

Foreclosure vs. Short Sale (Which is Better?)

Issue	Foreclosure	Successful Short Sale
Future Fannie Mae Loan Primary Residence (effective May 21, 2008)	A homeowner is ineligible for a Fannie Mae backed mortgage for a period of 5 years	A homeowner who successfully closes a short sale will be eligible for a Fannie Mae backed mortgage after only 2 years
Future Fannie Mae Loan-Non Primary (effective May 21, 2008)	An investor who allows a property to go to Foreclosure is ineligible for a Fannie Mae backed mortgage for a period of 7 years	An investor who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed mortgage only 2 years
Future Loan with any Mortgage Company	On any future 1003 application, a prospective borrower will have to admit to having a foreclosure which could possibly affect future rates	There is no similar declaration or question regarding a short sale
Credit Score	Score may be lowered anywhere from 250 to over 300 points and be affected for over 3 years	Only late payments on mortgage will show and it will be reported as paid or negotiated and remain on credit for 12 to 18 months
Credit History	Foreclosure will remain as a public record on credit history for 10 years or more	Short sale is not reported on a credit history
Security Clearances	In the military, CIA or Security, a security clearance in almost all cases will be revoked and position terminated	A Short sale on its own does not challenge most security clearances
Deficiency Judgment	In 100% of foreclosures (except in those states where there is no deficiency) the bank has the right to pursue a deficiency judgment	In some successful short sales it is possible to convince the lender to give up the right to pursuit a deficiency judgment against the homeowner
Deficiency Judgment (amount)	In a foreclosure the home will go through the REO process if it does not sell at auction and may result in a higher possible deficiency judgment	In a properly managed short sale the home is sold at a price that should be close to market value possibly resulting in a lower deficiency

This information is intended to inform the public and is not intended to serve as legal advise.

Article submitted by Nancy W. Larkins, Granite Title



3307 Liberty Hgts Ave
Balto. MD 21215
Phone:(410) 664-7405
Fax: (410) 664-0315
www.MDRealtist.com



Volume 2, Issue 1

Fall 2009

First-Time Homebuyer Tax Credit 2009 Ends November 30, 2009

Inside this issue:

First -Time Homebuyer Tax Credit	1
Encouraging Words from the President	2
REBB 's 1st Annual Rejuvenation Summit	3
Congratulations, Neighborhoods/ Simple Technology	4-5
HCW and Appraisals HERA and TIL	6
Maryland Foreclosure Timeline	7
Foreclosure vs Short Sale	8

REBB OFFICERS 2009

Patricia J Henderson, Pres
Nancy W Larkins, V-Pres
Dorothea Wainwright Sec
Linda James Junior A- Sec
Sharon Mason Johnson, Treas
Sandra Wilson A-Treas



Amount of Credit	Maximum Credit amount \$8,000
Eligible Property	Any single family residence (including condos, co-ops, and townhouses) that will be used as a principal residence.
Refundable	Yes. Reduces (or can eliminate income tax liability for the year of purchase.) Any unused amount of tax credit is refunded to purchaser when tax return is filed.
Income Limits	Yes. Full amount of credit available for individuals with adjusted gross income of no more than \$75,000 (\$150,000 on a Joint return).
First-Time Homebuyer Only	Must be a First-Time Homebuyer. First-time Homebuyer is defined as someone who has not owned a principal residence in 3 years.
Revenue Bond Financing	Purchasers may utilize revenue bond financing with the credit.
Repayment	There is no requirement to repay the tax credit if property is purchased between January 1, 2009 and November 30, 2009.
Recapture	If the home is sold within three years of purchase, the entire amount of the credit is recaptured upon the sale of the property.
Termination	

Ratified Contract Date 10/13/09; Settlement Date 11/27/09; There may still be time to take advantage of the credit, if you have your Counseling certificate.

Article submitted by Nancy W. Larkins, Granite Title

Encouraging Words from our President

Greeting Realist,



A great change took place on January 20, 2009. We have new leadership in the Whitehouse. Barack Obama became our 1st African American President . “**Yes, we can.**” The National Association of Realtors had a great milestone in their history also, they elected their 1st African American as President, Charles McMillan...., “**Yes, they can.**” We as Realist are celebrating our 40th year of the Fair Housing and most people don’t understand fair housing is not a word but the LAW... **Yes, we can** sit at Denny’s; **Yes, we can** buy housing in Suburban American, and **Yes,** we still need the Fair Housing Law. **Yes,** we still need

The Real Estate Brokers of Baltimore. The struggles of our founding father, their commitment to equal housing for all has made a difference. We must continue with that legacy. With the melt down of subprime we know that we must work harder to ensure equal and fair housing for everyone. We must a make a commitment to rebuild and reclaim our communities that we serve. **Yes, we can** make a difference by working with housing agencies . **Yes, we can** build affordable housing, and keep the legacy of wealth building through homeownership strong. **Yes, we can** educate, direct our resources and keep the dream alive, Democracy in housing is for all. **Yes, you can and yes you have the power to make a difference. Yes, you could next President, Treasurer, Secretary, or Board member of the Real Estate Brokers of Baltimore. Just say, yes and make a difference in our communities.** Yes, the Legacy will Continue.

