
NAR seeks sponsors for RESPA Home Warranty Clarification Act

The provision of a home warranty policy is not a settlement service subject to RESPA, the National Association of REALTORS® insists. NAR's president issued a letter to leaders of the U.S. House Committee on Financial Services seeking their co-sponsorship of H.B. 2446, The RESPA Home Warranty Clarification Act of 2011.

This legislation, introduced by Representatives Judy Biggert (R-IL) and Lacy Clay (D-MO), clarifies that home warranties fall outside the scope of the Real Estate Settlement Procedures Act (RESPA).

"The lack of clarity on this matter has had a chilling effect on the business practices of real estate brokerages and agents across the country, as many are no longer able to do business with home warranty companies as they do not want to risk being in violation of the statute," wrote NAR president Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR.

Section 8 of RESPA prohibits anyone from giving or accepting a fee, kickback or anything of value in exchange for referrals of settlement service business involving a federally related mortgage loan. In addition, RESPA prohibits fee splitting and receiving unearned fees for services not actually performed. Violations are subject to criminal and civil penalties.

NAR believes that the provision of a home warranty policy is not a settlement service subject to RESPA. In his letter to Rep. Spencer Bachus, chairman of the Committee on Financial Services and Rep. Barney Frank, ranking member of the committee, Phipps pointed to the original enabling legislation.

"After nearly 20 years of RESPA enforcement keeping with this view, the regulators now have chosen to interpret the statute differently, an action that has resulted in numerous lawsuits that have severely impacted long-standing business practices," Phipps wrote. In the 1974 legislation, Congress defined "settlement services" by providing a list of examples of such services, he noted, adding, "Home warranty services are not among the services listed."

The fact that a particular service is not included among those enumerated by Congress indicates that Congress did not intend for RESPA to govern that type of service, Phipps stated in his request to the congressmen. "Indeed," he wrote, "each item in the statutory definition of settlement services shares a common purpose, namely that each is necessary for the closing of the transaction."

Home warranties, however, are different from services necessary to the closing, Phipps insists, because (1) they are not required to close the transaction, and (2) a homeowner can purchase such a policy independent of a real estate transaction at any time. That they are most often paid for at closing is simply a matter of convenience and ensuring the warranty covers the property from the moment the buyer takes possession."

Phipps believes the current ambiguity could have been prevented had the regulators rightly clarified that home warranties fall outside the scope of RESPA. In asking Congress to take action to remove home warranties from the purview of RESPA, the NAR president said it is "important to note that warranties would still be regulated under federal and state consumer protection laws."

Violations of Section 8's anti-kickback, referral fees and unearned fees provisions of RESPA are subject to criminal and civil penalties. In a criminal case a person who violates Section 8 may be fined up to \$10,000 and imprisoned up to one year. In a private lawsuit a person who violates Section 8 may be liable to the person charged for the settlement service an amount equal to three times the amount of the charge paid for the service.

Appraisers unveil form to help analyze green features

Real estate appraisers have a new form intended to help analyze "green features" as well as help the industry standardize the way residential energy-efficient features are analyzed and reported.

Issued by the Appraisal Institute, the document is an optional addendum to Fannie Mae Form 1004, the industry's most widely used form for mortgage lending purposes. Used by Fannie Mae, Freddie Mac and the Federal Housing

Administration, Form 1004 is completed by appraisers to uphold safe and sound lending. Currently, the contributory value of a home's green features is rarely part of the equation.

The Appraisal Institute's addendum allows appraisers to identify and describe a home's green features, from solar panels to energy-saving appliances. Form 1004 devotes limited attention to energy efficient features, so green data usually doesn't appear in the appraisal report, or it is included in a lengthy narrative that often is ignored.

"We hope lenders, home builders, real estate agents and homeowners will take advantage of this new tool," said Joseph C. Magadziarz, MAI, SRA, president of the Appraisal Institute. Mortgage lenders who want to see energy features analyzed should request the green addendum to be included with Form 1004, he added.

The Institute also encourages lenders to provide the green addendum to homeowners so they can fill it out and provide it to their appraiser. If a new home is being appraised, home builders can use the addendum to provide data to appraisers. Also, Magadziarz noted, real estate agents can use the data to help populate the MLS.

The Appraisal Institute, organized in 1932, is a global membership association of professional real estate appraisers. With 24,000 members in about 60 countries, its mission is to advance professionalism, ethics, global standards, methodologies and practices.

