

## September 2009 Archive

### **Florida's consumer confidence rises as economic fears ease**

GAINESVILLE, Fla. – Sept. 30, 2009 – Belief that a national economic recovery is under way boosted Florida's consumer confidence three points to 74 in September, according to a new University of Florida survey.

“I think Florida consumers are buying into the argument that the worst of the recession is over and we have avoided a complete meltdown,” says Chris McCarty, survey director of UF's Bureau of Economic and Business Research. “Once again, they have surprised us with a higher-than-expected index.”

This month's three-point rise follows a four-point revised increase in August. Of the five components that make up September's index, three rose, one declined and one was unchanged. Perceptions of personal finances now compared with a year ago remained unchanged at 44, only five points above its all-time low of 39 in December. Expectations about personal finances a year from now fell three points to 81.

In contrast, perceptions of U.S. economic conditions over the next year rose three points to 75, while expectations about economic conditions over the next five years rose five points to 86. Perceptions of whether it is a good time to buy big-ticket items, such as appliances and cars, rose nine points to 84.

“It is worth noting that the two index components that gauge perceptions of personal finances both now and in the future are flat or down,” McCarty says. “All of the increase is in perceptions of future economic conditions, and in the perception that if you have the money, it's a good time to buy.”

There are some signs that the economy is improving, he says.

Once again, the median price of a single-family home is virtually flat compared with the previous month, and up for the year, suggesting that housing prices in many areas of Florida have bottomed out, McCarty says. Although foreclosures are still high, the rate seems to be declining.

In other good news, inflation and, in particular, gas prices remain low overall compared with a year ago, McCarty says. In the past few years, gas prices have dominated the consumer confidence index. In addition, the stock market is still up for the year and at least for now appears stable.

“On the negative side, unemployment remains at 10.7 percent for Florida,” McCarty says. “This number is not expected to improve much until next year, and it could still get worse. Florida lost population this past year and could do so again as the underlying problems that prevent people from moving are still in place.”

Tourisms both domestically and internationally also are down as consumers trim

discretionary spending, McCarty said. Programs such as Cash for Clunkers at least temporarily lifted retail sales, but sales tax revenues in Florida have dropped 10 percent from a year ago.

“In the near term, we expect consumer confidence to decline at least a point or two as the holiday season nears and stimulus programs like Cash for Clunkers and rebates for first-time home buyers expire,” he says. “The discussion about health care reform will be at center stage this fall, and may affect confidence if the plans involve increased payments from the middle class.”

Also of economic concern is that, at some point, extended unemployment benefits will run out, putting more pressure on the unemployed. In the long term, consumers need to be prepared for the inevitable drawing back of stimulus money from the economy, McCarty says.

The U.S. government effectively printed money to avoid a depression, and at some point most of the money will have to be withdrawn from the economy to avoid inflation and a very weak dollar, McCarty says. When that happens, interest rates will rise dramatically.

“We also have to think about how the Florida economy will adjust moving forward,” he says. “It is likely that discussions about off-shore drilling will receive much more attention as Florida looks for industries to replace those dependent on population growth.”

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 September was conducted from 412 responses. The index is benchmarked to 1966, so a value of 100 represents the same level of confidence for that year.

© 2009 Florida Realtors®

---

### **‘Foreclosure’ doesn’t always mean ‘good deal’**

TAMPA – Sept. 29, 2009 – Buyers seeking a foreclosed property should realize that not every foreclosure is a good deal.

Urge would-be buyers of foreclosures to have the property thoroughly inspected, says Dan Steward, president of the Tampa-based inspection firm, Pillar to Post. Lenders are not held to the same disclosure requirements as sellers.

Steward says damage isn’t always obvious. While it doesn’t take an expert to see that a toilet has been ripped out, it does require someone with knowledge to know that ripping it out damaged a pipe 20 feet down the line.

The best way for the buyer to get the property is to follow the bank’s instructions closely, says Ryan Melvin, co-owner of More Realty Group in Las Vegas, which specializes in

foreclosures.

Another quirk that sometimes surprises buyers of real-estate-owned properties, or REOs, is the scrutiny that banks place on the buyers' credit, even though they are using a different lender.

Source: The Wall Street Journal, Amy Hoak (09/27/2009)

© Copyright 2009 INFORMATION, INC. Bethesda, MD (301) 215-4688

---

**Study: Economy not key in residents' love for where they live**

MIAMI – Sept. 29, 2009 – A Gallup study of 26 U.S. communities found that the worst economic crisis in decades is not a key factor in attracting and retaining residents.

“While the pain from the recession is deep, other factors far outweigh economics when it comes to determining how emotionally attached people are to their communities,” says Warren Wright, managing partner for Gallup, which conducted the study with funding from the John S. and James L. Knight Foundation.

The study found that a community's social offerings (fun places to gather), its physical beauty and openness to new and different people are most important to making residents love where they live.

“The findings are particularly important in a globalized economy, where cities are fighting for the talented workers they need for a vibrant workforce and economy,” says Paula Ellis, Knight Foundation's vice president for strategic initiatives. “Local leaders, city officials and residents can use this information to better understand their community – and strengthen it to be a destination where people want to live, work and play.”

