

FHA Unveils Plan to Help Underserved Borrowers Get Loans

Homebuyers who complete HUD-approved housing counseling before closing may be able to lower their mortgage insurance premiums, thanks to a new program from the Federal Housing Administration (FHA). The announcement drew praise from Realtors® and policy directors.

FHA unveiled the plan, known as Homeowners Armed with Knowledge, or HAWK, as part of its “Blueprint for Access.” That initiative outlines steps the agency is taking to make it easier for underserved borrowers to get a loan. The FHA also released more information on its Quality Assurance Initiative, a program to provide clarity and transparency to FHA-approved lenders.

With HAWK, borrowers who complete the counseling before closing may receive a 0.5 percentage point reduction in their upfront insurance premium. They may also qualify for additional savings if they take part in post-closing counseling and show a record of on-time payments for two years. That could result in an additional 0.15 percentage point reduction.

The FHA said that the counseling is designed to help buyers understand the rights and responsibilities of homeownership, and to improve buyers’ budgeting skills and housing decisions.

On an FHA loan with an average loan balance of \$180,000, borrowers who go through counseling would be able to decrease their payments by nearly \$325 a year in insurance costs - or \$9,800 over the life of a 30-year loan, according to FHA.

Steve Brown, president of the National Association of Realtors®, called HAWK a “step in the right direction” by making mortgage credit available to more qualified homebuyers. NAR’s top official urged expediency in developing the program and making it available to homebuyers. “We have many qualified homeowners who need help now, and are being shut out of the market due to record high annual premiums and mortgage insurance for the life of the loan,” he stated.

The director of housing policy for the Bipartisan Policy Center also praised the FHA’s new plan, suggesting it’s not a moment too soon. “Expanding access to affordable mortgage credit is an urgent national priority,” according to Pamela Patenaude, the BPC director. “Our nation’s economic recovery depends on a strong housing market that allows creditworthy families to obtain mortgage financing on safe and affordable terms. Unfortunately, mortgage-lending standards have become so tight today that large segments of the U.S. population are being excluded from the opportunity to enter the homeownership ranks.”

As part of its Quality Assurance Initiative, the FHA said it plans to focus on four areas in the coming months to help lenders know their mortgages meet FHA standards “so they can originate loans with confidence.” Areas of emphasis include clarifying policy, enhancing its approach to assessing loan quality, sampling a larger variety of loans, and supplementing its lender performance metrics.

The 8-page [FHA Blueprint for Access](#) may be viewed online.

“This is a win for families, FHA, lenders, Realtors® and the overall market, which is why we are very excited about its potential impact,” said Shaun Donovan, Secretary, U.S. Department of Housing and Urban Development. “We want to create an environment that encourages responsible behavior and provides clear rules of the road so lenders can originate loans without fear of unanticipated consequences. We want lenders to be able focus on the quality of their

📌 Housing market righting itself as buyers, brokers get creative to compete

KIRKLAND, Wash. (June 4, 2014) – Housing around Western Washington is on an upward trajectory, but inadequate inventory “in the right prices and locations” makes for a “very difficult market for purchasers and brokers,” according to an executive with one multi-office real estate company.

New figures from Northwest Multiple Listing Service show inventory increased in May compared to a year ago, but brokers say competition is keen. “Multiple offers and escalation clauses occur on a regular basis for properties that are extremely well priced and in great condition,” reports Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma.

Mike Gain, a former chairman of the Northwest MLS board of directors, also commented on the bidding wars. “We are experiencing more multiple offers than I have experienced in my 35 years of practicing real estate in this marketplace,” stated Gain, the president and CEO of Berkshire Hathaway HomeServices Northwest Real Estate. “This is a very difficult market for purchasers, our agents and brokers. If we had inventory to handle the demand our pending and sold numbers would be greatly increased,” he believes, adding, “We desperately need good quality inventory.”

Last month’s pending sales topped the 10,000 mark for the first time in twelve months. The number of mutually accepted offers totaled 10,373, outgaining a year ago by 328 transactions for an increase of almost 3.3 percent. Last month’s total was the highest volume of pending sales since June 2006 when brokers tallied 10,448 transactions.

