

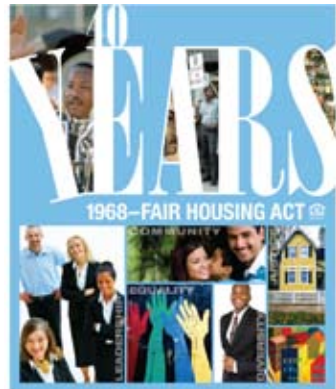
GBAR ON THE HOME FRONT

APRIL 10, 2008



GBAR ONLINE ADS PROMOTE HOMEOWNERSHIP OPPORTUNITIES

As previously reported in an earlier edition of On the Home Front, the Greater Boston Association of REALTORS® is launching new online ads this spring to supplement the National Association of REALTORS® public awareness campaign. GBAR's online ads are set to debut this week on five heavily trafficked media websites – Boston.com, the bostonchannel.com, myfoxboston.com, wbztv.com and whdh.com – and will appear throughout the months of April and May. Similar to the NAR public awareness ads which tout today's strong buyer's market, the GBAR ads promote the "buy now" message and the value of home ownership, specifically the average net worth of homeowners (\$187,000) vs. that of renters (\$4,000). Both ads also promote the value of contacting and working with a REALTOR® during the home purchase and sale process. The GBAR ads will drive consumers to NAR's new website www.housingmarketfacts.com. To view GBAR's ads and/or to download them to your website visit gbar.org.



APRIL MARKS 40 YEARS OF FAIR HOUSING

Forty years ago the dream of homeownership for many Americans of minority groups became a possibility when the Fair Housing Act was passed. April marks the 40th anniversary of the Act, which protects the basic right of all Americans to pursue the dream of homeownership regardless of race, color, religion, sex, disability, familial status and national origin.

"REALTORS® build communities and play a vital role in advancing fair housing laws and improving access to affordable housing," said NAR President Dick Gaylord. "NAR and its 1.3 million members pledge to continue our work educating home buyers and homeowners in our communities about fair housing laws, discrimination, and predatory lending practices, making the dream of homeownership viable for all Americans."

Throughout the year NAR carries out initiatives to promote Fair Housing. Currently NAR is pushing for the recently increased Federal Housing Administration's conforming loan limits to become permanent. NAR and REALTORS® across the country are also calling for a stronger, more flexible FHA program to give more first-time buyers access to affordable and safe financing options.

NAR also educates its members through the "At Home with Diversity" program, which teaches REALTORS® how to work effectively with — and within — a rapidly changing multicultural market. More than 25,000 REALTORS® have completed the course. In celebration of Fair Housing Month, NAR is offering 50 percent off the online course fee – a savings of \$24.50.

The Massachusetts Association of REALTORS® is also offering a "live" version of the class on April 18 for \$100. For more information visit MAR's website



HUD REQUIRING TWO APPRAISALS FOR SOME NEW JUMBO LOANS

On April 1, 2008, the US Department of Housing and Urban Development (HUD) released mortgage letter 2008-09 announcing that mortgages that exceed the January 1, 2008, conforming loan limit of \$417,000 may require two appraisals. A second appraisal is required for these loans if the loan-to-value ratio (excluding MIP) equals or exceeds 95 percent AND if the property is in a declining market. A declining market is determined by the appraiser or by the lender.

The letter also limits the loan-to-value for cash-out refinances. The loan-to-value may not exceed 85 percent of the appraiser's estimate of value if the homeowner pursues a cash-out refinance and the loan balance, excluding the FHA mortgage insurance premium, exceeds \$417,000.



FANNIE MAE ANNOUNCES HANDFUL OF CHANGES

Fannie Mae, a government-sponsored provider of home-funding, has announced tighter standards for home mortgages it guarantees or buys.

Fannie Mae will now require a minimum credit score of 850 for most loans it buys on an individual basis. In the past Fannie had no minimum credit score. The organization also announced an increase in the period needed for borrowers to re-establish credit history after a foreclosure from four

years to five. The forbearance period for delinquent borrowers could be extended up to six months for borrowers to find an alternative to foreclosure.

Separately, Fannie Mae announced changes and clarifications to its declining markets policy. This policy generally requires that the maximum loan-to-value ratio (LTV) that would otherwise apply to mortgages it buys must be reduced by five percentage points if the home is in a declining market. As a practical matter, this means that the minimum down payment will be five percentage points higher. (Freddie Mac has a similar policy.)

Fannie Mae reminds lenders and appraisers to make their own judgment about local market conditions. The announcement states: "Relying solely on a [Desktop Underwriter®] message without further due diligence may be inappropriate in specific instances as there may be stable submarkets within a given market." REALTORS® may remind lenders that a DU message that a property may be in a declining market is not the last word.

Some of Fannie Mae's changes will make financing easier:

- For Fannie Mae programs with a maximum LTV of 95 percent or greater, the maximum is 95 percent for properties in declining markets, but only for purchase money and no-cash-out mortgages involving a 1-unit principal residence.
- The declining markets policy does not apply if the maximum allowable LTV is 75 percent or less.
- Fannie Mae has eased the impact of the reduction for borrowers with a Community Seconds mortgage.
- Fannie Mae has clarified that government mortgage loans are not subject to the declining markets policy (including FHA, VA, and Rural Housing Service loans).

The new Announcement tightens applicability to refinancing mortgages.



BOSTON MAKES LIST OF RISING RENTS

Average rents for U.S. apartments rose 1 percent in the first three months of 2008.