Northwest MLS brokers say September activity reflects "healthy activity, positive trends"

KIRKLAND, Wash. (Oct. 5, 2011) – With inventory at its lowest level since May, members of Northwest Multiple Listing Service report "stiff competition for move-in ready homes" in some neighborhoods. Other key indicators in the latest statistical report from Northwest Multiple Listing Service show upticks in sales and some leveling off on prices.

Pending sales for the Northwest MLS service area, which encompasses 21 counties, are up more than 20 percent from a year ago. Following typical August-to-September patterns, the volume of pending sales (mutually accepted offers) tapered off last month (down 9.6 percent) compared to the previous month.

Brokers reported 4,988 closed sales during September, beating the year-ago volume by 991 transactions for a gain of almost 25 percent. The number of completed transactions in the four-county Puget Sound region (King, Pierce, Snohomish and Kitsap) jumped 32 percent from twelve months ago.

Northwest MLS members added 7,923 new listings to the database last month, the fewest since February. At month end, with those additions, there were 35,254 active listings in the MLS service area, almost 6,900 fewer than a year ago (a decline of 16.4 percent).

"This market is proving to be challenging, but not for the reasons you might think," said OB Jacobi, president of Windermere Real Estate Co. He pointed out interest rates are low, affordability is high, and confidence in the housing market is improving. "These are all good things, but the result is an influx of motivated buyers in a market where inventory levels have not yet caught up to the demand." Jacobi, a member of the Northwest MLS board of directors, said one consequence is "stiff competition for move-in ready homes that are priced right, especially in neighborhoods close to Seattle."

"In Central Puget Sound, 90 percent of sales activity is taking place in the more affordable and mid-price ranges, where the inventory level of homes for sale is low to healthy," said J. Lennox Scott, chairman and CEO of John L. Scott Real Estate. "Historical low interest rates combined with lower adjusted prices are attracting home buyers and investors at a healthy sales activity level," he observed.

The median price on last month's closed sales of single family homes and condominiums (combined) was \$233,945, down about 9 percent from September 2010. Compared to six months ago (March 2011), prices area-

wide have declined 3.7 percent, while a comparison to three months ago (June 2011) shows a price dip of 2.9 percent.

Distressed homes selling at deep discounts account for much of the drag on prices, according to data from the National Association of Realtors®. Its statistics show distressed homes – foreclosures and short sales – accounted for 31 percent of sales nationwide in August, the latest period in the NAR analysis.

Locally, industry veterans are encouraged by the combination of shrinking inventory and year-over-year gains in sales.

“Historically, low inventory at these levels has led to stable or slight increases in home valuations,” said Northwest MLS director Joe Spencer, COO and president of John L. Scott Real Estate. “It’s too early to tell,” he added, “because there are a lot of crosscurrents in the economy, but it’s encouraging seeing positive trends in sales activity and listing inventory.”

Realistic pricing is paramount in today’s market, according to Northwest MLS brokers.

“Historically low interest rates may get more buyers shopping but buyers are very well educated,” reported NWMLS director Darin Stenvens. “Before they ever leave their homes they have a good idea of which homes are priced correctly,” he explained. Conversely, he added, “Many sellers are not taking into consideration the effects of extremely tight appraisal guidelines and heightened credit requirements.”

Stenvens, the managing broker at John L. Scott’s Bellingham office, said homes are selling if sellers will look at the comparable sales that brokers and appraisers need to use as guidelines when bringing a home to the market. Many unrealistic sellers still think they can get what they “need” or “what they have invested,” but the buyers simply will not overpay, he emphasized. “Properly priced homes are selling, overpriced homes are not, it is that simple,” he stated, suggesting if a frustrated seller is not getting showings or offers they should ask their broker for new “comparable solds” and adjust their listing price.

Jacobi reported seeing an influx of cash buyers in the \$800,000 to \$1.2 million price range, especially on the Eastside areas around Bellevue. “Although prices have declined from their peak in 2007, financing for jumbo loans remains tough, so cash buyers have the upper hand in negotiating the best deals,” he observed. “The buyers are not looking at housing as a red hot investment,” he said, “but rather as a place for long-term value and a possible hedge against inflation. Like many of us, they’ve experienced first-hand the effects of falling stock prices and rising inflation. But unlike equity investments, these buyers figure that at least they can live in their home while they wait for the global economy to figure itself out.”

