

June 2009 Archives

Home Sellers Say New Appraisal Rules Make Deals Harder

BOCA RATON, Fla. – June 18, 2009 – New rules to safeguard the integrity of home appraisals are complicating the deals they're supposed to protect.

Real estate agents, mortgage brokers and buyers, as well as homeowners who want to refinance their loans, are feeling the effects of rules designed to prevent inflationary appraisals that helped fuel the housing boom.

"The intentions were good, but the execution was very poor," said Louis Spagnuolo, vice president of mortgage banking for WCS Lending in Boca Raton.

Since May 1, home appraisals must be ordered at an arm's length, often through a national management company. Gone are the days when a mortgage broker or lender could hire a familiar appraiser to close a deal. Now, communication between the appraiser and real estate agents is discouraged.

South Florida real estate professionals and their clients say the rules contribute to low appraisals, which jeopardize home sales and refinancing applications. They're worried that the recent uptick in sales could slow as a result.

Chuck Luciano of Keller Williams Realty recently represented a client who agreed to sell a five-bedroom Boca Raton home for \$1.085 million. An appraiser from Miami estimated the value at \$1.025 million.

"The seller didn't want to drop the price, and the buyer said, 'Why should I pay more than the bank says it's worth?'" Luciano said. "I lost the deal."

The new rules were proposed by New York Attorney General Andrew Cuomo, who pushed for the standards after spending more than a year investigating industry appraisal practices. They govern only loans that will be sold to Fannie Mae and Freddie Mac, government run mortgage companies that buy most of the nation's home loans, and not loans guaranteed by the FHA or VA.

One problem, real estate agents and mortgage brokers say, is that the management companies assign appraisers who don't know the area and lose experienced appraisers by taking a large percentage of the fees.

Another common complaint: appraisers value properties on the low end to appease lenders, which are scrutinizing appraisals now after suffering large loan losses in recent years.

Bill Burton of Boca Raton was trying to refinance into a loan with a 4.75 percent interest rate. Burton has a high credit score and lives in an upscale development. But his Deerfield Beach mortgage broker said the bank turned him down after insisting that the appraiser include in his

report two sales from a less-desirable community nearby.

"I can't fathom not being approved," Burton said. "It's a disgrace."

But appraisers and the management companies blame the flood of foreclosures and short sales for skewing the value estimates downward.

Mortgage brokers and real estate agents are upset because they've lost control of appraisals, said Dan Morden, an appraiser in Broward and Palm Beach counties. "That's a bitter pill for them," Morden said.

Two management companies that do business in South Florida say the complaints are unfounded.

Charles Ware of Elite Appraisal Management in Michigan said his firm grades appraisers and assigns them to nearby properties. Valuation Logistics in Oregon typically keeps \$25 of the average \$450 appraisal fee, chief executive Scott Olson said.

"Our appraisers are getting almost all of their money," Olson said.

The livelihood of real estate agents and mortgage brokers depends on sales, said Guy Cecala, publisher of the Inside Mortgage Finance newsletter. Changes that appear to stand in the way of that are sure to draw criticism.

Regardless, more conservative appraisals likely are here to stay, he said.

"It's a political reality."

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Foreclosures Drive Nearby Home Prices Down

NEW YORK – June 17, 2009 – Foreclosures drive down the value of neighboring homes an average of \$7,200 per home with the total loss in property values totaling \$500 billion, says a recent report from the Center for Responsible Lending, a consumer advocacy group.

The study calculated that homeowners living within 300 feet of a foreclosed residential property experienced a drop of 1.3 percent in home value; those living 300 to 500 feet of the foreclosed home see a drop in value of 0.6 percent.

Ellen Schloemer, the executive vice president of the Center for Responsible Lending, estimates that foreclosures would affect an estimated 91.5 million neighboring homes over the next four years.

"As the foreclosure crisis continues to worsen, the contagion is spreading," Schloemer says. "You

can't just say those foreclosures are hurting someone else."