With demand outpacing supply in many parts of the region, brokers are noticing more creativity among competing parties. “Offer review deadlines have become pretty commonplace in this market, as have pre-inspections,” said OB Jacobi, president of Windermere Real Estate. He said some agents and buyers are getting even more aggressive by submitting their offer prior to the deadline.

Jacobi said there’s also an increase in the number of cash buyers, and buyers willing to waive their financing contingency, “making it even more difficult for the vast majority who don’t have this option.” With ongoing competition likely to continue, Jacobi expects agents and buyers to be “increasingly creative until the market becomes more balanced, which probably isn’t going to happen any time soon.”

MLS figures show months of inventory slipped to 3.33 from April’s figure of 3.46. In King County, supply stayed about even with April (1.78 months of inventory in May versus 1.74 months in April). Snohomish slipped from 2.47 months to 2.37. Four to six months is considered to be a balanced market.

Fewer sales closed last month compared to a year ago (down 2.2 percent), but prices increased. Compared to April, the number of completed sales in May jumped by 997 transactions for a gain of 16.1 percent. Brokers reported 7,187 closed sales of single family homes and condominiums last month with a median selling price of \$285,000. That sales price reflects a 3.6 percent increase from the year-ago figure of \$275,000.

For single family homes (excluding condos) the area-wide price rose 4.2 percent, increasing from \$285,000 to \$297,000. Condo prices jumped nearly 15% from the year-ago price of \$200,000 to last month’s price of \$229,900.

Brokers added 12,605 new listings to inventory during May, about 10 percent more than a year ago. At month end, the selection across the 21 counties served by Northwest MLS included 23,917 active listings. That total reflects a 9 percent increase from twelve months ago when buyers could choose from 21,943 homes and condominiums.

In several counties served by Northwest MLS distressed properties make up about 20 percent of the activity, according to an analysis by Beeson. His figures show one of every five homes that sold in Pierce, Thurston, Kitsap and Cowlitz counties was distressed, while in King County such properties accounted for only around 10 percent of the sales.

Beeson, a board member at Northwest MLS, expects distressed properties will continue to be an integral part of the market. As median prices continue to rise around Puget Sound, he believes the inventory of short sales will be reduced.

“The inventory of bank owned properties holds steady at twice the number of short sales,” Beeson reported, adding, “This probably will not change in the foreseeable future as banks have warehoused much of their ‘shadow inventory’ and are slowly bringing it on the market so as not to glut the market, and to help keep pricing levels up, which benefits them as well.”

Another MLS director, George Moorhead, characterized the market as “sluggish” in areas. Buyers are about “45 days later to the starting line” compared to patterns of the past three years. “Some areas are still doing extremely well and still seeing multiple offers, but not on the whole,” observed Moorhead, the managing broker at Bentley Properties in Bothell. Overall, he believes “the market is righting itself slowly and becoming healthy and sustainable.”

Snohomish anomaly

Inventory in Snohomish County jumped 43 percent compared to a year ago. Asked about the surge, Moorhead attributed much of it to an influx of new construction. The MLS database shows 406 of 2,206 listings of single family homes are classified as new construction. That’s about twice the number from a year ago. “The price points are some of the best in the market areas for size, style and overall location,” Moorhead stated.

Kitsap: Different segments tell different tale

Like many areas, Kitsap County has several submarkets. “Using a countywide statistic in this market is much like judging a book by its cover – you shouldn’t,” suggests MLS director Frank Wilson, the branch managing broker at John L. Scott, Inc. in Poulsbo. “Each part of Kitsap is its own chapter with a story to tell,” he explained.

Overall, Kitsap’s inventory is holding at about a four-month supply, “just on the sellers’ side of neutral,” Wilson said. Traffic at open houses is up, and more listings are drawing multiple offers and offers with escalation clauses, he added.

Prices in Kitsap are down about 4 percent, but of 19 areas the Northwest MLS tracks in that county, 10 had year-over-year price gains, and nine map areas had declines. The sharpest price increase occurred in East Central Kitsap where values jumped 20 percent from twelve months ago.