The “Soul of the Community” survey was designed to explore the connection between economic growth and residents' emotional attachment to their community. The latest results, from year two of the three-year study, suggest a significant correlation between the two. While the current economic crisis doesn't seem to change residents' love for their community, it appears to work in the other direction: Residents' positive feelings about their community may improve local GDP growth.

Within a smaller microcosm, such as a company, Gallup surveys show that increasing employees' emotional connection to their company leads to improved financial performance for the organization.

In addition, the study also made several conclusions that will interest leaders concerned with keeping top workers:

- The cities studied wanted to keep recent college graduates and stem brain drain, and all considered it continuing challenge to do so.

- New residents are the least attached of any demographic group to their community – and were even less attached in 2009, as compared to the previous year
- Residents who are satisfied with their jobs usually have an emotional connection to their community.

In Tallahassee, for example, social offerings are the No. 1 driver of community attachment. Efforts to create cultural spaces where residents can meet and create a sense of place are particularly important to the Florida's capital as it entices local college graduates to stay in the area, build a career and help diversify the local economy.

The nationwide communities in the study vary in population size, economic levels, and how urban or rural they are. Florida cities in the study include: Bradenton, Miami, Palm Beach, Fla. and Tallahassee.

Gallup randomly surveyed a representative sample of more than 10,000 adults from Feb. 17 to April 25, 2009, by phone.

For complete survey findings, visit [www.soulofthecommunity.org](http://www.soulofthecommunity.org).

© 2009 Florida Realtors®

---

### **Florida is tops for business-friendly taxes**

TALLAHASSEE, Fla. – Sept. 24, 2009 – Florida remains among the top 10 states in the nation when it comes to “business friendly” taxes, but one leading lawmaker says the high ranking means little if the Sunshine State doesn't do a better job attracting new companies.

Florida ranked 5th in the 2010 State Business Tax Climate report put out this week by the Washington D.C.-based Tax Foundation. Florida has had the best ranking among Southern states for several years, based largely on a state constitution that prohibits an income tax.

The conservative-leaning Tax Foundation also looked at property taxes, unemployment taxes, corporate income taxes and sales taxes. Even though they included Florida's now higher cigarette tax in overall sales taxes, it did not change the overall ranking.

Natasha Altamirano, a spokeswoman for the foundation, stressed that the rankings don't reflect how much money the taxes raise, but how broad and competitive the structure is compared to other states. In fact, the report faults Florida for some of the economic incentives it uses to attract businesses, pointing to the decision by Capital One to close a Tampa-area facility in 2004 even though it received state tax breaks. According to the report, it's more effective approach to improve business taxes for the long term.

State Sen. Don Gaetz, R-Niceville, and chairman of a Senate select committee on Florida's economy, isn't impressed much by the high ranking, which comes at a time

when the state has nearly 1 million people out of work.

“I’m less interested in whether we are 5 or 7 in the ranking of a Washington organization,” said Gaetz. “I’m more concerned with what we are doing to bring jobs to Florida and keeping jobs in Florida.”

The state’s stubbornly high unemployment rate could prompt changes to Florida’s ongoing economic development programs. The Senate Commerce committee is already working on a review of the state’s Qualified Target Tax Industry (QTI) tax refund program, which sunsets on June 30, 2010, unless lawmakers reenact the program. First started in 1994, the program is supposed to target high-wage businesses that either expand existing operations or relocate to Florida.

Gaetz said the select committee is analyzing the nation’s top 10 job-creation states to see if they have programs that Florida should enact. He sees a “significant gap” between those states and Florida, and notes that most of Florida’s economic development programs were designed before the state became a boom state.

“In my view, we have to look hard at our tax policy and other economic policies to make sure we are relevant,” said Gaetz, who wants his select committee to come up with a “Jobs for Florida” package in time for the 2010 session.

While the Tax Foundation ranked Florida fifth overall on business tax issues, it ranked the state first on individual income taxes, 15th on corporate income taxes, 32nd on sales taxes, third on unemployment insurance taxes and 22nd in the nation on property taxes.

Source: News Service of Florida, Gary Fineout.

---

### **A home’s new owner should ask seller for lowdown**

CHICAGO – Sept. 23, 2009 – After house-hunting, negotiating a price and working out details of his move, Patrick O’Leary was ready to tackle the real work: understanding and operating the various mechanical systems in his new, 6,000-square-foot home.

He was relieved when the former owner offered to meet him at the East Greenwich, R.I., house to go over its theater equipment, sprinkler system and pool. The seller left O’Leary a list of companies and contractors who have worked on the home in recent years.

“They put all the bells and whistles in this house. It would have been difficult to just walk in and understand everything,” he said. “It definitely gives a comfort level.”

No law obligates sellers to help buyers learn the idiosyncrasies of a house, but some go to great lengths to help the new owners settle in. Buyers should ask about everything from the day-to-day operations of the house to landscaping details to the names of neighborhood baby sitters, said real estate agent Ron Phipps.

