Realty Executives Florida Keys
1824 Flagler Ave
Key West, Fl 33040
Phone: 305-296-4422
Cell Phone: 305-304-2433
FAX: 305-296-4462
jimsmith@realtyexecutives.com

Hello, everyone … 1 October 2012

When I started in the real estate business (1st license dated 9/11/2001!) it was commonly known among Realtors that September was the slowest month … best time to take vacation, or otherwise goof-off, because nothing would be happening. Well, what really happens is that *other* things fill-in the void and you get no break at all. Murphy must have a law that covers that.

Brewfest and Poker Run are my Sunrise Rotary Club's big fundraisers, on different weekends in September. On another weekend Marilyn and I babysat our wonderful grandkids at Marco Island FL. And this last weekend, we went to the CG Academy Homecoming in New London CT where The Gents entertained the Class of '67 at their 45th reunion. Just got back. The football team won 59 – 0. That bears repeating. The football team won 59 – 0. Unheard of. Where did September go?

All of this is leading up to my apology. I just did not have time to assemble a newsletter of the caliber you and I have come to expect. Normally, my target is 10 pages. So, this one will be a little light-weight. The CliffNotes summary … market is improving, lenders are not, buyers are out looking, investors are buying, inventory is shrinking, rates are falling (<u>if</u> you can get a loan), and the real estate industry is generally optimistic. Appraisers must be doing well … a short-sale listing of mine was just appraised for the 8th time since February. Not counting another 5 Broker Price Opinions (BPO)s.

<u>Table of Contents for this issue</u>:

Small thing maybe, but I wanted to chime in about this. A front-page politico recently said he ran his one-and-only marathon in about 2 hrs + 50 mins. *Runners' World* checked-out his statement, and truth is he ran it in 4hrs + 1 min, and he claimed it was simply a foggy memory mistake. I've run 39 marathons. Millions of recreational athletes in the US run marathons. NOBODY "mis-remembers" their one-and-only marathon by *more than an hour*. It doesn't happen. Just saying …

Back to the usual 10-page newsletter next month!

Jim Smith, Broker Associate and part-owner
Realty Executives Florida Keys
1824 Flagler Ave, Key West, Fl 33040
Ph: 305-296-4422 ext 244
Cell: 305-304-2433
FAX: 305-296-4462

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By Tara-Nicholle Nelson | San Francisco, CA
September 19, 2012

5 Surprising Home Buyer Turn-Offs

Whether you're preparing to sell your home or you're in the market to buy a home and want to be aware of what the property's resale prospects might be, here are five home features and characteristics that are big-time turn-offs for today's home buyers.

Pools. Twenty years ago, having a pool was seen as a luxurious amenity, almost a status symbol that you had made it. Fast forward … many home buyers today are turning down homes specifically because they have a pool. The majority of buyers:

- know they won't swim enough to use a pool, and think that maintaining one would just be a waste of their time, energy and money
- would rather have a yard, and they're looking for homes with a pool or a backyard - not both
- who have young children and see a pool as a safety hazard

If you have a pool, market as best you can to buyers who truly want one, and to mitigate the perceived negatives of pool ownership by being both pragmatic and creative:

- ensure the pool has a well-functioning fence and cover
- stage the rest of the backyard to maximize the non-swimming activities
- offer to pre-pay a year's pool maintenance as an incentive of the home sale transaction.

Your stuff. Buyers are looking for a palate on which they can envision easily applying *their* tastes, not yours. Depersonalize and neutralize. Tchotchkes, knickknacks and memorabilia that you see as cozy and warm are highly likely to be seen by buyers as dumpy clutter. Visit a professionally staged Open Houses, you'll see the difference. Hire a staging professional just for an hour-long consult.

Carpet. This generation of home buyers has a distaste for carpet, period. Negatives are the difficulty and expense of cleaning, the cost of replacement, pet hair, mites and other allergens. The majority of home buyers express a desire to have hardwood floors in their next home. Consider replacing at least the living and dining areas with hardwood. Buyers prefer imperfect hardwood floor over nice carpets.

Gold bathroom fixtures. Old, but not old enough to be vintage, retro, classic or historic. Gold bathroom and lighting fixtures, popular in the 80s and 90s are seen as dated by buyers, who much prefer sleeker, stainless, brushed chrome and even bronze or white finishes. Goldenrod refrigerators and wallpapers with marigold, orange and avocado floral patterns are decidedly passé. Similarly, Is this just another trend? Yes. But a few micro-home improvements can make a big difference with buyers.

Elaborate gardens and/or vast landscaping. A huge landscaped backyard seems like it'd be a big draw. Realistically, it seems like a lot of work to today's time-strapped and cash-conscious buyers. Some buyers simply know they can't or won't put the time, money and water into its care, and would rather not take them on.

