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## President's Message



Looking for some optimism in our market? Let's remember that real estate is still a great investment and the Frederick area is a great place to live.

Frederick County's real estate market has continued to be better statistically than the national or state averages. As a bedroom community of Washington DC, the job market has not taken as bad of an economic downturn as the rest of the United States or some counties in Maryland that are farther from the DC job market. In a healthy market, we like to see an average of 6 months or so of inventory (the total amount of homes on the market divided by the sales for the month.) Right now Frederick County has a 5.5 month supply of homes. While that is considered healthy, we do have what we call a split market. The homes priced under \$300K have a 4.5 month supply while the homes over \$300K have an 8 month supply of inventory. We would like to see those averages more even for all sales prices.

Overall, however, there is a positive trend. Sellers in the lower range are seeing multiple offers on some of their properties which provide them with a better price and better terms than a few years ago. Sellers in the upper end still need to make sure that their properties are in very good condition and priced very competitively with other homes that are similar to theirs. Frederick County has fared better than the average for the state. Maryland has an average of 7.6 months of inventory. That is down overall from last year when the average was 9 months of inventory. We are still seeing a decline in pricing especially for the upper levels, which is good news for buyers. Interest rates are low and prices continue to be low so even though it is a tougher lending environment, homes are as affordable as they have been in a long time.

Rental rates have also remained steady have shown an increase recently which is good for investors looking for a long term investment.

Pending home sales (homes that are under contract and scheduled to settle) have also increased. This has been the trend nationwide. There are many short sales (a home that sells for less than what is owed on the property) and bank foreclosures still on the market, which take a longer time than average from contract date to settlement. This can be why we are seeing an upward trend in pending sales. If those sales were closing on a traditional schedule, the inventory would be even less than what we are seeing today.

According to the National Association of REALTORS®, studies show that home ownership has a significant positive impact on net worth, educational achievement, civic participation, health and overall quality of life. People who own homes vote more, volunteer more and contribute more to their neighborhoods. Children of home owners do better in school, stay in school longer, are more likely to participate in organized activities and spend less time in front of the television. Home Ownership matters and Frederick County is a great place to own a home.

## Safety Software from MRIS

MRIS has partnered with Moby to help keep you safe! Moby is a simple smartphone app that puts safety in reach wherever you are.



- Alert your friends, family or emergency services with your GPS location instantly

- Have Moby check-in on your status and send alerts on your behalf

Stay connected and safe in unfamiliar locations, at open houses, during night time showings and when you are meeting new clients.

Learn more at [www.mymoby.com/mris](http://www.mymoby.com/mris)

## Annual MAR Conference – September 12-14, 2011 Ocean City, MD



- Online Registration rates have been extended until AUGUST 31st. Register online NOW!
- 3-day MAR member registration is now \$245. MAR Rookie REALTORS receive a \$50 discount on your 3-day pre-registration
- Motivational Keynote & Light Lunch – Nationally recognized speaker Steve Harney will present, “Keeping Current Matters“
- NEW Young Professionals Network (YPN) event – \$10 (Targeted to REALTORS under the age of 40)
- MORE Grand Prize Winners – The Grand Prize is now three prizes! Giving more attendees chances to win. The Grand Prize will be \$500; the GRANDER Grand Prize will be \$1,000 and the GRANDEST Grand Prize will be \$1,500
- FREE REALTOR Business Center with Wi-Fi, daily access to computers, copier and a fax machine.
- FREE Bus transportation within Ocean City with your attendee badge
- 50/50 Drawing back AGAIN this year – 1 for \$5, 5 for \$20. All proceeds will benefit the Partnership for Housing Foundation.
- The Sunday MAR Golf Tournament will be held at a NEW COURSE – The Links at the Lighthouse Sound on Sunday, September 11. Shotgun start @ 9AM. \$110 per person. All Golfers are welcomed & encouraged to register.

More information at [www.mdrealtor.org](http://www.mdrealtor.org)



## Armstrong Discovers Business Opportunities for Members in India & Dubai



FCAR member and NAR Treasurer Bill Armstrong represented the national association at a conference in India and meetings in Dubai, United Arab Emirates this past month.

NAR has a 20-year global program that consists of an international network of real estate associations spanning 60 countries around the globe.