Source; The New York Times, Bob Tedschi (06/12/2009)© Copyright 2009 INFORMATION, INC. Bethesda, MD (301) 215-4688

Selling Your Home Means Being Realistic in a Down Market FORT LAUDERDALE, Fla. – June 16, 2008 –

Setting the right price for a home sounds simple, but too many sellers aren't doing it. They insist that their properties are special and holding value, even though the median prices for existing homes have plummeted 26 percent and 24 percent, respectively, in Palm Beach and Broward counties since late 2005. These stubborn sellers ask for too much money, ignoring the list prices of nearby homes, not to mention their real estate agents' advice.

It's a short-sighted strategy, one that ultimately costs tens of thousands of dollars in a depressed housing market like South Florida, agents say. "The worst thing to be in this market is one of those homes that's been listed for six, eight, 10 months with no consummated deals," said Beverly Rothstein, an agent in Broward and Palm Beach counties. "That's when the vultures come out, and you have to sell the house at a deep discount that you wouldn't have had to take if you had priced it right from the beginning." Olga and Manuel Delacruz listed their three-bedroom Greenacres home in central Palm Beach County for \$199,000 about four months ago. When it didn't sell, they dropped the price twice. Now they're asking \$169,999, which is where they probably should have started, their agent, Douglas Rill, said. The Delacruzes and other owners of lower-priced homes are likely competing with an increasing number of foreclosures.

Lenders don't want to hold these properties, so they're slashing prices. Individual sellers must do the same if they have any hope of finding buyers. "It's a little frustrating," said Olga Delacruz, 47, a security guard. "If we have to lower it one more time, we will." Many sellers asking too much for their homes now are doing so because they paid inflated prices during the housing boom of 2000 to 2005. Agents cringe when they hear clients say they have to get a certain amount of money out of their properties. "Your need doesn't change the market value of the house," said Rill of Century 21 America's Choice Realty in West Palm Beach. "Sellers will say, 'Can you at least try it at this price?' I'm happy to try, but it's not going to work." Because of the glut of properties for sale, even beautiful homes won't attract interest unless buyers perceive value, said television commentator Gerri Willis. "There's no bigger issue for sellers right now than pricing," said Willis, host of CNN's Open House and author of Home Rich: Increasing the Value of the Biggest Investment of Your Life. In the book, Willis writes about price break points, which are psychological limits that buyers often set for themselves. She said a buyer may be willing to spend up to \$499,000 on a home but will balk at \$500,000, even though the \$1,000 difference is barely noticeable on a 30-year mortgage.

Buyers prefer to spend at the top end of their price ranges, but they probably won't even visit properties if they're priced above the psychological break points, Willis said. So a home valued at \$310,000 would attract plenty of interest if listed at \$299,000, she said. Asking for more than that

would exclude buyers whose limit is \$300,000. And while that same home theoretically would draw people willing to spend up to \$400,000, they're probably more interested in properties at the top end of the price range. "The big question I always get from sellers is, 'At what point should I be willing to cut my price?'" Willis said. "But that's the wrong mindset. You've got to go into the market at the right price." Terry Story can relate. The agent in Palm Beach and Broward counties wanted to list a Boca Raton home last summer for \$575,000, but her client held firm at \$625,000. Story knew that was too high, even though there weren't a lot of comparable sales in the area to go by. Meanwhile, a similar house across the street was priced more competitively from the start and sold quickly for \$482,500. Story's seller could do nothing but cut his price, finally finding a buyer to pay \$460,000 after six frustrating months.

Instead of getting ahead of the price curve and establishing market value in the neighborhood, he was left to react to it. "He chased down the market," said Story of Coldwell Banker Residential Real Estate.

Other sellers are more realistic and realize that being able to move quickly is more important than trying to get the highest price. Virginia Goss first tried to sell her Boca Raton house on her own, but had no luck. So she listed it with Story, who suggested she put it on the market in the low \$300,000 range. Although that was much lower than she preferred, Goss listened and immediately sold the home, albeit at a loss. "It's hard to swallow a loss, but we're moving on," Goss said. "There's value in that." A checklist for sellers

Is your property overpriced?