Rosy outlook

Despite inventory shortages, Northwest MLS brokers were mostly upbeat about short-term activity:

- “Locally, the summer selling season can be the busiest time of the year. This year with the lack of inventory it is probably the best market sellers will ever experience,” suggested Mike Gain.
- “We anticipate the market remaining at modest levels of growth [in Snohomish County] and inventory levels continuing in a healthy range of seven to eight months instead of two to three months.” -- George Moorhead
- “Home buyers received a summer gift, just in time for the home buying season: interest rates have come down one third of a point from a month ago.” – J. Lennox Scott, chairman and CEO, John L. Scott Real Estate.
- “In almost every county, inventory increases since last year have brought a sigh of relief from many buyers . . . If interest rates continue to hold under 5 percent and the unemployment picture continues to improve or remain the same, we should see a moderate to strong market throughout the balance of 2014.” – Dick Beeson.

MLS spokespeople encouraged potential sellers to consider listing now. “Now is a great time for move up sellers/buyers who can sell their homes quickly today and secure another at today’s prices and today’s low interest rates,” Gain suggested. He also noted the majority of homeowners have experienced significant gains in their equity over the past two years. “Sellers who took their homes off the market in the down market can now get the prices

they were wanting when they made their decisions to rent them. The prices are back and the homes will sell,” he emphasized.

Wilson urged sellers to make sure their home is exposed “to as many real estate brokers from as many real estate firms as possible to ensure all buyers in your area and price point have a chance to make an offer on your home.”

Buyers also need to be prepared, Wilson suggested. In addition to being fully approved for financing a mortgage before making an offer, buyers need to be mindful that their offer “may not be the only one being tendered to a seller” and be poised to respond.

Northwest Multiple Listing Service, owned by its member real estate firms, is the largest full-service MLS in the Northwest. Its membership includes more than 21,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 21 counties in Washington State.

Statistical Summary by Counties: Market Activity Summary – May2014

Single Fam. Homes + Condos	LISTINGS		PENDING SALES	CLOSED SALES			*Months of Inventory	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price	This month	Same mo., year ago
King	4,714	5,276	4,154	2,967	\$490,449	\$398,000	1.78	1.55
Snohomish	1,770	2,542	1,718	1,074	\$325,877	\$305,000	2.37	1.57
Pierce	1,873	3,662	1,645	1,137	\$251,569	\$229,000	3.22	2.71
Kitsap	595	1,318	538	321	\$270,934	\$230,000	4.11	4.13
Mason	242	714	123	99	\$179,337	\$167,000	7.21	10.69
Skagit	303	812	213	159	\$256,914	\$233,500	5.11	5.27
Grays Harbor	194	739	101	80	\$145,404	\$134,000	9.24	11.87
Lewis	145	621	93	86	\$163,515	\$153,000	7.22	9.46
Cowlitz	180	509	124	98	\$177,646	\$168,500	5.19	5.48
Grant	150	527	103	66	\$188,146	\$165,000	7.98	7.20
Thurston	602	1,332	460	320	\$241,217	\$225,000	4.16	3.38
San Juan	69	406	25	29	\$584,931	\$450,000	14.00	21.84
Island	305	788	190	123	\$286,250	\$245,000	6.41	7.13
Kittitas	159	476	75	55	\$254,668	\$201,000	8.65	7.45
Jefferson	129	422	69	48	\$316,565	\$275,000	8.79	11.65
Okanogan	120	485	33	23	\$173,804	\$139,900	21.09	15.96
Whatcom	587	1,555	402	260	\$298,871	\$260,500	5.98	5.19
Clark	72	150	67	55	\$276,022	\$255,400	2.73	2.76
Pacific	82	435	34	40	\$136,725	\$124,500	10.88	16.15
Ferry	19	63	2	2	\$134,950	\$134,950	31.50	15.20
Clallam	120	414	78	51	\$235,240	\$203,000	8.12	6.69
Others	175	671	126	94	\$242,509	\$203,250	7.14	6.33
MLS TOTAL	12,605	23,917	10,373	7,187	\$360,131	\$285,000	3.33	2.99

* Months of inventory are calculated using active listings divided by closed sales.