Commenting on the national picture, NAR Chief Economist Lawrence Yun said the market is underperforming given a pent-up demand in household formation. “We continue to experience a pattern in which financially qualified home buyers, willing to stay well within their means, are being denied credit – a factor in elevated levels of contract failures,” he said, suggesting buyers may be able to find more favorable credit terms with community and small regional banks.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 22,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington state.

See next page for statistical summary by counties

Statistical Summary by Counties: Market Activity Summary – Sept. 2011

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES		
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price
King	3,091	10,382	2,718	1,999	\$392,444	\$310,000
Snohomish	1,229	4,308	1,161	837	\$250,980	\$228,400
Pierce	1,268	5,167	1,100	806	\$209,171	\$191,750
Kitsap	355	1,792	320	207	\$261,937	\$230,000
Mason	91	866	88	63	\$163,112	\$125,000
Skagit	174	1,089	138	101	\$254,444	\$210,000
Grays Harbor	121	867	96	61	\$137,938	\$127,510
Lewis	114	774	74	56	\$159,846	\$149,522
Cowlitz	81	575	76	60	\$154,044	\$145,000
Grant	68	615	66	31	\$155,935	\$145,000
Thurston	398	1,744	314	246	\$231,682	\$219,950
San Juan	28	507	17	14	\$431,743	\$349,500
Island	149	1,045	116	103	\$311,317	\$247,000
Kittitas	82	594	65	34	\$184,412	\$178,750
Jefferson	61	618	48	21	\$311,961	\$325,000
Okanogan	38	471	19	20	\$182,265	\$164,500
Whatcom	308	1,767	266	209	\$256,842	\$225,000
Clark	47	258	56	19	\$203,916	\$179,900
Pacific	32	447	30	25	\$142,334	\$102,650
Ferry	8	62	1	0	0	\$0
Clallam	56	489	49	32	\$181,318	\$150,000
Others	124	817	79	44	\$216,009	\$186,500
MLS TOTAL	7,923	35,254	6,897	4,988	\$295,266	\$233,945

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4,767	6049	5732	5963	5868	5657	5944	5299			

The Pros and Cons of Selling vs. Exchanging: Issues to Consider Before Closing

By Chris Anderson, Esq.

Assume a California real estate investor has held an investment property for many years and will have \$500,000 in net proceeds after closing. Also assume this property has \$500,000 of capital gain and \$200,000 of this gain is due to depreciation recapture. As you can see in the comparison below, the investor who exchanges can obtain considerably higher investment returns from deferring the payment of capital gain taxes. The current low rates for financing provide a unique opportunity for investors to lock-in excellent loan terms. Investors should explore the possibility of exchanging before closing on the sale of investment property.

SALE (CASH OUT)		1031 EXCHANGE (REINVEST)
Capital Gain Taxes Owed	\$141,500 *	\$0 (no taxes owed in the current tax year)
Net Income to Invest	\$358,500 (proceeds less taxes owed) 1-5% possible cash flow (assume 3%)	\$500,000 (entire amount of proceeds received) Many real estate investments provide 6-10% cash flow (assume 8%)
Possible Income	Bank CD, Bond Fund, Money Market Assuming a 3%** return on \$358,500 \$10,755/annual income \$896/monthly income	Residential Rental, Commercial, Agricultural Land, etc. Assuming a 8% return on \$500,000 \$40,000/annual income \$3,333/monthly income
Preferential Tax Treatment	Income is not tax favored if earnings are in a non tax-qualified account May be fully taxable	Income generated is tax favored Income can be partially sheltered with write-offs Depreciation tax benefits are also available
Liquidity	Very liquid if 100% cash	Real estate is generally not very liquid
Diversification	Yes	Yes, but must reinvest in real property May <i>diversify</i> by asset class and/or geography
Time Restrictions	None	Yes, <i>45 days to identify</i> replacement property <i>Maximum of 180 days to close</i> on replacement property

FOOTNOTES:

* Depreciation Recapture: $\$200,000 \times 25\% = \$50,000$; Remaining Federal Capital Gain: $\$300,000 \times 15\% = \$45,000$; State Taxes: $\$500,000 \times 9.3\% = \$46,500$

Total Capital Gain Taxes = \$141,500; After-Tax Proceeds Available: $\$500,000 - \$141,500 = \$358,500$

** Today's inordinately low rates of return for money market accounts, bank CDs and other liquid investments tilts the consideration in favor of exchanging.

