

Your REALTOR®



Karen Littlejohn

November 2009

REAL ESTATE *Update*

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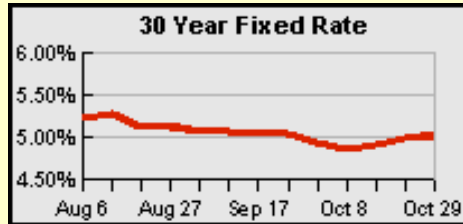
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Rates Remain Low

In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage averaged 5.03 percent for the week ending October 29, 2009 - up from the previous week when it averaged 5.00 percent. Last year at this time, the 30-year fixed-rate mortgage averaged 6.46 percent. "Interest rates for 30-year fixed mortgages have averaged just below 5 percent this year, which is the lowest 10-month average since the survey began in 1971," said Frank Nothaft,

Mortgage Rates

Source: Realty Times



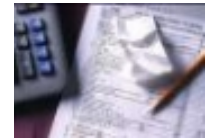
U.S. averages as of October 29, 2009:

30 yr. fixed: 5.03%
15 yr. fixed: 4.46%
1 yr. adj: 4.57%

Freddie Mac vice president and chief economist. As a result, refinance activity has accounted for almost seven out of 10 mortgage applications this year.

Taking Advantage of Tax Incentives

If you're



considering a major purchase like an energy-efficient home improvement or a new car, there are tax incentives available that can help you offset your costs by reducing your federal income tax liability.

- **Home Improvements:** Tax credits of up to \$1,500 are available to taxpayers who make certain energy-efficient home improvements that are placed in service by December 31, 2010.

The improvements must be made to the taxpayer's principal residence, with tax credits available at 30 percent of the cost - up to a maximum total of \$1,500 - for the following products: windows, doors, insulation, roofs, HVAC, water heaters, and biomass stoves.

- **New Car Tax Deduction:** Taxpayers who purchase a new car, light truck, motor home or motorcycle after February 16, 2009 and before January 1, 2010 can deduct the state and local sales and excise taxes paid on their purchase from their 2009 federal income tax.

The deduction is limited to taxes paid on vehicles with a purchase price up to \$49,500; if you buy a more expensive vehicle, you can deduct only the taxes paid on the first \$49,500 of the purchase. Unlike a tax "credit", the new car tax deduction reduces your taxable income - rather than your income tax due.

Remember to consult with a tax advisor regarding your eligibility.

Homebuyer's Tax Credit Extension



The Senate now

appears likely to pass a bipartisan compromise extending and expanding a tax credit for homebuyers.

The deal would extend the \$8,000 credit for first-time homebuyers for sales contracts entered into by April 30, 2010, and closed within 60 days. It would also add a \$6,500 credit for some owners of existing homes as long as they have been in their homes for five consecutive years in the past eight.

The income cap would be raised to \$125,000 for individuals and \$225,000 for married couples, up from \$75,000 and \$150,000, respectively.

Check with your REALTOR® as more details about this credit extension become available.

Value of Remodeling Projects Up

The value of



remodeling projects nationwide increased 20% in the 2nd quarter

compared to the same quarters of both 2007 and 2008, according to a Remodel or Move survey of remodeling permits.

Remodel or Move said the increase followed an earlier report that identified 5 percent of homeowners who said they planned to remodel in the time period. Most of the remodeling activity was in the Northeast and the Southwest. The rest of the country hasn't seen much recovery, the survey found. Authors of the report speculate that more people are spending money on remodeling projects because of declining costs and government stimulus payments.

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Vital Information for First-Time Buyers

By Phoebe Chongchua



The first-time homebuyer Federal tax credit for \$8000, record-low interest rates, and nationwide median home prices dropping to the lowest point in five years, makes this an enticing time to consider buying a home. By the way, that tax incentive isn't truly just for first-time buyers -- it's defined as those not having owned a home in the last three years. Research and knowing your options are critical. Check with your tax accountant for more details. It's increasingly likely that Congress will extend and expand the popular home buyer tax credit, which will expire at the end of this month.

According to an article in August in the Raleigh News & Observer, 10.8 percent of buyers are motivated to buy due to Federal and state tax incentives. So far only 1.14 million buyers have filed for the credit but many more are expected to file for it on their 2010 returns. However, the National Association of Realtors reports that the first-time homebuyer figure in July was still about 10 percent below the average for the past six years.

There are many aspects to consider when buying your first home. Your price point, location, lifestyle, expert help, mortgage programs, inspections, how quickly you want/need to move, the list goes on. It can seem like an overwhelming process for first-time buyers. In fact, some shy away and continue to rent simply because they don't know who to turn to or where to begin. Today there are more resources than ever available with just the click of a mouse; however, that can create information overload! But if you take a breath and relax, I'll sort through some important factors for home buying. And even if you're a seller, it's good to review this material because it helps to remind you where first-time buyers' mindsets are when they make an offer on your home.

Give yourself more time than you think you need. Due to the housing crisis and credit crunch, the mortgage process can take even longer than it did previously. Searching for a home is averaging about 12 weeks while getting the mortgage process wrapped up can take up to 60 days, according to information released by National Association of REALTORS 2008 Profile of Buyers and Sellers.

Give yourself plenty of time to understand how much home you can afford, what kind of loan is most suitable for your

needs, and, of course, plenty of time to select the home that fits your lifestyle. First-time homebuyers often don't have a lot of comparison shopping experience. Frequently they're just getting started. What is acceptable for a rental is likely different from what first-time buyers expect and accept when purchasing their first home. However, first-time buyers must understand that shopping for a home is akin to shopping for a mate... there are always some compromises that are necessary. If you don't allow enough time, you'll find that it will lead to headaches, rushed decisions, and, in the end, you may feel pressured to buy something that you have not had enough time to completely consider -- maybe because you have to relocate and start your job.