Terry Story of Coldwell Banker Residential Real Estate said sellers can use the following guide to determine whether their properties are overpriced:

- Buyers don't perceive value if the home gets no showings.
- The price must come down substantially.
- The price is in the ballpark if the home gets a few showings but no second looks.
- Sellers should still lower the price.
- The home is priced right if it's getting steady showings and repeat visitors.
- Expect an offer.

Courtesy of: South Florida Sun-Sentinel, Paul Owers. Distributed by McClatchy-Tribune Information Services.

Buying a Home? New Appraisal Rules Could Impact You

In the last several years, significant changes have impacted financing for residential real estate. The issue I would like to bring to your attention today could impact the value that will be used to underwrite your loan.

The Home Valuation Code of Conduct (HVCC), effective May 1, 2009, governs the way in which appraisals must be ordered for all residential real estate transactions, where the loans are sold to Fannie Mae and Freddie Mac.

The purpose of this new regulation is to ensure that the value of the home - on which a mortgage is being issued - is arrived at both independently and objectively.

While I have traditionally been able to order appraisals directly from local appraisers whom I know are familiar with the neighborhood or region, this legislation will prohibit this practice and will instead randomly assign an appraiser, potentially to someone not in the immediate area. The new legislation also eliminates my ability to discuss the property with the appraiser.

As a result, the task of providing information that will help the appraiser arrive at an accurate value now falls upon the seller and the real estate agents involved.

While your real estate agent may already be providing this assistance, I thought it would be appropriate to stress how important this becomes in light of HVCC.

If any issues occur in arriving at a fair value for your home, I will work with you to resolve them. While I don't expect any problems, being prepared is always a best practice.

Mark Mathiason, Mortgage Corporation of America

Appraisals Roil Real Estate Deals

NEW YORK – June 10, 2009 – A wave of lower-than-expected valuations has emerged as one of the biggest roadblocks for Americans looking to sell their residences, refinance their mortgages or take out home equity lines of credit.

Slammed by losses from defaults, lenders increasingly urge appraisers to be more conservative in their estimates than they did during the housing boom.

Appraising, though, has become exceedingly difficult in this era of fluctuating home prices and slowing sales. Some lenders now require that appraisals be based on sales closed within the past three months instead of the prior six-month norm, while others ask for comparisons with at least one sale in the past 30 days.

Source: Wall Street Journal (06/09/09) P. A3; Hagerty, James R.; Simon, Ruth

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Home Insurers Deny Chinese Drywall Claims

PALMETTO, Fla. – June 10, 2009 – Like others with Chinese-made drywall in their homes, Joe and Brittany Baker sought relief from their homeowners insurance company.

And, like others, the Bakers were turned down. State Farm denied the Palmetto couple's claim, saying their policy doesn't cover damages allegedly caused by Chinese drywall in their home.

That's because homeowner policies in Florida typically contain provisions that exclude coverage for damages caused by pollution and construction defects, said Ron Kammer, a Miami attorney who often represents insurers.

Darren Inverso, a Sarasota attorney who has filed a class-action lawsuit on behalf of a Lakewood Ranch homeowner, agreed. "They're not insuring that you received a good house," he said.

That has become a common response from property and casualty insurers faced with drywall-related claims, homeowners and attorneys involved in the unfolding issue said Tuesday.

"It's across the board," Inverso said.

It's unknown just how many such claims have been filed, and denied, since the drywall issue surfaced last year. But more than 430 Florida homeowners, including 33 from Manatee, have complained to state health officials that the drywall emits noxious odors, corrodes air-conditioner parts and causes respiratory problems.

The issue potentially could affect more than 100,000 U.S. homes including more than 30,000 in Florida, according to some estimates.

"Our member insurers are seeing the issue in various states, states with high humidity, and it's usually not covered," said Julie Pulliam, spokeswoman for the American Insurance Association.

She said the industry group did not have statistics on how many drywall-related claims have been filed. The insurance industry's response should be no surprise, said Kammer, who sat on a panel that addressed insurance issues during a recent drywall litigation conference.

"All three of us (on the panel) agreed that it was unlikely that homeowner insurers would assist owners of homes impacted by Chinese drywall," he said.

Still, Inverso said he recommends filing homeowner claims so insurers are put on notice that the home contains Chinese-made drywall.