This example is for education and illustrative purposes only and is not meant to provide the details for any specific portfolio or rates of return. Accordingly, you should review the details of your specific transaction with your own legal or tax advisor.



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Container Cabins planned for King County Parks



Credits: HyBrid Architecture.

Anyone up for s'mores?

By this time next year visitors to King County's Tolt-MacDonald Park may be able to camp in a cozy, yet comfortable and ecologically sound camping structure – thanks to the creativity of King County Parks and HyBrid Architecture.

Earlier this year, the Parks division, in collaboration with King County Solid Waste Division's GreenTools, conceived a contest dubbed "Little Footprint, Big Forest." The goal was to demonstrate King County's commitment to innovation in green building, sustainability and prosperity, while offering a unique opportunity for campers to enjoy nature in an ecologically sustainable way.

Contest sponsors invited architects, designers, hobbyists, students, builders and others to submit a design and vie for a \$4,500 prize and chance to see their concept become reality.

Designers were challenged to create an overnight structure re-using a surplus cargo container that could be staged anywhere in the county's 200 parks and more specifically, on forested lands within the 26,000 acres of open space parks and natural lands that have minimal roads or utilities.

A panel of 10 judges, representing a cross-section of occupations and expertise, evaluated the designs and how well they integrated the principles of conservation, sustainability, public recreation, aesthetics and forest stewardship. Each design had to meet a list of minimum standards:

- Utilize green materials
- Maximize daylight
- Minimize energy use
- Aesthetically pleasing
- Enhance overnight park-user experience
- Easy to replicate with materials costing no more than \$10,000 (not including the cost of the container)

- Sleeps 4-6 with a small table-like surface
- Lighting and one power outlet
- Stable construction
- Weather-proof and stable through extreme wind and rain
- Vandalism-resistance
- Viable in terms of production, maintenance and storage
- Easy to maintain or minimizes operations and maintenance costs
- Somewhat portable (moved or lifted to a site)
- Adaptable to multiple park sites (forest, beach, open lawn etc)
- ADA compliant



From an international field of a dozen entries, the judges selected the “REtain” submission from HyBrid Architecture of Seattle. The winner was announced at last month’s Built Green Conference & Festival.

The winning design features a panelized prefabricated interior wall system with exposed fir finish and rigid insulation to minimize construction labor and maintenance. The doors and windows are reclaimed and the cabinets are recycled.

One side of the container has a large cut opening, creating a Franken Wall. Doors and windows purchased from re-use stores fill in the opening and create a unique, quilt-like aesthetic to each container.

A large tarp serves a dual purpose: extending the living area onto a “virtual porch” and into the surrounding environment and providing weather protection. Further expansion may be achieved with the addition of a second module.

On the opposite end of the sleeping nook, at the open end of the container, is a multi-purpose mess cabinet made from recycled and reclaimed materials. This indoor/outdoor kitchen station offers fresh air and natural vistas, along with easy meal service for hungry campers.

In the center of the adaptable floor plan is a table that can be moved outside to allow additional floor space for sleeping, games or other activities.

Design competition judges said they were impressed with the overall design concepts and the creative approach to the second use of storage containers.

“The designs were responsive to the environment and reflect the Pacific Northwest’s passion for the outdoors,” said competition judge Chris Toher, executive vice president of Skanska USA. “I applaud King County for their progressive approach to finding meaningful reuse for these containers and their continued commitment to our region’s long-term sustainability.”

“The contest provided us with an exciting and replicable design, and we hope to install these camping structures at appropriate sites within our open space areas,” said King County Parks Division Director Kevin Brown.

All entries for the Little Footprint, Big Forest” competition may be viewed at:

<http://www.kingcounty.gov/recreation/parks/partners/littlefootprint.aspx>

King County Parks is seeking partners to help fund construction and installation of the REtain camping structures with a goal of having them available for use in 2012. Prospective partners may contact Ryan Dotson at 206-263-0145.

About HyBrid

HyBrid Architecture coined the term “cargotecture” in 2004 to describe any structure built partially or entirely from recycled cargo containers. The firm, established in 2003 by Robert Humble and Joel Egan, has completed residential and commercial cargotecture projects in California, Oregon and Washington, and has designed more than 20 projects on five continents. Its c192 Nomad was a 2011 Sunset Idea House. An affiliated entity, HyBrid Assembly, integrates design, research and construction into one seamless process.