Never skip an inspection. You simply can't spot everything that could be wrong with the home. While not all sellers do it, some hire an inspector to inspect the home when they list it on the market. However, the burden of the inspection typically falls on the buyer to pay for it. And the information you receive is invaluable. Hiring a certified inspector to give the home a once-over will help you discover problem areas that your agent can then negotiate for repair work or price adjustment. Also, note that the home inspections (yours and the sellers) may differ; examine both, this way you'll learn more about your potential home.

Frank Schulte-Ladbeck, a licensed home inspector says that when you get your home inspection be certain to have everything turned on. In one case, "The water valve to the house was turned to almost off. When you turned it on to regular pressure... the seller had water spurting out of almost all of the faucets because all of the O-rings, the seals, had all dried so much that they were just allowing water to spill right out of them," said Schulte-Ladbeck.

Use experts to help prepare. Having a team of experts who can expedite your search by finding the most suitable properties for you will save you endless hours of looking. Also, the right mortgage expert simplifies the loan process. You'll be guided through the home-buying process instead of becoming overwhelmed by the options, paperwork, and tasks. Using the best specialists can truly make buying your first home a wonderful experience.

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Is Your Home Wired Properly?

By Phoebe Chongchua



We all know that as things age, they often need replacing but sometimes homeowners neglect to take care of their home's electrical wiring and that can set them up for potential danger. Electrical consumption since the middle of the last century has increased in most homes on average about 400 percent.

If you're tripping your main safety circuit box that could be a sign that you're overloading the electrical outlets and an indication that an electrical contractor should examine your wiring. Oftentimes, homes are renovated several times without any electrical wiring updated. Yet, this is a part of the house that can cause huge problems if it isn't kept up-to-date.

Outdated circuit boxes.

When a home hits the 40-year mark the biggest area of electrical concern is the circuit breaker box. Zack Israel, owner of Mike Electric, says that when the circuit box becomes outdated, "it doesn't do what it's supposed to do." He says that as the house ages, the brand of the circuit box becomes obsolete "and today, a new generation of improved boxes is being installed." Israel cautions homeowners about the danger of not replacing an old and outdated circuit box. "If the breaker doesn't trip then the wire might melt and cause a fire," says Israel.

Kitchen wiring upgrades.

An area of an older home that typically needs upgraded wiring is the kitchen. "The kitchen is an area that always needs to be upgraded after 40 years. Several decades ago we didn't have microwaves and all the appliances that we have today," says Israel. He says that what can happen if the kitchen wiring isn't upgraded is that when appliances are used, the circuit breaker trips or, even worse, it doesn't trip at all. "So the kitchen

is an area that you want to upgrade and bring more power to it," he says.

The electrical code requires two circuits of 20-amps, 120 volts for GFCI (Ground Fault Circuit Interrupter) receptacles for the kitchen/eating area. However, more might be necessary depending on the appliances being used.

Heavy-duty appliances need dedicated outlet.

A common problem for homeowners occurs when there isn't proper distribution of the electrical circuits. Israel says homeowners often don't understand this. "Let's say for example that [depending on the weather] a homeowner tries to use a portable air conditioning system or heater and plugs it into just any plug - and boom! there's no power - it trips the circuit. This is common. People don't know that they need a dedicated circuit for that kind of appliance," says Israel.

Wire insulation cracks.

Another big problem for older homes is that electrical wiring insulation cracks. "Especially in the ceiling lights, the heat from the light rises into the box and causes the wiring insulation to crack," says Israel. When homeowners consider tackling the task of rewiring their home they're often overwhelmed by it feeling like it will be too expensive and too much trouble. While it is true rewiring can be a major renovation that, in some cases, even means the homeowner must leave the home for a period of time - due to electricity needing to be turned off or just the inconvenience of living with workers in your home -- the end result of peace of mind from knowing your electrical system is working properly and no longer at risk of causing a fire - (a major concern of home insurers) - is well worth the expense and any temporary hassles.

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Relieving the Stress of Packing

By Margo Rudman Gold



Packing can be stressful time for every member of the family. To ensure that your move goes as smoothly as possible, try the following tips!

Pack a "Red Box"

Since one in five American families moves every year, that means 22 million families may be searching for their TV remote controls!

One of the pitfalls of packing for a move is you can't always anticipate what you'll need when you arrive at your new home, and movers typically list only the obvious such as dishes, glasses, bedding, etc. The miscellaneous items you need in the first few hours invariably wind up on the bottom of a random box.

To start, you may want to create your own "red box" as some moving companies ("Removers") do in Great Britain. This is the last box loaded and the first one off the truck. The one universal item in the red box is the tea kettle (perhaps this would be the coffee maker in the U.S.). This is also the place for miscellaneous but crucial items such as scissors, pens, paper, hammer, nails, hooks, screwdriver and tape measure.

Packing a suitcase for each family member as though you were going on a short vacation is another good idea. Include a few sets of clothing and sleepwear, footwear, outerwear, personal toiletries, medications and eyeglasses. Make sure to bring starter family toiletries like soap, toilet tissues and paper towels as well.

Children's Toys and Play Dates

New York child psychologist Dr. Cindy Linde placed the school directories from both their old and new schools in an important box when she moved with her own young children. That way they could keep in touch with their old friends and classmates, and she could make play dates with her children's new classmates.

Carol O'Leary recently relocated from London to New York with her family. She found she urgently needed her children's

immunization records, and had no idea which box of papers they were in. While her husband's relocation liaison had told her to carry school records, no one had told her the children could not begin school without proof of immunizations. She also found that while she always remembered foreign currency for a vacation, it hadn't occurred to her to carry American dollars to tip the movers and buy pizza.

While your children's most cherished toys go at the top of a box, you may want to bury outgrown toys they just can't give up at the bottom. Hopefully, out of sight will mean out of mind!

Comforts of Home

Framed photos may not seem like the first thing to unpack, but familiar photos scattered around your new home can reinforce a feeling of family. Parents of young children may want to keep some samples of their artwork handy to immediately hang up on the refrigerator.

