



Frederick County Association of REALTORS®



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President's Message



Happy New Year! I am looking forward to a promising New Year and look forward to seeing all of you on a regular basis. As you start out the New Year it will be important to look at your calendar and set

your goals and priorities for this year. At FCAR we are here to help! Please look at the Education Calendar, Meeting Calendar and Committees so as you set up your schedule and take advantage of all that we have to offer. Classes are held throughout the year and meaningful speakers are at the meetings to keep you up to date on what is going on in our community and with your business. As the market continues to change and be more challenging we will need to continue to improve our skills and our knowledge so that we can provide the best service to our clients and customers. Networking with your fellow agents at our membership meetings can help you know the agents you work with on a more personal level and ultimately can help your transactions go more smoothly for your clients. Frederick County is a great place to be an agent and the economic outlook is that we will continue to have a strong short sale and foreclosure market in 2011. Stay focused, stay educated and work professionally with each other and 2011 will be your best year yet!

Sandy Fouché

2010 Was a Tough Year

2010 was not a good year for most real estate related professions. Our appraisal volume was down and the amount of work that needs to be put into each appraisal assignment has dramatically increased. Appraisals now have multiple reviews with each reviewer/underwriter wanting more comps, more explanations and more justification of values.

As of 9/1/2010, all appraisals being sold to

FNMA require interior photos including a photo of every bathroom. It seems like the underwriters don't trust us anymore. Underwriters have an option of getting an appraisal reviewed by another appraiser if they don't feel comfortable with the value. One of our lenders told me approximately 70% of their appraisals require a review. Often it is a last minute decision. We are seeing a lot of this as I am currently doing a lot of reviews.

It seems as if we complete an appraisal, don't hear anything for 3-4 weeks, and then the day before settlement, we get a call that the underwriter needs more comps and we need to address this and that "ticky-tack" item. Over-regulation to the point where it makes no sense. (Reminds me of the blond joke. This blonde goes out for a walk and comes to a river. She sees another blonde on the opposite bank."Yoo-hoo" she shouts, "How can I get to the other side?" The second blond looks up and down the river and shouts back, "you ARE on the other side".)

Lots of revisions are requested at the 11th hour. It makes it difficult not only on appraisers but also on REALTORS®. I'm sure the REALTORS® and loan officers have been seeing their loans become tougher and tougher to get approved. So how does 2010 relate to other years in the past? It's financially the worst year I've had in over 20 years. (Oh please Wayne, you whine more than a little girl!). I'm not whining – facts are facts. Numbers don't lie. Older people dream of their youth, I dream of the banner years like 2002 and 2003 again.

The market has been very tough. (Hide your children! Hide your wife!) Prices on the upper end are still declining. There is relatively little comparable data available and prices are scattered all over the place. In many neighborhoods, there are two values. You get two distinct sets of numbers depending on whether the comps you use are foreclosure sales or arms-length transactions. What's a poor man to do! (I'm ready for happy hour at 1:00 in the afternoon!). I am frequently startled by how

cheap prices are at the present time. When we get in an appraisal that is a sale, I like to go look at the house, work up the appraisal and not look at the sales price until I am nearing the end of the appraisal report. When I look at what the sales price is, sometimes it's just amazing. I'm sure you are seeing the same thing. It seems that the ones that are selling are selling for a very reasonable price. The good news is that this storm of decline has been here for 5 ½ years now. Hang in there baby. Although I do not see much light at the end of the tunnel for 2011, the sun is coming back out sometime. And when it does, it will be time to "Shake and Bake!" Those two little words fire me up! They're both verbs and they rhyme.

Wayne Six

Editor's Note: Local Housing Statistics are available at <http://www.rbintel.com/statistics/frederick-county-md>

Visit the FCAR Store

Don't forget FCAR has a store to help with your marketing needs!

2011 Calendars now in stock – \$24.95
Here is a sampling of some of our items-





100 Most Influential Real Estate Leaders

Inman News is a research, opinion and commentary website for industry professionals and consumers alike. Recently Inman released its list of 100 most influential real estate leaders for 2010. The list is broken into several categories including the following:

- Brokerages
- Economics, Academics and Consultants
- Government
- Media
- Mortgage and Ancillary Services
- Online – Blogging, Social Media
- Technology
- Trade Organizations, MLSs.

According to Inman, the recognizes brokerage executives, technologists, government leaders, online luminaries and other industry heavyweights who hold the power to move the industry forward during this prolonged period of economic hardship and uncertainty. These individuals were selected after a nomination process and an Inman News editorial review.

Take a look at the list and the influential leaders at

<http://www.inman.com/inman100>

Potentially Defective Foreclosures



Recently, the news has been filled with stories about defective foreclosures, temporary halting of filings, remedies for consumers, etc. I have been handling all of the Maryland REO properties for several national lenders for the past couple of years, and in the process, I

review every foreclosure file when the properties go on the market for resale.

