

Real Estate Digest



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Using Buyer Incentives to Create Buzz and Traffic

Home sellers in markets around the country are often so anxious to get their property sold, many are offering buyers fancy cars, personal watercrafts or even season tickets to sporting events to sweeten the deal. Real estate experts say that while these enticements create buzz, deals are won on right asking price and not a gimmick.

That doesn't mean there's no value in incentives. Buyers need a reason to take the next step and go inside the house, and that's where incentives can help most.

If you are going to use incentives, use them wisely, advises Tony Vehon, owner of Weichert Realtors — Lake Realty in Gold Canyon, Ariz.

“Every home has to be priced right and

look perfect. After that, a special incentive can help drive traffic, especially if you offer something that grabs attention, something a little beyond the norm.”

Incentives That Work

Besides having a home priced to sell and perfectly staged, cash is usually the most effective seller incentive.

“An offer to pay condo fees for a year or so will definitely create some buzz, and at least get a buyer to take a second look at a property. And many real estate agents are reporting success by offering a bonus, such as an additional 1 percent or 2 percent commission, to real estate agents to encour-





age them to show a property.”

Another option is for the sellers to offer their own financing, if possible. Most sellers cannot offer this, but sometimes people who are retiring and have a lot of equity in their home will be willing to offer financing because they get a decent return on their money.

In high-end homes, it's not a bad idea to buy new furniture for the listing or give buyers a gift card for \$2,000 or \$3,000 at an interior design studio to attract attention.

Not all incentives need go along with high-end property. One seller included season tickets to the Tampa Bay Buccaneers' football games on a home priced at less than \$200,000. And an agent in Canada added \$1,000 worth of beer to her listing and says the number of people viewing the property rose substantially.

Price Is King

Always remember, incentives are a side act, not the main show. “No amount of marketing will make a dent if the price is not right. If you are not competitive on the price, you cannot sell your house,” said Vehon.

TRENDS

“Catfish” Recovery on its Way



Looking for a market trend for next year? Here's one: prices will go up, then down, then up again in a scenario being dubbed the “catfish recovery” according to Scott Sambucci, vice president of market analytics at Altos.

“Think of the behavior of a catfish,” Sambucci said. “It will be a bottom-dweller, then it comes to the surface for a while and then heads back down. It's bouncing around. It doesn't have a clear pattern or distinct trend. It's important to understand that moving forward, if you

understand volatility, there are possibilities to make money on these inflection points.”

Overall, home prices will rise but economists see price growth over the next five years a slow 1.1 percent per year with bumps along the way, according to housing forecaster Macro-Markets LLC.

Robert Shiller, co-founder of the S&P Case-Shiller Index, released the forecast, based on projections by more than 100 national economists. The report suggested that while some markets appear to be improving, a series of global economic crises is affecting the U.S. economy.

More Agents Upbeat



The latest survey of real estate professionals and consumers shows that less than half of professionals believe home prices will decline in the next six months. And while that sounds like bad news, the statistic is an improvement over the past quarter.

About 42 percent of professionals and 43 percent of homeowners believe values will remain the same, and 11 percent of agents — and 12 percent of consumers — believe values will appreciate.

According to agents and brokers, 75 percent of homeowners believe their homes are worth more than the agent's recommended listing price.

Homeownership Still A Desirable Goal



Seventy percent of consumers continue to believe homeownership is a worthwhile goal, with 57 percent of current homeowners saying it was one of the best investments they could make, according to Trulia's



bi-annual American Dream survey.

The data company especially pointed out that even among 18 to 43 year olds — the demographic with the lowest homeownership rate — 65 percent said owning their own home was part of their personal American dream.

Renters who were asked what was keeping them from purchasing a home right now ranked their issues as:

- 51 percent: Saving for a down payment
- 36 percent: Qualifying for a mortgage
- 34 percent: Poor credit history
- 31 percent: Unable to pay off existing debt
- 29 percent: Not having a stable job
- 13 percent: Declining home values

MORTGAGES

HUD Seeks More Funds For Foreclosure Counseling



HUD has asked Congress to restore an \$88 million cut from its budget so the agency can improve housing counseling to those who are unsure what to do in the current market.

Deborah Holston, acting deputy assistant secretary for single family housing at HUD, said about half of those seeking help are interested in foreclosure prevention.