One mom found that her teenage daughter was horrified to sleep with uncovered windows the first night. If there are no shades or curtains in your new home, an easy trick is to bring spring rods (like those in many showers), over which you hang sheets for temporary privacy.

Perhaps Dr. Carol Pluzinski, a college professor and the mother of two small boys said it best in reference to her own move "we never could have done it without the help of my sister and teen niece who came from Chicago to assist before, during and after the move. I guess that's what parents need to pack first, a loving, fun aunt and cousin to help!"

Entertainment Issues

Hopefully, the whole family can to relax together the first night in your new home, so remember to pack TV cords, remotes, and manuals together in a box that is clearly marked. Computer cords, attachments, etc. should be packed together as well.

Use these tips to help transition after your move and good luck on your new start!

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Making Your Home Age Appropriate Creates Appeal

By Phoebe Chongchua



All of us have something in common with our homes. Sure, style, design, and location are at the top of the list, but how about age? As we age, buyers, especially the baby boomer generation, are looking to transform their homes into a place that they can stay in for as long as possible or they're hoping to find one that's already equipped for them to age-in-place.

So how old your home and you are, are reason to give some thought to if your home needs age-appropriate adaptation in order for you to be most comfortable. And, in doing so, you may actually make your home more valuable to a wider audience of buyers, should you ever sell it.

According to the National Homebuilders Association, making a home suitable for the golden years is economically sound. The baby boomer generation (77 million people) makes up 28 percent of the U.S. population. Assisted living for this generation can cost more than \$60-thousand per year, not counting moving expenses.

That's pretty pricey. So, if you've taken some steps to make your home an age-in-place sanctuary, then make sure you highlight those renovations if you ever list your home on the market. If you haven't made any revisions, perhaps, some minor adaptations can make your home stand out and more comfortable for any age.

"People who are middle-aged and younger are also opting to use products that are safer because they see the benefits. They are choosing to use tiles that have textures that prevent slippage. They're looking for ways to make the home look aesthetically pleasing and assist them with moving comfortably into their later years," says Steve Walton, Senior Design Consultant for Marrokal Design & Remodeling.

The most common renovations involve widening hallways, making bathrooms more expansive, opening up showers, adding railings in bathrooms and around the house so that

wheelchairs and walkers can easily fit. "Hallways are generally three feet which is wide enough to get a wheelchair through, but the door openings in a standard home are about two-foot-six or 30 inches wide. So those need to be widened to a minimum of two-foot-ten or three foot which is a standard width," says Walton.

Larger showers are popular and a good investment. "The universal design of a walk-in shower has mass appeal because of its convenience and easy access for all. "If you have the space, that's best; if not, then the shower has to be remodeled so that the doors are frameless. That way, there's no frame or track that sticks up and prevents the wheelchair from rolling over it," says Walton.

Textured, no-slip tiles are becoming more popular, regardless of age. Filling in sunken living rooms so that there's no change from one room to the next is also commonly requested by contractors.

Often adapting a home for an aging-in-place family is a tiered process. Homeowners start with a few things and then gradually have work done over the years. Inside the home, safety is what prompts many to take action, things like adding lighting at the bottom of the stairwell can certainly help the elderly but it's also added value for any homeowner no matter the age.

Outside the home there can also be mass appeal by removing steps and adding a gradual slope; it allows easy access for wheelchairs and baby carriages. Here's another good tip that often more modern homes already have -- levers instead of doorknobs. They are easier to open whether someone is elderly or has an injury such as a broken arm.

Yet another benefit for homeowners is that some aging-in-place remodels are considered medically necessary tax deductions. Check with your tax accountant to learn more.

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Real Estate Investment Buying Tips

By Kenneth R. Harney



Foreclosures and bank REOs are pulling a new wave of novice investors into the market, some of whom "are just plain clueless, to put it bluntly," says Robert Cain, a long-time rental market and real estate management specialist based near Tucson, Arizona.

"They see the price and they way, wow! I can buy that house and turn it into a rental," says Cain, who lectures around the country and online about investing intelligently.

"But they don't understand the local market, they don't understand landlording, and don't even necessarily visit the property," Cain said in an interview last month with Realty Times.

For example, a property manager in Tennessee called Cain for advice recently. The manager had a simple question: "Should I fire my client?" who lives in California and purchased rental real estate 3,000 miles away in Tennessee -- sight unseen because the low price made it sound like a steal.

But the property had a long list of defects requiring costly repairs, and it was slow to rent - causing the absentee owner-investor to blame the property manager for the cash drain.

"We see it constantly," said Cain. "New investors think it's easy. They buy on emotion, on low pricing, rather than buying with a disciplined plan.

What are some of the key rules for freshman class

investors? Here are a few of Cain's that have served him well since the early 1980s:

Number one: Due diligence is never optional. You've got to understand the local market - and that includes not just where prices are headed, but specific market demand for rental real estate in this price segment, and even the local government's plans for the area where you're thinking of buying.

Number two: Buy with a written plan - that's right, just like the large professional investors use, with an entry strategy and an exit strategy. How long are you going to hold onto the property, how much will it earn you during your period of holding?

And what's the endgame - a sale to another investor? Conversion to condos? Tear it down and build something that's closer to the underlying real estate's highest and best use?

"Write it all down," says Cain. That way you can analyze it better.

Number three: Calculate the actual costs of the property in advance - not just the bargain basement price, but how much you'll need to fix it and feed it - the management costs, rental commissions, vacancy costs, taxes, to name just a few.

"If you don't know these things up front," says Cain, "you are flying blind. And there are no good surprises in real estate."

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Remodelers Help Homeowners Lower Heating Costs with Weatherization Programs

By Peter L. Mosca



Winter is right around the corner and in honor of Energy Awareness Month, the National Association of the Remodeling Industry (NARI) recommends making energy-efficient upgrades as a way to prepare for the season, and many remodelers are offering weatherization programs to help them reduce energy costs. Mark of Excellence Remodeling is one such remodeling company that recently introduced a weatherization program.