Kammer said homeowners might have better luck filing claims under the

builder's, drywall supplier's or drywall manufacturer's commercial general-liability policy. But whether that works will depend on the policy's language, which can vary greatly, he said.

The Bakers, who live in the Carpentras of the Villages of Avignon subdivision, have not done that yet, saying they're mulling their options. A State Farm spokeswoman could not be reached Tuesday for comment.

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Property Tax Challenges Just Got Easier

TALLAHASSEE, Fla. – June 4, 2009 – Home and business owners who think their local tax bill is too high caught a break today when Gov. Charlie Crist signed a bill that makes it easier to challenge how much a property is worth.

Flanked by business and real estate leaders, Crist put his name to HB 521. The bill lowers the burden of proof for owners who dispute property tax assessments to a preponderance of the evidence – a lower standard than the clear and convincing threshold they now must meet to overturn a property appraiser's estimate.

Local governments had successfully scuttled earlier efforts to lower the standard. In the just-signed version, property appraisers still enjoy the presumption that their estimates are correct, but the legislative analysts say the bill will cost local governments \$157 million during the current fiscal year, increasing to \$693 million a year by 2013.

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Florida Creates Web Site Insurance Library

TALLAHASSEE, Fla. – June 1, 2009 –Florida CFO Alex Sink today announced that the Department of Financial Services has developed an online Insurance Library to provide Floridians with information on financial and insurance issues. The Insurance Library includes information on hurricane coverage for the season that begins today and ends on Nov. 30.

"The Insurance Library explains terms you are likely to read in your insurance policy or hear in your insurance agent's office, allowing Floridians to be better informed and prepared so they can get the coverage they need," says Sink.

The Insurance Library addresses a variety of consumer and insurance issues, from auto insurance to disaster planning. The Department of Financial Services' Division of Consumer Services created the information, in part, on questions received from more than 300,000 Florida consumers who called last year.

The Insurance Library provides tips and definitions associated with various insurance topics, including disaster preparedness, rates, premium finance companies and workers' compensation. It also gives detailed explanations of terms used for life, health, home, auto and travel insurance. Clicking on a general topic takes Floridians to detailed categories of information.

Some examples:

- People looking for information about property insurance policies can find information about agents, cancellation/non-renewal, deductibles and more. They can also drill down further to find information about specific types of coverage, such as insuring a home's contents.
 - Floridians enrolled in medical prescription plans can learn more about their discount plans and possible warning signs of fraudulent agreements.
 - Boat owners can find information ranging from locating coverage to boat owner responsibilities before and after a storm. © 2009 FLORIDA ASSOCIATION OF REALTORS®
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1Q Home Prices Fall 19.1% to 2002 Levels

NEW YORK – May 27, 2009 – National home prices are at levels not seen since the 2002 Winter Olympics, but a closer look at a housing index released Tuesday shows real estate is indeed local with some prices in certain cities falling to pre-2000 values.

The Standard & Poor's/Case-Shiller National Home Price index reported home prices tumbled by 19.1 percent in the first quarter, the most in its 21-year history. Home prices have fallen 32.2 percent since peaking in the second quarter of 2006.

But in cities across the country home prices varied dramatically, depending on affordability, foreclosure activity and the local economy. The bottom may be in sight in some markets, but nationally home values are expected to decline – though at a slower pace – for the rest of the year.

“By our estimation, the composite 20-city index is perhaps two-thirds of the way through its ultimate total decline in this cycle,” according to Joshua Shapiro, chief U.S. economist for MFR Inc.

It's hard to believe it could get much worse for homeowners in Detroit. Homes there are worth what they sold for in 1995. And while that's good news for homebuyers, the implosion of the auto industry and economic fallout means fewer buyers have the money to qualify for a mortgage.

"I feel like houses here are free," said Detroit area real estate agent Rose Marie Jouan with Re/Max Showcase Homes. Her house that she sold in 2004 for \$200,000 is on the sales block, bank-owned, for \$86,000.

In Phoenix and Las Vegas, where prices have plunged by half since their peaks, home values have receded to levels not seen since the beginning of the real estate boom. Phoenix prices are at early 2001 levels and Las Vegas values hover at mid-2002 prices.