We have not encountered any files where some innocent homeowner was wrongfully disposed of their home, nor is that a likelihood. What we have seen, however, is defective legal work from some of the foreclosure attorneys who have handled the foreclosures. For unknown reasons, some of the attorneys have failed to personally sign required affidavits, and non-notaries have improperly acknowledged those improper signatures! It may call into question the validity of the foreclosure sale itself.

As a result, every National Title Insurance Underwriter has established a lengthy Foreclosure Checklist when reviewing title to foreclosed Maryland properties. It requires the title examiner to gather copies of all necessary documents from the Court file, and for the underwriting attorney to review all of those documents. If any are missing from the file or “suspicious” in any manner, it is necessary for the Regional Title Counsel for the Underwriter to approve the issuance of title insurance.

Agents and lenders need to be aware of this new time consuming and cumbersome procedure, so that customers can be made aware of the potential for even more delays when purchasing a Bank Owned property. We have not seen any deals fail because of these problems, but we have seen many of them delayed. As always, one should prepare a purchaser of a Bank Owned property for the unexpected so that nothing comes as a surprise.

James E. Savitz, Esq.

Do Your First Time Homebuyers Need Down Payment Assistance?



Yes, there are still options out there – check out just a few of these.

HOME INITIATIVE PROGRAM

Frederick County has the HOME Initiative Program. To qualify the borrower must meet the income limits and

be a FTHB, the property will go through an inspection/green home certification. Here qualified borrowers can receive up to \$7000 in down payment assistance. The money comes as a 0% deferred second trust. This is forgiven after 5 years. See the link below to learn more about this program.

<http://www.frederickcountymd.gov/index.aspx?NID=391>

MARYLAND MORTGAGE PROGRAM
This program is often referred to as a CDA loan. The state of Maryland offers first time home buyers below market interest rates and the option of DSELP. As of this time, the DSELP assistance is up to \$5000. This money is in the form of a 0% second trust that must be repaid, when the homeowner refinances, sells or no longer owner occupies the property.

COMMUNITY PARTNERS INCENTIVE PROGRAM

If you combine the HOME Initiative Program with a CDA loan the FTHB could be eligible for an additional \$2500 in matching funds. Again, this money is a 0% deferred second trust that must be repaid when the homeowner refinances, sells or no longer owner occupies the property. See the link below to learn more about these programs.

<http://mmprogram.com/downpayment.aspx>

Let's do the math to see how this can add up.

HOME Initiative \$7000

DSELP \$5000

CPIP \$2500

TOTAL DPA \$14,500

Jeri Benner

New Events Calendar

Your FCAR executive team is constantly working to keep you more informed, and more “plugged in” than ever before.

There is a new calendar feature on our Web site. It shows all the upcoming events, and you can even register for some event via a link on the calendar.

A copy of the following month's calendar is included in this document.



NAR New Public Awareness Campaign

REALTORS® know that Home Ownership Matters, and the 2011 Public Awareness Campaign is reminding consumers that home ownership not only benefits families, it also helps build strong communities and creates jobs. As always, the campaign also urges consumers to contact a REALTOR® who can help them buy, sell or invest in real estate. Television, radio, print and online advertising will ensure that these messages will be seen and heard by consumers approximately 8 billion times in 2011.

Media Plan

The 2011 Public Awareness Campaign media buy will continue to spread campaign messages in TV, radio, magazines and online to remind consumers of the values and benefits associated with home ownership. NAR's message will be seen and heard by consumers approximately 8 billion times.

Campaign spots will air on prime time and late night programs, including Grey's Anatomy, Dancing with the Stars, Extreme Makeover: Home Edition, Human Target, House, Bones, Big Bang Theory, The Mentalist, Two and a Half Men, Jimmy Kimmel Live, The Late Show with David Letterman, and The Late Late Show with Craig Ferguson.

The TV ads will also air on niche cable stations, including AMC, DIY, Food Network, HGTV, National Geographic, TLC, TBS, TNT, USA; and syndicated programs such as Everybody Loves Raymond, King of Queens, Seinfeld, Two and a Half Men and Nate Berkus.

This year's radio program includes top-tier national radio networks including ESPN,

Premiere, United Stations, NPR and Sirius/XM with an emphasis on music, entertainment and sports programming.

As in 2010, the 2011 media plan will extend NAR's message into magazines and online to increase efficiency and reach the younger buying audience. Targeted outlets include Martha Stewart Living, This Old House, Popular Mechanics and, new to this year's plan, The Nest, Parenting and ReadyMade. NAR's brand and message will also be prevalent in relevant home buying content on sites like About.com, ThisOldHouse.com, HGTV.com, DIYNetwork.com and TheNest.com.