"The programs are funded by both state and federal governments, and the purpose is to raise consumer awareness of the types of upgrades that are needed to make homes more energy efficient," said Neil Parsons, vice president of sales and marketing for Mark of Excellence Remodeling, West Long Branch (NJ).

Weatherization is a term to describe various improvements made to buildings and homes to optimize energy efficiency. According to the U.S. Department of Energy (DOE), on average, weatherization reduces heating bills by 32 percent and overall energy bills by about \$350 per year at current prices. Through an evaluation known as an energy audit, homeowners are given a detailed report identifying problem areas in the home.

Typical energy improvements include air sealing, insulation, ventilation systems or installation of green appliances approved by Energy Star. "As consumers become aware that our energy resources are depleting and costs are rising with each year, energy efficiency is becoming a relevant topic in home improvement projects," said William E. Carter, president of NARI.

Even though each state provides slightly different programs with a variation of incentives, all of them provide the same

benefits to homeowners. "Homeowners notice their return on investment instantly after making energy upgrades in their utility bills. The other benefits are the rebates, the increase in home value from making the improvements, increased performance and durability and helping out the planet by conserving energy for future generations," added Parsons.

It's important to make upgrades now because soon most of the country will be entering the time of year when most of a home's energy consumption occurs. The DOE estimates that 56 percent of the energy use in a typical U.S. home comes from heating and cooling, making it the largest energy expense for most homes.

"Most believe that remodelers are busiest during the summer, but in actuality, the busiest time is during the fall when temperatures drop and homeowners start to feel drafts in their homes and are worried about heating costs," explained Parson. Another time factor is the program deadlines.

Many state programs last until the end of the year, and energy-efficient improvements must be made within the specified time period to be eligible for rebates. To learn more about your state weatherization programs, visit dsireusa.org. However, Parsons doesn't think any of the weatherization programs will be going away for good. "Most likely, programs will be extended or modified after deadlines as the government continues to put a high premium on increasing energy efficiency," he said, adding that if homeowners are considering an energy upgrade, there is no better time than now. "Homeowners who are considering this should seek out a certified contractor that you can trust to give you sound advice about making your home more efficient."

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Extending Homebuyer Tax Credit Best Tool for Sustaining Housing Recovery



By Realty Times Staff

The best available tool for sustaining the still-fragile housing market is the \$8,000 homebuyer tax credit, and it is essential that Congress extend the credit into 2010, the National Association of Realtors (NAR) testified at a hearing of the U.S. House Small Business Committee in October.

It is increasingly likely that Congress will extend and expand the popular home buyer tax credit, which will expire at the end of this month.

NAR Regional Vice President Joseph L. Canfora, also told the panel that a major stumbling block for consumers has been the implementation of appraisal processes spurred by the Home Valuation Code of Conduct (HVCC), which is causing delays in closings, as well as cancelled sales that led to artificially low existing-home sales numbers for August, reported last month. "The credit is working," Canfora said, pointing out that the 355,000 to 400,000 transactions directly attributable to the credit made a significant dent in the housing inventory and will help to stabilize home prices. Further, the credit has provided a huge indirect benefit to local governments, shoring up property tax bases in particularly hard-hit areas.

Further, NAR data has estimated that every home purchase pumps into the recovering economy about \$63,000—the equivalent of one new job added to the employment figures.

But, Canfora said, the threat of more foreclosures coming to the market caused by mortgage rate resets, job losses, and by lender's unburdening themselves of additional properties to take advantage of today's more stabilized prices could disrupt the fragile recovery.

In a "normal" market, optimal housing inventory is about six to seven months, he said. When the tax credit was enacted in February, inventory was 9.1 months. Because of the spurt in homes sales since then due to the tax credit, inventory declined to 8.2 months in August, closer to "normal" than at any time since 2007.

In urging Congress to extend the credit, Canfora said, "The more robust the credit and the greater its duration, the greater the chance that the housing market can perform its traditional role of helping the economy move out of a recession."

"But problems arising from the implementation of the HVCC may reverse the market's positive momentum at a time when the real estate industry is just starting to show signs of a rebound in many markets," Canfora said. According to an NAR survey of its members, approximately 40 percent of Realtors report having lost at least one sale since May 1 because of appraisal problems due to the HVCC rules. Twenty percent say they have lost more than one sale.

The culprit, he said, was that appraisal management companies, which have gained prominence because of the HVCC, have assigned appraisers to areas where they lack geographic competence. That has resulted in unreliable appraisals. It is not uncommon that second and third appraisals have to be done to ascertain fair market value. Appraisal fees have also risen and are being passed on to consumers.

Both Fannie Mae and Freddie Mac have issued guidance on appraisals, but NAR is calling upon the mortgage giants and the Federal Housing Administration to issue a consolidated guidance that should be codified and incorporated into the existing policy to ensure proper information on appraisals is available to the real estate industry.

FHA Commissioner David H. Stevens has asked FHA staff to explore that recommendation with Fannie and Freddie. Last month, Stevens reaffirmed FHA appraisal policy, taking into consideration the unintended consequences that have burdened Fannie and Freddie, and issued two Mortgagee Letters focusing on appraisal changes. The policy reaffirms appraiser independence and geographic competence.

The FHA announcement also included timely steps to protect taxpayers: implementing credit policy changes to enhance risk management; hiring a chief risk officer for the first time in the agency's history; and shifting responsibility for mortgage brokers away from taxpayers to the lenders who use mortgage brokers.

Canfora told the committee that FHA has performed remarkably well through the housing crises, compared to Fannie and Freddie. "That's because FHA has never strayed from the sound underwriting and appropriate appraisals that have traditionally backed up their loans."