Home values in Charlotte, N.C., Portland, Ore., and Seattle are steady at 2005 prices, the best showing of all 20 cities in the Case-Shiller report. All three were some of the last to fall into the housing slump.

The Case-Shiller report offered other hopeful signs the worst may be over for some cities. Denver prices posted an increase over February, while Dallas prices were flat.

Also, the rates of annual decline for the 10- and 20-city indexes slowed in March, the second straight month they didn't set record price drops. The 20-city index fell by 18.7 percent from the year before and the 10-city index lost 18.6 percent.

Still, there are no signs home prices nationally have hit bottom.

"We see no evidence that a recovery in home prices has begun," said David M. Blitzer, chairman of the S&P index committee.

All 20 cities showed monthly and annual price declines, with nine setting annual records. Fifteen cities posted double-digit drops and Phoenix, Las Vegas and San Francisco recorded declines of more than 30 percent.

Minneapolis posted a 6.1 percent decline from February to March, the biggest monthly drop on record for any metros in the indexes. Ron Peltier, chairman and chief executive of HomeServices of America, attributed the drop to a jump in distressed sales in March.

Economists will get a today at April housing data when the National Association of Realtors releases sales data for previously owned homes, and on Thursday when the Commerce Department puts out numbers for sales of newly built homes. Economists surveyed by Thomson Reuters expect existing home sales to rise 2 percent from March to April, while new home sales are forecast to rise by 1.1 percent.

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Government Spending Reports Now Online

Florida CFO Alex Sink launched a Web site called "Florida's Checkbook" yesterday, which she says allows visitors to keep tabs on government spending. MyFloridaCFO.com gives residents access to finance reports, fund balances, state and local disbursements and contracts. "Over the last two years, we've knocked down many of the barriers preventing taxpayers from knowing how their money is being spent," Sink says. The site has different tools. "Florida's Checkbook" shows how tax dollars come in, where they go, and how much the state has left. It includes trends over time and graphs. The site also shows which government contractors receive tax dollars; revenue and disbursement by cities and counties; and a search of every Department of Financial Services contract. *Courtesy of Florida Association of Realtors*

NAR: Home Prices Reflect Current Sales, Not Market Value

WASHINGTON – May 18, 2009 – After dropping for two years, home prices appear to be bottoming out, and any further declines would be an overcorrection, National Association of Realtors®' (NAR) Chief Economist Lawrence Yun told thousands of practitioners at the Realtors Midyear Legislative Meetings in Washington, D.C., last week.

The median national home price today is about \$169,000, down almost 14 percent from a year ago and an estimated 30 percent from its peak. Today's prices are justified by the fundamentals of the economy and may even represent an undervaluation, Yun said.

Lender policies hinder recovery

Distressed sales, which today comprise about 50 percent of transactions nationwide, are creating market distortions in otherwise stable neighborhoods. "We're only capturing transaction prices," he said, and those prices might be 20 percent to 25 percent below actual values. For that reason, it's possible that widely cited projections that a third or more of homeowners are underwater might be off the mark, he said.

The consequences of these missed projections could be huge. Lenders, shying away from refinancing mortgages of troubled owners, exacerbate the downward spiral of homeowners' financial position and that, by extension, hurts the broader economy.

Contributing to the problem is the lack of reasonably priced financing for higher-cost homes at a time when declining prices, low rates, and the home buyer tax credit are helping the entry-level market.

Indeed, while housing overall is at a 9.5 month supply, down from double digits not that long ago, homes above \$729,750 – the threshold for jumbo loans – face a 40-month supply.

Key test

By summer, all of the incentives that have been put into place by the government will have had several months to work, Yun said. If sales start picking up significantly, then prices should stabilize and trigger a broader economic recovery.

If sales don't show a significant response, then the federal government might have to look at another big injection of funds into the economy, something no one has an appetite for.

Yun's forecast reflects the brighter scenario: "My projection is home sales will be 10 to 20 percent higher the second half of this year than last year and we will come out of this recession in 2010," he said.

