

The Realtor's® Gazette

A Publication For Members of the Greater New Bedford Association of REALTORS®
www.grnbar.org

Upcoming CE Courses

August 5th ~ Full Day of Continuing Education Classes

September 27th ~ Full Day of Continuing Education Classes

Classes run from 8am to 8pm and are 2 hours each (You can choose to attend all or just specific classes)

Upcoming Courses

August 18th ~ Professional Ethics Class

August 24th ~ New Member Orientation

September 28th ~ New Member Orientation

Upcoming General Meetings

July 8th ~ FNIS Demonstration of Paragon 3 Updates

September 9th ~ General Membership Meeting

September 20th & 22nd ~ Homebuyer's Seminar

ON THE HOMEFRONT

GrNBAR

REALTOR® ASSOCIATION GIVES \$7,000 IN SCHOLARSHIPS

Recently, the Greater New Bedford Association of Realtors® (GrNBAR) awarded seven \$1,000 scholarships to local high school graduates. While the Association has awarded scholarships to the children of their Realtor® members for many years, this year the program was expanded to include applicants from all the area high schools.

Nearly 100 applications were reviewed by the Scholarship Committee, and the Association is very pleased to announce the following recipients of \$1,000 each: **Sheena Vassal**, Dartmouth High School; **Lauren Greene**, Fairhaven High School; **Katelyn Desrosiers**, New Bedford High School; **David Browne**, Wareham High School; and **Garrett Bernier**, Westport High School.

Two of GrNBAR's \$1,000 scholarships were chosen from a very qualified group of applications from the children of our Realtor® members. These scholarships were awarded to **Vanessa Castro**, a graduate of New Bedford High School and the daughter of Realtor® **Victor Castro** of **CENTURY 21 Hughes & Carey**, and **Alexandra McGlone**, a graduate of Dartmouth High School and the daughter of Realtor® **Jeanne McGlone** of **Jack Conway & Co.**

The members of the Greater New Bedford Association of Realtors® are pleased to give back to their local communities in this way. Congratulations to all seven recipients and good luck as you continue your education!

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GOVERNMENT AFFAIRS

Government Affairs Committee

MAR officials meet with House & Senate leadership

In concert with last week's REALTOR® Day on Beacon Hill program, MAR leadership recently met with Massachusetts House Speaker Tom Finneran and Senate President Robert Travaglini to discuss a few key initiatives on the association's legislative agenda. During the visits, MAR officials discussed the association's agency initiative, voiced industry opposition to property transfer taxes, and urged support for legislation that seeks to prohibit the use of credit scores and other credit ratings systems to set rates for homeowners and renters insurance. MAR's leaders also called for changes in zoning regulations and a streamlining of the regulatory permit process to promote increased housing production in the Bay State. Representing MAR at the meetings were MAR President Judy Moore, President-elect Maggie Tomkiewicz, Secretary-Treasurer Doug Azarian, and VP of Government Affairs David Wluka.



THE PRESIDENT'S CORNER

By: Judy Perry, President

NAR CONFERENCE – WASHINGTON D.C.

While in Washington D.C. this past May at the NAR Conference, I attended the President's Roundtable discussions where a new concept was introduced. Several of the local boards across the nation have established a "New Realtor® Club." This club is made up of new Realtors® who meet monthly and exchange ideas and experiences. With all the new agents coming into the real estate business, this has proved to be a very successful endeavor. A facilitator is present at each of the meetings to give direction and new facilitators are rotated through the meetings to give the new Realtors® a different perspective each time they meet. I would like to start a "New Realtor® Club" here at GrNBAR. If you would be interested in joining this club, please let Donna know.

This is the 43rd consecutive quarter that housing prices have rose. Inventory has been low but more homes are coming on the market right now especially in the resort areas. The trend today for retirees is to downsize and buy condos spending six months in the north and 6 months in the south.

Housing will continue to expand in the coming years because of the following factors:

1. Baby boomer children will become first time homebuyers,
2. The large retirement population will live longer,
3. There will be continued terrorist activities making it a drive-to vacation instead of a fly-to vacation.

Economist are telling us:

1. Prices will continue to rise,
2. In the next 10 years the demand will be greater than the supply,
3. 71% of homebuyers are searching the Internet,
4. Mortgage rates will be between 5.5% and 8%,
5. The high growth of immigrants will be homebuyers in the near future,
6. Prices will increase 4.5% in the next year.