4-county Puget Sound Region Pending Sales (SFH + Condo combined)

(Totals include King, Snohomish, Pierce & Kitsap counties)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	3706	4778	5903	5116	5490	5079	4928	5432	4569	4675	4126	3166
2001	4334	5056	5722	5399	5631	5568	5434	5544	4040	4387	4155	3430
2002	4293	4735	5569	5436	6131	5212	5525	6215	5394	5777	4966	4153
2003	4746	5290	6889	6837	7148	7202	7673	7135	6698	6552	4904	4454
2004	4521	6284	8073	7910	7888	8186	7583	7464	6984	6761	6228	5195
2005	5426	6833	8801	8420	8610	8896	8207	8784	7561	7157	6188	4837
2006	5275	6032	8174	7651	8411	8094	7121	7692	6216	6403	5292	4346
2007	4869	6239	7192	6974	7311	6876	6371	5580	4153	4447	3896	2975
2008	3291	4167	4520	4624	4526	4765	4580	4584	4445	3346	2841	2432
2009	3250	3407	4262	5372	5498	5963	5551	5764	5825	5702	3829	3440
2010	4381	5211	6821	7368	4058	4239	4306	4520	4350	4376	3938	3474
2011	4272	4767	6049	5732	5963	5868	5657	5944	5299	5384	4814	4197
2012	4921	6069	7386	7015	7295	6733	6489	6341	5871	6453	5188	4181
2013	5548	6095	7400	7462	7743	7374	7264	6916	5951	6222	5083	3957
2014	5406	5587	7099	7325	8055							

Seattle-area home prices outgaining most of U.S.

Seattle-area home prices jumped 1.9 percent in March compared to February, according to the latest S&P/Case-Shiller U.S. National Home Price Index. That surge is the most robust price growth since nearly a year ago when buyers scrambled to make offers in anticipation of rising interest rates.

Nationally, home prices in March gained 0.9 percent over the month and 12.4 percent over the year. Nineteen of the 20 cities in its survey showed positive returns in March, with New York being the only city to decline.

Over the past 12 months, prices have climbed 11.6 percent. For 13 consecutive months, prices have increased annually by double-digit percentages. Despite the increases, the market is still about 16 percent below its July 2007 peak.

Annual price gains have slowed in the last four months and 13 cities saw their appreciation moderate in March, said David Blitzer, chairman of the index committee at S&P Dow Jones Indexes. Las Vegas, Los Angeles, Phoenix, San Francisco and Tampa saw substantial slowdowns in their appreciation, he said. "The year-over-year changes suggest prices are rising more slowly," he noted.

"Housing indicators remain mixed," Blitzer said in a statement. Virtually all of the gain in housing starts in April was in apartment construction, not single-family homes, and new-home sales haven't picked up enough. "Mortgage rates are near a seven-month low, but recent comments from the Fed point to bank-lending standards as a problem," he noted. "Other comments include arguments that student-loan debt is preventing many potential first-time buyers from entering the housing market."

The Case-Shiller Index was developed in the 1980s by three economists and is based on comparisons of repeat sales of the same homes in an effort to study home pricing trends. It tracks changes in the value of residential real estate, both nationally and in 20 metropolitan regions.

Feng Shui trainer applying same design philosophies to startup that crafts safe outdoor rooms for cats

Feng Shui, a popular design philosophy to help make homes more appealing, can be beneficial to cats, too, according to a well-known Seattle-based consultant-trainer. Cynthia Chomos, the founder of the Feng Shui School for Real Estate Sales, has launched CatioSpaces, a company that creates safe outdoor enclosures for felines.



Coincidentally, the research and development phase of her startup occurred about the same time the City of Edmonds passed an ordinance banning “free roaming” cats.

Benefits of Cat Enclosures
<ul style="list-style-type: none"> • protects cats from predators, poisons and diseases from other animals; • reduces vet bills from neighborhood cat fights and vehicles; • protects local birds and wildlife; • provides a healthy lifestyle with fresh air, exercise, sunbathing and bird watching; • creates an outdoor space for human and feline interaction and bonding; • eliminates indoor litter odors (with optional outdoor litter box discretely hidden from view); • gives owners peace of mind knowing their cat is in a pleasant, protected environment; • enhances the health and happiness of your cat!

Proponents of that law, which was approved last September, cited bird and wildlife impacts of roaming cats, dangers to unleashed pets, such as being hit by a vehicle, attacked by another animal, or poisoned, and health issues, such as disease-carrying waste or fur as they advocated for the measure.