This was the 24th consecutive quarter that rental property rates have risen, according to New York-based real estate research firm Reis Inc. The last time rents fell was the first quarter of 2002, when they declined by 0.2 percent, according to Reis.

A soft housing market beset by stricter loan terms and falling home prices is the "dominant driver" pushing people to rent apartments, said Sam Chandan, chief economist at Reis.

New York had the highest average rent at \$2,790 a month, followed by San Francisco at \$1,801, Fairfield County, Conn., at \$1,759 and Boston at \$1,620, Reis said.

Want more talking points on buying vs. renting and the value of homeownership? Check out the latest edition of Beyond the Headlines from GBAR or NAR's consumer website www.housingmarketfacts.com.

Source: Bloomberg News (04/05/2008)



INVITE YOUR CLIENTS TO THIS WEEK'S BUYER & SELLER WORKSHOPS

The Greater Boston Association of REALTORS® and Boston Globe Media have partnered to host a free workshop for home buyers and sellers which will be held on Saturday, April 12, from 9 a.m. to 12:30 p.m., at the Sheraton Four Points Hotel on Rt. 1 in Norwood. The workshop will feature a half dozen sessions designed to educate consumers on key elements of the property transaction process.

Session topics for buyers include: Home Buying 101: The Basics Every Buyer Should Know; Successfully Navigating the Mortgage Maze; Deal or No Deal: Confessions of a Home Inspector & Appraiser.

Sellers will learn about: Preparing Your Home for Sale; Evaluating Your Home's Value & Setting a Fair Price; and the Risk and Rewards of Short Sales & Foreclosures. Consumers can register online at www.boston.com/realestate. Registration can be in-person at the event on Saturday.



NOMINATE A GOOD NEIGHBOR – DEADLINE APPROACHING

Do you know a fellow REALTOR® who exemplifies community activism? Then recognize that person by nominating him or her for the first-ever GBAR Good Neighbor Award. The deadline to nominate someone is Tuesday, April 15. The award will be presented to a REALTOR® who demonstrates an extraordinary commitment to community service through volunteerism and civic and charitable contributions that improve the lives of local residents and make their community a better place to live.

Nominees for the award may engage in a broad range of eligible activities that might include, but may not be limited to, volunteer work involving affordable housing issues, educational programs, youth-related activities, or any other civic or charitable activity that improves the lives of local residents or the community at-large.

The nomination form can be completed online or downloaded in a print version. To access either, visit gbar.org.



GBAR SHOWS SUPPORT FOR LOCAL HOUSING ORGANIZATION

The Greater Boston Association of REALTORS® will be one of the featured sponsors at this year's "What's in a Bag?" charity event sponsored by the Massachusetts Coalition for the Homeless.

GBAR's Community Service Committee along with GBAR staff members will be present at the event, which auctions off over 100 handbags from designers such as Cindy Crawford, Martha Stewart, Ashley Judd, Cole Haan and even the Boston Red Sox. The coalition is the official charity of GBAR.

Founded in 1981, the Massachusetts Coalition for the Homeless was the first statewide advocacy organization for the homeless in the nation. The Coalition traces its beginnings to local task forces that grew up around Massachusetts as homelessness was recognized as a complex and widespread problem. Realizing that emergency services alone could not solve homelessness, shelter providers and advocates created the Coalition to work on broader economic and social factors that effect or cause homelessness.

Notably, if you or a fellow REALTOR® makes a difference in his or her community through service and activism, consider nominating the person for GBAR's first-ever Good Neighbor Award being presented in June. The deadline to nominate someone is Tuesday, April 15, so don't delay. You can access the nomination form online.

LEGAL CORNER**Is an Offer Legally Binding?**

Several questions have arisen regarding whether an Offer to purchase a property is legally binding or not. The McCarthy vs. Tobin case has addressed this issue and shows that if the parties had a “meeting of the minds” or in other words, it was a firm offer where the parties meant to be bound by the terms of the Offer, then the Offer is legally binding and enforceable under specific performance by the buyer.

In order to show the parties were meant to be bound, the court looked at several elements of the Offer to ascertain if it contained, among other provisions, a description of the property, the price to be paid, deposit requirements (consideration), limited title requirements, and the time and place for closing.

The court further concluded that “Time is of the essence” was set forth and means that all times and dates must be met. When a certain contingency is not satisfied or exercised by the date certain as set out therein, it normally means that the party has waived their right to exercise it, or maybe committing a breach of the contract if the party refuses to move forward pursuant to the other terms. It does not mean that you are “out of contract” as many licensees like to say.

This does raise an issue when the offer contains a provision that a mutually acceptable purchase and sale agreement must be executed by a certain date. The court looked to whether this provision was meant by the parties to be a polished memorandum of an already binding contract, or act to extinguish their obligations under the Offer. In McCarthy, it was found that the parties waived the obligation to execute the purchase and sale by a date certain as they did not meet that date or properly extend the execution date thereof, and therefore the Offer was fully enforceable. In other words, you can go directly to closing without ever executing a purchase and sale agreement when it is found under the facts that the parties meant to be bound under the Offer.

Lastly, to make an Offer binding, it must be signed by the proper parties. A frequent question arises about a husband or wife signing their spouse’s name to an Offer. Is this a binding agreement?

Example question: “I just received an offer on a property owned by a husband and wife. The husband has signed the offer but his wife is away on vacation and didn’t sign the offer which correctly lists both her and her husband as sellers. The husband signed her name, is this a binding agreement?”