

## Open House: Presidentâ€™s plan brings hope to ailing real estate industry

by Jim\_Woodard

Real estate industry leaders are excited about the potential of President Barack Obamaâ€™s Homeowner Affordability and Stability Plan. The primary objective of the plan is to help millions of homeowners at risk of losing their homes via foreclosure.

The problem being addressed by Obamaâ€™s plan was summarized in a report from the U.S. Treasury Department. Many responsible families who make their monthly payments have seen their property values fall, and are consequently now unable to refinance at lower mortgage rates, the report said.

Also, millions of workers who have lost their jobs or had their hours cut back are also struggling to stay current on their mortgage payments. Neighborhoods too are struggling, as each foreclosed home reduces nearby property values by as much as 9 percent.

The Homeowner Affordability and Stability Plan will help up to 9 million families restructure or refinance their mortgages to avoid foreclosure. The plan not only helps responsible homeowners on the verge of defaulting, but also prevents neighborhoods and communities from being pulled over the edge.

Homeowners can apply for these benefits as of March 4. Check with your lender regarding possible last-minute changes or additions to the plan.

The key components of the plan are: 1. Refinancing for up to 4 to 5 million responsible homeowners to make their mortgages more affordable. 2. A \$75 billion initiative to reach up to 4 million at-risk homeowners. 3. Supporting low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac, the two major government-sponsored buyers of existing mortgages.

As an example of the planâ€™s support by industry leaders, hereâ€™s a response from Charles McMillan, president of the National Association of Realtors:

â€œThe Home Affordability Plan would help struggling homeowners by providing incentives to lenders, servicers, mortgage holders and borrowers to help modify mortgage loans. The Treasury Department will issue uniform guidelines that financial institutions receiving assistance must agree to follow.

â€œWhen people lose homes to foreclosure, our communities, the housing market and our economy suffer. This plan, combined with provisions like the \$8,000 first-time home buyer tax credit will help minimize

foreclosures, shrink housing inventory, stabilize home values and move the country closer to an economic recovery.â€•

A report from Freddie Mac said, â€œWe are pleased to support the Homeowner Affordability and Stability Plan, and look forward to working with the administration. We are eager to play our role in this important effort to keep millions of families in their homes and help stabilize the nationâ€™s housing markets.â€•

For more detailed information about the plan, visit: [www.financialstability.gov/](http://www.financialstability.gov/).

Q: Are there any positive indicators in todayâ€™s market?

A: An increasing number of noted economists are focusing on positive aspects in the current real estate market.

â€œDespite the darkening national economic outlook and weak condition in the housing market, some positive signs give hope that housing is about to hit bottom,â€• said a report from Moodyâ€™s Economy. â€œLower home prices along with tax credits for eligible homebuyers, and further mortgage rate declines, could mean now is the right time to buy.â€•

Moodyâ€™s recently released results of a special study, â€œHousing in Crisis: When Will Metro Markets Recover?â€• It projected that home prices will stabilize by the end of 2009. By the end of the current downturn, house prices will have declined by double digits peak-to-trough in nearly 62 percent of the nationâ€™s 381 metro areas. In about 10 percent of metro areas, price declines will exceed 30 percent.

Another optimistic note: Federal Reserve Chairman Ben Bernanke recently told Congress, â€œThere is a reasonable prospect that next year will be a recovery year, provided credit flows normally and financial market work.â€•

Q: What is a green condo?

A: â€œGreenâ€• condos are becoming a hot product in the housing industry â€” particularly pricey condos in metro areas, keyed primarily to young professionals.

These condos, sometimes called eco-friendly lofts, include a wide variety of features using alternative and recycled materials. It's a good marketing ploy in today's market, developers say.

At one condo development, rugs made of recycled bicycle inner tubes are advertised. Bathrooms with wallpaper from recycled magazines and throw pillows created from secondhand suits are touted.

Condos and townhomes have long been popular with young married couples and retirees — often the first or last residence owned. Now, luxury "cool" condos in metro areas are surfacing as a major niche in the real estate market.

Q: How do brokers spend money to promote sales of listings?

A: An increasing number of real estate brokers are spending their advertising dollars on real estate-focused media, as opposed to general mass media. This would include real estate-related websites (including the broker's personal site), specialty magazines and real estate sections of newspapers.

That was the conclusion of a survey conducted by The Real Estate Book. Brokers and their associates spend about 75 percent of the advertising budgets on these real estate-related media, it was estimated.

The survey noted that about 57 percent of brokers spend more than \$500 a month on advertising, marketing, branding and promotion. The median amount spent on Internet marketing is \$196 per month.

In the current economy, the most important goals for most brokers are finding more buyers, followed by showing current customers they are working diligently for them, and getting more listings, the survey said.  
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