Chomos’ innovative wood frame catios are designed to complement a home and look like outdoor “rooms” rather than wire cages. Various sizes and styles are offered, including above-ground window perch catios, the “Window Box Veranda” and “Garden Window Condo,” and a ground-level “Garden Sanctuary” featuring space for human and feline interaction. Best of all, Chomos notes, each catio can be decorated to suit a feline’s fancy.

Chomos, a passionate cat owner and an associate member of the Master Builders Association of Snohomish and King Counties, said she founded Catio Spaces to address the need for safe and aesthetically pleasing outdoor enclosures to enhance a cat’s life. Her planning process even includes a profile questionnaire for understanding the cat’s likes and personality – complete with a space for the feline to “pawthenticate” the owner’s answers on the form.



[Catio Spaces](#)™ are custom designed for windows, patios, decks and garden areas, and may be mounted to a home’s wood siding or window frame. Initial ground-level installations in the Greater Seattle area vary from around 64 square feet to 120 square feet. She offers a number of optional design elements, including a cat access door for entry from a window or door, cat-safe plants, water features, a discretely disguised litter box and others.

“Our goal is to keep precious pets safe and happy in an outdoor enclosure that visually complements each owner’s home,” Chomos explains as she outlines the benefits of enclosures for both indoor and outdoor cats (*see box*).



When crafting catios, Chomos draws on her experience and professional certification as a feng shui consultant. Chomos has provided more than 2,500 feng shui and color consultations for home and business owners throughout the Pacific Northwest, Hawaii and Europe during the past decade.

Seattle 2nd best city for recent graduates

Recent college graduates have the best prospects in the nation's capital and in Seattle, according to an analysis by [NerdWallet](#), a financial literacy site.

According to NerdWallet's recent survey of employers, more companies plan to hire new college graduates this year, than in the past few years. Its analysis of the 50 largest cities in the country concluded Seattle is the nation's second-best city, trailing only Washington, D.C.

In compiling its list the researchers considered three primary factors:

1. Presence of educated peers
2. Income and affordability
3. Strength of workforce

Seattle outscored other cities on education criteria – 34.5 percent of the city's population 25 and older hold a bachelor's degree, more than any of the other 50 cities in the study. NerdWallet noted although Seattle's median earning for people with bachelor's degree (\$50,578) trailed other cities such as San Francisco (\$61,426) and Boston (\$52,199) it has a lower cost of living index than those two cities.

Washington, D.C. was found to have the greatest percent of residents working in management, business, science or arts. Although the cost of living is higher than most other places, college grads can expect high median earnings. "The high number of government opportunities also ensures that the job market in Washington, D.C. is relatively more immune to economic recessions than in other parts of the country," the researchers noted.

Minneapolis ranked third on the list. NerdWallet found the Twin Cities is home to 19 Fortune 500 companies, the highest per capita mark of all metro areas in the U.S.

Rounding out the "top 10" list of best cities for recent grads were San Francisco, Austin, Atlanta, Raleigh, Boston, Denver, and Columbus.

NerdWallet's founders describe their company as a resource for user-friendly, data-driven tools and impartial information "to help you make solid decisions about the money you work hard to earn. . . We do the homework so you don't have to." Its tools cover finance, investing, education, shopping and health.

The Perfect Storm

“Three Factors Driving the Surge in 1031 Exchange Activity in 2014”

By: Cris Anderson, Esq. and Scott R. Saunders

In the movie *The Perfect Storm*, the convergence of two large storm systems led to unusual weather conditions that ultimately resulted in the demise of the ship and its crew. In the Northwest real estate market, the convergence of much higher tax rates, a very strong commercial market, and a recovering residential market has resulted in a surge in 1031 exchange activity this year.

Northwest, and especially the metro areas of Seattle and Portland, real estate investors are experiencing solid gains, and they are faced with a headwind of high taxation which threatens to significantly reduce investment returns. Consequently, investors are actively seeking out ways to reduce their tax liability. Once again, Section 1031 of the Internal Revenue Code has emerged as a valuable tool for boosting net investment returns by reducing tax liability, and for preserving capital for reinvestment into better performing “like-kind” replacement properties. This article explores each of the three factors creating this “perfect storm.”