Yours in the Realist Spirit
Patricia J. Henderson
President

‘IT’S ALL ABOUT THE SERVICE’



Maryland Foreclosure Timeline

When one signs the mortgage or deed of trust at the real estate closing and it is recorded in the County’s Land Records office, the lender has the right to foreclose on the property if you default on the loan or fail to repay the loan according to the terms of the loan. A new foreclosure law went into effect in Maryland on April 4, 2008.

- Before the foreclosure is filed the homeowner should have received notice from the lender that there is a problem with the loan account as well as notice from the lender’s attorney that there is a default under the terms of the loan.
- The lender must wait **90** days from the date that your loan is in default and send you a **Notice of Intent to Foreclose 45** days before the foreclosure case is filed.
- To begin a foreclosure case, the lender must file the foreclosure with the Circuit Court in the county in which the property is located. There must be a certification filed indicating that the property owner is not a member of the military service.
- The lender must personally serve the property owner with all the papers filed when the case was docketed with the court. If the lender is unable to serve the owner after two good faith attempts on two separate days, the lender may file an affidavit with the court and post the court papers on the property.
- Before a Foreclosure sale can be held, a lender must wait **45** days from the time the defendant was served; publish a Notice of Sale for three successive weeks in a newspaper, etc; and send a notice of the date of the sale to the homeowner by certified and first class mail. Failure to receive the notice or to sign for it will **not stop the foreclosure.**
- The lender must accept from the homeowner payment of the funds due to cure the default up to one business day before the sale.
- Before the sale occurs, the homeowner has the right to go before the court to prove that they did not default on the loan and stop the sale.
- If the sale does take place, the property will be sold through a public auction open to anyone who desires to make a bid. The trustee must make a report including an accounting of the sale. After the sale has taken place, but before the court has ratified the sale the homeowner may file objections if the sale was improperly conducted. Only after the court ratifies the sale can the new owner **petition the court to have the homeowner evicted.**

This information is intended to inform the public and is not intended to serve as legal advise.

Article submitted by Nancy W. Larkins, Granite Title

**CONGRATULATIONS TO REBB !
WE WON !! WE WON !! WE WON !!
THE**

***** JOHN THOMAS LOCAL BOARD AWARD*****

- YVETTE CHAPMAN - THE SALES ASSOCIATE AWARD**
- H. BERNIE JACKSON - THE HONOREE AT THE POST PRESIDENT'S LEADERSHIP & MENTORSHIP LUNCHEON**
- DONNELL SPIVEY - 2nd VICE PRESIDENT OF NAREB**
- YVETTE CHAPMAN - TREASURER OF NAREB**
- CATHY DORSEY - REGIONAL VICE PRESIDENT - REGION 4**

*****CONGRATULATIONS GOES OUT TO NAREB'S NEW OFFICERS*****

- VINCENT WIMBISH - PRESIDENT**
- JULIUS CARTWRIGHT - VICE PRESIDENT**
- DONNELL SPIVEY - 2nd VICE PRESIDENT**
- RON COOPER - 3rd VICE PRESIDENT**
- YVETTE CHAPMAN - TREASURER**
- JEFFREY HICKS - ASSISTANT TREASURER**

What's Happening In Our Neighborhoods? New Developments!

The City of Baltimore is being transformed from neighborhood to neighborhood. New Homes are popping up all over the City. The developers are creating a new look. Condos, Single-family homes, Townhomes are all being built, you need to know where to look. There are about 31 hot new developments. You can start at Brewers Hill, this was the home of Baltimore's breweries, great location because of access 1-95/895. Lots of new shops and restaurants. Another neighborhood with easy access to 1-95 is Claremont Freedom which is now called The Towns at Orchard Ridge. New at Franklinton is Ashman's Hope/Laurence Communities. The area is the historic mill village, which is located at the beginning of new Gwynns Fall Trail. The Callow Estate is in the historic neighborhood of Reservoir Hill. large brick townhomes close to Druid Hill Park. Camden Crossing has changed the look of Washington Village with a wide array of brick townhomes and close to downtown. Ask Realtist Kim Nunnally about Preston Place. Located in East Baltimore, new town homes, close to John Hopkins Hospital neighborhood with a mission to give hope and change lives. Talk to Shaw Wesley about Shaw Townes at Panway. How do you make a great neighborhood better? New construction community townhomes that are affordable. Also located in West Baltimore, in the new development of Mondawmin Mall, Coppin Sport Complex and lots of other historic places. The developments just keep coming. That's why Baltimore City is the place to live. With 225 city neighborhoods, that why we call Baltimore "Charm City".

Article Submitted by Patricia Henderson, 1st Preference

Simple Technology to Spur Business for Real Estate and Mortgage Professionals

How much technology are you using to bring business in the door and partnering with other real estate/mortgage professional in the industry. Even old school methods such as door hangers can be used to drum up interest. It's not the method but what you are saying.