“There’s so much data you can collect,” said Phipps, who sells real estate in Warwick, R.I., and is first vice president of the Chicago-based National Association of Realtors.

“It’s unfortunate if a buyer doesn’t have access to a seller to explain things,” he said.

Typically, the amount of information exchanged depends on the character of the negotiations, Phipps said. Falling home prices and tough negotiations in recent years have made some sellers less likely to provide additional details, he said.

Real estate agent Gregg Whitney has found it easier to provide buyers with information about contractors and home professionals himself than to rely on sellers.

“We realized we could make sure they’re taken care of,” said Whitney, of La Jolla, Calif. “It’s really important to have somebody you can call and get questions answered.”

But nothing can replace seller insights, he added.

“Invariably, every house has a little something,” he said. “It’s not that the seller didn’t disclose something, it’s just how the mechanics work.”

That’s why it never hurts to ask sellers for information, said Donna Batdorff, a real estate agent in Grand Rapids, Mich. She encourages buyers to put together a list of questions after the deal has been negotiated. She suggests asking everything from the names of paint colors to the names and details of immediate neighbors.

Batdorff even asks sellers to fill out a form during closing offering information about garbage pickup, appliance warranties and vendors who have worked on the house. The document often leads to the exchange of additional useful information, she said.

“Buyers and sellers don’t do this all the time,” she said. “It helps if the real estate agent facilitates the conversation.”

Sellers who are sentimental about their home often appreciate the chance to share details, added Judi Scull, a real estate agent in Westminster, Md.

“A lot of times people just love their house,” she said. “They don’t want to give it up to people they don’t know.”

She recently oversaw a meeting where a buyer walked the new owner around the home’s meandering property line, pointed out interesting varieties of trees and shared the location of a generator hookup. The seller also gave the owner a lesson on how to operate the thermostat and a tip on how to start a balky dishwasher.

Scull still remembers when she was 13 and received a nice housewarming present from the girl who moved out of the house her family moved into.

“She drew up a map that listed where all the cute boys in the neighborhood lived,” Scull recalled. “It really helped me feel good and fit in.”

Copyright © 2009 The Associated Press, Melissa Kossler Dutton.

---

### **Credit reports under last-minute scrutiny**

PLANO, Texas – Sept. 22, 2009 – Buyers who are under contract and hoping to close before Nov. 30 when the first-time homebuyer credit expires should refrain from buying furniture and other things on credit.

Lenders are running credit checks prior to closing day and any increase in credit card or other debt can jeopardize the loan, says Lew Reich, an associate with Keller Williams Realty in Plano, Texas.

Reich warns buyers to even refrain from checking out a new large purchase because even an inquiry on a credit report could scare a lender.

Reich tells borrowers: “If someone’s squeaking by and, all of a sudden, they may be looking at increasing debt, the lenders will have a keener eye in looking at your loan,” he says.

“Don’t look until you’ve closed is basically what it comes down to. That’s the safest way. Stay out of the stores,” he adds.

Source: The Associated Press, Dawn Wotapka (09/18/2009)

© Copyright 2009 INFORMATION, INC. Bethesda, MD (301) 215-4688

---

### **McCarty: Private capacity there to absorb most State Farm policies**

TALLAHASSEE, Fla. – Sept. 16, 2009 – Despite difficult times for many insurers during the first half of 2009, there is ample capacity in the existing private market to take up the slack should State Farm Florida Insurance Co. follow through on plans to exit the state, Florida’s top insurance regulator told the governor and Cabinet Tuesday.

Speaking to the panel at the behest of Chief Financial Officer Alex Sink, the state’s insurance commissioner said capacity exists within 210 other private property insurers still doing business in Florida to absorb many policyholders affected by State Farm’s decision to get out.

“Most of the companies that expressed an interest in taking lots of State Farm business are ... organically grown companies that have been doing business in Florida since the late 1990s,” McCarty said.

Gov. Charlie Crist and others have said that recent Florida law changes reduce the risk for private insurers. McCarty was asked to update the Cabinet on the number of new policies being written and whether that number is significant. Of the 21 companies that recently entered the Florida property insurance market, 15 reported underwriting losses for the first two quarters of 2009, giving fuel to those who say start-ups can't solve the state's insurance needs.

But McCarty said that the start-ups were never seen as the answer, and that the established marketplace is taking up some of the slack. About 30 established companies have approached OIR officials and State Farm about taking clients. McCarty also defended the new companies' performance given the state's economic picture and the start up costs typically incurred by new companies.

“Any start-up companies including insurance companies are going to have situations where those companies fail,” McCarty said.

McCarty defended the agency's rejection of State Farm's 47-percent rate hike request earlier this year, but said the agency would be willing to approve higher rates if the company did a better job making its case.

“Of course, we'd be better off if State Farm was here, even in a smaller presence,” McCarty told reporters later.

After the Cabinet meeting, Crist appeared less conciliatory toward State Farm.

“We're talking about a company that charges the highest rates in the state, or certainly among them,” Crist said. “If that isn't a company that has already left the state, I don't know what is.”