Other topics discussed at the Conference included:

The United States has realized an all time high in homeownership of 68% and of 5 trillion dollars in real estate business. Realtor.com is more relevant today than ever with 9 million plus visitors a month and 1,500,000 emails to Realtors® a month. Seventy-eight per cent of all Internet users on real estate sites go to Realtor.com. Ten out of every 13 messages is "spam" and one in every 42 messages is virus infected.

It was a very informative week-long conference. We met with our political representatives to discuss the important Realtor® issues (check your MAR website for details on these issues). We enlightened them to the importance of our profession in today's economy and left them with in-depth literature prepared by NAR.

BANKING ON IT

Lender's Committee

Is Mortgage Debt Really a Bad Thing?

The days of buying a home with the hopes of having a "Burn the Mortgage Party" seem to have fallen by the wayside as more and more people are looking at their home purchase as an investment, and focus more and more on monthly cash flow rather than building equity. As property prices have risen over the past couple of years and the expense of carrying higher mortgages has risen concurrently many "savvy" homeowners have looked at minimizing monthly housing debt by utilizing some of the cutting edge mortgage products that have evolved over the last couple of years. A number of factors such as accelerated property appreciation, average time of homeownership, and the likelihood of refinancing have, made previously popular fixed rate mortgage products almost obsolete. Today's homebuyer concerns and motives have changed are different from those of previous generations. Intermediate ARMS, 100% financing, and Interest only programs are becoming more popular than ever. In the past if a prospective homebuyer was seeking 100% financing on their home purchase it was typically because they were not able to save money, had credit issues, or extensive debt, now today's homebuyers are taking the position of why spend my money on an asset that will likely appreciate in value anyway, when I can invest little or nothing into the transaction keep my assets let them continue to work for me and recognize the appreciation gain when I sell. Also because the rate of refinancing and property sell rate has dropped from 7 to about three years as of late, paying down their mortgage balance is of little importance that is why many homeowners have opted to "interest only" mortgage products, with the idea that minimizing or reducing monthly debt flow is far more important than paying down the note. Intermediate ARM products such 3/1, 5/1, and 7/1 are more popular than ever as well as new products such "COFI" arms (Cost of Funds Index), which can let the borrower, pay at a rate under 2%, are really gaining popularity. The bottom line is that more and more buyers are looking at there home purchase as an investment that will appreciate at a faster pace than a typical amortization schedule, so what is the sense of investing my cash into it if the recognized gain at time of sale is about the same. As Real Estate professionals it is important to Know and understand your clients goals and motives, by educating yourself on mortgage product evolution so that you can better serve your clients needs and "add value" to their transaction.

SEMA MLS UPDATE

Anne Arruda



Is it permissible to set conditions for compensation on MLS? The MAR Legal Hotline has received several questions recently regarding open houses, procuring cause and a listing broker's ability to condition the terms under which a cooperating broker may be entitled to compensation offered on the multiple listing service. Under the NAR model MLS rules, the provisions of which are followed by many MLSs, the offer of compensation to other members is "unconditional except that entitlement to compensation is determined by the cooperating broker's performance as the procuring cause of the sale." Thus, by attempting to require certain actions or conditions on the part of a co-broke (such as you must accompany the buyer on all showings) the listing broker is conditioning the offer of compensation and, therefore, creating a stipulation that, while not illegal, would be inconsistent with the rules most MLSs follow and therefore make the listing unavailable for submission. For example, while it may be true that accompanying one's buyer to all showings of the property would be helpful in establishing the co-broke as procuring cause, failure to do so does not automatically mean they are not the procuring cause. Members with questions or concerns about the rules of their MLS should review them for clarification.

AROUND THE STATE

MAR Website

Progress seen on MAR agency initiative. At the direction of the MAR Board of Directors, the state association's leadership and staff have been working diligently to advance its agency initiative on Beacon Hill with the hope that some action could be taken on the measure by lawmakers before the state Legislature adjourns later this year. In fact, provisions of the MAR initiative – which seeks to clarify agency relationships between consumers and agents in residential real estate – were recently adopted into the Massachusetts Senate's version of the FY 2005 state budget.

This action represents real progress on the agency proposal and effectively positions the initiative for possible passage in 2004 – a goal that's been expressly stated by many MAR state directors who assert that clarifications in agency practice are needed immediately to keep current with changing business models in the market as well as the desires of today's consumers.

As currently drafted, MAR's agency initiative proposes to: (1) define, clarify and provide guidelines for the practice of designated agency; (2) require clear written consent and disclosures from the consumer for sub agency to occur, and (3) clarify, define and provide guidelines for facilitation.