Hello, everyone … This will be a recurring article each month, intended to convey meaningful information from my “Florida Keys Real Estate” internet show on www.KONKNET.com, every THURs noon-to-1:00 PM. What happened in September?

Thursday #1: My guest today was **Jim Young**, Staff Manager for the City of Key West Code Compliance. Jim brought with him one of his Compliance Officers, Peg Corbett. Their mission is to protect the health and safety of citizens by assuring compliance with all regulations, zoning, HARC guidelines, etc. They would love for compliance to be *voluntary*! We talked about the training a Compliance Officer must undergo for certification. And we discussed Code Compliance Hearings, reviewing a summary of a recent one, lifted off the City website: www.keywestcity.com. Tough job to enforce the rules fairly and keep the citizens satisfied. I’ll bet Jim Young and Peg Corbett are fun at parties … LOTs of stories to tell!

Thursday #2: My guest today was **Carolyn Walker**, from the City of Key West Building and Licensing Department. A 27-yr City employee, Carolyn probably has more direct interaction with the public than any other staff member … and she is a *wealth* of information. She is the resident expert when it comes to licensing and permitting in the City, and the go-to person for all questions related to transient rentals and legal units. Over 9,000 licenses are maintained by the City, in several different categories. She is kept very busy seeing that the City’s overlapping databases are “clean”. In the past 2 years, lenders have become very concerned about “open permits” and Carolyn is the place to go for the answers … and she has the ability to close many permits administratively, rather than send an inspector out to the site. Two years ago, 70% of all permits remained open (unfinished). Today 70% of all permits are closed! Good performance metric ☺

Thursday #3: My guests today were **Karl Borglum** and **Scott Russell**, top dogs at the Monroe County Property Appraiser’s Office. Karl is *the* Property Appraiser, outgoing, and Scott is incoming, changeover in January 2013. They run the most useful website in Monroe County: www.mcpafl.org. The Property Appraiser’s office mainly values property for tax purposes, but they are experts in several other important areas, too … like exemptions (and fraud prevention), maintaining and updating official real estate data, and understanding the “Save Our Homes” Amendment 10 (1992) that caps homesteaded property assessment increases at the lesser of 3% or cost-of-living … and its portability. The more I learn about what they do, the more impressed I am. They deal with data, lots of data, and they manipulate it statistically, constantly revise it, draw conclusions and try to make complex actions (like taxing) understandable to the public.

Thursday #4: No show today, as I am in New London CT with The Gents”, playing 1960s rock-n-roll at the Dinner Dance for the 45th Reunion of Class of ’67, US Coast Guard Academy! Big KONK news when I return!

Jim Smith, Broker Associate and part-owner
Realty Executives Florida Keys
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Cell: 305-304-2433
Email: jimsmith@realtyexecutives.com

RISMedia THE LEADER IN REAL ESTATE INFORMATION SYSTEMS

Economists Hop on Recovery Bandwagon

By Steve Cook

Bank of America significantly improved its home price forecast for the current year, joining a growing list of housing economists who have seen the light and hopped on the recovery bandwagon.

Bank of America improved its 2012 price forecast from a 0.5% increase over 2011 to a 2% increase, citing shrinking inventory and a shift toward short sales.

Zillow said in February that home values would fall 3.7% in 2012 and didn't forecast a national bottom for housing prices until 2013. But In late July, it greatly improved its opinion, stating: "Zillow forecasts home values will rise 1.1%" … a net change of 4.8% in six months.

Fannie Mae and Freddie Mac have upped their take on sales and prices this year and next.

► **Freddie Mac** House Price Index for the U.S. showed a brisk 4.8% gain from March to June 2012, the largest quarterly pickup in eight years. Freddie now forecasts prices up 2%, an improvement over its June forecast of a 0.5% drop.

► **Fannie Mae** is also increasingly bullish on this year's marketplace. Within the past month, its economists have changed their price forecast from negative to positive. Fannie's July forecast sees prices rising 1.1% this year and another 1% next year. That's a significant change from its June forecast, which has prices declining by 1.2% in 2012. Fannie Mae adds:

> *"The housing market continues to show positive signs. Compared to the same time last year, home sales increased by 9% and single-family housing starts are approximately 20% higher, though the levels are still considered below healthy norms. Residential investment is expected to increase this year, and is expected to contribute to economic growth for the first time since 2005. Homeowners are showing greater confidence in one-year-ahead home price expectations, and their broad attitudes regarding the housing market continue to improve."*

Kiplinger's experts go so far as to suggest housing will lead the overall economy in the second half of the year.

