Your REALTOR®

Anne Arnold

October 2007

Real Estate Update

Solid Gold!

Note: Simply click on the title of a story below to go directly to that page.

Pages with full header

Pages with footer only

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

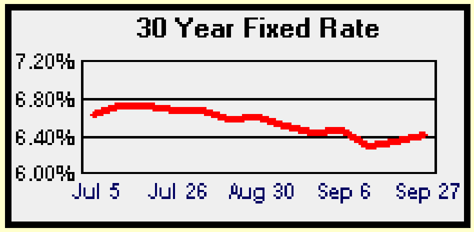
Rates Tick Up

In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 6.42 percent for the week ending September 27, 2007, up from the previous week when it averaged 6.34 percent.

"Consistent with the direction of 10-year Treasury securities, average rates on 30-year fixed-rate mortgages drifted up in the past week to levels close to those at the beginning of the month," said Frank Nothaft, Freddie Mac vice president and chief economist.

Mortgage Rates

Source: Realty Times



U.S. averages as of September 27, 2007:

30 yr. fixed: 6.42%
15 yr. fixed: 6.09%
1 yr. adj: 5.60%

Also tracking short-term Treasury notes, average rates on 1-year adjustable-rate mortgages (ARMs) dropped by 5-hundredth of a percent.

Cities with Traffic That Will Drive You Crazy

The nation's drivers wasted a total of 4.2 billion hours sitting in traffic jams in 2005, according to the Texas Traffic Institute's urban mobility report released last month. That's 38 hours per year per driver -- practically an entire work week.

Here's a list of cities where the institute found the worst traffic jams, along with the number of hours in a year drivers spent stuck behind the wheel:

Large Cities

- San Francisco-Oakland, 60 hours
- Washington, DC-VA-MD, 60
- Dallas-Fort Worth-Arlington, 58
- Houston, Tx., 56
- Detroit, Mi., 54
- Miami, Fl., 50
- Phoenix, Az., 48
- Chicago, Il., 46
- New York-Newark, NY-NJ-CT, 46
- Boston, Ma., 46
- Seattle, Wa., 45
- Philadelphia, NJ-DE-MD., 38

Medium Cities

- San Diego, Ca., 57 hours
- San Jose, Ca., 54
- Orlando, Fl., 54
- Denver-Aurora, Co., 50
- Tampa-St. Petersburg, Fl., 45
- Baltimore, Md., 44
- Minneapolis, St. Paul, Mn., 43
- Indianapolis, In., 43
- Sacramento, Ca., 41
- Las Vegas, Nv., 39
- San Antonio, Tx., 39
- Portland, Or., 38
- Columbus, Oh., 33

Banks Woo Borrowers Who Have Good Credit

Banks have plenty of money available for borrowers with great credit and a desire for a conventional fixed rate mortgage, says James Chessen, chief economist for the American Bankers Association.

To attract these customers, lenders are offering fee waivers, competitive interest rates, and a willingness to negotiate. Banks like conventional borrowers because they tend to be the kind of customers that will take advantage of other products from the lender, including savings accounts, credit cards, and checking accounts.

Deals like this make it important for borrowers with good credit to shop around and compare different incentives, experts advise.

Fix It Made Easy

A broken appliance can be stressful, but finding the right part to fix it doesn't have to be, thanks to APWagner.com.

Based in Depaw, N.Y., APWagner.com is a leader in the distribution of appliance parts and accessories. The 80-year-old firm services appliance dealers, service technicians and do-it-yourselfers. The site has started a live, online chat section so users can find what they are looking for on the first visit.

The company has an inventory of more than four million pieces, and online parts professionals are available from 8 a.m. to midnight, seven days a week. The website also offers detailed descriptions and photographs of many products, image schematics, and repair tips for all types of major appliances.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

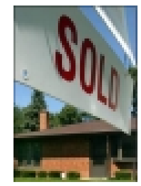
Anne Arnold

October 2007

Real Estate Update

Solid Gold!

Pricing as Much Art as Science



By M. Anthony Carr

Pricing property can be more art than science in some of today's markets. New home builders probably have the easiest time of it -- at least without shocking the buyers -- because everything is new. There are no bare areas in the carpet, fingerprints on the appliances, nicotine stained ceiling tiles in the rec room -- and definitely no cat and dog odors that are promised to be dealt with by installing new carpet after the buyer moves in.

With resale homes, the first weapon to use in the battle to sell the home is to price it correctly. The challenge for sellers is that they want as much as the last sale, however, in today's market that's not as guaranteed as it was a year ago. The seller can still walk away with hundreds of thousands of dollars in gain, but maybe not the absolute highest amount of gain ever in the community.

Thus, pricing is the key. There are only a few ways to price a home for sale and sellers who don't want to wait around on the sale of their home need to adapt to the accepted modes of pricing and get over the fact that their house may not be worth as much as it was 12 months ago.

The first model is probably the most popular -- the comparable. By pulling up only the sales of your particular model, your Realtor can determine a trend price for your home. The challenge in a slowing market is that your particular model may only have three sales in the last year. Such a low number of houses selling does not really create a trend line, especially if the last sale was 6 months previous. Thus, you turn to the second pricing model.

Your home is then dissected to create comparables across a few neighborhoods or even a whole zip code that match your local community. Several aspects of your home will be plugged into the comparable model: style of home (split level, colonial, etc.); number of levels; number of bedrooms and baths; extra rooms; year built; square footage; and more. Then the averages on these parameters are tabulated and you'll have a target price. Keep in mind to remove the highs and lows.

Finally, another way to price your home is to come up with a tax assessment model. This one takes a little bit more homework and data mining. It's tedious, but it can present an accurate picture of home values in your community. The first step is to pull up all the sales in the community in the last 6 to 12 months. Tabulate the sales price total (let's say it comes up to $10 million) and then tabulate the tax assessment total (our model will use $8 million). Divide the tax assessment into the sales price and you come up with a tax assessment-sales price ratio. In this case, the community ratio is 1.25. Multiply your tax assessment by the ratio figure, and it will determine your target asking price.

For example, if your tax assessment is $250,000, multiply it by 1.25 and you'll arrive at $312,500 as a target asking price. Again, be careful to pull out the anomalies that represent overbuilt properties. The largest, biggest house in the community could affect your price, as well as the pre-foreclosure sale. You're looking for average prices with average situations for average results.

