

July 2009 Newsletter



We've got great news! The beautiful season of summer is here! Magical sunlight, ice tea, garden fragrances thick in the air, and a blanket of color before us! In the spirit of the happy season, Stephanie Gasparovic & Associates would like to share with you the great news that Stephanie and Ladd are expecting a new addition to the Gasparovic family this October! ... **A BABY GIRL!**

Pending Home Sales Rise Again

© The National Association of Realtors® – Daily Real Estate News – July 1, 2009

Pending home sales show a sustained uptrend, rising for four consecutive months with very favorable housing affordability and a first-time buyer tax credit boosting activity, according to the National Association of REALTORS®. The Pending Home Sales Index, a forward-looking indicator based on contracts signed in May, increased 0.1 percent to 90.7 from an upwardly revised reading of 90.6 in April, and is 6.7 percent higher than May 2008 when it was 85.0. The last time there were four consecutive monthly gains was in October 2004. Lawrence Yun, NAR chief economist, cautions that there could be delays in the number of contracts that go to closing. "Closed existing-home sales have improved but are coming in lower than expected because some contracts are delayed or falling through from the application of new appraisal rules for many transactions," he says. "Rises in contract activity show buyers are becoming more active even as they face much more stringent loan underwriting standards. Speedy clarification of the appraisal rules could smooth a housing market recovery and support the overall economy."

Region:

Northeast: The Pending Home Sales Index in the Northeast rose 3.1 percent to 80.9 in May and is 6.8 percent above a year ago.

Midwest: In the Midwest, the index slipped 1.3 percent to 89.2 but is 11.4 percent above May 2008.

South: The index in the South declined 1.7 percent to 92.6 in May but is 7.9 percent higher than a year ago.

West: In the West, the index rose 2.2 percent to 96.9 and is 0.7 percent above May 2008.

The Effects of Appraisals:

NAR President Charles McMillan says the appraisal issue is complicated. "We see that distressed homes often are selling for 20 percent less than normal homes in the same area, but some appraisals don't distinguish between traditional homes and distressed property," he says. "In many cases appraisers from outside the area are being used, but as everyone knows real estate is local and appraisals should be done by an expert with local expertise."

McMillan says sellers shouldn't hesitate to speak with an appraiser about their home. "Sellers should feel free to tell an appraiser about improvements and renovations to their home, and how it compares with other homes in the neighborhood," he adds. "Also, if recent sales in the neighborhood were discounted, but not similar to your home in terms of quality or condition, that should be pointed out. It wouldn't hurt to put all this in writing, especially if an appraiser is not familiar with your area."

Affordability at a high:

NAR's Housing Affordability Index remains at historic highs. The affordability index fell to 171.6 in May from an upwardly revised 178.8 in April, which was the highest on record dating back to 1970. "Under these conditions the typical family would devote only 14.6 percent of gross income to mortgage principal and interest, which is one of the lowest percentages on record," Yun says. The HAI is a broad measure of housing affordability using consistent values and assumptions over time, which examines the relationship between home prices, mortgage interest rates, and family income. A median-income family, earning \$60,800, could afford a home costing \$296,700 in May with a 20 percent down payment, assuming 25 percent of gross income is devoted to mortgage principal and interest. Affordability conditions for first-time buyers with the same income and small down payments are roughly 80 percent of what a median-income family can afford. The affordable price was significantly higher than the median existing single-family home price in May, which was \$172,900.

First-time buyer tax credits offers a boost:

The first-time buyer tax credit also is benefiting the market. "Strong activity by entry-level buyers is helping to absorb inventory and allow some existing owners to make a trade," Yun says. Existing-home sales should trend up through the end of the year, with normal local market differences. "The big question is how much the appraisal issue will impact the ability of contracts to go to closing," Yun says. "We are currently conducting a study to assess the degree to which new appraisal rules are impacting home sales."