In addition, the Public Awareness Campaign will continue its exclusive underwriting sponsorship of This Old House, a multiplatform opportunity to promote NAR's brand and message via TV, radio, magazine and online.

To further extend the already comprehensive media buy, the campaign will take advantage of a variety of added-value opportunities. An increased presence will be established through on-air integrations with AMC Custom Movie Vignette, DIY Basics, TBS Movie and a Makeover, and The Martha Stewart Show.

2011 Home Improvement Tax Incentives

The 2011 home improvement tax incentives will revert to the 2005-2008 levels: 10% of the cost of insulating, installing efficient windows, replacing old furnaces and air conditioners and making other home energy efficiency improvements. The incentive will be capped at \$500, rather than \$1,500, and anyone who has previously taken advantage of the program can't apply for incentives that exceed \$500. (In other words, if you claimed \$500 back in 2005 when you insulated your floors, or \$1,500 in 2009 when you replaced windows, you have exhausted your tax credit; if you only claimed \$300 in 2005, let's say, you can still claim \$200, for a total of \$500.)

Certain incentives also been tightened, so that the credit for installing efficient win-

dows is capped at \$200 (but less-efficient Energy Star windows now qualify), furnaces and boilers at \$150-\$200 (but they now have to be 95% efficiency, a 5 percentage point upgrade from the previous standard) and water and wood heating systems to \$300.

Read more at

<http://www.thedailygreen.com/green-homes/latest/2011-home-improvement-tax-credits#ixzz1BLIZwN8S>

December Housing Sales Statistics

RBI, Real Estate Business Intelligence, has posted the December housing sales statistics. In Frederick County, the good news is that volume was about 7% higher than in December 2010 (192 sales as compared to 180). The average price was pretty much unchanged while the median price was down by about 3% and days on market was down by about 30%. For detailed sales statistics for Frederick and entire MRIS area, visit www.rbintel.com or click here. Year end sales statistics should be available in February.

Withholding Rate on Sales by Non-Resident Individuals Reduced

MAR's Non Resident Seller Tax Withholding Addendum was recently updated. Effective January 1, 2011, the withholding rate for the sale of real estate by non-resident individuals is 6.75%. The new withholding amount is equal to the sum of the rate of the tax imposed under Md. Code Ann., Tax-Gen. § 10-106.1 (currently 1.25%) and the top marginal state income tax rate for individuals under Md. Code Ann., Tax-Gen. § 10-105(a) (currently 5.5%). Note, the top marginal state income tax rate was 6.5%. This rate expired at the end of 2010. The Non-Resident Seller Withholding Tax Addendum was modified to reflect the new rate and is available on the MAR website. The form will update on Zipform soon.



Tax Deductions When You Work From Home

From HouseLogic.com.

If you work from home, even on a part-time basis, you can probably save a few dollars come tax time. That's because if you itemize your deductions on your federal tax return, you can write off as a business expense part of the cost of owning and operating your home. Everything from electric bills to property taxes may be fair game.

Those tax deductions can add up, thus lowering your taxable income and reducing the amount you owe Uncle Sam. Before you start spending that refund, however, there are a few rules you need to understand and heed. It's a good idea to consult a tax adviser to be sure that you're filing the right schedules and maximizing your deductions.

Passing the IRS litmus test

To meet IRS guidelines, your home office must be your principal place of business, or the place you see clients in the normal course of business. Parts of your home you use to store products or equipment for your business also count. That doesn't mean that all your work has to be done from home. If you're an outside salesperson, you probably spend most of your work time elsewhere. But if you do your billing and return customer calls primarily from your home, your home office should qualify.

You can also qualify for the deduction if your employer requires you to work from home, as long as you don't charge your employer rent. One big catch is that you can't deduct expenses for your home office if you choose to work at home even though your employer provides you with an office. IRS Form 8829 can be used by self-employed workers to calculate the home office deduction, which should be reported on Schedule C.

Measuring your home office

The amount you can deduct for your home office depends on the percentage of your home used for business. Your work space doesn't need to be a separate room—a table in a corner qualifies. But it has to be an area that's used solely for business. The tax break

also covers separate structures on your property, like a detached garage you've converted to an office. Unlike an office inside your home, a separate structure doesn't have to be your main place of business to qualify for a deduction. That's because the IRS believes your family is less likely to use a separate structure as a part-time play area or den, says Mark Luscombe, principal analyst for tax and consulting at CCH.

To calculate what percentage of your house the home office occupies, divide your home office's square footage by the total square footage of your home. If your home is 3,000 square feet and your office is 150 square feet, for example, you'd use 5% to calculate your deductions. Not sure how big your house is? Check the documents you received when you bought your home—there's probably a detailed rendering—or measure the outside of your home and multiply length times width.

What can you deduct?