The biggest challenge in pricing the home is a seller's greed level. Sorry to be so blunt, but sellers always want more than the last sale, regardless of the market condition. My blunt advice is to "get over it." Waiting around for the "right" buyer is just plain foolishness in the world of real estate. If you're putting your home on the market, don't wait around and waste your time, the buyers' time and the agents' time with an unrealistic asking price.

If your Realtor provides feedback from colleagues that your house is overpriced, move on it. Move from denial into acceptance and price the house right. Remember, the goal here is not to price the property as high as possible, but to sell the house.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

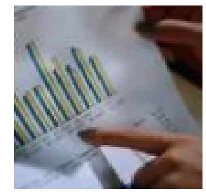
Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

Surprising Demographic Changes That Will Impact Housing In the Future



By Blanche Evans

The latest 1,200-table 2006 American Community Survey from the U.S. Census Bureau indicates key changes in social, economic, and housing characteristics for the nation.

As part of the Census Bureau s re-engineered 2010 Census, the data collected by the ACS helps federal officials determine where to distribute more than $300 billion to state and local governments each year.

Among the findings, which are designed to refresh the often out-of-date 10-year census data, are the following hot topics that will impact housing in the future:

Older Workers: Wages have not kept up with inflation, which is one of the reasons why nearly one in four people between the ages of 65 and 74 (23.2%) are still in the labor force (either working or looking for work) in 2006. That's an increase from 19.6% in 2000. States with some of the lowest rates of older workers in the labor force include West Virginia (15.7%), Michigan (18.8%) and Arizona (19.4%). Michigan and Arizona were not statistically different.

Some of the highest rates were found in South Dakota, Nebraska and Washington, D.C., all with about one-third of people in this age group in the labor force. Among the 20 largest metro areas, Washington, D.C., had the highest%age of people in the labor force in this age group (31.8%). Others with high percentages include Boston (28.1%), Dallas-Fort Worth (27.9%), Minneapolis-St. Paul (27.4%) and Houston (26.5%), none of which were statistically different from the other.

Homeownership: Only recently has homeownership receded slightly, but it has increased overall since 2000, with more than two-thirds of all occupied homes (67.3%) currently owned by the occupant, compared to 66.2% in 2000. In 2006, the highest rates of homeownership were found in Minnesota (76.3), and some of the lowest were found in New York (55.6%) and Washington, D.C. (45.8%). Among the 20 largest metro areas, Minneapolis-St. Paul shared the top spot with Detroit (75.2 and 74.6%, respectively), with St. Louis ranking third (73.1%).

California and Hawaii were the two states with the highest median value of owner-occupied homes (more than $500,000). California cities Newport Beach and Santa Barbara had median home values of about $1 million.

Non-English Speakers: In 2006, about 8 million more people spoke a foreign language at home than in 2000. Nationally, one in five (19.7%) over age 5 spoke a language other than English at home, compared to 17.9% in 2000. Among the states, California (42.5%) had the highest percentage in this category, followed by New Mexico (36.5%) and Texas (33.8%). About one in 10 California households were linguistically isolated, which means everyone 14 or older in those households had at least some difficulty speaking English.

Among the 20 largest metro areas, more than half of all people over 5 in Los Angeles (53.4%) spoke a language other than English at home. Miami ranked second in this category (48.6%), followed by San Francisco-Oakland and Riverside, Calif., where about four in 10 spoke a language other than English at home (not statistically different at 39.5% and 39%, respectively).

Married with Children: The percentage of households that were married-couple families with children under 18 decreased from 23.5% in 2000 to 21.6% in 2006.

All states, except Connecticut, saw a percentage point decrease in households in this category since 2000. In 2006, Utah had the greatest percentage of married-couple households with children under 18, at 32.3%. Other states with high rates included Idaho (25.5%), California (24.8%), Texas (24.7%), New Jersey (24.6%) and Alaska (24.3%), none of which were statistically different from each other. Florida (18.2%) and Washington, D.C. (7.3%) had some of the lowest. Among the 20 largest metro areas, Riverside, Calif., had the highest percentage in this category (29.6%), followed by Dallas-Fort Worth (26.6%) and Houston (26.1%), which were not statistically different from each other.

The ACS estimates released are for the total population and, for the first time, include populations residing in group quarters.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

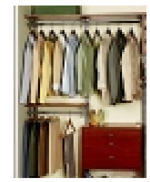
Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

Could Your Closets Be Turning Off Buyers?



By Phoebe Chongchua

Especially as the market slows in many areas, homeowners are looking to fine-tune the look of their homes before they put their house on the market. But all too often an area that gets forgotten is the closet.

Everyone seems to have more stuff than ever before and a lot of that stuff gets crammed into the closets. Then when you list the home on the market, and Mr. and Mrs. Buyer come to have a look, they reach for a closet door and are greeted with an overstuffed, unorganized mess. The prospective buyers don't see your valuables as prized possessions; instead what they see is too much stuff and too little space. Often buyers can't picture their belongings in a home that's filled with clutter. That's why a lot of agents will recommend organizing, not just the space you see immediately upon entering the home, but also the closets.

"I think that instead of being kind of a luxury, now it's something that everybody thinks they need," says Paula Gallegos, co-owner of Conejo Closet Designs in Thousand Oaks, California.

Gallegos says an organized, well-planned closet can be a huge attraction. "Who wants just a regular shelf and pole when you have all these capabilities of the hangers and the drawers and the belt racks, shoe shelves -- everybody needs storage," she says.

The requests for closet organizers are growing in an interesting way. Closets are turning into spaces where people don't just store their clothes. They're also considered an important upgrade for many buyers. Just as a large renovated kitchen and bathroom area are typically more appealing to buyers, so too are organized closets.

"They're getting bigger. They want more bells and whistles. They want more accessory items. There is one home we're bidding on the project right now that has an upstairs bedroom and they're putting a refrigerator in the closet," says Gallegos.

At the top of every homeowner's list is how to maximize space. "Sometimes that might be extending your organizers higher than what you have, maximizing the overhead space and sometimes it's a matter of using the extra space you have below with baskets and shoe shelves and things like that," says Gallegos.

One of the newest trends for closets is being borrowed from the dry cleaning industry. It's a rotary closet device called Rotabob and it literally brings the clothes that are stuck in hard-to-reach places right to you.

"For instance, you probably see a lot of closets that are not too deep -- you know a reach-in closet and they've got a real long return where you look down the side of it and it's two or three feet of really hard-to-get-at space. So, with the Rotabob you can install one of those and just basically bring your clothes to you instead of having to reach in for them," explains Gallegos.