Florida is not alone in facing property insurance challenges. Many coastal states are also wrangling with how to insure residents as private insurers mull whether to pull up stakes.

“This is a problem that we're experiencing from Maine to Texas,” McCarty said. “Large companies are ‘managing their exposure.’ That's a code word for they're not writing on the coast. What we are seeing in Florida is endemic of what we're seeing across the nation.”

Source: The News Service of Florida, Michael Peltier

---

### **CNN/Money: Best places to retire**

NEW YORK – Sept. 14, 2009 – A number of Florida cities made one of two

CNN/Money lists for 2009: “Best places to retire” or “Best places for a healthy retirement.”

Fla. cities in CNN/Money’s “Best places to retire”

([http://money.cnn.com/galleries/2009/moneymag/0909/gallery.bpretire\\_top25.moneymag/index.html](http://money.cnn.com/galleries/2009/moneymag/0909/gallery.bpretire_top25.moneymag/index.html))

### **1. Port Charlotte**

“This laid-back Gulf Coast town, just across Charlotte Harbor from pricier Punta Gorda, arguably best hits the sweet spot of great prices and great amenities,” according to CNN/Money’s list.

### **13. Miami**

“Miami combines the allure of a traditional Florida retirement (the weather, the beaches) with that of a trend-setting city.”

Fla. cities in CNN/Money’s “Best Places for a healthy retirement”

([http://money.cnn.com/galleries/2009/moneymag/0909/gallery.bpretire\\_healthcare.moneymag/index.html](http://money.cnn.com/galleries/2009/moneymag/0909/gallery.bpretire_healthcare.moneymag/index.html))

### **12. Hollywood**

“In the past five years, the city has spent \$100 million to improve and add new recreational facilities, including the Hollywood Beach Boardwalk, a 30-foot-wide promenade perfect for biking and jogging along the Atlantic.”

### **20. Aventura**

“Outside the mall, Aventura is a man-made tropical paradise. Most residents live in high- or low-rise condos and enjoy the lowest taxes in Miami-Dade County.”

© 2009 Florida Realtors®

---

### **Demand grows for smaller homes**

WASHINGTON – Sept. 11, 2009 – Census Bureau data shows that the median size of a new single-family home in the United States shrank to 2,215 square feet in 2008 from 2,277 square feet the year before.

The change represents the first decrease in median size in almost 14 years, as single-family housing had been growing larger on a consistent basis since 1991.

“That’s reflective of the economy back then: the stock market, the egos, people trying to compete with their neighbors and people trying to keep up with the Joneses,” according to Cindy Ariosa, an executive for the Baltimore and Southern Pennsylvania division of Long & Foster.

In recent years, however, the implosion in the residential property market has steered more buyers toward smaller homes.

“When the economy is weak, unemployment is high, income gain is slower or nonexistent, people tend to focus on simpler things, less expensive things,” explains American Institute of Architects chief economist Kermit Baker.

In addition, the sales market is being driven largely by first-time homebuyers, who lean toward townhouses and other smaller properties. Moreover, many of today’s consumers see smaller homes as a good fit with their environmental and ecological values.

In response to the trend toward less space, nearly nine of 10 builders polled by the National Association of Home Builders are erecting smaller units.

Source: Baltimore Sun (09/08/09) Cho, Hanah

© Copyright 2009 INFORMATION, INC. Bethesda, MD (301) 215-4688

---

### **New normal for home sales: Buyers have the power**

SOUTH FLORIDA – Sept. 9, 2009 – The American dream of homeownership is still attainable. Buyers just have to deal with a new set of realities.

A year after the collapse of the housing market triggered the financial meltdown, lenders are demanding more money up front, high credit scores and proof of income. Paperwork must be in perfect order. Patience and persistence are required. And don’t even bother asking about a subprime mortgage.

It’s a vastly different set of rules from earlier this decade, when home prices soared and mortgages were easy to come by.

In some ways, it’s a return to the standards that emerged as the World War II generation bought its first homes in the suburbs: Buy what you can afford. Stick to a 30-year, fixed-rate mortgage. View your home as a place to live, not as a piggy bank.

For people trying to sell their homes, the standards are different, too: Be patient and maybe even lower your asking price, because the balance of power has swung strongly to buyers.

Housing bubbles have happened before and, experts warn, could happen again. Already, home sales and prices are rising slowly, helped by tax breaks for first-time homebuyers. But real estate agents, mortgage brokers, economists and homebuyers across the country say they’ve noticed a shift in attitudes that they expect will last for years.

### **NEW REALITY: Selling your house**

Real estate agent Scott Patterson hits the gas and weaves his black Mercedes-Benz across

three lanes of Interstate 95 near Plantation, Fla., holding his iPhone with one hand and the steering wheel with the other.

He is rushing to meet with potential buyers of a condo with an ocean view. When he arrives, he turns on lights and opens doors in the four-bedroom place. The prospective buyers, a couple from Venezuela, walk around, ask a few questions - and leave.