Listed below are some inexpensive tips that can help in a down market that has contracted to few loan products, tougher lending guidelines, and burgeoning housing inventory.

Cell phones are our life line in day to day business operation and communication. The use of Call Capturing can direct clients to take the desired action i.e. apply for a loan or look for a home. Set up prompts on your voice mail.

- Press 1 for grant programs
- Press 2 for REO properties
- Press 3 for homes under \$100K

You get the message.....

Voice Broadcasting is a tool that can be used to add value to your clients. With many people leaving the business, send a broadcast letting your past clients know that you are still in business. Let your past clients know that rates are at an all time low...Let your clients know that now is the best time to purchase with a surplus of inventory; sellers contributing maximum dollars; and home prices at incredible values

Offer free credit analysis for those past clients looking to refinance at rates below 5% or for clients that can take advantage of Streamline FHA refinancing.

You can advertise very efficiently using websites like Backpage.com. As for the old school method of door hangers, target upscale renters. Is it enough to say buy a home or apply for a home loan. NO! But tell them how to take advantage of the \$8,000.00 home tax credit before November 30, 2009 and your phone should ring.

Article submitted by Rodney Archable, 1st Mariner Bank

HVCC and the new Appraisal Process (effective May 1, 2009)

The Appraisal industry like the Real Estate Sales industry is in a state of flux. Values are down and sales are few. Which is making appraising in this market a great challenge. There have been some changes in the appraisal industry since the beginning of the year. The introduction of a new Fannie Mae form, the 1004MC, which is a Market Analysis form that has to be completed with just about every appraisal that requires some form of financing. This form is used to present a more thorough description of the market at the time of the appraisal. Such as the number of sales for the past year, average sales price, absorption rate, average number of days on the market, current amount of listing on the market, seller concessions trend, and the impact that foreclosures are having on that market. Not only does this data have to be stated it has to be analyzed and explained. It also must coincide with what is in the body of the appraisal. Therefore when writing your contracts and you want to increase the offer to accommodate some closing costs, please be sure to check the comparables in the market carefully to assure your new sales price is supportive.

We also have been introduced to a new law the HVCC, which will limit if not eliminate access to the appraiser by all parties of a particular transaction. **This is supposed to eliminate any undue pressure on the appraiser in relationship to the valuation of the subject property.**

Although we must endure new changes and a challenging market. We must continue to strive to provide quality service to our customers. Respectfully submitted, Spencer T. Vaughan CREA

HERA and the Truth In Lending Statement (effective July 30, 2009)

- The earliest a borrower can settle a mortgage transaction is 7 business days after they have received initial mortgage disclosures from the lender.
- The appraisal fee can **no** longer be collected upfront, unless you meet face to face with the borrower. Only the credit report fee can be collected prior to the borrower receiving the initial disclosures.
-
- The borrower must be provided with a copy of their appraisal a minimum of 3 business days prior to closing.
- Should there be an increase of more than .125% in the Annual Percentage Rate (APR) from the initial Truth In Lending (TIL) Disclosure, the (TIL) must be revised and reissued to the purchaser. This revised (TIL) disclosure must be received by the purchaser 3 business days prior to closing.

Potential impacts to the APR

1. Unlocked rate
2. Change in loan amount, closing date, as well as fees.
3. Product change
4. Rate re-lock due to market improvement

In order to make the contract settlement date, help the borrower select the best loan product, lock in the rate and secure the settlement agent fees upfront. Together we will make it happen on time.

Article submitted by Nancy W. Larkins, Granite Title



61 Years of Democracy in Housing

REBB'S 1st Annual Summit



Tip's on Short Sales

Always ask the seller if they have requested a modification before attempting a short sale.

Always get complete information on all existing lien holders.

Ask the seller do they have a foreclosure sale date.

Ask how many months the seller is in default.

Ask are the property taxes paid.

Have seller sign an authorization form for you to discuss their loan with the lien holders.

Ask seller what monies they have available to them.

Be sure to do a short sale property inspection.

Advise seller to seek advice from an attorney, non profit housing counseling agency, and CPA and about possible tax liability

At the listing appointment, be a good empathetic listener and take notes

Article submitted by Tyrone Whitby, Exit Premier Realty.

It's All About The Service

- Treat everyone like a "first" client.
- Do things no one would want to do i.e. cleaning the floor, removing dirty dishes, making the bed.
- Refrain from physically and verbally attacking your client.
- Help them move and/or clear the property of furniture and debris.
- Perform ministerial duties: arrange for grass cutting, snow removal, etc.
- Perform "handyman" items so the property meets loan standards.
- Call your client before they have to call you. Be proactive, never defensive, always honest.
- Give updates on status of property disposition regularly.
- Go the extra mile when marketing. Send postcards, calendars, birthday and anniversary cards, etc.
- Ask how you could have performed more effectively in future transaction.

Article submitted by Pat Davis, ReMax

Helpful notes from two of the presenters at the Summit..