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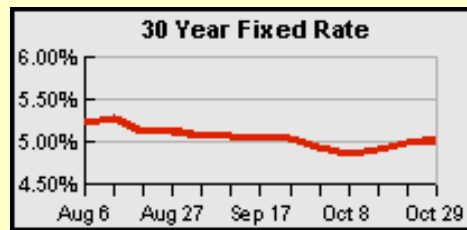
Rates Remain Low

In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage averaged 5.03 percent for the week ending October 29, 2009 - up from the previous week when it averaged 5.00 percent. Last year at this time, the 30-year fixed-rate mortgage averaged 6.46 percent.

"Interest rates for 30-year fixed mortgages have averaged just below 5 percent this year, which is the lowest 10-month average since the survey began in 1971," said Frank Nothaft,

Mortgage Rates

Source: Realty Times



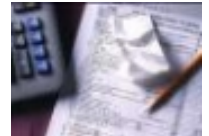
U.S. averages as of October 29, 2009:

30 yr. fixed: 5.03%
15 yr. fixed: 4.46%
1 yr. adj: 4.57%

Freddie Mac vice president and chief economist. As a result, refinance activity has accounted for almost seven out of 10 mortgage applications this year.

Taking Advantage of Tax Incentives

If you're



considering a major purchase like an energy-efficient home improvement or a new car, there are tax incentives available that can help you offset your costs by reducing your federal income tax liability.

- **Home Improvements:**
Tax credits of up to \$1,500 are available to taxpayers who make certain energy-efficient home improvements that are placed in service by December 31, 2010.

The improvements must be made to the taxpayer's principal residence, with tax credits available at 30 percent of the cost - up to a maximum total of \$1,500 - for the following products: windows, doors, insulation, roofs, HVAC, water heaters, and biomass stoves.

- **New Car Tax Deduction:**
Taxpayers who purchase a new car, light truck, motor home or motorcycle after February 16, 2009 and before January 1, 2010 can deduct the state and local sales and excise taxes paid on their purchase from their 2009 federal income tax.

The deduction is limited to taxes paid on vehicles with a purchase price up to \$49,500; if you buy a more expensive vehicle, you can deduct only the taxes paid on the first \$49,500 of the purchase. Unlike a tax "credit", the new car tax deduction reduces your taxable income - rather than your income tax due.

Remember to consult with a tax advisor regarding your eligibility.

Homebuyer's Tax Credit Extension



The Senate now

appears likely to pass a bipartisan compromise extending and expanding a tax credit for homebuyers.

The deal would extend the \$8,000 credit for first-time homebuyers for sales contracts entered into by April 30, 2010, and closed within 60 days. It would also add a \$6,500 credit for some owners of existing homes as long as they have been in their homes for five consecutive years in the past eight.

The income cap would be raised to \$125,000 for individuals and \$225,000 for married couples, up from \$75,000 and \$150,000, respectively.

Check with your REALTOR® as more details about this credit extension become available.

Value of Remodeling Projects Up

The value of



remodeling projects nationwide increased 20% in the 2nd quarter

compared to the same quarters of both 2007 and 2008, according to a Remodel or Move survey of remodeling permits.

Remodel or Move said the increase followed an earlier report that identified 5 percent of homeowners who said they planned to remodel in the time period. Most of the remodeling activity was in the Northeast and the Southwest. The rest of the country hasn't seen much recovery, the survey found. Authors of the report speculate that more people are spending money on remodeling projects because of declining costs and government stimulus payments.

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Vital Information for First-Time Buyers

By Phoebe Chongchua



The first-time homebuyer Federal tax credit for \$8000, record-low interest rates, and nationwide median home prices dropping to the lowest point in five years, makes this an enticing time to consider buying a home. By the way, that tax incentive isn't truly just for first-time buyers -- it's defined as those not having owned a home in the last three years. Research and knowing your options are critical. Check with your tax accountant for more details. It's increasingly likely that Congress will extend and expand the popular home buyer tax credit, which will expire at the end of this month.

According to an article in August in the Raleigh News & Observer, 10.8 percent of buyers are motivated to buy due to Federal and state tax incentives. So far only 1.14 million buyers have filed for the credit but many more are expected to file for it on their 2010 returns. However, the National Association of Realtors reports that the first-time homebuyer figure in July was still about 10 percent below the average for the past six years.

There are many aspects to consider when buying your first home. Your price point, location, lifestyle, expert help, mortgage programs, inspections, how quickly you want/need to move, the list goes on. It can seem like an overwhelming process for first-time buyers. In fact, some shy away and continue to rent simply because they don't know who to turn to or where to begin. Today there are more resources than ever available with just the click of a mouse; however, that can create information overload! But if you take a breath and relax, I'll sort through some important factors for home buying. And even if you're a seller, it's good to review this material because it helps to remind you where first-time buyers' mindsets are when they make an offer on your home.

Give yourself more time than you think you need. Due to the housing crisis and credit crunch, the mortgage process can take even longer than it did previously. Searching for a home is averaging about 12 weeks while getting the mortgage process wrapped up can take up to 60 days, according to information released by National Association of REALTORS 2008 Profile of Buyers and Sellers.

Give yourself plenty of time to understand how much home you can afford, what kind of loan is most suitable for your

needs, and, of course, plenty of time to select the home that fits your lifestyle. First-time homebuyers often don't have a lot of comparison shopping experience. Frequently they're just getting started. What is acceptable for a rental is likely different from what first-time buyers expect and accept when purchasing their first home. However, first-time buyers must understand that shopping for a home is akin to shopping for a mate... there are always some compromises that are necessary. If you don't allow enough time, you'll find that it will lead to headaches, rushed decisions, and, in the end, you may feel pressured to buy something that you have not had enough time to completely consider -- maybe because you have to relocate and start your job.