Source: Robert Freedman, Realtor® Magazine © 2009 FLORIDA ASSOCIATION OF REALTORS®

FINDING HELP Troubled homeowners know they should call their lender if they hit a bad patch and have trouble paying their mortgage. However, a call to a financial counselor willing to look at a family's finances and offer a plan toward stability is just as important - but who do you trust with all the scam foreclosure schemes out there? There are several legit programs, most of them government-backed. HUD's Housing Counseling Program hosts a list of approved counselors online at: www.hud.gov/offices/hsg/sfh/hcc/fc and click on "Florida." Counselors can guide homeowners to appropriate aid programs. Those include: Hope for Homeowners (www.hud.gov/hopeforhomeowners or 800-225-5342) and Hope Now (www.hopenow.com or 888-995-4673).

GAINESVILLE, Fla. – April 30, 2009 – Chew on This: Just because you haven't seen termite swarms around your house, it doesn't mean they're not devouring it.

Termites are getting sneakier. It's been about five years since the southeastern U.S. saw a good termite swarm season like those that were once common, University of Florida (UF) researchers say. Swarms of termites fly from their nests to mate and start new colonies.

In the last few years, termites have swarmed maybe two or three days, but nothing like the frequent, repeated swarms that used to occur, says Phil Koehler, an urban entomology professor with UF's Institute of Food and Agricultural Sciences.

Koehler believes he knows why swarms are scarce. Pest control operators have begun to see wingless, crawling termites. Termites don't need to fly to mate, so rather than swarming, they're crawling off by the thousands to form new colonies. That means homeowners and even pest control experts can miss these events because telltale wings aren't left behind. And without evidence of infestation, homeowners may not get the warning they need.

"It's like having a smoke alarm without a battery in it," Koehler said. "If you have termites right now, you could have significant damage and not have any sign of it."

Floridians deal with two main types of termites: subterranean termites, which tunnel from moist underground places and attack homes from the ground up; and drywood termites, which are found in the dry wood of the house. Both species can go undetected until they've done extensive damage.

Typically, subterranean termites swarm from January until about April, while their drywood counterparts have a peak swarming time in June and July.

Koehler and research associate scientist Roberto Pereira believe two factors have kept termite swarms to a minimum: better pest control methods and drought conditions in the southeastern U.S. Despite recent heavy rains and even flooding in some areas, much of Florida remains under severe drought conditions, according to IFAS' Southeast Climate Consortium.

When deprived of water, subterranean termites stay underground searching for it, Koehler said, which is why he believes the drought is at least partly to blame for the dearth of swarms. Koehler and Pereira theorize that drought conditions have forced termites underground for so long that by the time they emerge, they've lost their wings.

The state's building codes were strengthened in 2001 to require that new construction include termite protection. In 2004, the state mandated that builders choose termite-protection products from a list of 64 proven effective in

Florida.

Even with those rules, about half of Florida's homeowners have no termite protection, Koehler said.

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LOWER YOUR PROPERTY TAXES

According to the American Homeowners Association (AHA), recent declines in home values mean that many homeowners are now paying too much in property taxes. Start by checking the accuracy of the home's details used in the tax assessment. A number of mistakes occurred when local governments transferred paper records to the Web. Most property tax assessment records are now online, but they're also available from the local tax assessor's office. Next compare property taxes paid on nearby homes, keeping in mind that entire neighborhoods could be overvalued. Finally, the homeowner should check available property tax exemptions in case one applies. Should an error be found, the homeowner should first call the property tax assessor to see if an informal solution can be found. Should that fail, the next step is to begin a formal property tax appeal process.

Source: American Homeowners Association © 2009 FLORIDA ASSOCIATION OF REALTORS®

NO ONE REALLY KNOWS

Housing has hit bottom, says economist one. Housing will hit bottom this summer, says economist two. Housing won't hit bottom until 2010, says economist three. Some liken housing data to the weather: If you don't like today's statistics, wait until tomorrow. The "facts" will change. Here are some mixed signals:

- The Federal Housing Finance Agency, which regulates Fannie Mae and Freddie Mac, reported that home prices rose 0.7 percent from January to February 2009.
- The February 2009 RPX Monthly Housing Market Report said home sales increased month-over-month in 22 of 25 key metropolitan statistical areas and 13 of these areas posted the largest gain in February 2009 since 2006.
- The National Association of Realtors® reported that existing home sales dropped in March 2009, and median prices fell 12 percent from a year earlier.
- First American CoreLogic announced that national housing prices declined 12.2 percent in February from a year earlier and have been in decline for 24 straight months. It predicted that home prices would continue to decline through 2010.