Business may be up in South Florida, but the power has shifted to the buyer. And price is the key. "If you're not getting showings, you're overpriced," says Patterson, an agent with Esslinger Wooten Maxwell Realtors Inc.

The record number of foreclosed homes on the market gives buyers even more leverage. "They can afford to wait," says David Baran, a broker with Prudential Preferred Properties in Chicago.

Michael Davies and Nicole Anzia of Washington, D.C., got caught in their first bidding war when they bought their two-bedroom condo in 2003. The seller fielded eight bids within five days of listing. The couple waived an inspection to clinch the deal and paid \$372,000.

That was tame compared with what happened when they sold the condo two years later. They listed the property on a Thursday for \$479,000 and held two open houses. More than 100 people showed up, and 11 bids were waiting for them by Tuesday. The final price: \$605,000. The buyer waived the inspection, too.

When they tried to sell their home this May, things were different. They listed the house at the purchase price and received just one bid. The negotiation process took longer, and they sold at a \$21,000 loss. The buyer demanded an inspection.

"We don't feel like we went from boom to bust," Davies says. "We felt like we went from boom to reality."

### **NEW REALITY: Getting a mortgage**

Jim Sahnger, a mortgage broker in Jupiter, Fla., still chuckles over one borrower three years ago who landed a mortgage with no downpayment and two foreclosures and a bankruptcy in his past.

Now, lenders pore over bank statements, tax returns and job histories. The average mortgage application today starts three times thicker than what it was at the start of the housing boom, and often gets thicker as the process drags on.

Sometimes all the extra documentation still isn't enough. Sahnger recently had a customer with a good job and a 20 percent downpayment who couldn't get a mortgage because the lender said there were too many delinquent mortgages in the neighborhood.

“Now, they want to know everything about the buyer,” Sahnger says. “It’s a true and full underwriting process on every particular loan.”

It is common to require a downpayment of 20 percent - sometimes more. And it is virtually impossible to get subprime mortgages, which were written for people with poor credit histories and helped cause the meltdown when the interest rates jumped and borrowers defaulted. In 2005, one in every five mortgages was considered subprime. This year, it’s less than 1 percent.

Another category of risky loans, Alt-A mortgages, which required little or no documentation of the borrower’s financial health, have plunged to \$3 billion this year from \$400 billion in 2005.

### **NEW REALITY: Closing the deal**

Mike Delano thought everything was in order. He was set to buy a \$785,000 home in Washington, D.C., until he learned his lender now required a 20 percent downpayment instead of 10 percent.

Unlike in years past, there was no wiggle room. He had to raise the extra money from his family. “It was a nightmare,” he says.

It’s not uncommon nowadays for closings to take 60 days. One big reason: Appraisers have become more strict - or, some would say, more accurate.

During the boom years, agents and brokers often pressured appraisers to “hit the number” that the buyer and seller had agreed on so the deal would close and everyone could collect fees.

Under new industry rules, mortgage brokers are barred from ordering appraisals themselves. Instead, lenders order appraisals in-house or hire independent firms.

Some real estate agents and homebuilders say the rules are causing delays in closing sales, or undermining sales because appraisals are coming in too low.

### **NEW REALITY: The future**

Nearly everyone in the real estate industry agrees on this much: Another dramatic boom-bust cycle isn’t likely soon. Albert Saiz, assistant real estate professor at the University of Pennsylvania’s Wharton School, expects that new regulations and a different consumer mindset will help real estate return to a more traditional cycle.

There will be some ups and downs, Saiz said, but in the long run, prices should move higher. “In the end, the United States is still growing,” he says. “We’re going to need more housing.”

Pava Leyrer, president of Heritage National Mortgage in Michigan, notes that the majority of people are still paying their debts. She's confident the market will rebound once the unemployment rate begins to fall.

"I really can't imagine we would go back to the same situation because it took an exact wrong mix of everything for that to occur," she says. "If it ever did happen, I'll be long dead."

Copyright © 2009 The Associated Press, Adrian Sainz, AP real estate writer. Associated Press real estate writer Alan Zibel and AP data specialist Allen Chen contributed to this report. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

---

### **Improving energy efficiency to improve odds of selling a home**

FAIRFIELD COUNTY, Conn. – Sept. 8, 2009 – When real estate agent Lisa Triantafilidis takes clients out to look at one of her listings, two questions typically top their lists of concerns:

"What are the taxes and what are the energy costs," said Triantafilidis, who is a real estate agent with Higgins Group Real Estate.

She can do nothing about the taxes, but now Triantafilidis has some help with the second question. Energy company Gault Inc. is partnering with Higgins to provide home energy audits to the company's 300 agents in Fairfield County.

The audit helps expand upon the things Triantafilidis sees herself. As a real estate agent, she often recognizes things that can be done to improve a home's energy efficiency.

"It can be something very simple, just weather stripping around a door," she said.

Or it can be something as simple as an old refrigerator.

That's what's running up Margi Failoni's energy bill. Failoni, who is trying to sell her house through Triantafilidis, had an energy audit done this summer on the real estate agent's suggestion. She says she was pleasantly surprised by the result; as the owner of a 1,400 square-foot home, she was certain that major changes would have to be made. The audit showed otherwise.

