

## Housing hopes rest with senate

The economic stimulus package moves to the Senate on Monday with new provisions and an amendment that directly address the housing crisis. Measures are included to spur sales and help homeowners at risk of foreclosure.

The United States Senate unanimously passed a bipartisan amendment to the Economic Stimulus Bill creating a \$15,000 tax credit to individuals who purchase a home in the next year.

Specifically, the amendment to the pending economic stimulus bill would provide a direct tax credit to any homebuyer who purchases any home. The amount of the tax credit would be \$15,000 or 10 percent of the purchase price, whichever is less. Purchases must be made within one year of the legislation's enactment, and the tax credit would not have to be repaid.

The amendment would allow taxpayers to claim the credit on their 2008 income tax return. It also seeks to prevent misuse by only allowing purchases of a principle residence and by recapturing the credit if the home is sold within two years of purchase. The amendment would sunset the current \$7,500 housing tax credit on the date of enactment.

*Below are two more ideas likely to show up in amendments (as reported on CNNMoney):*

**Create a 4% mortgage:** Senate Republicans are likely to introduce a provision that would encourage lenders to offer a 30-year fixed rate mortgage at 4% for a limited period of time.



The loans would only be available to credit-worthy home buyers and homeowners seeking to refinance. The government would guarantee the loan for a number of years and the measure could involve not only a government guarantee but a subsidy as well.

**Hold off on foreclosures:** Senate Banking Committee Chairman Christopher Dodd, D-Conn., told reporters last week that he would like a provision in the stimulus package that would impose a 90-day moratorium on foreclosures. Dodd may consider other housing measures as well. Postponing a foreclosure for three months might allow some troubled borrowers to keep their homes by buying them time to work out a new loan agreement with their mortgage servicer.

[Read more here](#)



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After an historic national election, REALTORS® remain focused on revitalizing the housing market. By attending KAR's Legislative & Business Meeting, members have the opportunity to encourage legislators and policymakers to take steps that will continue to benefit the housing market in Kentucky. Your voice in Frankfort can help advance the industry and the Association.

A key component of the Legislative & Business Meeting is legislative advocacy and fighting for the rights of homeowners in Kentucky. KAR strongly encourages REALTORS® from across the state to participate in the efforts to promote the Association's legislative agenda. You can make a difference! Share your housing, community and real estate concerns with members of the Kentucky legislature.

Show your support for issues important to REALTORS® in Kentucky by attending the Legislative & Business Meeting in February.

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## Foreclosures up over 80% nationally in 2008

More than 2.3 million American homeowners faced foreclosure proceedings last year, an 81 percent increase from 2007, with the worst yet to come as consumers grapple with layoffs, shrinking investment portfolios and falling home prices.

Nationwide, more than 860,000 properties were actually repossessed by lenders, more than double the 2007 level, according to RealtyTrac, a foreclosure listing firm based in Irvine, Calif., which compiled the figures. Moody's Economy.com, a research firm, predicts the number of homes lost to foreclosure is likely to rise by another 18 percent this year before tapering off slightly through 2011.

Still, foreclosures - which keep breaking records going back 30 years, according to the Mortgage Bankers Association - are likely to remain well above normal levels for years to come, and that will continue to keep home prices from rebounding.

The RealtyTrac report comes as Democrats, including President-elect Barack Obama, develop plans to use up to \$100 billion of the remaining \$350 billion in financial bailout money in an attempt to prevent the foreclosure crisis from getting even worse.

The four states with the highest foreclosure rates last year were Nevada, Florida, Arizona and California. Kentucky ranked 42nd in 2008 but that ranking still came with 7,244 total property foreclosures, an increase of 42% over 2007.



## First-time buyer importance grows in U.S.

Already a dominant force in U.S. housing activity, the first-time buyer is expected to play an even bigger role in 2009, according to a fourth quarter survey conducted by HouseHunt.

"Our latest national survey tells us that qualified first-time buyers are taking advantage of home prices not seen in five to seven years in many areas," says Michael Bearden, president and CEO of HouseHunt Inc. "Affordability is no longer a major issue in many areas across the country. Sales activity today is based on the willingness of lenders to lend."

The survey showed that first-time buyers accounted for 65 percent of existing home sales - up from 46 percent in the first quarter of 2008 - and nearly double the normal ratio between repeat and move-up buyers.