■ HUD, NAREB Form Partnership to Promote Fair Housing

Consumers in African American and other minority communities are the focus of a multi-faceted campaign to promote awareness of their housing rights and responsibilities under the Fair Housing Act. The campaign is a joint undertaking of HUD and the National Association of Real Estate Brokers (NAREB).

The initiative, formalized through a Memorandum of Understanding (MOU), is designed to preserve and stabilize minority neighborhoods and communities across the United States.

“This partnership advances HUD’s and NAREB’s joint vision and commitment to end housing discrimination,” said John Trasviña, HUD Assistant Secretary for Fair Housing and Equal Opportunity (FHEO). “We have turned to the nation’s oldest minority real estate trade association to bring our message of fair housing education and enforcement to neighborhoods across America. With NAREB, we also promote industry compliance and a better consumer service.”

In fiscal year 2010, 27.8 percent (2,820) of the 10,157 fair housing complaints HUD and its fair housing partner agencies received alleged race discrimination against blacks. At the same time, a recent HUD report showed that the nation’s “worst case housing needs” increased by 3.2 percentage points among African American families.

Under the MOU, HUD and NAREB will conduct joint seminars, workshops, and forums on ways to identify unlawful sales, rental and lending and related government contracting discrimination. They will also work together to educate people in all communities about their fair housing and related government contracting rights and avenues available to them should they experience discrimination.

Additionally, NAREB will emphasize the importance of fair housing and equal opportunity to real estate professionals as well as work with other organizations and institutions in African American communities, including faith-based groups and government agencies.

NAREB, formed in 1947 by African American real estate professionals, was founded to create equal housing and government contracting opportunities for every resident of the nation, regardless of race, creed, or color.

■ GA Reporter

The Governmental Affairs Reporter is a separate PDF file. 12 pages, 1.4MB.

■ 2011 Legislative Advocacy Successes

2011 Legislative Advocacy Successes is a separate PDF file. 14 pages, 1MB.

■ Brokerage Design

Hysteric Are For the Weak at Heart, Homeownership Is For Americans

By Jeremy Conaway

It was by any standards a weird week. It started with the media coverage of Hurricane Irene. Hour after hour of dire and dreadful announcements, horrendous and horrific pronouncements and frightening and onerous representations by a news media that seemed to be trapped in a vocabulary of words and phrases chosen to drive public hysteria. It was an amazing example of manipulation by lexicon. Even when the evidence clearly demonstrated that it was a less than predicted, the intellectual assault continued.



A few days later I was presenting at a REALTOR® event. On the same program was one of the stars of the real estate blogosphere; a fellow whose intellect is overwhelming and whose ability to grasp and analyze the events of the day never fails to impressed me. But on this day he decided that what this audience of bright young industry rising stars needed was a grand dose of hysteria.

He proceeded to deliver a presentation that essentially declared that home ownership is no longer a part of the American Dream or its reality. He embellished his point by articulating what such a disaster will mean to the real estate industry in terms of both commissions and careers.

It was not the first time I had witnessed the “Rental Hysteria” song and dance. Early that same month I attended the Inman Connect conference in San Francisco and watched yet another industry rock star deliver the same message. “No one will have any money, everyone has watched their parents lose their equity, no one will want to purchase a home and the entire industry is headed for doomsday.”

There is just something about this message that is fundamentally wrong and inappropriate. As a student of American history, I am only too aware of the risks and sacrifices that Americans have endured in the name and for the opportunity of homeownership. Each of us has witnessed the terrors and trauma of fires, floods, earthquakes and tornados. At the same time we have marveled at the passion with which these same Americans have rebuilt their lost homes. To suggest that a mere forty-eight months of troubled economics is enough to destroy the personal and cultural values represented by homeownership in America is ludicrous on its face.

Our team includes a board certified psychiatrist and, as is often the case, he got my first inquiry. In response to my questions regarding the basis of hysteria and the rational for driving it he had some interesting answers.

First of all hysteria is “an uncontrollable outburst of emotion or fear, often characterized by irrational behavior.” It rates way up there on the hierarchy of dysfunctional human behaviors. In other words hysteria is a painful experience that causes individuals to do things that they will most certainly regret later on.

