

# Real Estate Digest

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## The Comeback Kids: Report Finds Shift Toward Multi-generational Families

At the same time, the share of older people living in multi-generational families, which plummeted to 17 percent in 1980 from 57 percent in 1900, rose to 20 percent.

### Trend Reversal

While the pre-World War II extended family may have been idealized as a nurturing cocoon, the latest manifestation is too recent and a result of too many factors, positive and negative, to be romanticized.

The decline of extended families coincided with an exodus to the suburbs, where many young adults preferred to raise their children, and the enactment of Social Security and Medicare, which made older adults more financially independent.

The latest overall shift coincides with a number of demographic changes, including delayed marriage, greater longevity, more grown children (the baby boomers) with whom the elderly can share a household, Medicare cuts enacted in 1997 and the growing number of immigrants, who are more likely than native-

born Americans to live in extended families.

The shift appears to have been accelerated by the recession. In 2008, at the beginning of the recession and the latest year for which figures are available, 2.6 million more Americans lived in a multigenerational household than did the year before.

### Bigger homes

The growth of extended families has also been facilitated by another phenomenon: the average single-family home is about twice as big as it was several decades ago.

The shift to extended families is evident across the board, but it was more widespread among blacks and Asian- and Hispanic-Americans than among non-Hispanic whites.

Nearly half the 49 million Americans living in extended families are in households made up of two adult generations, with the youngest adult at least 25 years old. Almost as many live in households with three or more generations.

### TRENDS

## Despite All, Americans Still Believe in Home Ownership



Despite foreclosures, defaults, bankruptcies and everything

else that has been triggered by the housing market downturn, Americans still want to own their own homes.

A Fannie Mae survey shows that 65 percent of homeowners prefer owning a home. About 23 percent of renters agreed; however, they are likely to delay the purchase until the economic climate improves.

Somewhat surprisingly, most respondents said things like neighborhood safety (43 percent) and good schools (33 percent) were more important than financial considerations.

Sixty percent said they believe buying a home today is more difficult than it was for their par-

**T**he extended family is making something of a comeback thanks to delayed marriage, immigration and recession-induced job losses and foreclosures, all of which have forced people to double up under one roof, an analysis of census figures has found.

"The Waltons are back," said Paul Taylor, executive vice president of the Pew Research Center, which conducted the analysis.

Multigenerational families, which accounted for 25 percent of the population in 1940 but only 12 percent by 1980, inched up to 16 percent in 2008, according to the analysis.

The analysis also found that the proportion of people 65 and older who live alone, which had been rising steeply for nearly a century—from six percent in 1900 to 29 percent in 1990—declined slightly, to 27 percent.



ents, but 88 percent believe it will be harder still for their children to buy homes.

## New Immigrants Seeking Smaller Cities



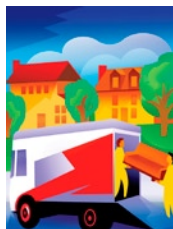
A study has found that legal immigrant homebuyers increasingly are searching for properties in midsized cities, where competition for jobs is reduced and where matching ethnic enclaves may already exist.

The study was released by the University of Southern California's Luck Center for Real Estate.

The results could help agents specialize in the next wave of new homebuyers; the exponential growth of immigrants and their descendants will represent 82 percent of U.S. population growth over the next 40 years.

The study found that immigrants are starting to avoid "gateway" cities such as New York, Chicago and Los Angeles in favor of comparatively smaller communities such as Nashville, Colorado Springs and Sarasota. It found that while gateway cities are losing population, midsized cities have seen a 27 percent increase in new immigrant residents.

## Economy, Opportunity Driving Factors in Relocation



More Americans are moving because of job loss or foreclosure, but some are still moving because bigger homes in better neighborhoods are available.

A survey by the Web site [Relocation.com](http://Relocation.com) asked consumers why they were relocating.

Answers were:

- 18 percent Nonspecific economic conditions.
- 14 percent Moving to a bigger, better home.
- 13 percent Moving closer to family and friends.

- 13 percent Lost job, looking for work.
- 9 percent Divorce, separation or death.
- 7 percent Moving to an area with lower cost of living.
- 5 percent Lost home to foreclosure.
- 4 percent Improve lifestyle, better neighborhood.
- 2 percent Educational purposes.
- 2 percent Retirement.
- 13 percent Other.