We Love Our Newest Happy Homeowners



Brannon Montgomery



Woodrow & Kay Vinson



Gerald & Peggy Evans



Travis & Amy Koon



Jacque & Penelope McAllister



Kirk & Christy Richardson



Mark & Beth Copley

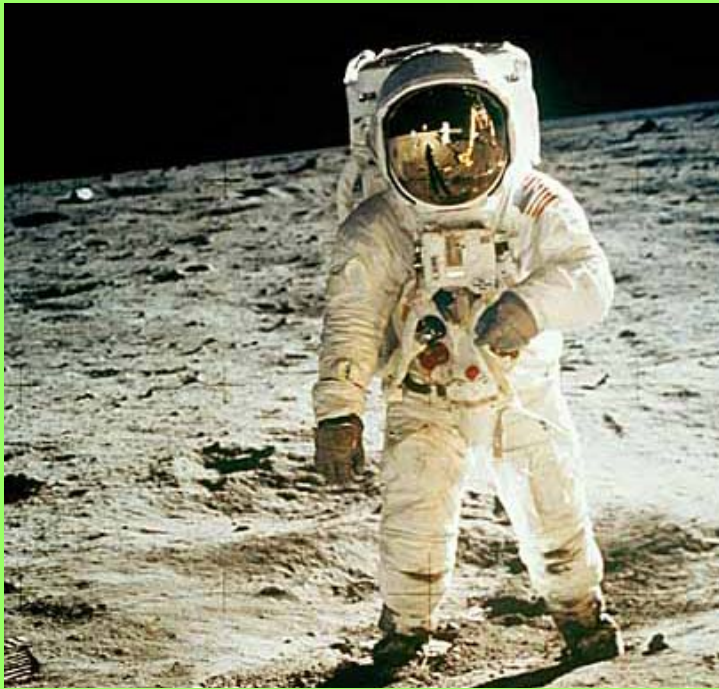


Eric Eskew



Chris & Graciela Rust

In Celebration of the 40th Anniversary of the Day Astronauts Landed on the Moon, July 20, 1969



Are Today's Homes Undervalued?

Realtor® Magazine – Lawrence Yun, Chief Economist of the National Association of Realtors® – July 2009 Issue

After dropping for three years, home prices appear to be stabilizing. The median national home price today is about \$169,000, down almost 14 percent from a year ago and an estimated 30 percent from its peak. It's safe to say we've reached the point where prices are justified by the fundamentals of the economy and may even represent an undervaluation.

Foreclosures and short sales comprise about 50 percent of transactions today, creating market distortions in otherwise stable neighborhoods. In determining valuations, we're capturing only transactions prices, and prices of those properties might be 20 percent below values of other homes. For that reason, it's possible that widely cited projections that a third or more of home owners are underwater might be off the mark. The consequences of these missed projections are significant. Lenders are shying away from refinancing mortgages of otherwise creditworthy households on the basis that their homes are underwater. By not making these loans, lenders are exacerbating the financial hardship faced by these households.

Yet there are encouraging signs on the horizon. The First-Time Home Buyer Tax Credit, which Congress improved two months ago by eliminating the repayment requirement and increasing the benefit to \$8,000, is working. That credit, coupled with all-time-high housing affordability and continuing low interest rates, is leading to solid inventory improvements in most markets. Yet when we look only at homes in high-cost areas requiring jumbo loans, the month's supply is in the stratosphere: almost 45.

What's clear is that the challenge today is getting credit moving again for everyone. Until then, markets will continue to be distorted by the disproportionate number of short-sale and foreclosed homes for sale.

Gas Price Record, One Year Later
By Ben Rooney, CNNMoney.com Staff Writer - July 17, 2009

It's been one year since drivers across America were stuck paying the highest gas prices on record, and the memory is not a pleasant one for consumers. Friday marked the anniversary of \$4.114-a-gallon gas. It was the highest national average price ever recorded by motorist group AAA, which has conducted a daily survey of up to 100,000 filling stations since 2003. The surge took a heavy toll on consumers. Not only did the cost of driving jump, but prices for other consumer staples, such as groceries, also shot up as transportation costs increased.

In response, consumers drastically cut back on driving and many switched to more fuel-efficient cars. That led to huge financial losses for automakers. Earlier this year, General Motors and Chrysler, two companies that specialize in full-size automobiles, both declared bankruptcy. Now, the national average stands at \$2.481 a gallon, down nearly 40% from last year's peak. Gas prices have fallen for 26 days in a row after climbing to \$2.693, the highest level of 2009, on June 21. While prices average \$2.50 a gallon or less in 28 states, gas remains above \$3 a gallon in both Hawaii and Alaska, where gas taxes are comparatively high.

Analysts say gas prices could continue to fall over the next few weeks. But summer is peak driving season -- not to mention hurricane season in the oil-producing Gulf of Mexico -- and its possible prices could rebound in August. "We think that \$2.50 a gallon is a pretty good number for consumers to budget their fuel expenditures," said AAA spokesman Geoff Sundstrom. Last year, gas prices were driven higher by an unprecedented rise in the price of crude oil, which is the main ingredient in gasoline. Oil prices settled at a record \$145.29 a barrel one day before the price of gas hit its all-time high. Oil prices plunged in the second half of 2008 as the global economic crisis unfolded. Gas prices followed suit, with the national average price dropping to about \$1.60 a gallon in December. More recently, crude prices have traded in a range near \$60 a barrel as demand for oil-based products remains weak.