Source: The Wall Street Journal, Dawn Wotapka (04/23/2009)

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Mortgage Rates Tick Up From Record lows

NEW YORK (AP) – April 9, 2009 – Rates on 30-year mortgages inched higher this week after two straight weeks of record lows, but still remained at attractive levels for borrowers looking to refinance their home loans.

Mortgage finance giant Freddie Mac said Thursday that average rates on 30-year fixed-rate mortgages rose to 4.87 percent this week from an average of 4.78 percent last week. That was the lowest in the history of Freddie Mac's survey, which dates back to 1971.

Rates have been below 5 percent for four consecutive weeks and are still down by a full percentage point from a year ago.

Low rates have sparked a surge in refinancing activity, with nearly 80 percent of new home loan applications coming from borrowers seeking to refinance. Freddie Mac's sibling company, Fannie Mae, refinanced \$77 billion in loans last month, nearly double February's level and the best month for such activity since 2003, while the housing market was still surging.

Speaking at the White House Thursday, President Barack Obama said millions of Americans can save money by refinancing their home loans. "We are at a time where people can really take advantage of this," Obama said.

Obama touted the increase in refinancing nationwide as a sign that federal programs to help homeowners are working, but warned that loan modification operations that ask for money upfront are "probably a scam."

Mortgage rates fell dramatically over the winter. They fell further after the Federal Reserve said last month it would buy \$1.2 trillion in mortgage-backed securities and \$300 billion in long-term government debt, which traditionally influences rates on 30-year home loans.

Frank Nothaft, Freddie Mac's chief economist, said in a statement that low rates "should keep homeowner affordability at record levels."

Lenders, however, have tightened their standards dramatically over the past year, so the best rates are available to those with solid credit. Freddie Mac collects mortgage rates on Monday through Wednesday of each week from lenders around the country. Rates often fluctuate significantly, even within a given day.

The average rate on a 15-year fixed-rate mortgage inched up to 4.54 percent this week from 4.52 percent last week, according to Freddie Mac.

Rates on five-year, adjustable-rate mortgages rose to 4.93 percent from 4.92 percent last week. Rates on one-year, adjustable-rate mortgages rose to 4.83 percent from 4.75 percent.

The rates do not include add-on fees known as points. The nationwide fee averaged 0.7 point last week for all mortgages in Freddie Mac's survey except for one-year adjustable mortgages, which had an average fee of 0.5 point.



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Florida's Consumer Confidence Rises Three Points

GAINESVILLE, Fla. – April 1, 2009 – Consumer confidence among Floridians rose three points to 65 in March amid some good economic news, says a University of Florida researcher. Three of the five index components rose, while one declined and one remained unchanged.

"Until there is a clear message that things are changing for the better, we expect consumer confidence to continue to move up and down as conflicting economic news trickles in," says Chris McCarty, director of UF's Survey Research Center at the Bureau of Economic and Business Research.

Perceptions of U.S. economic conditions over the next five years rose 12 points to 79, while perceptions of U.S. economic conditions over the next year rose 10 points to 59. Perceptions of personal finances now compared with a year ago rose one point to 42, while perceptions of personal finances a year from now remained unchanged at 79. Perceptions of whether it is a good time to buy big-ticket items fell eight points to 64.

Since July 2008, consumer confidence has vacillated within an eight-point range.

"Much like the stock market, consumer confidence seems to lack a clear direction as positive economic news is typically countered by negative news," McCarty says. "For example, housing sales and prices in some areas of Florida have increased, but unemployment is at levels not seen for 30 years. The stimulus package passed, but unpopular bonuses at AIG and debate in the Florida Legislature about accepting parts of the stimulus package counter that positive effect."

