA, to work out a way for electronic signatures to be accepted on all documents."

Gonser believes that will bolster the momentum already building for broad-based acceptance of electronic signatures in real estate. Four years ago, DocuSign surveyed real estate professionals about digitally signed documents. A majority had never heard of them, and most who had feared they would undermine the perceived value of services they provide, he says.

Today, real estate professionals are much more aware.

"Some agents are starting to use electronic signatures as a competitive advantage," Gonser reports. He estimates as many as 18,000 real estate companies have used DocuSign, with 1,000 more joining its network each month.

"We're approaching a critical mass, and the word is getting around that this is a more efficient way to do things."

At rival EchoSign, CEO Jason Lemkin believes the evolution of the Web is critical to widespread adoption of digital signatures in real estate.

"Three or four years ago, you needed software to sign documents digitally. With Web 2.0, we're delivering next generation Web technologies that make it much easier for people to do the same thing online."

Efficiency and cost savings are the key benefits, but Lemkin suggests the convenience of electronic signatures will ultimately establish the technology as a standard practice.

"This is a referral business," he adds. "When you use electronic signatures you're going to get more referrals because people will remember how easy it is to work with you."

AGENTS' CORNER

Your Buyers List: Work it Like a Cash Machine for Your Real Estate Business



If you ask most real estate professionals what their number one business asset is, you'll get a variety of answers. Some say their office, their listings, their agents or sub-

agents, their marketing materials, etc.

“All of these are good answers, but they are all wrong,” according to Josh Schoenly, a real estate sales consultant.

An active buyers list is by far the most valuable asset to have for your real estate business. According to Schoenly, a buyers list is the closest thing to a money machine as there is in the game of real estate.

“Let me give you a couple of examples illustrating my point. Recently, I had a former client call and tell me that he had a rehab property to sell. We came to terms and the very first thing I did, before even getting the property on the MLS, was send the listing to my own in-house buyers list.”

Schoenly had nine people respond to the email in less than 12 hours.

“Even before inputting into the MLS, I had a solid offer on the table,” said Schoenly.

Bottom line: Make sure you mention and demonstrate your strong and active buyers list during every listing presentation. How many other agents in your market can make the same claim?

If you aren't building a buyers list, start building one today. If you have one already, keep building it, because these relationships might be your greatest asset.

Stand Out? Blend In? Here Are Your Top Car Colors



If you're in the market for a new car – and deciding

whether to blend in or stand out – you may want to consider DuPont's annual report on popular color choices for new cars. According to the company, which produces paint for manufacturers, the top 10 car color choices are:

- * Silver, 25 percent
- * Black, 23 percent
- * White, 16 percent
- * Gray, 13 percent
- * Blue, 19 percent
- * Red, eight percent
- * Brown/beige, four percent
- * Yellow/gold, one percent
- * Others, one percent.



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