They carry a price tag of about $900 to $1,200 for a unit with installation but after it's put in there's nothing else to do. "They are stainless steel units with ball bearings so there's no maintenance and no electricity and they work for just about any closet," says Gallegos.

These units are becoming popular not just for closets but also laundry rooms, storage spaces, and garages. "Someone actually put it in a utility closet and loaded it up with baskets and hung their mops and rags on the handles and put their cleaning supplies in the basket," says Gallegos.

Being organized on the outside of your home creates curb appeal that gets prospective buyers in the door. Then keeping them there long enough to decide they can't live without your home requires careful, well-thought-out organization inside your home including those areas that you don't notice right away but your prospective buyers most certainly will.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

Back To Basic Home Buying Skills

By Broderick Perkins

Lenders tightening their purse strings are sending a signal to potential home buyers to do the same. There's really little choice. Just as lenders make certain mortgage applicants are gainfully employed, are sure they can actually afford to pay the mortgage during it's full term, and carefully document that buyers have the cash to cover additional costs that come with home ownership, potential home buyers need to get their financial house in order as well.

If people were more responsible for their own financial behavior, that would have taken the power away from the people who put them in risky loans. The reason for all the creative financing was because people didn't want to do the work. This involves hard financial work and sacrifices many households have long avoided. As a carrot, keep in mind, the benefits of owning your own home, likely to be your most valuable asset, far outweigh any passing pain you may endure to achieve that goal.

Here's how to prepare for what's become a more difficult home buying ordeal.

Set A Tight Budget. You need to know all sources of every penny and you need to know where every penny goes. You can't know where you can cut costs until you know in detail what those costs are.

Offering a budget template, the Better Business Bureau says, "A budget will provide you with a roadmap to financial security. If you drive carefully, perform the right repairs and maintenance along the way, and steadily steer toward your long-term goal, you'll wind up where you want to be."

Save. Pinch Pennies. Save Some More. Saving is a prerequisite to homeownership. If your budget reveals you are spending money on eating out when you can eat healthier for less at home; if it shows you gulp way too many cups of Joe at the local cafe when you can invest in a commuter mug and brew your own at home; if it shows movie rentals by mail cost less than screening every major motion picture live, you've already found hundreds of dollars to save.

Stop traveling, stop partying and stop unhealthy habits that could leave you too weak to take on that second job. Bulk up your habit of spending only for what you need, not what you want. If you don't have a savings account worth three to six months of your net income, you are already a financial disaster waiting to happen should there be an emergency.

In addition to money for the down payment, lenders today will expect you to have some cash left over for insurance, taxes, maintenance and other costs that come with homeownership.

Certainly, it could take years to build the kind of down payment pot that will get you the lowest possible rate in an expensive housing market, but think about the time it will take you to recover from a loan you can't afford should that loan lead to foreclosure and a financial meltdown. You really can't afford not to save. You really can't afford not to find more ways to save.

Read Your Credit Report. Don't just get it. Read it. AnnualCreditReport.com is the only federally-approved website you should visit if you want a truly free credit report. Other websites will give you your report for "free" but typically only after you sign up for other cost-based services. You are trying to save money, not come up with more things to buy.

Your credit report is a report card on your credit use, the good, the bad, the ugly and, too often, the incorrect. Which is why you want to see it, If there are errors follow the instructions to correct them. Also visit MyFico.com to learn how to improve your report and your credit score -- a numerical rendition of your creditworthiness.

Get Some Help With Direction. Can't figure out what your credit report is trying to say? Not sure how to calculate what you'll need to save? Don't know how to set up a budget? It's okay to ask for help. It's smart to ask for help. You don't know everything about buying a home. If you are a first-timer you likely know very little.

Learn how to find answers. Whether it's your REALTOR, financial planner, financial counselor, or mortgage broker, they are all here to help you. Get help in setting goals, sifting through mortgage programs, understanding the title and escrow process, finding a home and keeping a home -- all well before you are actually in the market for a home.

Learn about market and economic conditions that could impact your decision. Learn about home prices, mortgage rates, home buying costs and other issues surrounding what's likely to be your most complicated purchase ever.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

Nailing Down Housing Costs

By Broderick Perkins

The federal agency charged with maintaining stability and public confidence in the nation's financial system can help you feel stable and confident about your home loan -- at the lowest possible cost.

"FDIC Consumer News Special Edition: 51 Ways to Save Hundreds on Loans and Credit Cards" suggests consumers consider mortgages, credit cards and other loans as not just financial services, but tangible products requiring before-you-buy scrutiny and careful use after you sign on the dotted line.

The FDIC's timely treatise offers advice on financial services from auto loans and credit cards to fraud and small business loans, and there's a heavy dose of advice on mortgages. The information comes in the midst of a mortgage market meltdown that makes home loans tougher to land and more expensive own. Here's how to cut costs in a number of areas.

- Look for a mortgage like you shop for a car. Haggle. It's tougher to haggle today, but you can negotiate the rates and terms of a loan, especially if you comparison shop.

- Go with a fixed rate even if the adjustable rate mortgage (ARM) carries a lower initial interest rate. A fixed-rate loan gives you a monthly interest-and-principal mortgage payment that won't change. That's piece of mind when other costs, including taxes, insurance and maintenance can change. Many borrowers are discovering today what Mortgage-X.com reveals on its charts of indexes used to set interest rates -- that indexes can double, even triple quickly.

"Most of the time people don't read documents and don't get the idea that these indexes could really go up. How could you anticipate they would double so quickly?" said Warren Winsness, president of the Santa Clara County Association of Realtors in San Jose, CA.

- Likewise avoid "no-doc," or "NINJA" (no income, no job or assets) mortgages that require little or no documentation of your income or assets. The extra risk the bank takes is passed onto you in the form of higher costs. "If you have income that's easy to document, such as regular statements from your employer or a monthly Social Security payment, it's probably not worth paying extra over the long term of the loan just to save a few days during the application period," said Mira Marshall, an FDIC senior policy analyst.

- Consider a loan with a shorter term, 15 instead of 30 years, 30 years instead of 40 years, provided you can afford the higher payment. Over the term of the loan you'll pay less interest. Also consider paying off your existing mortgage sooner with extra payments earmarked for the principal each month.

- Get subsidized. Look for federal government (U.S. Department of Housing and Urban Development); state government (National Council of State Housing Agencies); and local public and private (The National Association of Local Housing Finance Agencies) incentives for first-time home buyers, low- or moderate-income households and community workers (like teachers and police officers). If you are eligible, you can save on interest rates, closing costs, down payments and other terms and get some extra tax benefits, say with a Mortgage Credit Certificate.