> *"Housing will be one of few brighter spots in a slow-growing economy in the second half of 2012. Though the recovery will be modest and uneven, home sales will rebound from a recent slowdown, housing starts will grow significantly, and home prices will rise in the coming months, racking-up the first consistent increases in six years.*

Fiserv and Moody's, both using Case-Shiller data, are the only skunks remaining at the recovery picnic:

► **Fiserv** predicts nationwide home prices will dip another 1% between March 2012 and March 2013. However, Fiserv is forecasting nationwide home prices will climb 5% between March 2013 and March 2014.

► **Moody's** raised the national price forecast slightly, reflecting better-than-expected changes in the housing market over the last few months. However, Moody's predicts price appreciation to be modest followed by mild declines through early 2013.

For more information, visit www.realestateeconomywatch.com.

Lower Keys Real Estate Data: Just the facts, M'aam ©

Consider this a "mid-year" report on the Key Haven neighborhood. There are a couple of odd things showing up in the data. These are the sales so far this year (in order of sale date), using data from the Multiple Listing Service and the Monroe County Property Appraiser:

Address:	Sale Date:	Sale Price:	#bed:	#bath:	Living Sqft:	Lot Size:	$/Sqft:	Other:
86 Key Haven Rd	1/27	$100	3	3	1516	7145	n/a	buyer: Wells Fargo
12 Azalea Dr	2/2	$537,500	3	2	1800	6000	299	MLS
7 Coconut Dr	2/3	$100	3	2	1618	6000	n/a	buyer: GMAC
407 Cactus Dr	3/1	$358,500	2	2	1152	6000	311	outside MLS
6 Azalea Dr	3/8	$475,000	2	2	1152	6000	412	outside MLS
157 Key Haven Rd	3/12	$750,000	3	2	1986	9964	378	MLS
9 Amaryllis Dr	3/13	$460,000	3	2	1050	6000	438	MLS
27 Aster Terrace	3/23	$710,000	3	2	1980	15,000	359	outside MLS
3 Amaryllis Dr	4/26	$498,000	3	2	1964	6000	254	MLS
2 Aster Terrace	5/3	$500,000	3	2	1324	9438	378	MLS short-sale
25 Arbutus Dr	5/14	$100	3	2.5	2337	6000	n/a	buyer: One West
10 Azalea Dr	5/17	$610,000	3	2	1645	6000	371	outside MLS
4 Bougainvillea	6/4	$100	3	2.5	1832	9438	n/a	buyer: Deutsche Bank
1 Evergreen Dr	7/12	$980,000	3	3	3110	6750	315	MLS
15 Evergreen Dr	7/15	$990,000	3	2.5	2634	6000	376	MLS
3 West Cypress	8/3	$580,000	4	3	1688	7350	344	MLS
18 Evergreen Dr	8/16	$1,030,000	3	2.5	2342	12,618	440	MLS
119 Key Haven Rd	8/31	$529,900	3	2	2107	9731	252	MLS

Interesting things to note:

(1) This color-code means that the lender foreclosed on the property, paid $100 at the auction on the Courthouse steps, and now owns the property. Really? The lender got the property for $100? Yes, and the lender gets credit for the outstanding loan balance, too. Of these four properties:

- (a) 86 Key Haven Rd is not yet listed for sale by Wells Fargo.
- (b) 7 Coconut Dr was listed for sale briefly for $454,900 then taken off-the-market, where it remains.
- (c) 25 Arbutus Dr is listed for sale as of 9/6 for $495,000.
- (d) 4 Bougainvillea Dr is listed for sale as of 8/9 for $439,000.

(2) This color-code means that the transaction happened <u>outside</u> of MLS … property was never listed for sale publicly in MLS, and Realtors were not involved. Usually, less than 10% of sales occur outside of MLS.

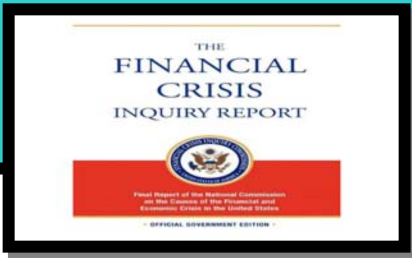
So, 10 MLS sales, 4 non-MLS sales and 4 courthouse auctions of foreclosed properties. Odd year!

If you want the facts, you should be talking to ***Realty Executives Florida Keys***. No BS.

Jim Smith, Broker Associate
Realty Executives Florida Keys
1824 Flagler Ave
Key West, FL 33040
Cell: 304-2433
jimsmith@realtyexecutives.com

Financial Crisis Inquiry Commission

post #18



The Financial Inquiry Commission spent more than a year examining the causes of the financial crisis. It held 19 days of public hearings, interviewed more than 700 witnesses and reviewed millions of pages of documents.

