

Fall 2008

Message from the DVRC President

Welcome to the season of autumn, and the final DVRC Newsletter of 2008!

As we gather together for our Fall Conference, we are facing challenging times. We as an industry have historically rallied together during the tough times, and this certainly is no exception. So what I'd like to do is depart from my regular message, and share a series of thoughts and quotes. I hope you find them meaningful.

On coming together...

"Union of the weakest develops strength not wisdom. Can all men, together, avenge one of the leaves that have fallen in autumn? But the wise man avenges by building his city in snow."

~ Wallace Stevens, American poet whose work explores the interaction of reality and what man can make of reality in his mind

On the season of autumn...

"The season for enjoying the fullness of life -- partaking of the harvest, sharing the harvest with others, and reinvesting and saving portions of the harvest for yet another season of growth."

~ Denis Waitley, one of America's most respected authors, keynote lecturers and productivity consultants on high performance human achievement

On hope...

"Autumn is the eternal corrective. It is ripeness and color and a time of maturity; but it is also breadth, and depth, and distance. What man can stand with autumn on a hilltop and fail to see the span of his world and the meaning of the rolling hills that reach to the far horizon?"

~ Hal Borland, American author – outdoor writer

On attitude...

"If you think achieving great heights of success will be easy, you either don't understand at all how the process works or you have your sights set too low. Reaching the top of any field is difficult, time-consuming, and often tedious. The reason it isn't crowded at the top is that most people won't do the things that are necessary to achieve success. They are all too willing to give up when the going gets tough. If you need inspiration to persevere, read the biographies of men and women who have achieved greatness in their lives. You will find that they prevailed because they refused to quit. They continued to toil alone long after the masses had given up and gone home."

~ Anonymous

As always, we encourage and welcome your participation in DVRC at every level. Please feel free to let us know how we are doing, too. This is your organization and we are committed to achieving even greater heights together.

Warm regards,

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DVRC Delaware Valley Relocation Council

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Staying the Course

Submitted by Jason Landrum—Wells Fargo

The dramatic and very turbulent changes taking place in our industry and economy these days are historic in scope and proportion, simply without precedent in our lifetimes. U.S. Treasury Secretary Henry Paulson said in a recent speech that the failure of Fannie Mae or Freddie Mac would cause great turmoil in our financial markets here at home and around the globe.

“The turmoil would directly and negatively impact household wealth: from family budgets, to home values, to savings for college and retirement,” he said.

According to Paulson, putting Fannie and Freddie into conservatorship by the government would achieve three objectives:

- * provide stability to the financial markets;
- * support the availability of mortgage finance; and
- * protect taxpayers by minimizing the near-time cost and setting policymakers on a course to resolve the risk in the current government-sponsored entity structure.

The current glut of housing inventory may experience relief as opportunities for first-time homebuyers begin to shift. Historically, first-time buyers have spurred housing activity, creating a domino effect that begins with new homeowners and extends to those eager to upgrade their homes.


Eager to move their current inventory of homes, some builders are offering incentives such as finishing basements or providing upgrades. And, people trying to sell their current homes are also providing inventive ways to make a sale – such as updating or replacing appliances, carpet or making exterior improvements.

Since foreclosures and short sale properties now account for roughly one-third of recent transactions, according to the national Bureau of Economic Research, there are good deals in many communities across the country.

It may very well be a great time for qualified first-time homebuyers to finance a home. Rates remain relatively low, inventory levels are high, and sellers are

seeking unique ways to provide incentives to buyers.

New legislative relief also has ignited the first-time homebuyers market. Between now and the middle of 2009, about 2.5 million first-time homebuyers are expected to take advantage of the \$7,500 tax credit recently passed through the *Housing and Economic Recovery Act of 2008*. Homes purchased on or after April 9, 2008 and before July 1, 2009 may be eligible.

Finally, interest rates remain relatively low, below 7 percent, peaking in July and then gradually decreasing. In comparison, for example, in October 2000, the average 30-year fixed interest rate was 7.93 percent, according to HSN Associated Financial Publishers Fixed Rate Mortgage Indicator. In 1990, the average 30-year fixed rate was 10.17 percent. Mortgage rates have been improving significantly with Fannie Mae and Freddie Mac being placed in conservatorship. 

Foreclosures and Short Sales – What kind of solutions are these?

By Anne Cowburn – Countrywide Bank

Foreclosures and short sales are proliferating as income curtailment, declining housing values and payment stress affect homeowners. When a homeowner “defaults” or fails to pay at least two mortgage payments, the lender may file a foreclosure action to evict the homeowner from the home and sell the home to satisfy the debt. The federal government and most major lenders have vastly increased resources to help homeowners avoid foreclosure action. The Foreclosure Prevention Act, passed as a part of the Housing and Economic Recovery Act on July 30, 2008, provides for expansion of FHA mortgage solutions, pre-foreclosure counseling and delayed foreclosure action for soldiers returning from service. In order to avoid a foreclosure, it is critical that homeowners contact their lenders immediately when they feel they are unable to

make their scheduled mortgage payments.

Short sales occur when lenders agree to accept less than the remaining mortgage balance when a property is sold. When a “distressed” homeowner secures a bona fide offer for his property but at a price that will not result in sufficient proceeds to pay off the mortgage on the property, he may contact his lender to request a “short sale.” The lender will complete a process that resembles the underwriting of a mortgage, requiring an explanation of hardship plus a thorough review of the contract, an independent appraisal, and the homeowner’s income and assets which could be applied to make up this short sale deficit. If the *investor, not the mortgage company*, agrees that the short sale is an advantageous solution, then the

offer will be approved with the investor stipulating the amount that will be accepted as a pay-off.

Both short sales and foreclosures have a negative effect on the homeowner’s credit score, though the foreclosure is much more serious. In all cases, it is important that homeowners *contact the lender immediately* when they realize there is a likelihood of default so that solutions can be crafted. Deliberately defaulting on mortgage loans may be a fraudulent action, and legislation and underwriting guidelines are constantly being revised to punish and prohibit this. 