Once you've figured out what percentage of your home you use for business, you can apply that percentage to different home expenses. These include:

- Mortgage interest
- Real estate taxes
- Utilities (heating, cooling, lights)
- Home repairs and maintenance (painting, cleaning service)
- Homeowners insurance premiums

Just take each expense and multiply it by your home office percentage (the 5% mentioned above). That's the amount you can deduct as a business expense. So if you spend \$150 a month on electricity, you can deduct \$7.50 as a business expense. That adds up to a \$90 deduction per tax year. If your annual business expenses total \$10,000, your deduction is \$500. In 2009, lowering your taxable income by \$500 to \$99,500 would've cut your tax bill by \$113.

Save bills or cancelled checks to prove what you spent in case of an IRS audit. Take an hour a week to file them away. Also, only repairs can be expensed; improvements must be depreciated. One catch: You can only deduct expenses if your business generates income. Expense deductions are limited if they exceed your gross business income, says Mark Steber, chief tax officer at Jackson Hewitt Tax Service.

Don't forget depreciation

Depreciation is based on the idea that everything—even something like a home—wears out eventually. To figure home office depreciation, start by calculating the tax basis of your home: generally the purchase price plus the cost of improvements, minus the

value of the land it sits on. Next, multiply the tax basis by the percentage of your home used for work. This gives you the tax basis for your home office. Finally, multiply that by a depreciation percentage that's set periodically by the IRS. There are caveats. For a crash course, read IRS Publication 946 or talk to a tax professional.

One reason to think twice before taking depreciation on your home office is that it reduces the capital gains deduction you can get when you sell a home. If you've deducted depreciation, you have reduced your capital gains exemption (\$250,000 of profit if you're a single filer, \$500,000 for joint filers) by the depreciated amount. That could mean you'll owe taxes when you sell, especially if you've lived in your home for a while.

This article provides general information about tax laws and consequences, but is not intended to be relied upon by readers as tax or legal advice applicable to particular transactions or circumstances. Readers should consult a tax professional for such advice, and are reminded that tax laws may vary by jurisdiction.

MRIS Compliance Update

From MRIS Compliance Department

A core objective of MRIS is to ensure 100% integrity of the data you use everyday to make your living. Thus, the MRIS Compliance Team seeks to provide direct and timely customer notifications of compliance violations to those agents whose listings do not meet the standards established by our Compliance Committee.

To improve this process further, effective January 20, 2011, "pop-up window" notifications will appear with active compliance violations upon logging into MRIS.com. These notifications will only appear on your screen if your account has been flagged for a violation.

To review the details of your violation(s), select the Listing Compliance Report link within the pop-up. This will redirect you to a page to review violations and update your listings to avoid fines being imposed. You may select between "My Listings" and "My Entire Office", and then click "Check Listings" for a detailed explanation of the violation(s).

You can also go to Keystone by selecting the "Click here to revise your listings" link at the bottom of the page. Pop-up violations will continue to appear every time you log into MRIS.com until your compliance issue(s) has been resolved.


Please address your feedback by email to compliance@mrис.net or call the MRIS Support Center at 301-838-7200.


February 2011 - FCAR Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31	1	2	3	4	
Legislative Committee Meeting 9:00 a.m. Awards Deadline	Awards Committee 9:30 Communications Committee 1:00	Education Committee: 9:00 Affordable Housing Committee: 10:30 Community Service Committee 11:30 a.m. Informed Professional Committee 1:00	Membership Meeting: 11:30 a.m. Dutch's Daughter	Membership Meeting: 11:30 a.m. Dutch's Daughter		
6	7	8	9	10	11	
Legislative Committee Meeting 9:00 a.m.		WCR Board of Directors 9:00 a.m. Equal Opportunity/Cultural Diversity Committee Meeting 10:00 a.m.	Well and Septic CE Class - FCC 9:00 a.m. Model Forms Committee Meeting 9:00 a.m.		Lincoln's Birthday	
13	14	15	16	17	18	
Valentine's Day Legislative Committee Meeting 9:00 a.m. Membership Committee Meeting 9:30 a.m.	Awards Committee 9:30	FCAR Board of Directors Meeting 9:00 a.m.				
20	21	22	23	24	25	
President's Day FCAR CLOSED	Washington's Birthday					
27	28	1	2	3	4	
Legislative Committee Meeting 9:00 a.m.	Awards Committee 9:30 Communications Committee 1:00	Education Committee: 9:00 Affordable Housing Committee: 10:30 Community Service Committee 11:30 a.m.	Membership Meeting: 11:30 a.m. Dutch's Daughter			



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 **PRESIDENTIAL BANK MORTGAGE** Join us for our annual OPEN HOUSE!
 Thursday, February 3 4:00 p.m.-8:00 p.m.
 In our new location: 50 Citizens Way, Suite 401, Frederick, MD 21701
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