



Latest Real Estate News

From Carol Lynn Johnson – June/July, 2008

You are receiving this news update because you have either agreed to receive my mailings, have made a recent inquiry or you own property in Macon County, North Carolina.

For several years, **FHA loans** have been on the back burner for many home buyers and lenders. This was because the federal government didn't allocate resources to keep the program competitive. Beginning in 2000, many lenders and mortgage brokers created new loan programs. These lenders continually tweaked the loan programs to remain competitive. By this time the FHA loan program just couldn't compete. And then.....the mortgage meltdown of 2007 occurred. Congress had been considering major changes to the FHA program for some time but the mortgage crisis propelled them to act. Earlier this year, Congress passed the Stimulus Act of 2008. You probably know about it because you may have received a rebate check. But, the stimulus Act also *temporarily* increased FHA loan limits in many regions of the U.S. (including Western North Carolina). Congress took this opportunity to change some other policies that made FHA loans less attractive in the past. FHA changed its appraisal and fee negotiating policies, making it much more competitive, and much better for both buyers and sellers. Other changes now allow: 1) sellers to finance all of the buyer's costs to close, 2) homeowners to take cash out up to 95% of the home's value, and 3) homeowners to consolidate a 1st and 2nd loan up to 97% of the home's value. So now, FHA loans, in many cases, are cheaper for the borrower. And, the coup de gras'.....FHA loans tend to trade at a higher premium in the secondary market enabling lenders to charge a lower rate because these loans are federally insured.

Most important to borrowers is FHA loans are not credit score driven. Borrowers can qualify for a good rate even when their FICO (or Beacon) score is lower than other products. Borrowers still have to qualify however, so the goal should be to continually strive to improve and maintain good credit. FHA loans also require as little as 3% down and, at the time that this article is being written, FHA loans allow down payment assistance programs, where the

seller covers the buyer's down payment and closing costs. So, borrowers have an opportunity to get into a home with little or no cash at closing. The retooling of the FHA loan program is an interesting development in an interesting market. I encourage you to check it out. It just might be the ticket that will get you into home ownership!

The Franklin area real estate statistics continue in a downward trend as compared to the same period last year. The total number of residential sales (transactions) fell more than 35% from January 1 – June 17, 2007 as compared to January 1 – June 17, 2008 and raw land sales fell more than 50% in the same period. The total dollar volume also declined for residential sales by 38% and for land sales by 61% for the same period (statistics according to the Franklin Board of Realtors MLS). What this should tell owners who have property listed is that they need to be more aggressive than ever in their pricing. What these statistics don't tell you is how many listings are just not selling at all! If you have property listed in the Franklin area and you need to sell, consider listing it at least 10% below the property with which you are in direct competition. Property won't sell if you can't get the buyers to look! With record number of listings, how will Realtors and savvy internet shoppers pick your property out of the ever-growing inventory of listings? Price it right from the get-go. If you don't have to sell now, don't list your property. If you have to sell, you should be motivated. Motivated sellers will listen to their Realtors' counsel on setting the list price. Over pricing in a buyer's market will leave you frustrated and stranded with property you can't sell. How much is it costing you each month in mortgage payments, interest, taxes and insurance? The average residential listing took 151 days to sell January 1 – June 17 in 2007. The average days on the market this year (same period) jumped to 165. Again, this reflects only the roughly 8% of homes that actually sold! Yet, with these rather depressing statistics, the Franklin market is doing better than many markets across the country. The high volume of second/vacation and retirement homes that we serve is slightly less affected by the current economic conditions. So, we are the lucky ones!

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Now is not the best time to sell your property. Inventory is up considerably. There are 774 homes and 1,419 pieces of land currently listed on the Franklin MLS. Just 239 transactions closed between Jan. 1 – Jun. 24 (statistics from the Franklin Board of REALTORS® as of 6/24/08). Demand is down and prices are low. It is a buyer’s market – a great time to buy. But, if you **need** to sell your home or property or if you wish to buy a home or property, I want to be your REALTOR®!

Check out my website at:
www.carolsellsfranklinnc.com to see my BLOG – The Carol Chronicles which this month includes a commentary entitled “Real Estate is a Strange Market”.

If you would like a Competitive Market Analysis (CMA) of your property in Macon County, call or email me at cljohnson@dnet.net so I can collect specific property information, and I will provide a CMA at no cost to you.

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