- Don't drain your equity. Equity loans -- pulled from the difference between your loan balance and the property's value -- are, by nature, equity draining loans. They can be cheaper than credit cards, signature loans and other credit but should only be used for emergencies and capital improvements -- those purchases that provide a return, including home improvements, business start ups, education, etc.

- Know when refinancing a mortgage makes sense. Refinancing could be a good idea if you can get a rate that is at least one percentage point lower than your existing mortgage rate and you plan to keep the mortgage for several years. Refinancing from an ARM to a fixed-rate with a higher interest rate could also be wise if the rate on your current ARM will soon adjust up to a level higher than the rate on the refinanced fixed-rate mortgage. Again. Do the math.

- Avoid fraud and come-ons. If it appears too good to be true it probably is or it soon will be. Steer clear of low teaser rates that could last only a few months and then balloon to an unaffordable level. Avoid replying to emailed and direct mail mortgage offers. Use them as comparison tools to do your own shopping. If you aren't certain about any offer, get help. Ask for referrals to help from family, friends, co-workers, professionals you've worked with and others you trust.

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

It's A Good Time For A Home Inspection

By Broderick Perkins

It's a good time for a home inspection.

In today's markets, a home inspection can give buyers a negotiating edge.

Sellers, on the other hand, get an anti-haggling tool. Actually, it's always a good time for a home inspection. Even in a seller's market, you ought to know what "as-is" really is.

"It's always a good time no matter what the market is like. Today, a lot of sellers are getting a home inspection because a lot of contracts are contingent on a home inspection. The price is negotiated based on known conditions. But it is a buyer's market and they are likely to negotiate the findings" of a home inspection, said Mike Kuhn, co-author of "The Pocket Idiot's Guide to Home Inspections."

Kuhn, a Housemaster franchisee, says for $350 to $500 a professional home inspector should review the major, visible and accessible components of the home and provide a detailed written report rating each element. The objective report should include detailed information in a way that allows the customer to make informed decisions about the findings.

The inspection can also be a learning opportunity for a buyer or seller who attends the event. The inspection will let them get to know the home, see the inspector demonstrate systems and to learn maintenance tips.

It can also help buyers see through the veil of misleading staging and other cover-ups as well as help buyers uncover building permit and code violations.

Sellers can likewise use the inspection to determine what they need to do to put the home in the best competitive shape for the market, or price it fairly to sell as-is.

While a home inspection, purchased by the buyer or seller or both, is more common than it's ever been, 25 percent of home buyers, or more (depending upon the source) do not buy a home inspection, says Kuhn.

"An even smaller percentage of home sellers acquire a pre-listing inspection to help them better present their home in a competitive way," he said.

Even new homes need a once over.

"There's a misconception that because it's a new home there's nothing wrong with it, but that's not necessarily the case. It could be something as simple as hot and cold water lines being reversed. It could be appliances not connected. You should have this addressed before you take possession," Kuhn said.

The three most common construction problems discovered in single-family homes were in the building envelope (41 percent); framing and structural elements (34 percent); and in the plumbing and electrical systems (8 percent).

As homes age, given the life expectancy of certain systems, the home inspection remains prudent.

Within 10 years, foundation settling could create drainage problems; by the age of 20, appliances are well outdated and the roof and wood components exposed the weather or moisture could need replacing; at 40 years the HVAC system will likely need replacement; and older historic or architecturally significant homes can develop structural problems and need restoration.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

FHA Home Loan Program Poised to Take Off

By Kenneth R. Harney

FHA-insured home mortgages -- marginalized or squeezed out of the market during the subprime loan boom years -- are poised to roar back. And if Congress passes a compromise version of FHA reform legislation, maximum loan limits for FHA could rise immediately to $417,000 -- or even a lot higher.

Last month the House overwhelmingly approved a reform bill that would cut minimum downpayments to zero, and increase loan limits in high cost areas of California well beyond $500,000. Under the House-passed bill, FHA could insure mortgages as high as 125 percent of the median home price in a market area, or 175 percent of the conforming loan limit for Fannie Mae and Freddie Mac -- currently $417,000. In addition, the HUD Secretary could raise limits by another $100,000 if local conditions required such a move.

In effect, southern California, where FHA loan applications have been almost nonexistent in recent years, could conceivably see a new wave of jumbo FHA mortgages in the $700,000 range and beyond.

Meanwhile, the Senate Banking committee last Wednesday reported out its version of an FHA reform bill, but with much tighter loan limits - $417,000 maximum - and a 1.5 percent minimum cash downpayment, down from the current 3 percent minimum. The full Senate is expected to approve the Banking committee's bill soon, sending the FHA issue to a House-Senate conference committee to work out the differences.

What's likely to emerge in the final bill sent to the president in the coming weeks? At the very minimum, Congress is now almost certain to make FHA competitive again in high-cost markets. A $417,000 limit for California would still be well below the state's median home price in the mid-$500,000s. But it would provide potentially tens of thousands of home buyers an attractive, consumer-friendly alternative to what they've got now.

The huge gap between the House and Senate loan ceilings will need to be bridged in the upcoming conference. There may also be pressure to raise Fannie's and Freddie's limits during Senate floor debate or through a separate bill -- opening the door to at least a temporary "jumbo" program for FHA, Fannie and Freddie.

There are some potential minefields facing conferees however: The House version of the bill contains a proposal from Financial Services committee chairman Barney Frank (D-Mass.) to tap into FHA premium revenues to help finance a new National Housing Trust Fund for affordable housing activities. Separate legislation from chairman Frank would also tap into revenues of Fannie and Freddie. The Bush administration opposes siphoning off FHA resources for the Fund, and the Senate did not include the concept in its bill.

Another sticky issue: The Senate bill prohibits "downpayment assistance" for FHA loans involving "anyone party to the transaction." That would presumably cut off dozens of nonprofit groups around the country that now provide such assistance. The House bill imposes some restrictions on downpayment assistance providers, but does not ban them.

The House bill authorizes FHA loan terms up to 40 years, but the Senate bill is silent on that issue. The Senate bill allows FHA to use "risk based pricing" on all loans where borrowers make less than a 3 percent downpayment -- a provision favored by the Bush Administration. The Senate bill has no language on the subject, but some Republicans are strongly opposed to allowing FHA to directly compete with private mortgage insurance firms for borrowers who present varying levels of default risk.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Your REALTOR®

Anne Arnold

October 2007

REAL ESTATE Update

Solid Gold!