Current law requires HUD counseling before an FHA Home Equity Conversion Mortgage or reverse mortgage can be originated.

Since 2005, roughly 486,000 seniors received one of those types of loans, roughly 3.6 percent of HUD’s counseling activity, Holston said.

Freddie Mac Will Not Flood Foreclosures Market



Freddie Mac, in an effort to keep the housing market from sinking, will not substantially discount its inventory of foreclosed homes.

Freddie spokesman Brad German told *American Banker* magazine, “We absolutely don’t want to tank the housing market.”

The magazine quoted speculators as suggesting steep discounts would help Freddie Mac unload its backlog. Freddie properties currently spend an average of 110 days on the market before selling, the magazine said.

Flood Insurance



As this issue went to press, the National Flood Insurance Program (NFIP) was due to expire—again—on November 18. The federal program originally expired on September 30 but received a brief extension. The House has already approved a reauthorization bill, the Flood Insurance Reform Act of 2011, which is now under consideration in the Senate.

The reform act would reauthorize the NFIP for another five years and make the program more actuarially sound. The NFIP currently has about \$18 billion in debt, largely due to Hurricane Katrina, but that figure will no doubt increase when losses from this summer’s floods are tallied. On average, providing flood insurance costs double what the NFIP charges. In high-risk areas, the cost exceeds three times premiums.

Current law limits flood insurance rate increases to no more than



10 percent per year; the bill would allow increases of up to 20 percent. It would also require more property owners in floodplains to buy coverage and provide for greater enforcement of the mandatory purchase requirement.

Properties located in flood plains must have flood insurance protection for federally backed mortgages, so real estate transactions cannot occur during program lapses.

BofA to End Correspondent Lending



Bank of America will wind down its correspondent lending channel by the end of 2011.

A spokesman for the banking giant confirmed to HousingWire that the 1,200 correspondent lending associates will be moved to other departments. As a first step, roughly 100 at the Westlake

Village branch in California will move to the BofA legacy asset division.

Correspondent lenders provide a mortgage to a borrower and then sell the loan to another institution, typically through a warehouse line of credit. These lenders underwrite and approve their own loans, which gives them as much freedom as risk. The investor can remove the warehouse line and even force a correspondent lender to repurchase bad loans.

The legacy asset division is grappling with \$1 trillion in soured mortgages and securities written prior to the 2008 acquisition of Countrywide Financial Corp.

“Bank of America Home Loans plans to exit the home loans correspondent mortgage lending channel and focus entirely on retail distribution for its mortgage products and services,” the spokesman said. “Pursuing this path enables Bank of America with the opportunity to align resources to its direct-to-consumer channel and focus on its strat-

egy of deepening relationships and acquiring new customers through mortgage sales and services.”

BofA clarified there would be no immediate change for its warehouse lending clients.

Demographic Trends Favor Rental Housing



According to National Multi Housing Council (NMHC) President Doug Bibby, demographic trends are driving people away from the “typical suburban house” and toward rental housing. “Families with children made up more than half

of households decades ago, but they made up only one-third of households in 2000, and by 2025, they will be closer to one-fifth. In their place are growing numbers of households who are more likely to choose renting—single parents, couples without children and empty nesters. By 2025, singles and unrelated individuals living together will comprise forty percent of households.”

NMHC, which advocates on behalf of apartment communities, says there is a “disconnect” between the need for rental housing and current housing policy.

MARKETS

Top 10 Cities for Retirement



Which cities offer retirees the most bang for their buck? CNNMoney recently ranked the best places for retirement. Here are the top 10:

**Marquette, Mich.**

Population: 21,400
Population over age 50: 30 percent
Median home price: \$145,000

Cape Coral, Fla.

Population: 154,300
Population over age 50: 38 percent
Median home price: \$95,000

Boise, Idaho

Population: 205,600
Population over age 50: 30 percent
Median home price: \$120,000

Danville, Ky.

Population: 16,200
Population over age 50: 37 percent
Median home price: \$120,000

Weatherford, Texas

Population: 25,200
Population over age 50: 31 percent
Median home price: \$150,000

Southaven, Miss.

Population: 49,000
Population over age 50: 28 percent
Median home price: \$145,000

Pittsburgh, Pa.