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Parts I, II and III of the FCIC report have been covered previously. This begins Part IV called "The Unraveling" with nine Chapters focusing on early 2007 through the full-blown crisis of September 2008. This post covers March-to-August 2008: **Systemic Risk Concerns**:

Bankers and regulators were shocked by the speed of Bear Stearns' demise. And they knew that other institutions had the same weaknesses … high leverage, reliance on overnight repo funding, dependence on securitization markets and concentrations in troubled assets. The Bear Stearns rescue averted a catastrophe, for the time being … and some lenders and investors believed the episode set a precedent for extraordinary government intervention.

The **Repo Market** got everyone's attention (very short term, secured lending). Repo market "runs" devastated the two Bear Stearns hedge funds in 2007 and mortgage originators, like Countrywide. High quality collateral was not enough to assure access to the market. Non-standard collateral could not get financed at all. No SEC liquidity "stress tests" envisioned that a firm would lose access to secured lending.

The **Derivatives Market** also created uncertainty. It was deregulated in 2000, and there was scant information available to participants or regulators. No government agency had oversight responsibility. These contracts allowed a party to have virtually unlimited leverage, and the possibility of sudden large and devastating losses could threaten the entire financial system.

When rating agencies downgrade institutions, the value of all their assets also loses some value, a drop that affects even conservative investors in those markets. In the vernacular of Main Street, this is called the domino-effect. In the vernacular of the FED, this is called systemic risk.

CitiGroup, Wachovia and Washington Mutual found themselves in dire straits. Their regulators were either late or slow to identify problems, and they did not react strongly enough. Regulators explained:

(1) It was difficult to express concern over operations that had recently generated record profits.

(2) Formal, public criticism often caused the public and investors to lose confidence, which made the original problems even worse. Backroom behind-the-scenes supervision was favored.

(3) The patchwork-quilt of regulatory agencies created opportunities for banks to shop for the most lenient regulator, and often resulted in multiple regulators on-site at organizations.

The Commission concludes that banking supervisors failed to identify and police weaknesses, often maintaining satisfactory ratings until just before collapse. Regulation was considered unduly burdensome. Banks were thought capable of self-regulation, and regulators were reluctant to interfere with activities reported as profitable.

The FED realized far too late the systemic danger inherent in the unregulated, over-the-counter derivatives market, and it did not have the information needed to take action.

Southernmost Stars: **1 October 2012** The least expensive properties currently on the market on the island of Key West. Changes from last month are in **blue**!

Ten least expensive Condos or Townhomes in Key West:

Address:	Ask Price:	#beds:	#baths:	Living Sqft:	$/Sqft:	Other:
3312 Northside #206	**$129,900**	2	2	856	**152**	Short-sale
1830 Fogarty #2	$149,000	1	1	460	324	Affordable Housing
3029 N Roosevelt #48	**$154,900**	2	2	800	**194**	Foreclosure
508 Louisa St #1	$179,000	1	1	214	836	Affordable Housing
3635 Seaside #416	**$210,000**	**2**	**2**	**772**	**152**	**Short-sale**
1207-09 William #3	$225,000	3	2.5	1183	190	Foreclosure
3930 S Roosevelt #105W	**$239,000**	**3**	**2**	**1070**	**223**	**Conventional**
3635 Seaside #402	**$249,000**	**2**	**2**	**772**	**323**	**Conventional**
3300 Duck Ave	**$249,950**	2	2	1032	**242**	Conventional
3625 Seaside #25309	$265,000	2	2	798	332	Conventional

Missing from last month: 3312 Northside Dr #206 … under contract
3322 Harriett St … under contract
1419 12th St … under contract

Ten least expensive **Single-Family Residences** in Key West:

Address:	Ask Price:	#beds:	#baths:	Living Sqft:	$/Sqft:	Other:
1200 6th St	$245,000	2	1	740	331	Conventional
1209 Margaret St	$249,900	3	1	864	289	Conventional (cash only)
1617 Catherine St	$289,900	3	1	1301	223	Conventional
2008 Patterson Ave	$289,000	3	1.5	850	341	Short-sale
3407 Eagle Ave	**$295,000**	**2**	**1**	**1164**	**253**	**Conventional**
3355 Donald Ave	**$299,000**	**2**	**2**	**1008**	**297**	**Conventional**
2016 Patterson Ave	$339,000	1	1	800	424	Conventional
104 Geraldine St	**$349,000**	**3**	**2**	**1370**	**255**	**Conventional**
411 Virginia St	$349,000	3	3	1652	211	Conventional
3624 Duck Ave	**$350,000**	**3**	**2**	**1582**	**221**	**Foreclosure**

Missing from last month: 2434 Linda St … under contract
1111 Watson #D … under contract
2922 Flagler Ave … SOLD for $290,000
715 Galveston Ln … under contract

35% of last month's STARS are under contract! Prices up, availability down. That's a very good sign!

Least expensive does not necessarily mean *best value*. That is determined subjectively by factoring-in other variables like appreciation potential, amenities, special features, location, condition, age, style, appeal, etc.

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