"It has definitely proven that my home was energy efficient," she said.

Instead of suggesting that the windows be replaced, the auditor instead took Failoni through her home, starting outside and moving around the house, pointing out little things that could mean big money for her and anyone who might buy the house.

Failoni's second refrigerator, an old unit that runs in her garage, was one of those things;

if she were to unplug it, she would save \$30 a month on her electricity bill.

The audit also recommended that the Failonis reduce the home's air infiltration by changing socket plates gasket seals, weather stripping and foaming. In addition, because 80 percent of energy is lost through the attic and the basement, the audit recommended an update of insulation in the home.

"Here are these small cost-saving tips to not use so much energy," she said.

The Gault-Higgins partnership was the brainchild of Megan Smith, director of marketing for Gault.

"It was really an idea I had crystallized in my head," she said.

Smith, herself a licensed real estate agent in Florida, had also heard a number of buyers ask about the energy efficiency of her listings. An energy inefficient house, she said, is extremely difficult to sell.

"Energy conservation is just top of mind of everyone these days," she said. "It really can be a deal maker or a deal breaker."

An energy audit, she thought, would provide answers to the questions of the buyers and energy solutions to the sellers.

"It's a complete energy snapshot of the home," she said.

Smith added that the partnership with the Higgins Group is not exclusive; Gault wants to reach out to other real estate agents as well.

Triantafylidis believes that the energy audit is going to become a trend. She says it has helped her as a real estate agent.

"It has really helped me get the listings," she said. "When you go in to get a listing, you really need an edge."

Copyright © 2009, The Hour, Norwalk, Conn., A. J. O'Connell. Distributed by McClatchy-Tribune Information Services.

---

### **Low rates keeping homes affordable**

WASHINGTON – Sept. 8, 2009 – Falling interest rates are fueling a rise in home mortgage applications and refinancings in the Inland region, though experts aren't yet ready to declare the beleaguered local housing market on the road to full recovery.

Virginia-based Freddie Mac, a government-backed corporation that provides mortgage capital to lenders, released a study Thursday showing 30-year fixed-rate mortgages averaging 5.08 percent, down from 5.14 percent a week ago and 6.35 percent a year ago.

“Bond yields pushed mortgage rates slightly lower this week,” Freddie Mac chief economist Frank Nothaft said in a statement. “Low mortgage rates are helping to keep housing very affordable.”

According to the National Association of Realtors’ housing affordability index, seven of the top eight most affordable months occurred during this year. Pending sales of existing homes rose for the sixth straight month in July, the association reported.

A Thursday check of Bankrate.com, which tracks lending trends, showed Inland rates for a 30-year fixed mortgage ranging from 4.5 to 5.75 percent. Rates assume a 20 percent down payment, and lenders are maintaining strict credit standards, according to Bankrate.

Bankrate this week released a study indicating closing costs on home purchases have recently dropped to 2007 levels, another reflection of pricing shifts in the national housing market.

At Provident Bank Mortgage, a division of Riverside-headquartered Provident Savings Bank, President Rich Gale said the company is making 30-year fixed loans in the range of 4.78 to 5 percent, down from a month ago and still low by historical standards.

Gale said Provident’s new-purchase home loan volume has been steadily rising during the last six months, and most recently, dropping interest rates have sent refinancings upward.

“Refinancings are like an accordion – when the rates go down, the refi’s go way up,” he said.

By the end of September, if mortgage rates keep trending down, Gale said refinancings could comprise about half of the company’s total home loan volume.

Affordability is driving the local spike in applications. Gale said a large portion of the new applications are for lower-priced homes being bought out of bank foreclosure, and many of those homes are getting multiple purchase offers.

Gale said it would be premature to declare the Inland housing market fully on the mend until there are more trade-up purchases of homes in the middle and upper price ranges.

“Until we start to see more people selling their homes to move up to another place, we really can’t say that the overall housing market is getting healthier,” he said.

In the Inland region, relatively low prices are combining with low interest rates to boost sales.

In July, Riverside County had 4,699 home sales, up more than 14 percent from July 2008 and the highest sales for any month since September 2006, according to DataQuick.

In the same month, 3,549 homes sold in San Bernardino County, an increase of almost 41 percent from a year earlier and the highest monthly sales since August 2006.

According to DataQuick, sales have increased year-over-year for 16 consecutive months in Riverside County and 14 consecutive months in San Bernardino County.

Data for August has not yet been released.

Copyright © 2009, The Press-Enterprise, Riverside, Calif., Lou Hirsh. Distributed by McClatchy-Tribune Information Services.

---

**Buyers expecting the first-time home buyer tax credit should check the fine print**

MIAMI – Sept. 4, 2009 – After closing on his first home earlier this week, 83 year-old Alget Campbell got some disappointing news Thursday: He would not qualify for the first-time home buyer tax credit.

The fine print of the tax provision, which gives a credit of up to \$8,000 to buyers who have not owned a home in the last three years, disqualifies individuals whose spouses have owned a home during that same period.