These partnerships are designed to foster inbound and outbound real estate transactions for REALTORS, seeking to capitalize on the \$82 billion in residential real estate purchased by foreigners last year. Nearly a third of REALTORS nationwide report international clients and investment is up \$16 billion over last year, as foreign buyers seek safe investment havens and capitalize on the weak dollar.

In India, Bill attended the third national conference of the National Association of REALTORS – India, a newly formed association that NAR-US assisted in forming, modeled on the US model. “Our professional counterparts in India are enjoying a rapidly growing economy and expanding middle class, opening up dramatically increased opportunities for the transfer of real property”, says Armstrong adding that “they are studying the 100 year history of NAR in the United States, and seeking our assistance in replicating the US model in just a few years”. Armstrong believes that organized real estate in the US is one of the best models and emerging markets such as India that replicate the NAR model will open up opportunities for US members, where commonly accepted business practices such as referrals, broker collaboration, and technology tools make for seamless international transactions across bor-

ders. Mr. Armstrong was a keynote speaker at the conference, attended by over 1,000 professionals, and described the current state of the real estate economy and NAR’s role in influencing real estate challenges. India is the 5th largest foreign investor in US residential real estate, with the trend growing upwards. A study on foreign investment can be located on NAR’s global page at <http://www.realtor.org/global>.

While in Asia, Mr. Armstrong spearheaded NAR’s efforts to open up the Middle East region, one of the few regions of the world where NAR does not yet have international partnerships. Mr. Armstrong led an NAR delegation in meetings with government officials from the Dubai Real Estate Institute, which trains over 15,000 real estate professionals, who are licensed through the Real Estate Regulatory Authority. An agreement was signed to hold the first ever Certified International Property Specialist (CIPS) Institute, an NAR-designation that teaches the principles of international real estate and maintains a network of thousands of professionals globally (the institute is open to US students as well and will be held in September. See [realtor.org/global](http://realtor.org/global) for more information). Dubai is considered the major tourism and financial hub in the Middle East region, where 30% of all properties are foreign-owned from over 150 nationalities, who buy second homes in a futuristic city in a desert setting, where along its coastline land has been built out into the ocean resembling palm trees to maximize waterfront property.

To get involved in the international market do REALTORS need to ready their passports and book a trip? No, says Bill Armstrong, who says that “REALTORS can go global by focusing on their local markets and utilizing NAR’s resources which include research studies, an education designation, business trade missions and conferences, and a partner network in 60 countries whose members subscribe to an NAR-compatible code of ethics”. During Bill’s tenure as NAR Treasurer, “REALTOR.com will globalize its site, where listings will be translated into eight languages along with currency and metric conversion tools along with listings worldwide.” What did Bill learn most during his recent trip to India and Dubai? “Despite current challenges, we have a stable and organized real estate market. NAR’s global efforts benefit members in the local marketplace and opens new doors, both from a business and personal point of view.”

## HUD Unveils REO Web-Based Mapping Portal

HUD now hosts a web-based mapping tool that displays the geographic location of all foreclosed properties owned by the Federal Housing Administration (FHA), Fannie Mae, and Freddie Mac. This tool is particularly important to communities participating in the Neighborhood Stabilization Program (NSP) as it allows users to search a specific address or neighborhood and obtain an estimated delinquency count based on HUD analysis for local NSP program activities.

The portal also provides consolidated listing for user-defined neighborhoods with details such as list date, price, number of bedrooms, and bathrooms. It includes links to Fannie Mae’s Homepath, Freddie Mac’s Homesteps, and the HUD Homestore to connect potential buyers to the acquisition process.

<http://www.huduser.org/REO/reo.html>

## MRIS Training

MRIS has an array of training classes to make sure you are getting the most from your MLS. Hands on and online “virtual” training is available. You don’t know what you don’t know! So take time to brush up on your MRIS system skills. Click here for a full list of classes. For more information visit [www.mris.com](http://www.mris.com) or click here.

<http://mrisc.com/mris-customers/training>

FCAR is starting its own Young Professional Network! NAR spearheaded this concept and it is growing quickly throughout the country. YPN focuses on the real estate industry’s youth, looking to spark new ideas and create new opportunities for all! Stay tuned for more details! If you are interested in joining FCAR’s YPN network, send an email to [info@fcar.org](mailto:info@fcar.org).



## Why Now May Be the Opportunity of a Lifetime for Homebuyers



The “value” of a home is the product of much more than a home’s “initial purchase cost.”

