



CRAVER'S COMMENTS

OCTOBER 2010 Vol. 37

by TONY CRAVER EXIT REALTY SOUTHPOINT

IN THIS ISSUE

- BOOK REPORT
- THE OSCARS
- WHAT'S HAPPENING TO YOUR HOUSE
- SOCIAL NETWORKING AND REAL ESTATE

CONTACT US—NEW EMAIL!

OFFICE: 919-806-4250 CELL: 919-604-5289
EMAIL: TONYCRAVER@GMAIL.COM
WEBSITES: EXITREALTYSOUTHPOINT.COM
READ BACK ISSUES ON: TONYCRAVER.COM
**PLEASE SEND US YOUR EMAIL ADDRESS SO WE CAN DELIVER THIS NEWSLETTER VIA EMAIL.

THINGS TO BE PROUD OF

NORTH CAROLINA CENTRAL UNIVERSITY HAS BEEN NAMED BY U.S. NEWS AND WORLD REPORT AS THE NUMBER ONE SCHOOL AMONG HISTORICALLY BLACK PUBLIC UNIVERSITIES IN THE UNITED STATES. THOSE OF US IN NORTH CAROLINA HAVE KNOWN FOR A LONG TIME WHAT A GREAT SCHOOL CENTRAL IS. IT IS NICE TO SEE THEM GETTING SOME WELL DESERVED NATIONAL RECOGNITION.

DID YOU KNOW?

I LOVE LISTS AND HERE IS ANOTHER ONE OF THOSE KICK THE BUCKET LISTS. APPEARING THIS WEEK IS A LIST OF THE 25 SPORTS ARENAS YOU MUST VISIT BEFORE YOU DIE (OR THEY GET TORN DOWN FOR A NEWER ONE). THE TOP FIVE ARE:

1. FENWAY PARK IN BOSTON
2. LAMBEAU FIELD IN GREEN BAY
3. MANCHESTER UNITED (SOCCER) IN ENGLAND
4. COWBOY STADIUM IN ARLINGTON TEXAS
5. CAMERON INDOOR STADIUM IN DURHAM.

THE FOLKS DOING THE SURVEY OBVIOUSLY WITNESSED A NON-CONFERENCE GAME. IF THEY HAD WATCHED A DUKE VS. UNC GAME, CAMERON WOULD HAVE SURELY BEEN RANKED NUMBER ONE.

BOOK REPORT

The rough draft of my book is now over half completed. At least I think it is because I am half way through my notes. It still continues to be one of the most enjoyable ventures I have ever undertaken. I have laughed a lot as I hope you will when you read it someday. It has allowed me to take many trips down memory lane. Most of those trips have brought a smile while a few have produced a sigh or an occasional tear. If no one ever reads the book besides my grandchildren and their children, then it will still be a most worthwhile undertaking. I really can't wait for all of you to read it, too.

THE OSCARS

If the Triangle doesn't stop winning all of the real estate related Oscars there won't be any room for all of the newcomers to live. Developers don't cause urban and suburban sprawl, people do. As I have mentioned in earlier Newsletters this year, Durham has been named the third best place to ride out a recession and the #1 place to invest in real estate. Now, Money magazine has named Durham the #1 place to retire in the United States. They sighted a combination of good weather, good medical, good culture and art, and good golf courses and parks. I can't believe they failed to include in that list that Durham is constantly being ranked as one of the best restaurant towns in the country.

Forbes Magazine just announced that Raleigh/Cary was the #1 metropolitan area for being most likely to have your home appreciate in price in the future. I am not sure how that differs from Durham's award as the best place to invest in real estate. I know the Oscars have competition from other awards too. Congratulations to both sides of the Triangle and move over!

WHAT'S HAPPENING TO YOUR HOUSE?

Once upon a time people bought a house to make it a home. They nurtured it, improved it, and lived in it a long time. The value of that home increased steadily over time. Then along came the politicians who thought everyone should own a home. That in itself was not a bad idea, but neither was the idea of a pot of gold at the end of the rainbow. By changing all of the rules, the politicians made it too easy to own a home. Greed stepped in, and what was once a long term investment became a commodity to be bought and traded like

stock. Investors were buying multiple properties and claiming all of them as their primary residences. Home buyers were lying on their applications about their income level and no one was checking. As the bad loans started to default, they were packaged with good loans and peddled by Wall Street to unsuspecting investors with the blessings of Freddie Mac and Fannie Mae. That is the simple version of how all of this mess got started.

What's happening to your house now? Nationwide the value of your home is the same as it was in 2003, or 28% below what it should be according to Standard & Poor's. Your house is not actually worth less all of a sudden, but the house competing with yours is. In the second quarter of this year 24% of all houses sold were foreclosures, up 5% from the first quarter. The prices of these houses are being discounted below market value, depending on which state you are measuring, from 20% to 48%. That is tough competition.

What about in the Triangle, you ask? When you compare this past August with a year ago, the numbers are fascinating. Sales were down 24% but prices of those sales rose 3.8%. Inventory increased by 6.3% and days on market climbed by 9 days. There are probably very few economists who can explain the price increase. The only explanation I can come up with is that the product (quality of house and location) remains very desirable, but the sales figures show you how few buyers there are. Residential construction rose 10.5% in August (good news) but most of that was for apartment construction (bad news for home owners).

The politicians that started the ball rolling down hill have made some lame attempts at banking reform. This has mostly affected your credit card in a positive way and not your home mortgage. The folks inside the beltway are becoming notorious for passing bills they have not read. The Inspector General of the U S recently announced that 950,000 of the 1.8 million folks that took advantage of the first time home buyer tax credit that expired last April will have to pay the money back this year because part of the bill was misinterpreted.

They also discovered that 1,326 dead people got the tax credit. I'll bet they got to vote too.

Washington's cure was to tighten lending practices. As a result, one third of Americans no longer qualify to buy a home. The banks, afraid of falling home prices, have greatly reduced their lending practices. As a result, FHA loans, previously a small percentage of the loan market, now account for 30% of the total home loan market and 50% of the first time home buyer market. As a result, the FHA reserve fund, mandated to be at a 2% minimum to cover losses, has dropped to 0.53% of the \$360 billion loaned last year. The loan total is four times greater than a normal year. Government cure: change FHA requirements by raising the down payments, credit scores, and mortgage insurance premiums.

None of these solutions will help the home buying market. There is so much information on the internet now that future home buyers and sellers are being led to believe that they, and not the professional in the housing industry, have the knowledge necessary to proceed down this very bumpy path. They could not be more wrong. The Realtor, in the future, will be more of a consultant and advisor than an information supplier. They will direct you to good lenders and lawyers as well. With rates and home prices at historic lows, it is time to shop for that house that you can turn into a home.

One cannot go a day without being told of the virtue and necessity of social networking. I am old fashioned enough that I don't care too much for it, but up to date enough to have a Facebook account. Here is a warning to you. Do not tweet, twitter, and blog about your house when you have it on the market. I see people telling every detail about showings, etc. when confidentiality needs to be the rule. The rest of the world will not honor a fiduciary relationship with you like your Realtor will, so keep it to yourself.

CRAVER'S COMMENTS
TONY CRAVER
EXIT REALTY SOUTHPOINT
2530 MERIDIAN PKWY, STE 300
DURHAM, NC 27713