Michael Dobzinski, a spokesman for the Internal Revenue Service, said there are plenty of misconceptions about the so-called first-time home buyer tax credit so it always pays to be familiar with the details before buying.

In Campbell's case, his wife, Hermine, owns the home in Southwest Miami-Dade County the couple has occupied and plans to rent out to cover the mortgage on the townhome they bought for some \$71,000 on Monday.

Joan Grant, Campbell's daughter who helped him through the home buying process, said she was disappointed that her father, a former Publix clerk, would not be getting the credit.

"We were hoping for that, but it's kind of late now to worry about it," Grant said.

"I was hoping that he would get it since he is actually buying this on his own."

Marcia Pennant, Campbell's real estate agent, said she had told the couple she was not sure they would qualify, but to consult their tax advisor.

Dobzinski, of the IRS, said to get the credit, an individual or spouse cannot have owned a home three years prior to the date of the new purchase.

Also, to keep the credit, homeowners must use the home as their primary residence for three years.

In addition, the purchase must occur on or after Jan. 1 of this year, but before Dec. 1.

The tax credit is equal to 10 percent of the purchase price of the home, up to \$8,000. So, had Campbell qualified, he would have gotten a roughly \$7,100 credit.

Dobzinski said people often think they will get the tax credit instantly when, in fact, it requires them to either amend their 2008 tax return or wait until they file for 2009. Because it is a tax credit, a buyer who owed no taxes would get a check of up to \$8,000.

If taxes are owed, the credit could knock up to \$8,000 off the bill.

The credit is phased out for single filers with a modified gross adjusted income of more than \$75,000 a year and married couples filing jointing with incomes above \$150,000.

Dobzinski said home buyers should consult with their tax advisor to determine whether they qualify. They can also visit [www.irs.gov](http://www.irs.gov) or call the IRS at 800-829-1040.

© 2009 The Miami Herald, Monica Hatcher. Distributed by McClatchy-Tribune Information Services.

---

### **More marketers sign on to social media**

SAN FRANCISCO – Sept. 1, 2009 – Ford Motor has high hopes for Fiesta, a popular model abroad launching in the U.S. next year.

So how does it introduce the subcompact car to Americans? A massive ad blitz on TV? In-house promotions at dealers nationwide?

Nope.

In April, Ford tapped 100 top bloggers and gave them a Fiesta for six months. The catch: Once a month, they're required to upload a video on YouTube about the car, and they're encouraged to talk – no holds barred – about the Fiesta on their blogs, Facebook and Twitter.

“It’s extremely important to this company’s history,” says Scott Monty, whose job as head of social media at Ford was created about a year ago to take advantage of the growing social-networking wave. “It’s about culture change and adapting to this ongoing way of communicating. The bloggers are fully free to say what they want.”

Social-media services, such as Facebook, Twitter, YouTube and countless other websites, have had a profound effect on how millions of Americans – especially those under 35 – interact with others (or don’t), shop and view brands. It’s a real-time digital lifestyle, powered by smartphones and netbooks, that often colors what products they purchase, how they view brands and where they spend most of their waking hours.

Marketers have noticed. Social-networking services increasingly are indispensable

business tools, says Forrester Research. According to its survey of 1,217 business decision makers worldwide late last year, 95 percent use social networks to some extent.

And 53 percent of more than 300 marketers planned to increase social-media marketing spending this year, according to a Forrester presentation in April.

Some of the biggest companies – Ford, Levi Strauss and Chevron, to name a few – are reengineering marketing operations to embrace digital tools to more nimbly brand products, support customers and cash in on the social-media wave. In doing so, they are creating online communities and aggressive outreach programs, and being brutally honest in talking directly to their customers/followers/fans/friends.

“It was an easy call. This is where our customers are,” says Megan O’Connor, director of digital marketing at Levi’s. The more-than-150-year-old company last month launched a social-media program on Facebook and Twitter along with a larger “Go Forth” traditional marketing campaign. Its goal is to burnish its brand name among young men.

### **Grown up digital**

At their core, social networks are fostering a blistering number of personal connections and chatter online. The share of Americans 18 and over online who use a social-networking service more than quadrupled to 35 percent in 2008 from 8 percent in 2005, according to Pew Internet & American Life Project.

“It’s the modern-day version of knitting – to kill downtime,” says Kaitlin Villanova, 26, a social-media strategist in Brooklyn who is an avid iPhone user. “I use social networking to communicate, bank, comparison shop, everything.”

Facebook is up to 250 million members, 50 million of whom joined in the past three months. In April, they spent 13.9 billion minutes on Facebook, up 700 percent from April 2008, says Nielsen NetView.

More than 300,000 businesses – one-third of them small businesses – have a presence on Facebook. Members of its fastest-growing demographic – those 35 and older – have enormous purchasing power, a powerful incentive to marketers.

Twitter has about 40 million users who each day produce a staggering amount of tweets, Twitter’s quaint word to describe short messages. Its users spent nearly 300 million minutes on the site in April, 3,712 percent more than in April 2008, Nielsen says.