### HouseHunt's survey also found:

- 34 percent of respondents reported more buyers than sellers, compared to 27 percent in the third quarter.
- 46 percent of home sellers report they are getting 95 percent or more of their asking prices.
- Positive price appreciation was reported by one of four sellers in the past year.
- Average time on the market was unchanged from the third quarter. Ninety-four percent said it is currently taking more than 60 days.
- The inventory of unsold homes is still trending upward.

## Renters get reprieve in Fannie Mae foreclosures

Fannie Mae has announced a new policy that will allow some renters in properties foreclosed by the corporation to remain in their homes.

The eviction, sometime with little advance notice, of renters from foreclosed properties has become a major issue in the current crisis. Some states have enacted restrictions on evictions and a few local law enforcement agencies have refused to carry out evictions of tenants who were current on their rent and may not have even been aware that their landlord was in foreclosure.

Fannie Mae's new policy - the National Real Estate Owned (REO) Rental Policy - comes even as Fannie is operating under a temporary suspension of evictions due to expire at the end of the month. Fannie Mae stresses that this suspension will not end until the new policy is fully in force.



The new policy will apply to renters in single-and multi-family homes, condos, co-ops and manufactured houses who are in place when Fannie Mae acquires the property. These tenants will be offered a new month-to-month lease which will require them to pay market rate rent but they will not have to post security deposits. If the renter chooses to vacate the property instead, Fannie Mae will offer financial assistance for their move to other housing.

The foreclosed home must meet state laws and local codes in order to be eligible for the program.

"Renters in foreclosed properties have often been a casualty of the foreclosure crisis the country is facing," said Michael Williams, chief operating officer of Fannie Mae. "This policy will allow qualified renters to remain in Fannie Mae-owned properties should they choose to do so, mitigate the disruption of personal lives that foreclosures can cause, and help bring a measure of stability to communities impacted by high foreclosure rates."

*Source: Mortgage News Daily*

## Fannie Mae tries short sales over foreclosures

Fannie Mae recently launched pilot projects in Phoenix and Orlando intended to reduce foreclosures by pre-approving short sales, agreeing on a price and the loss it will take prior to a deal even being made. It is hoped the program will improve the popularity of short sales among real estate agents.

Property professionals initially had welcomed short sales but soon found the process to be a frustrating one--due to squabbling about the sale price and slow approval times by the mortgage companies--that often ended with no sale at all.

"Short sales have received such a bad reputation among real-estate agents that, as a portion of the overall mortgage market, they have gone down," says Tom Popik of the research firm Campbell Communications, whose November survey of realty practitioners found that agents had to wait as long as 8.1 weeks to receive a response from the lender on a short sale. That was nearly double the 4.5 weeks the process took earlier in the year.

Fannie Mae's pilot will focus on homes that are listed at less than the mortgage balance and carry a Fannie Mae-backed loan serviced by Countrywide Financial Corp.

*Source: Real Trends*

**Facts At  
A Glance**

The KAR Broker Summit is the premier training event for real estate brokers in Kentucky. In today's ever-changing world, it's important to adapt in order to retain a competitive edge. KAR is here to help, the Summit will offer top-notch speakers as well as a variety of networking events to help you keep your edge.

Held April 23 & 24 in Lexington, all attendees will also be treated to complimentary tickets to Keeneland to extend networking opportunities.

## Join KAR on Facebook, LinkedIn and ActiveRain

Join now and become a member of the KAR groups! KAR has added additional sites to its list of social networking outlets.

If you are not currently on these sites, getting started is easy. Just log on to [www.facebook.com](http://www.facebook.com), [www.linkedin.com](http://www.linkedin.com) or [www.activerain.com](http://www.activerain.com) and set up a profile.

Joining is free and once you become a member, you can request to be added to the KAR groups. That's all there is to it.

To locate the KAR groups, use the search feature or go directly to the group:

### Facebook

[www.facebook.com/group.php?gid=9244727021](http://www.facebook.com/group.php?gid=9244727021)

### LinkedIn

[www.linkedin.com/groups?gid=1323837](http://www.linkedin.com/groups?gid=1323837)

### ActiveRain

[activerain.com/groups/kar](http://activerain.com/groups/kar)



facebook

## Want to get your house to sell? Try making an offer

The home seemed to have everything: a big master suite, a wine chiller and views of a pond. The only thing missing was a buyer.