Never skip an inspection. You simply can't spot everything that could be wrong with the home. While not all sellers do it, some hire an inspector to inspect the home when they list it on the market. However, the burden of the inspection typically falls on the buyer to pay for it. And the information you receive is invaluable. Hiring a certified inspector to give the home a once-over will help you discover problem areas that your agent can then negotiate for repair work or price adjustment. Also, note that the home inspections (yours and the sellers) may differ; examine both, this way you'll learn more about your potential home.

Frank Schulte-Ladbeck, a licensed home inspector says that when you get your home inspection be certain to have everything turned on. In one case, "The water valve to the house was turned to almost off. When you turned it on to regular pressure... the seller had water spurting out of almost all of the faucets because all of the O-rings, the seals, had all dried so much that they were just allowing water to spill right out of them," said Schulte-Ladbeck.

Use experts to help prepare. Having a team of experts who can expedite your search by finding the most suitable properties for you will save you endless hours of looking. Also, the right mortgage expert simplifies the loan process. You'll be guided through the home-buying process instead of becoming overwhelmed by the options, paperwork, and tasks. Using the best specialists can truly make buying your first home a wonderful experience.

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Is Your Home Wired Properly?

By Phoebe Chongchua



We all know that as things age, they often need replacing but sometimes homeowners neglect to take care of their home's electrical wiring and that can set them up for potential danger. Electrical consumption since the middle of the last century has increased in most homes on average about 400 percent.

If you're tripping your main safety circuit box that could be a sign that you're overloading the electrical outlets and an indication that an electrical contractor should examine your wiring. Oftentimes, homes are renovated several times without any electrical wiring updated. Yet, this is a part of the house that can cause huge problems if it isn't kept up-to-date.

Outdated circuit boxes.

When a home hits the 40-year mark the biggest area of electrical concern is the circuit breaker box. Zack Israel, owner of Mike Electric, says that when the circuit box becomes outdated, "it doesn't do what it's supposed to do." He says that as the house ages, the brand of the circuit box becomes obsolete "and today, a new generation of improved boxes is being installed." Israel cautions homeowners about the danger of not replacing an old and outdated circuit box. "If the breaker doesn't trip then the wire might melt and cause a fire," says Israel.

Kitchen wiring upgrades.

An area of an older home that typically needs upgraded wiring is the kitchen. "The kitchen is an area that always needs to be upgraded after 40 years. Several decades ago we didn't have microwaves and all the appliances that we have today," says Israel. He says that what can happen if the kitchen wiring isn't upgraded is that when appliances are used, the circuit breaker trips or, even worse, it doesn't trip at all. "So the kitchen

is an area that you want to upgrade and bring more power to it," he says.

The electrical code requires two circuits of 20-amps, 120 volts for GFCI (Ground Fault Circuit Interrupter) receptacles for the kitchen/eating area. However, more might be necessary depending on the appliances being used.

Heavy-duty appliances need dedicated outlet.

A common problem for homeowners occurs when there isn't proper distribution of the electrical circuits. Israel says homeowners often don't understand this. "Let's say for example that [depending on the weather] a homeowner tries to use a portable air conditioning system or heater and plugs it into just any plug - and boom! there's no power - it trips the circuit. This is common. People don't know that they need a dedicated circuit for that kind of appliance," says Israel.

Wire insulation cracks.

Another big problem for older homes is that electrical wiring insulation cracks. "Especially in the ceiling lights, the heat from the light rises into the box and causes the wiring insulation to crack," says Israel. When homeowners consider tackling the task of rewiring their home they're often overwhelmed by it feeling like it will be too expensive and too much trouble. While it is true rewiring can be a major renovation that, in some cases, even means the homeowner must leave the home for a period of time - due to electricity needing to be turned off or just the inconvenience of living with workers in your home -- the end result of peace of mind from knowing your electrical system is working properly and no longer at risk of causing a fire - (a major concern of home insurers) - is well worth the expense and any temporary hassles.

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Relieving the Stress of Packing

By Margo Rudman Gold



Packing can be stressful time for every member of the family. To ensure that your move goes as smoothly as possible, try the following tips!

Pack a "Red Box"

Since one in five American families moves every year, that means 22 million families may be searching for their TV remote controls!

One of the pitfalls of packing for a move is you can't always anticipate what you'll need when you arrive at your new home, and movers typically list only the obvious such as dishes, glasses, bedding, etc. The miscellaneous items you need in the first few hours invariably wind up on the bottom of a random box.

To start, you may want to create your own "red box" as some moving companies ("Removers") do in Great Britain. This is the last box loaded and the first one off the truck. The one universal item in the red box is the tea kettle (perhaps this would be the coffee maker in the U.S.). This is also the place for miscellaneous but crucial items such as scissors, pens, paper, hammer, nails, hooks, screwdriver and tape measure.

Packing a suitcase for each family member as though you were going on a short vacation is another good idea. Include a few sets of clothing and sleepwear, footgear, outerwear, personal toiletries, medications and eyeglasses. Make sure to bring starter family toiletries like soap, toilet tissues and paper towels as well.

Children's Toys and Play Dates

New York child psychologist Dr. Cindy Linde placed the school directories from both their old and new schools in an important box when she moved with her own young children. That way they could keep in touch with their old friends and classmates, and she could make play dates with her children's new classmates.

Carol O'Leary recently relocated from London to New York with her family. She found she urgently needed her children's

immunization records, and had no idea which box of papers they were in. While her husband's relocation liaison had told her to carry school records, no one had told her the children could not begin school without proof of immunizations. She also found that while she always remembered foreign currency for a vacation, it hadn't occurred to her to carry American dollars to tip the movers and buy pizza.

While your children's most cherished toys go at the top of a box, you may want to bury outgrown toys they just can't give up at the bottom. Hopefully, out of sight will mean out of mind!

Comforts of Home

Framed photos may not seem like the first thing to unpack, but familiar photos scattered around your new home can reinforce a feeling of family. Parents of young children may want to keep some samples of their artwork handy to immediately hang up on the refrigerator.