FACTOR #1: HIGHER TAX RATES

Tax rates, and their impact on an investor’s net investment return, can drive investment decisions. Economist Art Laffer posited that when tax rates increase, actual tax revenues can decrease as a result of efforts by investors to mitigate tax consequences. In essence, as tax rates increase, an investor’s motivation to defer or postpone immediate taxation also increases. This is reflected currently in a surge in 1031 exchange activity.

Many Northwest investors are surprised to find out that today they may face four different taxes and, when combined together, the aggregate impact can result in a very large tax bill owed to the government:

1. Depreciation Recapture: Depreciation recapture is taxed at a flat 25% rate.
2. Federal Capital Gain Taxes: Federal capital gain taxes are assessed on the remaining economic gain depending on an investor’s taxable income. Investors in the highest bracket pay at a 20% rate and a 15% capital gain tax rate applies to investors in a lower tax bracket.
3. Net Investment Income Tax: Pursuant to IRC Section 1411, an additional 3.8% surtax applies to taxpayers with “net investment income” who exceed certain threshold income amounts.
4. State Taxes: Northwest investors must also pay their applicable state tax (Montana 4.9% and Oregon 9.9%).

Single Taxpayer	Married Filing Jointly	Capital Gain Tax Rate	Section 1411 Medicare Surtax*	Combined Tax Rate
\$0 - \$36,250	\$0 - \$72,500	0%	0%	0%
\$36,250 - \$200,000	\$72,500 - \$250,000	15%	0%	15%
\$200,000 - \$400,000	\$250,000 - \$450,000	15%	3.8%	18.8%
\$400,001+	\$450,001+	20%	3.8%	23.8%

* The 3.8% Medicare surtax only applies to “net investment income” as defined in [IRC Section 1411](#).

Factor #2: Robust Commercial Markets

Currently, commercial real estate (CRE) prices nationwide are about 3% above the previous market peak in 2006. Domestic commercial investors, institutions, and Real Estate Investment Trusts (REITS) continue to exhibit a strong appetite for quality commercial properties. International investors see the U.S. as a safe haven, and their demand further fuels the CRE activity. Commercial investors have strong borrowing and buying capacity, allowing them to capitalize on favorable CRE opportunities. The demand for quality CRE assets is so strong that CRE activity is now beginning to expand to secondary and non-core markets. All of this CRE activity is contributing to the surge in 1031 exchange activity as CRE investors utilize 1031 to minimize the tax impacts of their transactions.

Sales of office, retail, multifamily, hospitality and land were approximately \$370 billion last year, 18% higher than the year before, and the strongest year since 2007 and this momentum is continuing in 2014. Vacancy rates have decreased and net absorption has been strong in the office, industrial and retail markets. Last year and continuing into this year, investors continue to be very active in the hotel property sector which was up 40%, industrial increased by 23%, office up by 18%, multi-family rose 14%, and retail rose 10%. In addition, REITs appear to be very active this year with a projected pace of acquisition and expenditures running about 60% higher than the pace of dispositions. More evidence of the strong commercial activity can be seen by the year-to-date rent growth in the U.S. apartment market which is the best since the economy started to recover from the Great Recession according to Axiometrics, Inc.

Factor #3: Residential Home Price Recovery

According to the Case-Schiller Index of 20 major cities, home prices nationwide have recovered by about 20% from the market trough. Among the nation's 35 largest metro markets, all but St. Louis and Kansas City have experienced year-over-year home price increases as of April, 2014. Those with the most notable annual increases include Riverside (22%), Las Vegas (22%), Sacramento (16%), and Orlando (16%). Forecasts show about one-third of the nation experiencing home appreciation higher than the national average over the next 12 months. Rents on single-family rentals have also increased, rising by 2.3% on a year-over-year basis. Also, the lack of new home construction during the Great Recession has led to a shortage of new single-family homes, further pushing up home prices.

The recovery of residential home prices is another factor causing an increase in 1031 exchange activity. However, since home buyers are generally more sensitive to increases in the interest rate than CRE investors, rising interest rates in the future could have a negative impact on demand for single-family home purchases.