The employment situation in Florida is expected to worsen at least through the end of 2009 and possibly into 2010, McCarty predicts.

"Like the rest of the country, Florida consumers have pulled back dramatically on spending in the face of declining home prices and uncertainty about job security," he says. "On the positive side, housing price declines in some areas of Florida seem to have slowed, and new federal tax rebates for first-time buyers along with low interest rates may make for a much better homebuying season given pent-up demand."

McCarty said he believes these events will eventually improve circumstances for some businesses in Florida, although the construction industry may take a long time to recover.

"Increased home sales and a clear change in the stock market would both send messages to Floridians that the economic recovery is on its way," he says. "Until then, consumers are likely to remain pessimistic and cautious about spending."

The research center conducts the Florida Consumer Attitude Survey monthly. Respondents are 18 or older and live in households telephoned randomly. The preliminary index for March was conducted from 470 responses. The index is benchmarked to 1966, so a value of 100 represents the same level of confidence for that year.

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Real Estate Appreciation Percentages

1970-1979 = 142%

1980-1989 = 52%

1990-1999 = 45%...

2000-2008 = 42% (source-National Association of Realtors®)

\$8,000 Tax Credit – First-time home buyers (anyone who hasn't owned a home in the last three years) can claim a credit worth up to \$8,000 (or 10% of the home's value, whichever is less) on their

2008 or 2009 taxes **for a primary residence purchased January 1st, 2009 and December 1, 2009. Unlike the \$7,500 credit from the previous stimulus bill, this is a true tax credit, in that it doesn't have to be repaid, as long as the buyers remain in the home for at least 3 years.**

It's not the \$15,000 credit that Lawrence Yun, chief economist for the National Association Realtors (NAR) wanted to see. But, Yun said, "The \$8,000 credit will bring an additional 300,000 new homebuyers into the market. The credit could also create a domino effect," he said, "because each first-time homebuyer sale will lead to two more trade-up transactions down the line." See NAR's [detailed comparison between the \\$7,500 and \\$8,000 tax credits](#).

Qualified buyers, however, can apply for the credit on their tax returns in **either 2008 or 2009 – which a great opportunity for your clients to put some money in their pockets right now.** Qualified taxpayers who have already completed their returns and filed for the \$7,500 credit can file amended returns for 2008 to claim the credit. The following [release from the IRS](#) has all the information your clients need to claim the credit on their 2008 taxes, including a link to the tax form itself.

Although the building industry was pleased with the credit, the \$15,000 credit "would have done a lot more to turn around the housing market," said Bernard Markstein, an economist and director of forecasting for the National Association of Homebuilders (NAHB). The NAHB put out a comprehensive [FAQ sheet](#) that you can use to help answer specific questions about the tax credit your clients and referral partners might have. *Courtesy of Michael Ward, Keller Williams.*

PUT YOUR CAR KEYS BESIDE YOUR BED AT NIGHT

Tell your spouse, your children, your neighbors, your parents, your Dr.'s Office, the check out girl at the market, everyone you run across. Put your car keys beside your bed at night.

If you hear a noise outside your home or someone trying to get in your house, just press the panic button for your car. The alarm will be set off, and the horn will continue to sound until either you turn it off or the car battery dies. Next time you come home for the night and you start to put your keys away, think of this: It's a security alarm system that you probably already have and requires no installation. Test it. It will go off from most everywhere inside your house and will keep honking until your battery runs down or until you reset it with the button on the key fob chain. It works if you park in your driveway or garage. If

your car alarm goes off when someone is trying to break in your house, odds are the burglar/rapist won't stick around.... after a few seconds all the neighbors will be looking out their windows to see who is out there and sure enough the criminal won't want that! And remember to carry your keys while walking to your car in a parking lot. The alarm can work the same way there.

This is something that should really be shared with everyone. Maybe it could save a life or prevent a sexual assault... A Mom suggested to Dad that he carry his car keys with him in case he falls outside and she doesn't hear him. He can activate the car alarm and then she'll know there's a problem. It would also be useful for any emergency, such as a heart attack, where you can't reach a phone. GREAT idea!