Sudoku: Strengthen Your Mind

Enter digits from 1 to 9 into the blank spaces. Every row must contain one of each digit, so must every column, as must every 3x3 square. Good Luck!

4	9		6					
3		7		5	2		6	
5								
2		5	4			9		
				2				
		4			6	1		5
								1
	4		5	7		6		2
					3		7	9

First-Time Buyers: Hurry for \$8,000 Tax Credit

Realtor® Magazine – Source: Chicago Tribune, Mary Ellen Podmolik – July 11, 2009

It's time to remind first-time home buyers that in order to qualify for the government's \$8,000 gift in the form of a tax credit, the deal must close by Dec. 1.

Buyers should have a purchase contract signed by early October, so they have 45 to 60 days to arrange financing and safely close the deal.

New television ads in the Public Awareness Campaign have been urging qualifying buyers to contact a Realtor® to help them realize their dream of homeownership.

"There's not as much sand in the hourglass as we may think," said Jim Merrion, regional director at RE/MAX Northern Illinois.

America Turns 233! Independence Day, July 4, 1776



New Home Appraisal Rules Stir Backlash: Real Estate industry is trying to repeal ban on the direct hiring of appraisers by lenders.

By Alex Veiga, Associated Press – CharlotteObserver.com – July 15, 2009

Less than three months after new rules for home appraisers kicked in, the real estate industry is in uproar. Realtors, homebuilders, mortgage brokers and the appraisal industry itself all agree the rules are causing problems. Some are backing a bill in Congress to kill them. The new guidelines essentially put a firewall between lenders and home appraisers. They also ended the practice of lenders using their in-house staff for initial home appraisals and prohibit the use of appraisal-management companies owned or controlled by lenders.

But since the rules went into effect May 1, critics say, they have a slew of unintended consequences, causing delays in closings and undermining sales because botched appraisals are coming in too low. "This thing is not only preventing the housing market from recovering, it's destroying the housing market," said Marc Savitt, president of the National Association of Mortgage Brokers. "We're eliminating competition, and we all know what happens when you eliminate competition: Prices go up."

After a homebuyer and seller agree on a price, the buyer applies for a mortgage. The lender then orders an appraisal to ensure the value of the property, because if the borrower defaults the property will be sold to satisfy the debt. The appraisal fee, which can run between \$250 and \$500, is usually paid by the buyer.

To determine what a home is worth, the appraiser compares prices of similar homes that were recently sold in the area and

makes adjustments for different features, such as a swimming pool or extra bathroom. If the property appraisal comes in below the agreed upon price, the buyer usually has to make up the difference and may instead walk away.

Suzanne Wilhelm, who has been trying to sell her home in Henderson, Nev., for six months, blames an appraisal done under the new rules for scuttling what had been a done deal with a buyer several weeks ago. The appraisal valued her four-bedroom, 2,000 square-foot house at \$190,000 – \$45,000 less than the price the buyer agreed to pay. Wilhelm, who paid \$187,000 for the house in 2001, believes the appraiser based his estimate on the sale of several foreclosed homes in the area but ignored sales of regular homes that would have reflected a higher price. "It's very unfair that we're put into the same bracket as those people who were so irresponsible in buying their homes," said Wilhelm, a teacher.

The rules, dubbed the Home Valuation Code of Conduct, are meant to eliminate conflicts of interest that created pressure on real estate appraisers to inflate the value of a property. Lenders, agents and brokers have been known to pressure appraisers to "hit the number" that the homebuyer and seller agreed on so the deal would close and everyone could collect their fees. Inflated appraisals were partly blamed for fueling the housing bubble.

Under a settlement last year with New York Attorney General Andrew Cuomo, Fannie Mae and Freddie Mac agreed only to buy loans from lenders that don't directly hire appraisers. The move sent shock waves through the industry because Fannie Mae and Freddie Mac own or guarantee about half of all U.S. home loans. So lenders started giving more business to appraisal management companies, which critics say draw appraisers from a pool of candidates willing to do the job for less money and who, in some cases, may be unfamiliar with a neighborhood.

Almost 60 percent of builders are reporting that inadequate appraisals are causing serious problems in the market, often comparing newly built homes to foreclosures without considering the money needed for property repairs. Of those reporting appraisal problems, more than half said the appraisal amount was actually less than the cost of building the home, according to a survey released this week by the National Association of Home Builders.

Cuomo's office maintains the rules are necessary, and that critics are using the appraisal rules as a scapegoat for a declining housing market made worse by the recession. Last week, the National Association of Realtors urged members of Congress to support a bill that would impose an 18-month moratorium on the new appraisal guidelines. The measure is still working its way through Congress.