My next question elicited information regarding why an apparently intelligent person would undertake to cause such a potentially painful experience for their audience.

The response was a bit alarming. To make a long story short the basis of purposely causing hysteria is simply a “power trip.” Apparently some individual’s egos are driven by their ability to cause others to become out of control and to act irrationally.

I have subsequently learned that this type of behavior has become a mainstay of our contemporary society. Radio commentators, political analysts, religious zealots, and yes, some bloggers, are leading the way. All are attempting to use their positions within the communications media to cause their audience pain and discomfort so that they can appear to be powerful and influential.

The solution to such an attack would appear to be found in the simple act of research and discovery – sort of a “the truth will set you free” approach. So I decided to engage one of my talents and see whether there was any truth in the idea that the events of the past few years had in fact negatively impacted homeownership as a staple of the American dream.

Consider the following findings:

- In 2010 Fannie Mae completed a study that determined that “Americans’ desire for homeownership was apparent throughout the survey,” but owning a home is no longer seen as the safest financial investment.

But of course the credibility of Fannie Mae could be called into question so the research continued.

- In 2010 Meredith Corporation researching for a white paper entitled *The Rise of the Real Mom* found that 46 percent of men in the 18 – 29 age group were of the opinion that owning a home is important. 76% of women in the same age group indicated that owning a home was important.
- In early 2011 the Pew Research Center completed a similar survey. A robust 81% of adults said buying a home is the best long-term investment a person can make, according to a national survey by the Pew Research Center in Washington.

"Owning a home is really a part of the American dream, and that is just part of the American psyche and something that people aspire to," said Kim Parker, associate director for the center and one of the study's authors.

"The study's results were unexpected, given the deep plunge in home prices and the fallout from the mortgage crisis," she said. "Homeownership topped the list of long-term financial goals for Americans, according to the study; respondents rated homeownership, as well as living comfortably in retirement, more important than sending children to college or leaving offspring an inheritance."

- Princeton Survey Research Associates International conducted another survey, comprised of a nationally representative sample of 2,142 adults, from March 15 to March 29, 2010. "The study results are surprising in that so many households still believe that homeownership is a good investment, even after the plunge in home values that has occurred over the past couple of years," said Celia Chen, a housing economist for Moody's Economy.com. "The preference for homeownership has deep roots in the history of this nation, and apparently even a severe correction in house prices can shake American's belief in homeownership only slightly."
- Finally, a Heartland Monitor Poll (Sponsored by Allstate Insurance) in March of 2011 illustrates an enduring belief in America and a persistent sense of optimism in Americans' ability to achieve the American dream. Though the housing crisis has damaged the net worth of families, the poll suggests that Americans believe this downturn is temporary. The survey reflects is strong agreement that home ownership remains a fundamental goal in achieving the American Dream. Despite the recession, Americans are very likely to recommend purchasing a home to a close friend or relative.

The overwhelming evidence to support the proposition that American's love owning, buying, selling, renovating and living their lives in their own homes can be found in many places. Whether the plethora of surveys conducted by institutions of knowledge or the one million viewers that watch HGTV's nightly programs that focus on these experiences it is clear that homeownership, while bruised, remains that centerpiece of the American dream.

This is not to suggest that our industry will not experience an increase in the event of rental-based occupancy. In fact that appears to have already occurred. There is no evidence that this will be a long-term situation and there is every reason to believe that we, as a nation and as an industry, will find solutions.

Our challenge is simple. First of all we must ignore those who would traffic in hysteria. Secondly we must work together to design, create and promote lifestyles centered on home ownership and thirdly we must use our talents to develop and deliver homeownership options and alternatives.

Seattle on Magazine's Top 10 Cities for Families.

Seattle ranked 9th on Parenting magazine's 2011 list of "Best Cities for Families."

Researchers crunched more than 8,000 bits of data in 84 categories to determine the top places to raise kids. Among the categories they considered were great schools, affordable homes, low crime rates, plenty of jobs and lots of parkland.

Washington, DC topped the list, followed by Austin, Tex., Boston, Minneapolis-St. Paul and Des Moines, Iowa. Portland, Ore. claimed the 13th spot.

Commenting on Seattle's most appealing attributes, Parenting cited the city's high literacy rate, abundant parklands, jobs and, for expectant parents, the state's Family Medical Leave Act that includes businesses with only eight or more workers.