As we all know, mortgage rates will vary depending on the time of purchase, and the effect of that variability can have a significant impact on “value” as measured by the concept of “total cost of ownership.” Let’s take a look at the role of interest rates on housing “value,” making a re-discovered 1981 Mortgage Payment Table of singular interest.

When skimming the 1981 mortgage payment tabulations, one cannot help but be struck by the range of interest rates for which monthly payments and amortization schedules were presented. Totally missing was any interest rate below 10%, with data actually being provided only for interest rates spanning from 10% to 20%.

Throughout much of the 1980s, the need to look for information related to interest rates lower than 10% did not exist. But now...how the cycle has turned! And note the term, “cycle!”

Our unfortunate propensity to ignore history and the predictable repetition of economic cycles (and we are somewhere off the bottom of a cycle now,) makes for poor economic choices. And, if one is unaware of how much the mortgage interest rate applicable to a particular home purchase affects the “total cost of ownership/value” of that home, the resulting home value for the home buyer becomes a matter of random chance.

Consider this example of possible changes in loan amount, interest rate and monthly payment on two 30-year fixed rate mortgages as follows:

Scenario	Loan Amount	Interest Rate	Monthly Loan Payment
1.	\$350,000	4.4%	\$1,752
2.	\$315,000	5.4%	\$1,768

Scenario 1 reflects monthly P & I on a \$350,000 mortgage at the currently prevailing, 30-year fixed rate of 4.4%. Scenario 2 reflects the higher \$1,768 P & I payment that would result if home prices and the related mortgage amount were to decline by an additional 10%, but the mortgage interest rate were only 1% higher, at 5.4% instead of 4.4%. What Scenario 2 shows is that combining a 10% reduction in loan amount with an interest rate increase that is only 1% than the current 30-year fixed interest rate and results in a home that costs \$16/month more than its Scenario 1 alternative, acquired at a greater cost, but lower interest rate. Pick an interest rate 2% higher, 3% higher, etc. for the lower loan amount and the comparison only becomes worse for the home having the lower loan amount but higher mortgage interest rate.

While the quip likely is true that, “If you laid all the economists in the world end-to-end, they never would reach a conclusion,” there is unprecedented unanimity within their ranks that interest rates must, and inevitably will, rise. Among the principal reasons are: politically driven economic irresponsibility at home and abroad; the unprecedented downgrading of U.S. debt credit worthiness by Standard & Poor’s; and the fact that too much money has been printed in our country and across the globe in a failing effort to maintain an artificial, low interest rate environment that credit markets no longer appear prepared to support.

Can interest rates fall further? Anything is theoretically possible, but only 4.3 percentage points stand between today’s mortgage rate and zero. By contrast, only the market will limit how high interest rates might rise, with the mortgage peaks of 1981 foretelling the potential for upward movement that already has happened before.

What does this discourse, prompted by a 1981 Mortgage Payment Table, mean for buyers? It means that between the variables of a home’s initial sales price, high performance home characteristics (or lack thereof) and interest rates, a low interest rate has the greatest potential for impacting, for better or worse, the “total cost of ownership/value.” It also means that there is considerably more pressure for and likelihood of steadily rising interest rates, which inevitably must result in there being a higher “total cost of ownership” in store for those who either are unable or who choose not to act on today’s historically

low combination of mortgage rates and home prices.

For those who end up waiting, whether by choice or ignorance, and gamble to see if both home prices and interest rates will decline further, one must hope that the price paid for a poorly considered wager will not be too high. For those who understand that today’s low home prices and mortgage rates favor the astute home buyer, congratulations! In acting on that knowledge you will have achieved the “lowest total cost of ownership” for your next home and that is the true measure of having obtained the best, optimum value.

If you understand what is important about interest rates in determining true housing value, you will recognize that now, today, will prove to have been the opportunity of a lifetime for any current generation to own their next home and be supremely confident that the present combination of home prices and interest rates will result in the lowest total cost of ownership, guaranteeing an unbeatable housing value. This is the message we need to send loud and clear to potential buyers – NOW really is the time to buy a home.