1031 Exchanges

The "perfect storm" resulting from the convergence of these three factors has led to an increase in 1031 exchange activity as Northwest investors turn to this powerful tax strategy to preserve investment equity and improve returns. This increase in activity has led to a significant increase in demand for secure, knowledgeable, and service-oriented qualified intermediary services. As always, investors should discuss their specific tax situation with their tax and/or legal advisors to assess the potential value of using Section 1031.



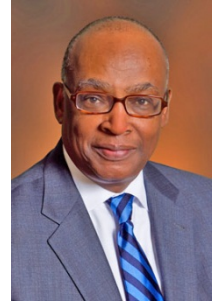
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Five community leaders to pay tribute to Norman Rice at “First Citizen” civic event honoring his 40 years of service

Five speakers will pay tribute to former Seattle Mayor Norman B. Rice when he is honored as the 76th recipient of the Seattle-King County First Citizen Award. The civic celebration recognizing Rice, who is retiring as president and CEO of The Seattle Foundation, will be held Wednesday, June 11 at the Fairmont Olympic Hotel. (For reservations: SeattleFirstCitizen.org).



Artists from The 5th Avenue Theatre will also be part of the tribute to Rice, whose distinguished career has covered broadcasting, banking, academia, politics and philanthropy.

Rice is being recognized for 40 years of public- and private-sector service, during which time he played pivotal roles in revitalizing downtown, advocating for social and economic equity, and supporting public schools. As an elected official, he was a trailblazer, becoming Seattle’s first African-American mayor in 1990, assembling the team that preserved Major League Baseball in the city, convening a first-ever Education Summit, and creating a model welfare-to-work program.

The lineup of speakers who will honor him on June 11 includes:

- Sonya Champion, president, Champion Advocacy Fund;
- Matt Griffin, principal and managing partner, Pine Street Group;
- The Hon. Charles V. Johnson, retired presiding judge of King County Superior Court;
- Andrew Lofton, executive director, Seattle Housing Authority; and
- Sue Taoka, executive vice president, Craft3.

This year marks the 76th anniversary of the annual awards gala, which is presented by SEATTLE KingCounty REALTORS®. Since 1939, the event has recognized individuals and organizations that enhance the area’s quality of life through visionary leadership, civic engagement, and dedication to building healthy communities through volunteerism and philanthropy.

Several former First Citizens are expected to attend the celebration, including the spouse of this year’s honoree, Constance W. Rice, Ph.D., recipient of the award in 1993. Recent past recipients include former NBA coach and player Lenny Wilkens (2013), former U.S. Senator Slade Gorton (2010), former Seattle Symphony conductor Gerard Schwartz (2009), Microsoft co-founder Paul G. Allen (2008) and Seattle jeweler Herb Bridge (2001). Over the years, the inductees have represented humanitarian organizations, charitable, health and educational institutions, arts groups, environmental causes and various civic endeavors.

The Seattle-King County First Citizen Award and civic banquet, believed to be this region’s oldest such recognition, has no fund-raising expectation, but instead is designed solely as a not-for-profit celebration of community involvement.

This year’s event is supported by the Bill & Melinda Gates Foundation (event partner), Windermere Real Estate (silver sponsor) and the YMCA of Greater Seattle (bronze sponsor).

About the [First Citizen Award and Banquet](#)

Since its inception in 1939, the First Citizen Award continues to celebrate community leadership, volunteerism and public service. The Award is believed to be this region’s oldest such recognition. It has no fund-raising expectation, but instead is designed solely as a not-for-profit celebration of community involvement.

About the [SEATTLE KingCounty REALTORS®](#)

The SEATTLE *KingCounty* REALTORS® is a nonprofit professional trade association whose goals include promoting business practices that reflect a strict code of ethics and supporting policies that preserve and expand real property rights and housing affordability. Based in Bellevue, SKCR has around 5,000 members and is one of 1,400 local associations of the National Association of REALTORS®. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics.