News In Brief

- **Americans' pessimism about the economy has deepened and confidence in both political parties has fallen with only 20 percent saying the country is on the right course even as they remain divided over solutions.** Just 9 percent of people say they are confident the economy won't slide back into recession, in a Bloomberg National Poll. A majority says it will take at least six more years for home values in their community to recover to pre-recession levels. Americans are sending mixed signals on the path forward, according to the poll, conducted Sept. 9-12 by Selzer & Co. of Des Moines, Iowa. While they embrace the need for tough prescriptions to cut the federal deficit, including scaling back entitlement programs such as Social Security and increasing taxes on the wealthy, they balk at many specific spending cuts. Still, the public is re-examining opposition to once-politically explosive ideas such as eliminating the home mortgage interest deduction in the income tax code and raising the Social Security retirement age. Pluralities now support both after a resounding rejection only nine months ago. A tax revamp that eliminates all deductions, including that for home mortgage interest payments, in exchange for lower rates is backed by 48 percent and opposed by 45 percent. In December, 51 percent were against the proposal compared with 41 percent in favor.
- **For the ninth consecutive year, Washington students' average score on the three major SAT exams (reading, writing and math) was the highest in the nation among states in which more than half of the eligible students took the tests, according to figures released by the College Board.** The ranking is based on students taking the SAT who were 12th graders in the Class of 2011. Nearly 39,000 Washington students took the SAT last school year, including 33,085 public school students, a large participation increase of 13 percent, or nearly 4,000 students, from 2010. Washington students' average combined score in reading, math and writing was 520, higher than all states in which at least 30 percent of its students tested. The percentage of students tested is significant because generally the more students who test, the lower their scores. However, Washington has bucked that trend through most of the past decade. New Hampshire had the second highest average score of 519.6, followed by Massachusetts (516), Oregon (513), Vermont (512.6) and Connecticut (511.6). Washington had the nation's highest score in math (529), was tied for first with New Hampshire in reading (523) and was fourth in writing (508) of states with 50 percent or more participation.
- **Washington state has recorded job growth in every month for the past year, but the state's lofty unemployment rate still showed no signs of shrinking, officials said.** A report from the Employment Security Department found that the state gained an estimated 3,800 jobs in August, raising the one-year total to more than 46,000. The annual growth helped drive down the unemployment rate through much of 2010, but the rate has come back up in recent months and now sits at 9.3 percent. The unemployment was at 9.4 percent a year ago and hit a peak of 10 percent at the beginning of 2010.
- VA has announced that they have rescinded the changes in the Funding Fee that they previously announced last week. As a result, **VA Funding Fees will not be changing on October 1st. The Funding Fees that have been in effect will continue to be in effect until at least November 17th.**
- **The Appraisal Institute recently released a form to help appraisers factor in energy-efficient home features when valuing homes.** The forms can also be used by real estate agents in describing "green" properties on most multiple listing services. Everything from energy efficient appliances to solar panels

will now get more attention on appraisals with the added form. The new form allows appraisers to identify and describe a home's green features. It will serve as an optional addendum to Fannie Mae Form 1004, which is the appraisal industry's mostly commonly used form for mortgage purposes, used by Fannie Mae, Freddie Mac, and the Federal Housing Administration.

- Fixed mortgage rates have fallen (reported on September 29) to historic new lows for a fourth straight week and are likely to fall further.** The average on a 30-year fixed mortgage fell to 4.01 percent from 4.09 percent during the week of September 26, Freddie Mac said. That's the lowest rate since the mortgage buyer began keeping records in 1971. The last time long-term rates were lower was in 1951, when most long-term home loans lasted just 20 or 25 years. The average on a 15-year fixed mortgage, a popular refinancing option, ticked down to 3.28 percent during the week of September 26. Economists say that's the lowest rate ever for the loan.

Calendar of Events

Through November 14, 2011

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-King County REALTORS®					
10/14	Environmental Restoration Project at Everest Park in Kirkland		9:30am-2:30pm	Everest Park Kirkland	(800) 540-3277
10/19-21	WR Leadership Conference			Leavenworth, WA	(800) 562-6024
10/25	New Member Orientation		9:30am-12:30pm	SKCR	(800) 540-3277
11/9-14	NAR Annual Conference			Anaheim, CA	(800) 540-3277
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SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®					
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