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

October Real Estate Update

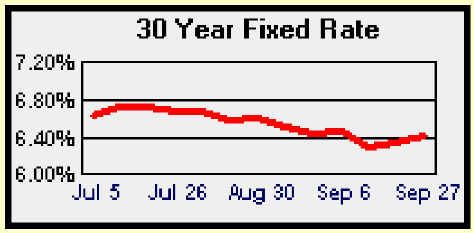
Rates Tick Up

In Freddie Mac's results of its Primary Mortgage Market Survey the 30-year fixed-rate mortgage (FRM) averaged 6.42 percent for the week ending September 27, 2007, up from the previous week when it averaged 6.34 percent.

"Consistent with the direction of 10-year Treasury securities, average rates on 30-year fixed-rate mortgages drifted up in the past week to levels close to those at the beginning of the month," said Frank Nothaft, Freddie Mac vice president and chief economist.

Mortgage Rates

Source: Realty Times



U.S. averages as of September 27, 2007:

30 yr. fixed: 6.42%
15 yr. fixed: 6.09%
1 yr. adj: 5.60%

Also tracking short-term Treasury notes, average rates on 1-year adjustable-rate mortgages (ARMs) dropped by 5-hundredth of a percent.

Cities with Traffic That Will Drive You Crazy

The nation's drivers wasted a total of 4.2 billion hours sitting in traffic jams in 2005, according to the Texas Traffic Institute's urban mobility report released last month. That's 38 hours per year per driver -- practically an entire work week.

Here's a list of cities where the institute found the worst traffic jams, along with the number of hours in a year drivers spent stuck behind the wheel:

Large Cities

- San Francisco-Oakland, 60 hours
- Washington, DC-VA-MD, 60
- Dallas-Fort Worth-Arlington, 58
- Houston, Tx., 56
- Detroit, Mi., 54
- Miami, Fl., 50
- Phoenix, Az., 48
- Chicago, Il., 46
- New York-Newark, NY-NJ-CT, 46
- Boston, Ma., 46
- Seattle, Wa., 45
- Philadelphia, NJ-DE-MD., 38

Medium Cities

- San Diego, Ca., 57 hours
- San Jose, Ca., 54
- Orlando, Fl., 54
- Denver-Aurora, Co., 50
- Tampa-St. Petersburg, Fl., 45
- Baltimore, Md., 44
- Minneapolis, St. Paul, Mn., 43
- Indianapolis, In., 43
- Sacramento, Ca., 41
- Las Vegas, Nv., 39
- San Antonio, Tx., 39
- Portland, Or., 38
- Columbus, Oh., 33

Banks Woo Borrowers Who Have Good Credit

Banks have plenty of money available for borrowers with great credit and a desire for a conventional fixed rate mortgage, says James Chessen, chief economist for the American Bankers Association.

To attract these customers, lenders are offering fee waivers, competitive interest rates, and a willingness to negotiate. Banks like conventional borrowers because they tend to be the kind of customers that will take advantage of other products from the lender, including savings accounts, credit cards, and checking accounts.

Deals like this make it important for borrowers with good credit to shop around and compare different incentives, experts advise.

Fix It Made Easy

A broken appliance can be stressful, but finding the right part to fix it doesn't have to be, thanks to APWagner.com.

Based in Depaw, N.Y., APWagner.com is a leader in the distribution of appliance parts and accessories. The 80-year-old firm services appliance dealers, service technicians and do-it-yourselfers. The site has started a live, online chat section so users can find what they are looking for on the first visit.

The company has an inventory of more than four million pieces, and online parts professionals are available from 8 a.m. to midnight, seven days a week. The website also offers detailed descriptions and photographs of many products, image schematics, and repair tips for all types of major appliances.

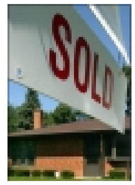
Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Pricing as Much Art as Science

By M. Anthony Carr



Pricing property can be more art than science in some of today's markets. New home builders probably have the easiest time of it -- at least without shocking the buyers -- because everything is new. There are no bare areas in the carpet, fingerprints on the appliances, nicotine stained ceiling tiles in the rec room -- and definitely no cat and dog odors that are promised to be dealt with by installing new carpet after the buyer moves in.

With resale homes, the first weapon to use in the battle to sell the home is to price it correctly. The challenge for sellers is that they want as much as the last sale, however, in today's market that's not as guaranteed as it was a year ago. The seller can still walk away with hundreds of thousands of dollars in gain, but maybe not the absolute highest amount of gain ever in the community.

Thus, pricing is the key. There are only a few ways to price a home for sale and sellers who don't want to wait around on the sale of their home need to adapt to the accepted modes of pricing and get over the fact that their house may not be worth as much as it was 12 months ago.

The first model is probably the most popular -- the comparable. By pulling up only the sales of your particular model, your Realtor can determine a trend price for your home. The challenge in a slowing market is that your particular model may only have three sales in the last year. Such a low number of houses selling does not really create a trend line, especially if the last sale was 6 months previous. Thus, you turn to the second pricing model.

Your home is then dissected to create comparables across a few neighborhoods or even a whole zip code that match your local community. Several aspects of your home will be plugged into the comparable model: style of home (split level, colonial, etc.); number of levels; number of bedrooms and baths; extra rooms; year built; square footage; and more. Then the averages on these parameters are tabulated and you'll have a target price. Keep in mind to remove the highs and lows.

Finally, another way to price your home is to come up with a tax assessment model. This one takes a little bit more homework and data mining. It's tedious, but it can present an accurate picture of home values in your community. The first step is to pull up all the sales in the community in the last 6 to 12 months. Tabulate the sales price total (let's say it comes up to $10 million) and then tabulate the tax assessment total (our model will use $8 million). Divide the tax assessment into the sales price and you come up with a tax assessment-sales price ratio. In this case, the community ratio is 1.25. Multiply your tax assessment by the ratio figure, and it will determine your target asking price.

For example, if your tax assessment is $250,000, multiply it by 1.25 and you'll arrive at $312,500 as a target asking price. Again, be careful to pull out the anomalies that represent overbuilt properties. The largest, biggest house in the community could affect your price, as well as the pre-foreclosure sale. You're looking for average prices with average situations for average results.

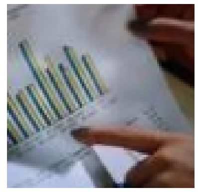
The biggest challenge in pricing the home is a seller's greed level. Sorry to be so blunt, but sellers always want more than the last sale, regardless of the market condition. My blunt advice is to "get over it." Waiting around for the "right" buyer is just plain foolishness in the world of real estate. If you're putting your home on the market, don't wait around and waste your time, the buyers' time and the agents' time with an unrealistic asking price.