### LAW

## Federal Attorney Clarifies Add-on Fees



Add-on fees have been a source of confusion since a U.S. District Court last year ruled that these fees violate federal law when

the real estate broker or agent's bill doesn't detail specific services for which the fees are being billed.

Recently, Helen R. Kanovsky, general counsel for HUD, released some more detailed guidance about the court ruling. She wrote that agents' commissions may be quoted "using a flat fee, a percentage of the sales price, or a combination" — all listed on the revised HUD-1 sheet.

But Kanovsky said that if the total charges "exceed the amount of the commission for listing and selling the home that is reflected in the real estate broker's or agent's listing agreement," then HUD has the right "to determine whether additional services were provided" to justify the add-on.

If few or no services appear to have been performed, HUD can consider these charges a violation of the Real Estate Settlement Procedures Act. Such a violation is subject to significant penalties.

Kanovsky also warned against charging fees when there is no contract or other agreement that permits the levying of these charges. For instance, an administrative fee with no contractual language could be considered by HUD as an illegal fee.

## FHA to Accept Documents Signed Electronically



Good-bye to endless faxed contracts? Perhaps not yet, but certainly a reduction may be in order as the Department of Housing and Urban

Development has announced it will allow FHA to accept electronically signed sales contracts.

NAR applauded the announcement, saying; "This is a great step forward in speeding up the real estate transaction and making it easier for buyers, sellers and real estate professionals to complete transactions timely and efficiently."

Allowing electronic signatures should speed up transactions by eliminating the need to print documents, fax them to various parties for signatures and await return faxes.

## Buyer Agents Urge Removal of Marriage Penalty for Tax Credit



The National Association of Exclusive Buyer Agents (NAEBA) has announced its support of a bill to remove the so-called "marriage penalty" from the homebuyer tax credit.

The bill, introduced by Rep. Eliot Engel, D-N.Y., would eliminate the need for spouses to have the same homeownership history to claim the tax credit. The law does not require unmarried couples to meet that standard, thus making it easier for them to meet the credit criteria.

"We applaud Representative Engel's leadership on this issue and fully support this legislation that will make the current homebuyer tax credit section of the Internal Revenue Code of 1986 more equitable for all potential home buyers," said Benjamin Clark, 2010 president of NAEBA.



## MORTGAGES

### Fed: Low Rates Likely Through 2010



Interest rates are likely to remain low into 2011, Federal Reserve policymakers hinted recently. The indications came shortly after the Fed shut down its program to buy mortgage-backed securities, which had kept rates at or near record lows in recent months.

“The relatively modest pace of recovery, the continued high rate of unemployment, subdued inflation trends, and well-anchored inflation expectations together suggest that the need for highly accommodative monetary policies will not diminish soon,” Fed Governor Daniel Tarullo said.

Likewise, Donald Kohn, Fed vice chairman, said in a speech in San Francisco that the Fed would raise rates, “in due course,” but he also noted that low rates “help offset the lingering restraining effects on economic activity and prices.”

### Top 10 Best Cities For Borrowers



Some cities are better than others for borrowers.

The best cities have the lowest percentage of foreclosures and delinquencies, including a low percentage of bank-owned homes. In most of the cities on this best list, home prices are actually rising.

This kind of solid housing market motivates banks to offer lower rates and better terms.

Here are the 10 cities that *Forbes* ranks as the best for borrowers:

- 1 Kansas City, Mo.
- 2 Houston
- 3 Dallas
- 4 Virginia Beach, Va.
- 5 San Antonio, Texas
- 6 Boston
- 7 Pittsburgh
- 8 Denver
- 9 Seattle
- 10 Portland, Ore.

## MARKETS

### Hottest Markets in the Country



*Money Magazine* has released its latest home-price projections for the country’s metropolitan areas. Here are the 10 cities where it believes home prices will rise the most in the next year, and the 10 where it fore-

sees the most substantial declines:

Where prices will rise:

- \* Santa Rosa, Calif.....6.0 percent
- \* Cheyenne, Wyo.....4.7 percent
- \* Kennewick, Wash. ....4.6 percent
- \* Merced, Calif. ....4.4 percent
- \* Bremerton, Wash. ....4.2 percent
- \* Fairbanks, Alaska .....4.2 percent
- \* Corvallis, Ore. ....4.1 percent
- \* Tacoma, Wash.....3.9 percent
- \* Anchorage, Alaska.....3.8 percent
- \* Bend, Ore. ....3.3 percent

Where prices will decline:

- \* Miami.....22.5 percent
- \* Fort Lauderdale, Fla. ....21.3 percent
- \* West Palm Beach, Fla. ....18.5 percent
- \* Phoenix.....18.5 percent
- \* Las Vegas.....15.4 percent
- \* Tampa.....13.8 percent
- \* Pensacola, Fla.....13.6 percent
- \* Gainesville, Fla.....13.4 percent
- \* Suffolk, N.Y. ....13.4 percent
- \* New York City 12.9 percent

### Mexicans Snatch Up US Border Properties



Real estate agents on the American side of the Texas-Mexico border say the market is booming—largely because of wealthy and middle-class Mexicans fleeing nearby

Juarez to escape the drug war in that city.

KFOX TV quotes agent Cathy Few as saying professional people, business owners and average citizens are investing in U.S. property,

accounting for as much as a 20 percent increase in business.

“They are running for their lives,” Few said. “They’re afraid that something is going to happen to their family. They’re afraid for their brothers and sisters and children.”

Hundreds of Juarez residents have been kidnapped and killed by drug cartels in the past few years.

### Ten Fastest-Growing Small Towns in U.S.



Towns all over the country grew during this decade as retirees and others sought attractive and less crowded places to live and vacation.

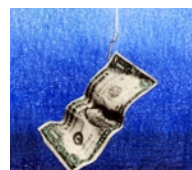
Early U.S. Census Bureau projections identify these towns as America’s fastest growing between 2000 and 2010. Some of them are distant suburbs of large cities, but others are in sparsely populated rural areas where new residents enjoy pastoral beauty.

Economists expect growth to slow in the next decade as people stay closer to jobs and because they can’t sell their homes. Meanwhile, according to *Forbes* magazine, these are 10 rural and suburban counties that enjoyed the most growth in the last decade:

- 1 Flagler County, Fla.
- 2 Kendall County, Ill.
- 3 Rockwall County, Texas
- 4 Pinal County, Ariz.
- 5 Sumter County, Fla.
- 6 Forest County, Pa.
- 7 Forsyth County, Ga.
- 8 St. John’s County, Fla.
- 9 Lake County, Fla.
- 10 Lyon County, Nev.

## AGENTS’ CORNER

### Tips to Profit from the Clients You Already Have



You know the maxim by now: it’s a lot harder to find a new client than to profit from the ones you already have.

If you want repeat business, you cannot afford to be forgotten. Many agents assume that the completion of a successful transaction will win them a customer for life, but this is simply not the case. Statistics prove that it's not enough to do your job perfectly. A proper follow-up campaign is needed to solidify the relationship.

It may help to imagine your customer as a building. The first transaction is only the foundation of the relationship. Your customers will remember that you followed-up after the sale. By remaining front and center with past clients, you will enjoy their referrals for years to come. And, some day down the road, that original customer will once again be ready for another move. Below are five tips to help you profit from clients for life.

**1 Be Loud and Proud:** Forty-four percent of agents are referred by a friend or neighbor. Be proactive. Use "Just Listed" and "Just Sold" postcards to broadcast each success to the entire neighborhood and every past customer. A constant stream of positive results will motivate prospects and remind past clients of your real estate skills and ability.

**2 Be Consistent:** Not every agent has a steady flow of transactions to advertise. Maybe you are entering a marketplace for the first time and have zero listings—this is where consistent prospecting makes the difference. Remember, if you're not visible, you're invisible, so getting in front of these prospects and past customers on a regular basis is critical. Constant reminders of who you are and what you do will make your name synonymous with real estate.

**3 Be Unique:** "Wow factor" prospecting is any marketing technique that separates you from other agents and gets you remembered in the process. One example of this is using variable data to include your customer's name on your marketing pieces. This type of wow factor will cut through mailbox clutter and get you noticed.

**4 Be a Lifeline:** Thirty-six percent of all sales in 2009 were distressed. Odds are everyone knows someone currently in financial trouble. By presenting yourself as a knowledgeable resource, you let your network know that you are an expert and can help any distressed property owner. Motivate past customers and prospects to call and refer you.

**5 Be a Consultant:** Hurry, because time is running out on this opportunity. Forty-seven percent of home buyers in 2009 were first-time buyers motivated by thousands of tax credit dollars. Use the credit to entice past clients and prospects to call you to discuss their qualification for the free money. This consultation will further solidify your relationships and help to frame you as a real estate expert.



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