Increasingly, consumers don’t search for products and services. Rather, services come to their attention via social media, says Erik Qualman, author of *Socialnomics*, a new book that explains how social media have changed how companies do business.

Social-networking-savvy businesses have appointed social-media directors to help:

- Add customers quickly. When software maker Intuit built a site for small businesses in late January, it integrated elements of Facebook, Twitter and LinkedIn, the social network for business professionals. After 12 weeks, it generated more than 1 million visits and helped spike QuickBooks unit shipments 57 percent in June, year-over-year.

“Social (media) is one of the key trends driving our business,” says Kira Wampler, social-media marketing leader at Intuit. “It’s more than pure marketing. It’s about fast connections with customers and building an ongoing relationship.”

National pizza chain Papa John’s added 148,000 fans on Nov. 17 through a guerrilla marketing campaign on Facebook. It offered a free medium pizza to anyone who signed up to be its fan on Facebook. The promotion gained it thousands of customers and drove its Web traffic up 253 percent. It now has more than 300,000 fans and hopes to top 1 million by the end of the year.

- **Word-of-mouth marketing.** Sometimes a company’s best advocates are its customers. Just ask Best Buy and MyFICO, the consumer division of Fair Isaac, which invented the FICO credit-risk score used by lenders. They’ve built specialized online communities where their customers freely evaluate products and services.

Those who visit MyFICO’s community website are spending 41 percent more than other customers, says Lyle Fong, CEO of software Lithium, which helps build online communities for more than 150 companies, including MyFICO.

Nine in 10 consumers trust their peers more than marketers, according to a recent survey of 25,000 by Nielsen.

The Federal Trade Commission is in the process of amending guidelines that would require bloggers to disclose their relationships with marketers whose products they endorse, says Mary Engle, associate director of advertising practices for the FTC.

- **Enhance customer service.** For more than a year, Comcast has pioneered the use of Twitter to talk directly to customers. Its Twitter page, @comcastcares, has 28,000 followers.

Comcast’s blueprint for unfettered customer support – no more waiting on hold on the phone – fomented a movement. Software maker Sage North America, to cite another example, routinely receives instant feedback from hundreds of people within an hour on specific products and services. “It is a living, breathing, 24/7 think tank of users and employees,” says Ryan Zuk, a company spokesman.

Besides being instant, such feedback is cheap. Typically, companies have relied on third-party focus groups that let them observe the reactions of customers during a two-hour session that can cost \$10,000 to \$15,000, says Natalie L. Petouhoff, an analyst at Forrester Research.

Lenovo has seen a 20 percent reduction in call-center activity in the U.S. over six months because nearly 50,000 customers go to its community website for information about laptops.

- **Speak directly to customers.** Blogs, Twitter or Facebook can be an ideal forum for CEOs to offer customers a candid viewpoint.

When a hack attack disabled Twitter's service for hours this month, co-founder Biz Stone gave up-to-the-minute updates on the company's blog.

The Carphone Warehouse, Europe's leading independent retailer of mobile phones and services, has a simple credo: It says, "I'm sorry" when necessary on its Twitter page for customer support.

"There is no gap between the CEO and customer. They now talk directly to each other," says Promise Phelon, CEO of UpMo, a career-management website. "The network is so connected, there's no need for a middleman."

"These customers want honesty, and quickly," says Shiv Singh, who wrote a report on social-media marketing for ad agency Razorfish.

### **Challenges ahead**

But with rewards come risks.

Reaching out to millions of consumers who thrive online around the clock requires an investment, a different type of thinking and some courage, says Petouhoff. She spent six months on a just-released report on monetization of social-media tools at 20 companies, including Lenovo and Intuit.

Many companies – reflecting the general public's sentiment toward social media – fall into two camps: Those who embrace it and those who eschew it. "Those that don't know how to get their arms around it seem to be held back by worrying about the legal implications of customers helping customers, and about being too honest with customers," Petouhoff says.

Most corporations are still wedded to a traditional marketing approach, based on TV, radio and print ads, says Charlene Li, partner at technology consulting firm Altimeter Group. "Ford and Levi's are at the avant-garde of social-media use, but they are not typical," she says.

A social-media plan is hardly a guarantee of success, Li and others say. While some companies – especially market leaders such as Starbucks and Nike with consumer products – are predisposed to the medium, others aren't. Tightly regulated health care providers, for example, may think twice about making the public's comments readily available on Facebook or Twitter.

“Social media is not the messiah,” says Michael Brito, social-media strategist at Intel. “It is one of several tools.”

Still, a growing number of marketers can’t afford to ignore millions of potential customers who are consuming media in new ways.

Three-fourths of men ages 18 to 34 say they spend most of their time in front of a computer screen vs. 18 percent in front of a TV screen, according to a survey of 50,000 by AskMen.com, a lifestyle website. Those who don’t have a social-media plan don’t at their own risk, say marketing experts.

“Companies have no choice. This is where their customers are going,” says Shel Israel, author of the forthcoming *Twitterville: How Businesses Can Thrive in the New Global Neighborhoods*.

Copyright © 2009 USA TODAY, Jon Swartz