An Inside Look at our Team's Exclusive Subdivisions:

Cambridge at Cross Creek

Cambridge at Cross Creek
www.HampsteadCommunities.com
 Homes are able to be shown Friday-Sunday, 12pm-4pm.
 Contact Realtor® Rose Glinski for showings at (910) 264-3163

Majestic Oaks

Majestic Oaks
www.MajesticOaks.com
 Model Home Open Thursday-Sunday 12pm-5pm. Contact Realtor® Barbara Wood for showings at (910) 545-3189

Avendale

Avendale
www.AvendaleLiving.com
 Model Home Open Friday-Sunday 12pm-4pm
 Contact Realtor® Rose Glinski for showings at (910) 264-3163

Kingsport

Kingsport
www.KingsportofHampstead.com
 The New Model Home is currently under construction. Contact Realtor® Justin Vandergaag for showings at (919) 622-2018



Long Point

www.LongPointofHampstead.com
 Visit Realtor® Eric Sabourin at the Hampstead Communities Sales Center for showings, Friday - Sunday 11am-4pm. or contact him at (910) 228-1039.

Graystone

Graystone
www.GraystoneofHampstead.com
 Visit Realtor® Eric Sabourin at the Hampstead Communities Sales Center for showings, Friday -Sunday 11am-4pm. or contact him at (910) 228-1039.



Hammock Watch

Hammock Watch
www.HampsteadCommunities.com
 Visit Realtor® Eric Sabourin at the Hampstead Communities Sales Center for showings, Friday -Sunday 11am-4pm. or contact him at (910) 228-1039.



Topsail Plantation

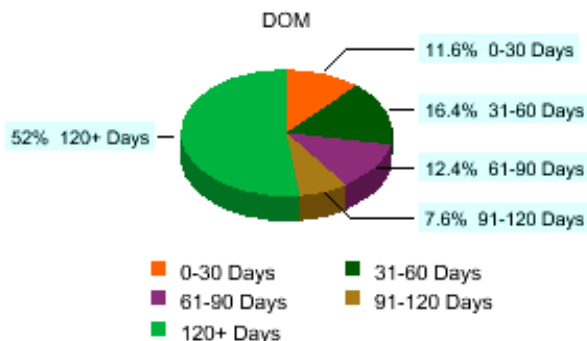
www.TopsailPlantation.com
 For showings and information about weekend open houses, contact a Realtor® on Team Gasparovic's Real Estate Hotline at (910) 264-0585.

Recap on Pender County's Real Estate, January 1, 2009 – July 27, 2009

Statistics pulled from the Wilmington MLS (Multiple Listing System) for the time period of January 1, 2009 to July 27, 2009 report that Pender County totaled 225 single family residences sold since the first of the year.

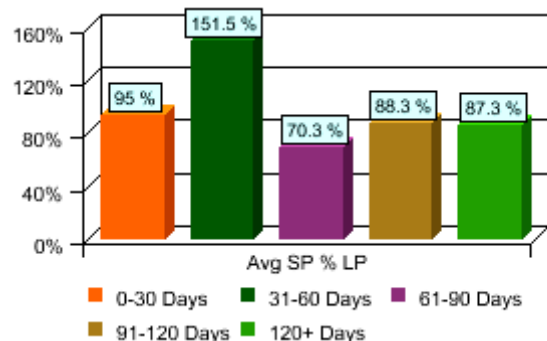
Homes sold within 30 days of listing received an average of 96.59% of the listing price, whereas homes sold within 120+ days received an average of only 93.74% of the listing price. The average sales price decreased as the number of days on the market increased.

52% of the 225 homes sold were on the market for over 120 days. The percentage of homes sold in relation to their number of days on the market is illustrated in the chart below.



Land sales since the first of the year totaled a mere 48, nearly 80% less than the number of single family residence sales. Of the 48 land listings sold, 20.83% were sold within 30 days on the market, 12.50 % were sold within 31-60 days, another 12.5% were sold within 61-90 days, 8.33% were sold during 91-120 days, and 45% were sold after 120 days on the market.

The sales price for land listings within 30 days on the market averaged 94.96% of the listing price. Between 61-90 days on the market, the average sales price dropped drastically to 70.28% of the listing price. After 120+ days on the market, the average sales price rose again, but only to 87.34% of the listing price. The sales price in relation to days on the market is illustrated in the chart below.



Like what you see? Let us know what you think of our newsletter and you'll be entered in our monthly **PRIZE DRAWING** for a gift card to Port City Java! Send remarks to Stephanie@realexit.com, or call Team Gasparovic at (910) 264-0585.



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