So after a cash buyer looked at it twice, but never got around to making an offer, the owners decided to take matters into their own hands. They wrote a purchase agreement-including a hefty price reduction, a closing date and the seller's signature-and presented it to that prospective buyer in hopes of signaling just how anxious they are to make the deal work.



"We have to be creative, aggressive and think outside the box," said Dave Lodge, the listing agent for the property, located in Maple Grove, Minn. "It's another way to address the market today and the lack of buyers."

Reverse purchase agreements-unsolicited offers that get written by sellers for prospective buyers-are rare in today's market, but agents say that the strategy could be the next weapon in the ongoing battle to get prospective home buyers to take notice.

[Read more here](#)

Source: RISMedia



## Trend is Clear

[Click here to learn more.](#)

The internet is now the most popular source of news after TV, according to the Pew Research Center for the People & the Press, which released its year-end roundup of news media consumption last week. While TV is still king of the hill, its steady decline in the face of Internet competition bodes ill in the long term.

In 2008, 40% of the respondents said they got most of their national and international news from the Internet, versus 35% for newspapers in 2008. The Internet's share is up from 24% in 2007, while newspapers also increased slightly, from 34%. The long-term trend is even clearer: the Internet's share has more than tripled from 13% in 2001, while the newspapers fell by almost a quarter - from 45%, in those six years.

## Advertising during a recession: a competitive advantage?

As the thinking goes when the market is less than positive, advertising should be the first item cut from budgets. This should not be the case according to research. In many cases, as a real estate professional, one of the best things you can do to increase your business opportunities is to continue pushing your name in front of potential clients when everyone else sits back to weather the storm.

As reflected in a Kellogg School of Management study, increasing advertising spending during economic expansion often yields no improvement in market share, because 80% of your competitors are also increasing their spending.

Conversely, at least half of businesses reduce their advertising spending during economic downturn, stated the Association of National Advertisers in a recent article. Scores of studies, such as that recently conducted by Penn State, reveal a hidden positive: an opportunity to achieve a relative competitive advantage for businesses simply by maintaining current levels.

### **Highlights of findings from Kellogg and Penn State studies:**

- Businesses that maintained or increased their advertising spend during recession averaged higher sales growth during the following three years.
- Within four years, the businesses that maintained or increased their advertising spend during that recession experienced a 256% growth in sales over those that had cut back on advertising.
- A decade later, an additional study found that aggressive recession advertisers increased market share 2½ times the average for all businesses during the post-recession.

Another perspective to consider is that advertising is a cumulative effort. Robert Wilson, marketing consultant for Newspaper Association of America, explains, "Maintaining brand recognition should be considered an on-going business investment" and "the moment it stops, it begins to lose power immediately - and future sales are in jeopardy"

### **NAR Leadership Academy**

**The leadership academy identifies, inspires, and mentors emerging leaders from the local and state level for the NATIONAL ASSOCIATION OF REALTORS®.**

Application process is now open, closes March 31, 2009. To learn more, [click here](#).

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## Discount on the Blue Book

KAR members can receive a discount on the Kentucky General Assembly Blue Book. The Blue Book is a picture book of Legislators and LRC staff. The regular price is \$17.50 and if you use the following coupon code: KAR2009 the cost is \$15 per copy. They also provide quantity discounts if you want order more copies for your local officials or board members. Just call 800-944-3995 and tell them you are a KAR member. Visit to order online: [http://store.kyalmanac.com/category\\_s/3.htm](http://store.kyalmanac.com/category_s/3.htm)

They are also offering a \$10 discount on The Kentucky Directory Gold Book: [http://store.kyalmanac.com/category\\_s/2.htm](http://store.kyalmanac.com/category_s/2.htm)

Gov. Beshear has appointed the following KAR member to the Kentucky Board of Housing, Buildings and Construction:

Debra L. Fitzgerald, of Dry Ridge, is a self-employed REALTOR® and broker. She represents the Kentucky Association of REALTORS®.

The appointment replaces Robert D. Edwards, whose term has expired. Fitzgerald shall serve for a term expiring July 31, 2012.

## Newberry appoints KAR legal counsel as new council member

R. Douglas Martin is the new 10th District representative on the Urban County Council.

Lexington Mayor Jim Newberry on Friday appointed Martin, 45, to fill the two years left in the term of Don Blevins Jr., who stepped down to accept an appointment as Fayette County clerk.