If your Realtor provides feedback from colleagues that your house is overpriced, move on it. Move from denial into acceptance and price the house right. Remember, the goal here is not to price the property as high as possible, but to sell the house.

October 2007 Real Estate Update

Surprising Demographic Changes That Will Impact Housing In the Future

By Blanche Evans



The latest 1,200-table 2006 American Community Survey from the U.S. Census Bureau indicates key changes in social, economic, and housing characteristics for the nation.

As part of the Census Bureau s re-engineered 2010 Census, the data collected by the ACS helps federal officials determine where to distribute more than $300 billion to state and local governments each year.

Among the findings, which are designed to refresh the often out-of-date 10-year census data, are the following hot topics that will impact housing in the future:

Older Workers: Wages have not kept up with inflation, which is one of the reasons why nearly one in four people between the ages of 65 and 74 (23.2%) are still in the labor force (either working or looking for work) in 2006. That's an increase from 19.6% in 2000. States with some of the lowest rates of older workers in the labor force include West Virginia (15.7%), Michigan (18.8%) and Arizona (19.4%). Michigan and Arizona were not statistically different.

Some of the highest rates were found in South Dakota, Nebraska and Washington, D.C., all with about one-third of people in this age group in the labor force. Among the 20 largest metro areas, Washington, D.C., had the highest%age of people in the labor force in this age group (31.8%). Others with high percentages include Boston (28.1%), Dallas-Fort Worth (27.9%), Minneapolis-St. Paul (27.4%) and Houston (26.5%), none of which were statistically different from the other.

Homeownership: Only recently has homeownership receded slightly, but it has increased overall since 2000, with more than two-thirds of all occupied homes (67.3%) currently owned by the occupant, compared to 66.2% in 2000. In 2006, the highest rates of homeownership were found in Minnesota (76.3), and some of the lowest were found in New York (55.6%) and Washington, D.C. (45.8%). Among the 20 largest metro areas, Minneapolis-St. Paul shared the top spot with Detroit (75.2 and 74.6%, respectively), with St. Louis ranking third (73.1%).

California and Hawaii were the two states with the highest median value of owner-occupied homes (more than $500,000). California cities Newport Beach and Santa Barbara had median home values of about $1 million.

Non-English Speakers: In 2006, about 8 million more people spoke a foreign language at home than in 2000. Nationally, one in five (19.7%) over age 5 spoke a language other than English at home, compared to 17.9% in 2000. Among the states, California (42.5%) had the highest percentage in this category, followed by New Mexico (36.5%) and Texas (33.8%). About one in 10 California households were linguistically isolated, which means everyone 14 or older in those households had at least some difficulty speaking English.

Among the 20 largest metro areas, more than half of all people over 5 in Los Angeles (53.4%) spoke a language other than English at home. Miami ranked second in this category (48.6%), followed by San Francisco-Oakland and Riverside, Calif., where about four in 10 spoke a language other than English at home (not statistically different at 39.5% and 39%, respectively).

Married with Children: The percentage of households that were married-couple families with children under 18 decreased from 23.5% in 2000 to 21.6% in 2006.

All states, except Connecticut, saw a percentage point decrease in households in this category since 2000. In 2006, Utah had the greatest percentage of married-couple households with children under 18, at 32.3%. Other states with high rates included Idaho (25.5%), California (24.8%), Texas (24.7%), New Jersey (24.6%) and Alaska (24.3%), none of which were statistically different from each other. Florida (18.2%) and Washington, D.C. (7.3%) had some of the lowest. Among the 20 largest metro areas, Riverside, Calif., had the highest percentage in this category (29.6%), followed by Dallas-Fort Worth (26.6%) and Houston (26.1%), which were not statistically different from each other.

The ACS estimates released are for the total population and, for the first time, include populations residing in group quarters.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Could Your Closets Be Turning Off Buyers?

By Phoebe Chongchua

Especially as the market slows in many areas, homeowners are looking to fine-tune the look of their homes before they put their house on the market. But all too often an area that gets forgotten is the closet.

Everyone seems to have more stuff than ever before and a lot of that stuff gets crammed into the closets. Then when you list the home on the market, and Mr. and Mrs. Buyer come to have a look, they reach for a closet door and are greeted with an overstuffed, unorganized mess. The prospective buyers don't see your valuables as prized possessions; instead what they see is too much stuff and too little space. Often buyers can't picture their belongings in a home that's filled with clutter. That's why a lot of agents will recommend organizing, not just the space you see immediately upon entering the home, but also the closets.

"I think that instead of being kind of a luxury, now it's something that everybody thinks they need," says Paula Gallegos, co-owner of Conejo Closet Designs in Thousand Oaks, California.

Gallegos says an organized, well-planned closet can be a huge attraction. "Who wants just a regular shelf and pole when you have all these capabilities of the hangers and the drawers and the belt racks, shoe shelves -- everybody needs storage," she says.

The requests for closet organizers are growing in an interesting way. Closets are turning into spaces where people don't just store their clothes. They're also considered an important upgrade for many buyers. Just as a large renovated kitchen and bathroom area are typically more appealing to buyers, so too are organized closets.

"They're getting bigger. They want more bells and whistles. They want more accessory items. There is one home we're bidding on the project right now that has an upstairs bedroom and they're putting a refrigerator in the closet," says Gallegos.

At the top of every homeowner's list is how to maximize space. "Sometimes that might be extending your organizers higher than what you have, maximizing the overhead space and sometimes it's a matter of using the extra space you have below with baskets and shoe shelves and things like that," says Gallegos.

One of the newest trends for closets is being borrowed from the dry cleaning industry. It's a rotary closet device called Rotabob and it literally brings the clothes that are stuck in hard-to-reach places right to you.

"For instance, you probably see a lot of closets that are not too deep -- you know a reach-in closet and they've got a real long return where you look down the side of it and it's two or three feet of really hard-to-get-at space. So, with the Rotabob you can install one of those and just basically bring your clothes to you instead of having to reach in for them," explains Gallegos.

They carry a price tag of about $900 to $1,200 for a unit with installation but after it's put in there's nothing else to do. "They are stainless steel units with ball bearings so there's no maintenance and no electricity and they work for just about any closet," says Gallegos.