Modeled after similar laws already in effect in 25 states, the intent behind the MAR legislation is to statutorily define agency relationships so that home buyers and sellers will be better served in the future than they are today under common law which provides no specific or comprehensive law to guide real estate practices in Massachusetts.

While the association's initiative is still a long way from becoming law, MAR is committed to achieving the agency objectives overwhelmingly approved by the MAR Board of



Directors in December in as expeditious a manner as possible. MAR officials will be actively monitoring the issue as state budget deliberations continue over the next few weeks and will update as the situation warrants.

SJC decision may limit housing construction on Cape. On May 19, 2004 the Massachusetts Supreme Judicial Court dealt a blow to the production of housing on Cape Cod and ruled in favor of the Cape Cod Commission by designating the Town of Barnstable a District of Critical Planning Concern (DCPC). The decision overrules a July 2002 judgment in favor of the Home Builders Association of Cape Cod by the Barnstable Superior Court declaring the DCPC to be void. This designation enables Barnstable to temporarily stop or limit development and growth.

In its case, the Home Builders Association of Cape Cod had argued that the DCPC was being used as a process to pass a building cap on the town. The court noted that the "Barnstable DCPC should be upheld because there is sufficient data and evidence to show that the DCPC preserves or maintains a 'natural' resource covered under § 10 (a) (1) of the Act, namely water resources." The SJC, however, did not address the objection made by the Homebuilders Association of Cape Cod regarding the "economic" resource concerns – particularly affordable housing and land development – but instead based their findings on the basis that the Barnstable DCPC preserves and maintains the sole-source aquifer on Cape Cod. Barnstable County presently has designated six DCPCs, but Barnstable is the first entire town placed on the list.

ON THE NATIONAL SCENE

NAR Website

Mortgage rates expected to reach 7 percent in 2005

The consensus among most economists is that the Federal Reserve will raise short-term interest rates at a meeting later this month, and that the median for a 30-year fixed rate home loan will climb to 6.6 percent by the end of 2004. Furthermore, current projections by NAR Economist Dr. David Lereah suggest that rates for 30-year fixed mortgages will hit 7 percent in 2005, but the jump in rates should not significantly affect home sales, according to Lereah.

"Interest rates are rising because the economy is expanding, and that is a good thing," Lereah says. New job growth, a rise in consumer and business confidence, and an increase in durable goods orders should all contribute to a healthy expansion of the housing market in the second half of 2004 and, again, in 2005, asserts Lereah. While there may be a slowdown in home sales during the final two quarters of this year "because so many buyers are getting off the fence and buying now," Lereah predicts that 2004 may well end up being the second best year ever for single-family home sales. Additionally, he noted that while the current period of historically low interest rates may be coming to an end, strong household growth among immigrants, second-home buyers, and the children of baby-boomers will help to keep the housing market strong. Dr. Lereah further believes the emergence of the last group will create a market shift over the next 10 years from one dominated by luxury home sales to one in which demand for entry-level homes will be particularly strong.



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WE'RE ON THE WEB!
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UPCOMING EVENTS

July 2004

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5 Office Closed for holiday	6	7	8 Paragon 3 MLS domon- startion	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

WELCOME

NEW REALOR MEMBERS:

- | | |
|------------------|----------------------------|
| Lisa Arnold | Gardner Realty |
| Claudia Butler | CB Hayes Associates |
| Lauren Cardin | Shell Pointe Real Estate |
| Antonio Correia | ERA Castelo Real Estate |
| Robert Costa | Mary Ann Costa Real Estate |
| John Cotter, Jr. | Prudential Linn |
| Albertina Duarte | Couto Realty |
| Janice Estes | Neves & Cashman Realty |
| Diane Furtado | Pomeroy Associates |
| John Getchell | EXIT Realty Advisors |
| Pamela Gibbs | Alferes Realty |
| Duane Green | ERA Castelo Real Estate |
| Janis Hall | Kelly Sol Realty |
| Tammy Louro | Jack Conway & Co. |
| Michael McCarthy | Neves & Cashman Realty |
| Carlos Oliveira | Gardner Realty |
| Frank Rezendes | ERA Castelo Real Estate |
| Ronald Silvia | Diversified Real Estate |
| Jennifer Soares | Couto Realty |
| Gina Sprague | Pomeroy Associates |
| Jeanne Vulgaris | Neves & Cashman Realty |
| Barbara Wales | Jack Conway & Co. |