One mom found that her teenage daughter was horrified to sleep with uncovered windows the first night. If there are no shades or curtains in your new home, an easy trick is to bring spring rods (like those in many showers), over which you hang sheets for temporary privacy.

Perhaps Dr. Carol Pluzinski, a college professor and the mother of two small boys said it best in reference to her own move "we never could have done it without the help of my sister and teen niece who came from Chicago to assist before, during and after the move. I guess that's what parents need to pack first, a loving, fun aunt and cousin to help!"

Entertainment Issues

Hopefully, the whole family can to relax together the first night in your new home, so remember to pack TV cords, remotes, and manuals together in a box that is clearly marked. Computer cords, attachments, etc. should be packed together as well.

Use these tips to help transition after your move and good luck on your new start!

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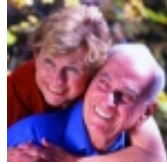
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Making Your Home Age Appropriate Creates Appeal

By Phoebe Chongchua



All of us have something in common with our homes. Sure, style, design, and location are at the top of the list, but how about age? As we age, buyers, especially the baby boomer generation, are looking to transform their homes into a place that they can stay in for as long as possible or they're hoping to find one that's already equipped for them to age-in-place.

So how old your home and you are, are reason to give some thought to if your home needs age-appropriate adaptation in order for you to be most comfortable. And, in doing so, you may actually make your home more valuable to a wider audience of buyers, should you ever sell it.

According to the National Homebuilders Association, making a home suitable for the golden years is economically sound. The baby boomer generation (77 million people) makes up 28 percent of the U.S. population. Assisted living for this generation can cost more than \$60-thousand per year, not counting moving expenses.

That's pretty pricey. So, if you've taken some steps to make your home an age-in-place sanctuary, then make sure you highlight those renovations if you ever list your home on the market. If you haven't made any revisions, perhaps, some minor adaptations can make your home stand out and more comfortable for any age.

"People who are middle-aged and younger are also opting to use products that are safer because they see the benefits. They are choosing to use tiles that have textures that prevent slippage. They're looking for ways to make the home look aesthetically pleasing and assist them with moving comfortably into their later years," says Steve Walton, Senior Design Consultant for Marrokal Design & Remodeling.

The most common renovations involve widening hallways, making bathrooms more expansive, opening up showers, adding railings in bathrooms and around the house so that

wheelchairs and walkers can easily fit. "Hallways are generally three feet which is wide enough to get a wheelchair through, but the door openings in a standard home are about two-foot-six or 30 inches wide. So those need to be widened to a minimum of two-foot-ten or three foot which is a standard width," says Walton.

Larger showers are popular and a good investment. "The universal design of a walk-in shower has mass appeal because of its convenience and easy access for all. "If you have the space, that's best; if not, then the shower has to be remodeled so that the doors are frameless. That way, there's no frame or track that sticks up and prevents the wheelchair from rolling over it," says Walton.

Textured, no-slip tiles are becoming more popular, regardless of age. Filling in sunken living rooms so that there's no change from one room to the next is also commonly requested by contractors.

Often adapting a home for an aging-in-place family is a tiered process. Homeowners start with a few things and then gradually have work done over the years. Inside the home, safety is what prompts many to take action, things like adding lighting at the bottom of the stairwell can certainly help the elderly but it's also added value for any homeowner no matter the age.

Outside the home there can also be mass appeal by removing steps and adding a gradual slope; it allows easy access for wheelchairs and baby carriages. Here's another good tip that often more modern homes already have -- levers instead of doorknobs. They are easier to open whether someone is elderly or has an injury such as a broken arm.

Yet another benefit for homeowners is that some aging-in-place remodels are considered medically necessary tax deductions. Check with your tax accountant to learn more.

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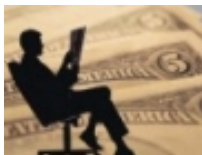
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Real Estate Investment Buying Tips

By Kenneth R. Harney



Foreclosures and bank REOs are pulling a new wave of novice investors into the market, some of whom "are just plain clueless, to put it bluntly," says Robert Cain, a long-time rental market and real estate management specialist based near Tucson, Arizona.

"They see the price and they say, wow! I can buy that house and turn it into a rental," says Cain, who lectures around the country and online about investing intelligently.

"But they don't understand the local market, they don't understand landlording, and don't even necessarily visit the property," Cain said in an interview last month with Realty Times.

For example, a property manager in Tennessee called Cain for advice recently. The manager had a simple question: "Should I fire my client?" who lives in California and purchased rental real estate 3,000 miles away in Tennessee -- sight unseen because the low price made it sound like a steal.

But the property had a long list of defects requiring costly repairs, and it was slow to rent - causing the absentee owner-investor to blame the property manager for the cash drain.

"We see it constantly," said Cain. "New investors think it's easy. They buy on emotion, on low pricing, rather than buying with a disciplined plan.

What are some of the key rules for freshman class

investors? Here are a few of Cain's that have served him well since the early 1980s:

Number one: Due diligence is never optional. You've got to understand the local market - and that includes not just where prices are headed, but specific market demand for rental real estate in this price segment, and even the local government's plans for the area where you're thinking of buying.

Number two: Buy with a written plan - that's right, just like the large professional investors use, with an entry strategy and an exit strategy. How long are you going to hold onto the property, how much will it earn you during your period of holding?

And what's the endgame - a sale to another investor? Conversion to condos? Tear it down and build something that's closer to the underlying real estate's highest and best use?

"Write it all down," says Cain. That way you can analyze it better.

Number three: Calculate the actual costs of the property in advance - not just the bargain basement price, but how much you'll need to fix it and feed it - the management costs, rental commissions, vacancy costs, taxes, to name just a few.

"If you don't know these things up front," says Cain, "you are flying blind. And there are no good surprises in real estate."