These units are becoming popular not just for closets but also laundry rooms, storage spaces, and garages. "Someone actually put it in a utility closet and loaded it up with baskets and hung their mops and rags on the handles and put their cleaning supplies in the basket," says Gallegos.

Being organized on the outside of your home creates curb appeal that gets prospective buyers in the door. Then keeping them there long enough to decide they can't live without your home requires careful, well-thought-out organization inside your home including those areas that you don't notice right away but your prospective buyers most certainly will.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Back To Basic Home Buying Skills

By Broderick Perkins

Lenders tightening their purse strings are sending a signal to potential home buyers to do the same. There's really little choice. Just as lenders make certain mortgage applicants are gainfully employed, are sure they can actually afford to pay the mortgage during it's full term, and carefully document that buyers have the cash to cover additional costs that come with home ownership, potential home buyers need to get their financial house in order as well.

If people were more responsible for their own financial behavior, that would have taken the power away from the people who put them in risky loans. The reason for all the creative financing was because people didn't want to do the work. This involves hard financial work and sacrifices many households have long avoided. As a carrot, keep in mind, the benefits of owning your own home, likely to be your most valuable asset, far outweigh any passing pain you may endure to achieve that goal.

Here's how to prepare for what's become a more difficult home buying ordeal.

Set A Tight Budget. You need to know all sources of every penny and you need to know where every penny goes. You can't know where you can cut costs until you know in detail what those costs are.

Offering a budget template, the Better Business Bureau says, "A budget will provide you with a roadmap to financial security. If you drive carefully, perform the right repairs and maintenance along the way, and steadily steer toward your long-term goal, you'll wind up where you want to be."

Save. Pinch Pennies. Save Some More. Saving is a prerequisite to homeownership. If your budget reveals you are spending money on eating out when you can eat healthier for less at home; if it shows you gulp way too many cups of Joe at the local cafe when you can invest in a commuter mug and brew your own at home; if it shows movie rentals by mail cost less than screening every major motion picture live, you've already found hundreds of dollars to save.

Stop traveling, stop partying and stop unhealthy habits that could leave you too weak to take on that second job. Bulk up your habit of spending only for what you need, not what you want. If you don't have a savings account worth three to six months of your net income, you are already a financial disaster waiting to happen should there be an emergency.

In addition to money for the down payment, lenders today will expect you to have some cash left over for insurance, taxes, maintenance and other costs that come with homeownership.

Certainly, it could take years to build the kind of down payment pot that will get you the lowest possible rate in an expensive housing market, but think about the time it will take you to recover from a loan you can't afford should that loan lead to foreclosure and a financial meltdown. You really can't afford not to save. You really can't afford not to find more ways to save.

Read Your Credit Report. Don't just get it. Read it. AnnualCreditReport.com is the only federally-approved website you should visit if you want a truly free credit report. Other websites will give you your report for "free" but typically only after you sign up for other cost-based services. You are trying to save money, not come up with more things to buy.

Your credit report is a report card on your credit use, the good, the bad, the ugly and, too often, the incorrect. Which is why you want to see it, If there are errors follow the instructions to correct them. Also visit MyFico.com to learn how to improve your report and your credit score -- a numerical rendition of your creditworthiness.

Get Some Help With Direction. Can't figure what your credit report is trying to say? Not sure how to calculate what you'll need to save? Don't know how to set up a budget? It's okay to ask for help. It's smart to ask for help. You don't know everything about buying a home. If you are a first-timer you likely know very little.

Learn how to find answers. Whether it's your REALTOR, financial planner, financial counselor, or mortgage broker, they are all here to help you. Get help in setting goals, sifting through mortgage programs, understanding the title and escrow process, finding a home and keeping a home -- all well before you are actually in the market for a home.

Learn about market and economic conditions that could impact your decision. Learn about home prices, mortgage rates, home buying costs and other issues surrounding what's likely to be your most complicated purchase ever.

Nailing Down Housing Costs

By Broderick Perkins

The federal agency charged with maintaining stability and public confidence in the nation's financial system can help you feel stable and confident about your home loan -- at the lowest possible cost.

"FDIC Consumer News Special Edition: 51 Ways to Save Hundreds on Loans and Credit Cards" suggests consumers consider mortgages, credit cards and other loans as not just financial services, but tangible products requiring before-you-buy scrutiny and careful use after you sign on the dotted line.

The FDIC's timely treatise offers advice on financial services from auto loans and credit cards to fraud and small business loans, and there's a heavy dose of advice on mortgages. The information comes in the midst of a mortgage market meltdown that makes home loans tougher to land and more expensive own. Here's how to cut costs in a number of areas.

- Look for a mortgage like you shop for a car. Haggle. It's tougher to haggle today, but you can negotiate the rates and terms of a loan, especially if you comparison shop.

- Go with a fixed rate even if the adjustable rate mortgage (ARM) carries a lower initial interest rate. A fixed-rate loan gives you a monthly interest-and-principal mortgage payment that won't change. That's piece of mind when other costs, including taxes, insurance and maintenance can change. Many borrowers are discovering today what Mortgage-X.com reveals on its charts of indexes used to set interest rates -- that indexes can double, even triple quickly.

  "Most of the time people don't read documents and don't get the idea that these indexes could really go up. How could you anticipate they would double so quickly?" said Warren Winsness, president of the Santa Clara County Association of Realtors in San Jose, CA.

- Likewise avoid "no-doc," or "NINJA" (no income, no job or assets) mortgages that require little or no documentation of your income or assets. The extra risk the bank takes is passed onto you in the form of higher costs. "If you have income that's easy to document, such as regular statements from your employer or a monthly Social Security payment, it's probably not worth paying extra over the long term of the loan just to save a few days during the application period," said Mira Marshall, an FDIC senior policy analyst.

- Consider a loan with a shorter term, 15 instead of 30 years, 30 years instead of 40 years, provided you can afford the higher payment. Over the term of the loan you'll pay less interest. Also consider paying off your existing mortgage sooner with extra payments earmarked for the principal each month.

- Get subsidized. Look for federal government (U.S. Department of Housing and Urban Development); state government (National Council of State Housing Agencies); and local public and private (The National Association of Local Housing Finance Agencies) incentives for first-time home buyers, low- or moderate-income households and community workers (like teachers and police officers). If you are eligible, you can save on interest rates, closing costs, down payments and other terms and get some extra tax benefits, say with a Mortgage Credit Certificate.

- Don't drain your equity. Equity loans -- pulled from the difference between your loan balance and the property's value -- are, by nature, equity draining loans. They can be cheaper than credit cards, signature loans and other credit but should only be used for emergencies and capital improvements -- those purchases that provide a return, including home improvements, business start ups, education, etc.