Population: 305,700
Population over age 50: 34 percent
Median home price: \$129,000

Broken Arrow, Okla.

Population: 98,900
Population over age 50: 26 percent
Median home price: \$145,000

Lake Charles, La.

Population: 72,000
Population over age 50: 34 percent
Median home price: \$124,000

Winston-Salem, N.C.

Population: 229,600
Population over age 50: 34 percent
Median home price: \$133,000

AGENTS' CORNER

Four Ways to Perk Up the Open House



Practitioners are increasingly looking for alternatives to the traditional Sunday open house that will successfully bring in buyers and grow their prospect list. Here are a few ideas that can help make open houses more successful for you.

- 1 Change the time and day.** Think that open houses can be held only for a short window on Sundays? Think again. Evening open houses are one option gaining in popularity. Kelly Evans, an associate with RE/MAX Palos Verdes Realty in Palos Verdes, Calif., hosts “twilight” open houses so buyers can come directly after work.
- 2 Pick a theme.** Margaret Rome, broker-owner of HomeRome Realty in Baltimore, says you have to make the event fun. She’s hosted a popcorn-and-champagne soiree, a block party with a huge BBQ



pit, and an evening cocktail party at the homes of her listings. The events garnered attention and directly led to the sale of the home.

- 3 Go virtual.** Creating a stellar virtual tour can sometimes be even more effective in grabbing potential buyers than hosting an open house. Try Easypano.com or 3DVista.com, which produce virtual tours that you can host on your own website.
- 4 Wait until after the sale.** If your favorite part of an open house is the new leads you get for your prospect database, consider a different approach that yields similar results. Sales coach Edward Hatch, CRB, CRS, of Ed Hatch Seminars in Gambrells, Md., suggests hosting a housewarming party for the buyer. Ideally, the buyer will give you a list of close friends so you can send out invitations. At the soiree, your client serves as a personal endorser of your services.

Eight Easy, Budget-Slashing Business Improvements

Need to keep your budget in check without a loss of business efficiency or class? Agents around the country explain how they are doing more with less.

- 1 Contribute for free press.** Contact your local newspaper website or look into writing for Patch.com. The visibility can help generate business without costing you a dime, says Jeannie Feenick, a salesperson at Keller Williams Towne Square Realty in Bernardsville, N.J. Online is “where the consumers are,” Feenick says.
 - 2 Make neighborhood videos.** Hannah Williams, of RE/MAX Eastern Inc. in Philadelphia and Bucks County, shoots video footage of local neighborhoods and posts the videos to her blog. This draws the attention of potential buyers who want to move into the area, resulting in new leads, she says.
 - 3 Ditch snail mail.** Clients won’t get a calendar or recipe cards from
- the staff at Minneapolis-based iMetroProperty.com. Practitioner Danny Dietl prefers to engage with past, current and potential clients exclusively through Facebook, Twitter and YouTube.
- 4 Get work done from home.** “Before I was set up at home with a scanner and printer and a functioning office, I was making a lot of trips” to the office, says Marilyn Boudreaux, associate at Century 21 Mike D. Bono & Co. in Lake Charles, La. Now she’s saving time and money on fuel.
 - 5 Try online planning services.** Instead of hiring a social media expert or spending significant time creating her own social media plan, Marjorie Taylor used SocialMadeSimple (www.socialmadesimple.com), which charges a small fee. “It saves me time, which is my money,” said Taylor, a broker-associate at Watson Realty Corp., in St. Augustine, Fla.
 - 6 Have (and use) a good CRM system.** It may cost money up front to set up an effective contact relationship management system, but it will save you in the long run, urges Mike Seebinger, an associate at Downtown Resource Group in Minneapolis. “Have a system that keeps you on top of the leads you have been spending money and time to generate,” he says.
 - 7 Use Google Apps for Business.** Chicago-based Newman Realty switched to Google Apps for Business, which creates a network of synchronized e-mail, calendar and instant messaging accounts for all associates at just \$50 per month for the whole company. “This simple move has given us a network comparable with that of the big brokerages at a fraction of the cost,” says broker-owner Scott Newman.
 - 8 Get rid of the landline.** Switch from traditional phone service to a Voice Over Internet Protocol service, suggests Haiminis, who recently made the change. VOIP providers use the Internet to move your conversation as data through a broadband connection, providing an economical alternative.



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