 News In Brief

- **According to Fannie Mae's April 2014 National Housing Survey, Americans' optimism about the housing market has grown, with 42 percent saying now is a good time to sell a home.** Meanwhile, 69 percent of Americans say now is a good time to buy a home. Fewer Americans report being concerned about losing their job, which may urge more potential home buyers off the fence. However, 39 percent of respondents indicated that their household expenses are significantly higher than they were 12 months ago. Fifty percent of survey respondents say they believe home prices will go up in the next 12 months. The share of Americans who expect home prices will fall was at 5 percent, an all-time survey low.
 - **Recent statistics have suggested a slow housing market based on the drop in the number of houses sold.** Trulia has drawn a different conclusion, according to [seattlebusinessmag.com](#), by looking at how long houses remain on the market. Looking at the speed with which homes are sold, you can come to a very different conclusion. As of mid-April, for example, only 43 percent of homes in Seattle were still for sale after being on the market for more than two months, down from 49 percent a year ago.
 - **Joblessness in King and Snohomish counties rose in March from a year ago even as more people found work, according to recent data released by the state Employment Security Department.** In both counties, an increase in total employment was offset by a surge in the pool of available workers amid signs of a strengthening economy. The non-seasonally-adjusted unemployment rate in King inched up to 5.2 percent in March from 5.1 percent a year ago, though it was unchanged from February. A year-over-year increase of 2.8 percent in the county's labor force, which includes people who are working or actively looking for work, was nearly matched by a 2.6 percent rise in total employment.
 - **Home prices in the Seattle metro area ticked up in February, snapping a four-month slide, even as prices in most other cities lost ground, according to the S&P/Case-Shiller 20-city index released in May.** The average price of existing single-family homes in King, Snohomish and Pierce counties inched up 0.6 percent from January, when the average price fell 0.8 percent. February's increase was the area's biggest monthly gain since July, which saw a 1.9 percent jump. Over the past 12 months, the Seattle area's home prices have risen 12.8 percent.
 - **Builder confidence in the market for newly built, single-family homes in May fell one point on the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI).** "Builders are waiting for consumers to feel more secure about their financial situation," said David Crowe, NAHB chief economist. "Once job growth becomes more consistent, consumers will return to the market in larger numbers and that will boost builder confidence." Derived from a monthly survey that NAHB has been conducting for 30 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor. The index's components were mixed in May. The component gauging sales expectations in the next six months rose one point to 57
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and the component measuring buyer traffic increased two points to 33. The component gauging current sales conditions fell two points to 48. Looking at the three-month moving averages for regional HMI scores, the South rose one point to 48 while the Midwest fell a single point to 47 and the West posted a four-point drop to 47. The Northeast held steady at 33.

- Seasonal damage to a home isn't always easily visible, but if it's not repaired, spring and summer weather can add to the problems, according to Paul Sullivan, National Association of Home Builders' Remodelers chairman. **NAHB provides homeowners with the following five tips for preparing a home for the warmer months ahead:**
 1. **Inspect the roof.** Roofs should be checked for any loose, warped, or missing shingles. Also, examine the chimney flashing and skylight seals are intact.
 2. **Clean and repair gutters.** Clear winter storm debris from gutters and downspouts. Make sure that they are still securely attached to the house. Blocked or loose gutters can allow water to seep into your home and damage the trim, according to NAHB.
 3. **Seal any leaks.** The most common culprits for "hidden" leaks: Attics, crawl spaces, and around washing machine hoses. Also, look under sinks for damage from frozen pipes, and check your water heater for signs of corrosion.
 4. **Clear exterior drains.** Remove any leaves from underground or exterior drains to prevent any backups from rain and storms.
 5. **Inspect siding.** Inspect siding for pieces that may have come loose during winter storms.

Calendar of Events - Through July 9, 2014

Dates	Event	Clock Hours	Time	Location	Contact
SEATTLE-King County REALTORS®					
6/11	First Citizen Banquet		6pm-10pm	Seattle Fairmont Hotel	425-974-1011
6/24	Gov't Affairs Committee		10:30am-1:30pm	SKCR	425-974-1011
6/27	SKCR Elections Begin			SKCR	425-974-1011
7/4	Holiday – Office Closed			SKCR	425-974-1011
7/9	Board of Directors		10:30am-1:30pm	SKCR	425-974-1011
For updates visit: www.nwrealtor.com and click “events”					
SNOHOMISH COUNTY-CAMANO ASSOCIATION OF REALTORS®					
For updates visit: www.sccar.com and click “events”					