You can read Steve Seawright’s blog at <http://seawrighthomes.blogspot.com/>

## What Does the REALTOR “R” Mean?

The REALTOR® marks include the terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE®, as well as the REALTOR® block “R” logo. The definition of a REALTOR® is a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. The marks should not be used inadvertently and improperly to denote a vocation or business. The preferred form of the REALTOR® marks is in all capital letters and with the federal registration symbol ‘®.’ If using the registration symbol is not possible, then the next preferred form is in all capital letters.





## Legally Purchasing Real Estate With Your IRA



Many Americans (your customers included) are confused and bewildered about where to invest their hard earned retirement savings. Those that have remained in the stock market have probably been disappointed upon receipt of their recent monthly statement from their broker showing the evaporation of the IRA contributions they have made over the years.

If they decide to put their IRA in a bank savings account, the assets are safe, up to the FDIC insured limits, but the returns are relatively small and outpaced by inflation.

Most traditional retirement accounts

have lost value recently in part due to the downgrade of America's AAA credit rating by Standard & Poors. Most investors are unsure about when the stock market will rebound, but they are paralyzed by fear and uncertainty and they keep their accounts in the same place because they don't feel they have any other option.

For those of you who believe that real estate is still the best investment and see tremendous bargains and opportunity in this present market, there is an alternative to recommend to your customers.

Did you know that one's IRA can invest in the purchase of real estate if it is set up as a Self Directed IRA?

The Employee Retirement Income Security Act of 1974 (ERISA) gave all Self Directed Retirements plans the option to invest in real estate. It is unlikely that one's present stock broker would be interested in holding assets such as real estate in a Self Directed IRA, because it is not a traditional asset such as stocks, bonds or money market accounts.

Because of the potential pitfalls in a Self Directed IRA holding real estate and running afoul of the IRA and ERISA regulations, it is recommended that one work with an experienced Self Directed IRA Administrator Company such as Security

Trust Company in Hagerstown 301-665-2830, [www.securitytrustcompany.com](http://www.securitytrustcompany.com). There are others, but the Self Directed IRA industry is small.

The Self Directed IRA assets (the real estate) is co-managed by the owner and Self Directed IRA custodian. The custodian handles most of the paperwork and required reporting, leaving the owner free to make the investment decisions.

I mention this investment option because many of your customers want to invest in this real estate market but may not have the cash necessary for a down payment or full purchase price, but do have the funds available in their IRA. Security Trust's promotional materials share the story of a client who has made about 11% per year in his Self Directed IRA with real estate investments, while his wife has lost about 35% of her investment value in an index fund with a major stock broker. The real estate asset benefits the retirement account by the appreciation in value, over time, if any, and the rental income received. Purchasing real estate through the use of a Self Directed IRA is a creative idea to promote the purchase of real estate to your customers.

-Patrick F. McLister, Esq.

## The Future For Real Estate Agents is Mobile Technology

Not that long ago real estate businesses operated from large brick and mortar style real estate offices. These offices were filled with big desks, lots of file cabinets, copiers, a fax machines, private offices, a bull pen, they had a conference room, desktop computers, an MLS terminal and a business style telephone on every desk. In some markets this may still be the way it is but in more and more markets the office dynamics have changed in a big way.

Technology has caused a major shift in our real estate businesses and in many office environments. An agent who utilizes and leverages the current technology can truly be a real estate road warrior and operate without an actual office within their brokerage. Many of the real estate brokerages are actually reducing the amount of office space and replacing many of the private offices with media rooms and conference rooms. Much of the in-office

focus has shifted towards presentations and client meetings. If you have ever been to an Apple Store you know their entire store has shifted and they focus entirely on the experience. Many progressive real estate offices are following Apple's lead.

Portability and mobile technology have changed real estate forever. I am not just talking about laptops changing real estate but the fact that everything in a real estate transaction can be done entirely outside of your office.

- Agents used to have office phones – today they are using smart phones for increased efficiency.
- REALTORS® used to log into office LANs / networks and today they are logging into the cloud.
- Agents used to go to Starbucks for wifi and today agents phones & Mifi create their own wifi hotspots.
- It used to take days to negotiate offers with faxes – today we use digital signatures and we email them.

•Notebooks / tablets because of their excellent portability have replaced the traditional desktop computers.

•Online services such as Top Producer and Real Pro Systems which utilize cloud based access have pretty much replaced the need for the office network and software based C.R.M.

•Skype, iChat, Facetime and other video conference systems have enabled meetings to take place while on the go.