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Remodelers Help Homeowners Lower Heating Costs with Weatherization Programs

By Peter L. Mosca



Winter is right around the corner and in honor of Energy Awareness Month, the National Association of the Remodeling Industry (NARI) recommends making energy-efficient upgrades as a way to prepare for the season, and many remodelers are offering weatherization programs to help them reduce energy costs. Mark of Excellence Remodeling is one such remodeling company that recently introduced a weatherization program.

"The programs are funded by both state and federal governments, and the purpose is to raise consumer awareness of the types of upgrades that are needed to make homes more energy efficient," said Neil Parsons, vice president of sales and marketing for Mark of Excellence Remodeling, West Long Branch (NJ).

Weatherization is a term to describe various improvements made to buildings and homes to optimize energy efficiency. According to the U.S. Department of Energy (DOE), on average, weatherization reduces heating bills by 32 percent and overall energy bills by about \$350 per year at current prices. Through an evaluation known as an energy audit, homeowners are given a detailed report identifying problem areas in the home.

Typical energy improvements include air sealing, insulation, ventilation systems or installation of green appliances approved by Energy Star. "As consumers become aware that our energy resources are depleting and costs are rising with each year, energy efficiency is becoming a relevant topic in home improvement projects," said William E. Carter, president of NARI.

Even though each state provides slightly different programs with a variation of incentives, all of them provide the same

benefits to homeowners. "Homeowners notice their return on investment instantly after making energy upgrades in their utility bills. The other benefits are the rebates, the increase in home value from making the improvements, increased performance and durability and helping out the planet by conserving energy for future generations," added Parsons.

It's important to make upgrades now because soon most of the country will be entering the time of year when most of a home's energy consumption occurs. The DOE estimates that 56 percent of the energy use in a typical U.S. home comes from heating and cooling, making it the largest energy expense for most homes.

"Most believe that remodelers are busiest during the summer, but in actuality, the busiest time is during the fall when temperatures drop and homeowners start to feel drafts in their homes and are worried about heating costs," explained Parson. Another time factor is the program deadlines.

Many state programs last until the end of the year, and energy-efficient improvements must be made within the specified time period to be eligible for rebates. To learn more about your state weatherization programs, visit dsireusa.org. However, Parsons doesn't think any of the weatherization programs will be going away for good. "Most likely, programs will be extended or modified after deadlines as the government continues to put a high premium on increasing energy efficiency," he said, adding that if homeowners are considering an energy upgrade, there is no better time than now. "Homeowners who are considering this should seek out a certified contractor that you can trust to give you sound advice about making your home more efficient."

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Extending Homebuyer Tax Credit Best Tool for Sustaining Housing Recovery

By Realty Times Staff



The best available tool for sustaining the still-fragile housing market is the \$8,000 homebuyer tax credit, and it is essential that Congress extend the credit into 2010, the National Association of Realtors (NAR) testified at a hearing of the U.S. House Small Business Committee in October.

It is increasingly likely that Congress will extend and expand the popular home buyer tax credit, which will expire at the end of this month.

NAR Regional Vice President Joseph L. Canfora, also told the panel that a major stumbling block for consumers has been the implementation of appraisal processes spurred by the Home Valuation Code of Conduct (HVCC), which is causing delays in closings, as well as cancelled sales that led to artificially low existing-home sales numbers for August, reported last month. "The credit is working," Canfora said, pointing out that the 355,000 to 400,000 transactions directly attributable to the credit made a significant dent in the housing inventory and will help to stabilize home prices. Further, the credit has provided a huge indirect benefit to local governments, shoring up property tax bases in particularly hard-hit areas.

Further, NAR data has estimated that every home purchase pumps into the recovering economy about \$63,000 the equivalent of one new job added to the employment figures.

But, Canfora said, the threat of more foreclosures coming to the market caused by mortgage rate resets, job losses, and by lender's unburdening themselves of additional properties to take advantage of today's more stabilized prices could disrupt the fragile recovery.

In a "normal" market, optimal housing inventory is about six to seven months, he said. When the tax credit was enacted in February, inventory was 9.1 months. Because of the spurt in homes sales since then due to the tax credit, inventory declined to 8.2 months in August, closer to "normal" than at any time since 2007.

In urging Congress to extend the credit, Canfora said, "The more robust the credit and the greater its duration, the greater the chance that the housing market can perform its traditional role of helping the economy move out of a recession."

"But problems arising from the implementation of the HVCC may reverse the market's positive momentum at a time when the real estate industry is just starting to show signs of a rebound in many markets," Canfora said. According to an NAR survey of its members, approximately 40 percent of Realtors report having lost at least one sale since May 1 because of appraisal problems due to the HVCC rules. Twenty percent say they have lost more than one sale.

The culprit, he said, was that appraisal management companies, which have gained prominence because of the HVCC, have assigned appraisers to areas where they lack geographic competence. That has resulted in unreliable appraisals. It is not uncommon that second and third appraisals have to be done to ascertain fair market value. Appraisal fees have also risen and are being passed on to consumers.

Both Fannie Mae and Freddie Mac have issued guidance on appraisals, but NAR is calling upon the mortgage giants and the Federal Housing Administration to issue a consolidated guidance that should be codified and incorporated into the existing policy to ensure proper information on appraisals is available to the real estate industry.

FHA Commissioner David H. Stevens has asked FHA staff to explore that recommendation with Fannie and Freddie. Last month, Stevens reaffirmed FHA appraisal policy, taking into consideration the unintended consequences that have burdened Fannie and Freddie, and issued two Mortgagee Letters focusing on appraisal changes. The policy reaffirms appraiser independence and geographic competence.

The FHA announcement also included timely steps to protect taxpayers: implementing credit policy changes to enhance risk management; hiring a chief risk officer for the first time in the agency's history; and shifting responsibility for mortgage brokers away from taxpayers to the lenders who use mortgage brokers.

Canfora told the committee that FHA has performed remarkably well through the housing crises, compared to Fannie and Freddie. "That's because FHA has never strayed from the sound underwriting and appropriate appraisals that have traditionally backed up their loans."

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