- Know when refinancing a mortgage makes sense. Refinancing could be a good idea if you can get a rate that is at least one percentage point lower than your existing mortgage rate and you plan to keep the mortgage for several years. Refinancing from an ARM to a fixed-rate with a higher interest rate could also be wise if the rate on your current ARM will soon adjust up to a level higher than the rate on the refinanced fixed-rate mortgage. Again. Do the math.

- Avoid fraud and come-ons. If it appears too good to be true it probably is or it soon will be. Steer clear of low teaser rates that could last only a few months and then balloon to an unaffordable level. Avoid replying to emailed and direct mail mortgage offers. Use them as comparison tools to do your own shopping. If you aren't certain about any offer, get help. Ask for referrals to help from family, friends, co-workers, professionals you've worked with and others you trust.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

It's A Good Time For A Home Inspection

By Broderick Perkins

It's a good time for a home inspection.

In today's markets, a home inspection can give buyers a negotiating edge.

Sellers, on the other hand, get an anti-haggling tool. Actually, it's always a good time for a home inspection. Even in a seller's market, you ought to know what "as-is" really is.

"It's always a good time no matter what the market is like. Today, a lot of sellers are getting a home inspection because a lot of contracts are contingent on a home inspection. The price is negotiated based on known conditions. But it is a buyer's market and they are likely to negotiate the findings" of a home inspection, said Mike Kuhn, co-author of "The Pocket Idiot's Guide to Home Inspections."

Kuhn, a Housemaster franchisee, says for $350 to $500 a professional home inspector should review the major, visible and accessible components of the home and provide a detailed written report rating each element. The objective report should include detailed information in a way that allows the customer to make informed decisions about the findings.

The inspection can also be a learning opportunity for a buyer or seller who attends the event. The inspection will let them get to know the home, see the inspector demonstrate systems and to learn maintenance tips.

It can also help buyers see through the veil of misleading staging and other cover-ups as well as help buyers uncover building permit and code violations.

Sellers can likewise use the inspection to determine what they need to do to put the home in the best competitive shape for the market, or price it fairly to sell as-is.

While a home inspection, purchased by the buyer or seller or both, is more common than it's ever been, 25 percent of home buyers, or more (depending upon the source) do not buy a home inspection, says Kuhn.

"An even smaller percentage of home sellers acquire a pre-listing inspection to help them better present their home in a competitive way," he said.

Even new homes need a once over.

"There's a misconception that because it's a new home there's nothing wrong with it, but that's not necessarily the case. It could be something as simple as hot and cold water lines being reversed. It could be appliances not connected. You should have this addressed before you take possession," Kuhn said.

The three most common construction problems discovered in single-family homes were in the building envelope (41 percent); framing and structural elements (34 percent); and in the plumbing and electrical systems (8 percent).

As homes age, given the life expectancy of certain systems, the home inspection remains prudent.

Within 10 years, foundation settling could create drainage problems; by the age of 20, appliances are well outdated and the roof and wood components exposed the weather or moisture could need replacing; at 40 years the HVAC system will likely need replacement; and older historic or architecturally significant homes can develop structural problems and need restoration.

Equal Housing Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

FHA Home Loan Program Poised to Take Off

By Kenneth R. Harney

FHA-insured home mortgages -- marginalized or squeezed out of the market during the subprime loan boom years -- are poised to roar back. And if Congress passes a compromise version of FHA reform legislation, maximum loan limits for FHA could rise immediately to $417,000 -- or even a lot higher.

Last month the House overwhelmingly approved a reform bill that would cut minimum downpayments to zero, and increase loan limits in high cost areas of California well beyond $500,000. Under the House-passed bill, FHA could insure mortgages as high as 125 percent of the median home price in a market area, or 175 percent of the conforming loan limit for Fannie Mae and Freddie Mac -- currently $417,000. In addition, the HUD Secretary could raise limits by another $100,000 if local conditions required such a move.

In effect, southern California, where FHA loan applications have been almost nonexistent in recent years, could conceivably see a new wave of jumbo FHA mortgages in the $700,000 range and beyond.

Meanwhile, the Senate Banking committee last Wednesday reported out its version of an FHA reform bill, but with much tighter loan limits - $417,000 maximum - and a 1.5 percent minimum cash downpayment, down from the current 3 percent minimum. The full Senate is expected to approve the Banking committee's bill soon, sending the FHA issue to a House-Senate conference committee to work out the differences.

What's likely to emerge in the final bill sent to the president in the coming weeks? At the very minimum, Congress is now almost certain to make FHA competitive again in high-cost markets. A $417,000 limit for California would still be well below the state's median home price in the mid-$500,000s. But it would provide potentially tens of thousands of home buyers an attractive, consumer-friendly alternative to what they've got now.

The huge gap between the House and Senate loan ceilings will need to be bridged in the upcoming conference. There may also be pressure to raise Fannie's and Freddie's limits during Senate floor debate or through a separate bill -- opening the door to at least a temporary "jumbo" program for FHA, Fannie and Freddie.

There are some potential minefields facing conferees however: The House version of the bill contains a proposal from Financial Services committee chairman Barney Frank (D-Mass.) to tap into FHA premium revenues to help finance a new National Housing Trust Fund for affordable housing activities. Separate legislation from chairman Frank would also tap into revenues of Fannie and Freddie. The Bush administration opposes siphoning off FHA resources for the Fund, and the Senate did not include the concept in its bill.

Another sticky issue: The Senate bill prohibits "downpayment assistance" for FHA loans involving "anyone party to the transaction." That would presumably cut off dozens of nonprofit groups around the country that now provide such assistance. The House bill imposes some restrictions on downpayment assistance providers, but does not ban them.

The House bill authorizes FHA loan terms up to 40 years, but the Senate bill is silent on that issue. The Senate bill allows FHA to use "risk based pricing" on all loans where borrowers make less than a 3 percent downpayment -- a provision favored by the Bush Administration. The Senate bill has no language on the subject, but some Republicans are strongly opposed to allowing FHA to directly compete with private mortgage insurance firms for borrowers who present varying levels of default risk.

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462

Equal Housing
Opportunity

Anne Arnold, ABR,CRS,GRI
910-842-5692 / 910-842-5500
annearnold@atmc.net
http://www.CENTURY21holdenbeach.com

CENTURY 21 Anne Arnold
910-842-5500
309 Club House Dr., Holden Beach, NC 28462