If you have been hoping that technology in real estate was just a fad and was going to fade away you better think again. The real estate industry has shifted to a new and far more efficient digital landscape. The technology is advancing at such a rapid pace and hardware such as the touch screen devices including iPhones and iPads are so easy to learn that you will wonder why you didn't get one sooner. Once you get bit by the technology bug and you start learning and adapting the newest technology into your day to day real estate business your personal productivity is sure to increase.

Posted on ActiveRain by Sam



## NAR Uses Hurricane Irene to Push Flood Insurance Agenda

The National Association of Realtors is using Hurricane Irene as a backdrop to push Congress to extend the National Flood Insurance Program, which is set to expire Sept. 30.

Hurricane Irene, a Category 2, posed the potential for extensive flooding in NYC, including the financial district in Manhattan. As much as 10 inches of rain is expected along parts of the East Coast.

The threat along the very populated Eastern seaboard, with large cities like Boston, Philadelphia, New York and Washington, D.C., all at risk for flooding, underscores the importance of flood insurance — the only way for homeowners to financially protect their property or businesses from flood damages, NAR said Friday.

"As the leading advocate for homeownership and housing issues, NAR believes that the NFIP is essential to a properly functioning real estate market, ensuring access to affordable flood insurance for millions of homeowners," said NAR President Ron Phipps, broker-president of Phipps Realty in Warwick, R.I.

NAR wants Congress to reauthorize the program for five years before it expires. It has been extended via short-term provisional fixes over the past several years.

In July, the House passed HR1309, the Flood Insurance Reform Act of 2011, which would extend the program for five years, but the Senate has not yet considered the measure.

"We strongly urge Congress to speed passage of legislation to reauthorize the NFIP for the long term and end the current stopgap approach that has already led to numerous extensions and lapses of program authority in the past two years," Phipps said.

NAR also called on Congress to develop a proactive national policy to reduce natural disaster risk beyond floods, so that homeowners have access to affordable, comprehensive property insurance, and taxpayers no longer have to fund rebuilding efforts through federal disaster assistance.

-Kerry Curry, Housing Wire

## MAR Opposes 20% Downpayment Rule

As proposed, the Credit Risk Retention Rule would impose significant barriers to homebuying while failing to improve credit risk for homebuyers in meaningful ways. In fact, the 20% downpayment provision would make nearly 20.7% of borrowers ineligible for an affordable mortgage loan while only reducing default rates by 0.6%. For high cost housing states like Maryland, the effect of the rule would be even more severe.

MAR estimates that it would take the average Maryland family nearly 22 years to save enough to meet the rule's current downpayment requirements. And that's just the downpayment provision. The rule contains other onerous provisions too, such as: lower debt-to-income ratio requirements; rigid credit standards; and even higher equity requirements (25%) for refinancing.

The MAR's position letter can be found on their web site, [www.mdrealtor.org](http://www.mdrealtor.org).

## Charter Government Information Meeting

The Frederick County Association of REALTORS® and the Frederick County Builders Association are co-hosting an informational panel on the Charter form of government for Frederick County.

Join us for a breakfast meeting on Friday, September 23 at Dutch's Daughter Restaurant to learn more about Charter Government. Representatives of the Charter Government Committee (appointed by the Frederick Board of County Commissioners) will make a presentation and answer your questions about the implications for our County.

Register for this event through the FCAR web-site.

September 2011 - FCAR Calendar						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	28	29	30	31	1	2
				Membership Meeting 11:30 a.m. Dutch's Daughter		
4	5	6	7	8	9	10
Labour Day Model Forms Committee Meeting 9:30 a.m. FCAR OUTGOED	Communications Committee 1:30	Education Committee 9:30 Affordable Housing 10:30 Community Service 11:30 a.m.	Model Forms Committee 9:30 a.m. Website Forum - September 8 - 11:30 a.m.			
11	12	13	14	15	16	17
Field Day	Membership Committee Meeting 9:30 a.m.	WFOR Board of Directors 9:00am	Equal Opportunity and Cultural Diversity Committee			
18	19	20				24
Office of Real and Senior - 3:00 p.m. Board of Directors Meeting Outreach - 9:30 a.m.		FCAR Board of Directors 9:00 a.m. Informal Professional Dinner - FREE - On Line! Now What? 12:00 noon - 2:00				
25	26	27				1

**See the complete calendar on [www.FCAR.org](http://www.FCAR.org)**

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