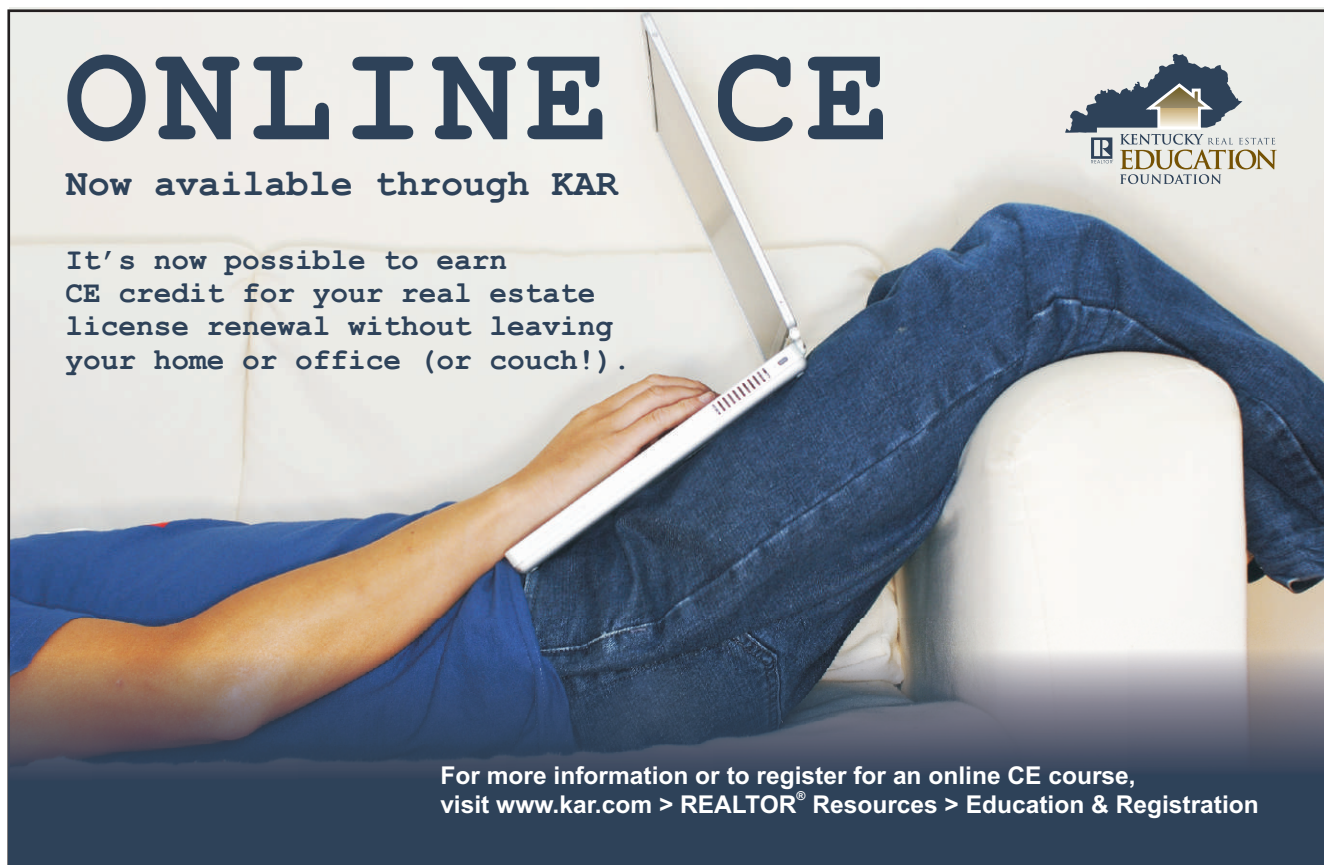
Newberry said he chose Martin from a number of "very, very outstanding" prospects, calling it a "very difficult decision."

Martin, an attorney who specializes in corporate and commercial real estate law, is a Lexington native with experience in public service and the arts. He serves on the board of the Lexington Philharmonic, has been a member of the Lexington Singers, and is a former president of the Beaumont Neighborhood Association. He once was general counsel for the Kentucky Economic Development Cabinet.

"Great government is about balance, and my interests are in education, economic development and the arts," Martin said. "Each is vitally important to the other.

"Our challenge is preserving our unique rural gifts, while building our economy to face the enormous challenges of the 21st century."

Former Vice Mayor Isabel Yates, one of those who recommended Martin, said he will bring "interest, intelligence and integrity" to the council.



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