NW REporter

Serving More Than 23,000 Real Estate Professionals in the Northwest

July 2015

Home sales sizzling around Western Washington, with volumes reaching 10-year high

KIRKLAND, Washington (July 6, 2015) – Temperatures around Western Washington were not the only thing sizzling during June. Northwest Multiple Listing Service members reported 11,453 pending sales last month, the highest volume since August 2005 when members notched 11,546 mutually accepted offers. Last month also marked the fourth consecutive month of 11,000-plus pending transactions.

MLS members credit first-time buyers, an influx of relocating workers, and escalating rents for part of the surge.

“First time buyers are returning to the market, but cautiously and with more knowledge based on market values and trends,” said Gorge Moorhead, designated broker and owner at Bentley Properties in Bothell.

“Educated buyers today are no longer just dipping their toes in the water. They are diving right in,” reported Mike Gain, CEO and president of Berkshire Hathaway HomeServices Northwest Real Estate. Gain, a past chairman of the Northwest MLS board, said in his 38 years in the industry he’s experienced “good years, bad years and everything in between,” but he’s never seen a market as complex as the current one. “It’s been challenging for everyone involved in a real estate transaction, whether buyer, seller or agent.”

Gain and many of his colleagues bemoan the lack of listings. “The only real problem we are experiencing today is the lack of inventory,” he said.

Brokers added 11,581 new listings to inventory during June, about the same number as a year ago (11,541), but pending sales outgained the same month last year by nearly 16 percent, depleting the selection. At the end of June, the number of active listings across the 23 counties in the MLS report totaled 20,333. That compares to 25,342 for the same month a year ago for a drop of 19.8 percent.

OB Jacobi, president of Windermere Real Estate noted some improvement in inventory over the past three months. “I’m happy to see the total number of homes listed has grown by nearly 20 percent since March. That’s still down compared to last year, and well below historic averages, but we are trending in the right direction,” he remarked.

Most counties in the MLS service area reported double-digit drops in inventory compared to a year ago. In King County, the number of active listings is down almost 24 percent compared to a year ago, while in Kitsap County the volume plummeted nearly 35 percent.

The imbalance between listings and sales means shrinking “months of supply,” an indicator of sales velocity. Industry experts use a figure of four-to-six months of supply as one gauge of a balanced market. For the Northwest MLS market overall, only 2.2 months of inventory existed at the end of June. In King County it was down to less than 1.2 months. Snohomish County had about 1.7 months of supply at month end. Both Pierce and Kitsap counties reported about 2.2 months of inventory.

"Kitsap house sales are hotter than a firecracker," observed MLS director Frank Wilson, the branch managing broker and Kitsap district manager at John L. Scott Inc. in Poulsbo. "Despite heat, vacations and holidays the market has not slowed. We continue to see good open house traffic, low market times and multiple offer situations," he stated.

Multiple offers are common throughout the Central Puget Sound region.

"We see many multiple offers on properties," reported Dick Beeson, principal managing broker at RE/MAX Professionals in Tacoma, who described sales activity as "phenomenal." For first-time buyers, the competitive bidding can be daunting, which he suggested underscores the importance of relying on experienced brokers. Anxious buyers have a sense of urgency as prices rise, he noted. "They need a great real estate broker to help guide them through multiple offer situations," added Beeson, a member of the Northwest MLS board of directors.

Rising prices are prompting some house-hunters to broaden their search beyond primary job centers.

"More and more buyers are starting to chase the market northward as prices increase in King County, especially around Seattle," said Diedre Haines, principal managing broker-South Snohomish County at Coldwell Banker Bain in Lynwood. "Open house activity, despite buyers' fatigue and slight increases in interest rates, remains robust," added Haines, a past chairman of the MLS board.

Median prices continue to trend upward, according to Northwest MLS figures.

The area-wide median price for last month's 9,163 closed sales of single family homes and condos was $321,500. That's up 7.4 percent from a year ago, when the median price was $299,335 and up 1.4 percent from May's figure of $317,000. Since January, prices are up 13.6 percent.

In King County, the median price for sales that were completed during June was $450,000. That compares to a price of $410,000 for the same month last year for a year-over-year increase of nearly 9.8 percent. Compared to May, prices in King County are up about 3.7 percent.

For single family homes only (excluding condos) in King County, the median selling price for sales that closed during May was $500,000, an increase of 10.3 percent from the year-ago figure of $453,500.

Rising prices are prompting some worries about affordability. Broker Dick Beeson believes the growth rate in jobs and the "sheer numbers of people flowing into the state make this market appear to be sustainable for the long term," despite some uncertainty around reaching the upper limit in pricing and the likelihood of rising interest rates.

Referring to a list compiled by *Forbes* magazine that rank the Seattle-Bellevue-Everett area as an "overpriced area," MLS director Moorhead suggested it's a matter of value. "An experienced real estate broker will be invaluable in navigating through the buying and selling process" and understanding value as inventory levels balance out and interest rates increase.

Appraisals are also concerning to some. Low appraisals are a big challenge, according to Beeson. Other MLS brokers agreed. “We are beginning to see a resurgence of low appraisals, most are small gaps between sale price and appraised value adding to frustration for both buyers and sellers,” reported Diedre Haines. “Kitsap is also beginning to see a higher incidence of low appraisals,” said MLS director Frank Wilson.

Several brokers were surprised the record-setting temperatures in June didn’t deter activity.

“The hot weather has not cooled the market,” exclaimed Kathy Estey, branch managing broker at John L. Scott, Inc. in Bellevue. “Buyers still struggle with multiple offers and escalating prices. It seems the excellent opportunity for employment, the beautiful Northwest climate, recreational opportunities and the low interest rates are continuing to fuel demand. It is an excellent time for those who own a home and want to move up to do so,” she added.

J. Lennox Scott, chairman and CEO of John L. Scott said “We are experiencing a heat wave of sales generated by home buyers wanting to buy today and lock in low interest rates.”

Gary O’Leyar, the broker/owner at Berkshire Hathaway HomeServices Signature Properties also commented on the weather’s impact on activity while offering advice to sellers and buyers. “It’s been my observation that when the thermometer goes up, the market cools down a bit. Hint to buyers: while the waters and beaches are full, there are sellers wanting to sell. This season could be an opportunity in disguise for buyers who have been frustrated by the recent overheated market,” added O’Leyar, a past chairman of the Northwest MLS board.

Rising rents are another contributor to brisk sales. “The cost of renting versus buying is another force that is fueling strong sales gains,” explained Mike Gain. “In most cases buying a home costs significantly less than renting and the good news is the monthly payment will remain the same as rents continue to rise. Numerous renters are entering the home buying market. Many who are renting today think they can’t afford a home. They need to think again and get pre-qualified for a loan to see just what they can afford.”

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 23,000 real estate brokers. The organization, based in Kirkland, Wash., currently serves 23 counties in Washington state.

Tables on following pages.

Statistical Summary by Counties: Market Activity Summary – **June 2015****

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	4,243	4,285	4,359	3,693	$560,676	$450,000	1.16	1.80
Snohomish	1,840	2,310	1,799	1,374	$371,390	$347,250	1.68	2.27
Pierce	1,730	3,115	1,867	1,405	$285,546	$251,500	2.22	3.52
Kitsap	515	956	583	429	$336,484	$265,000	2.23	3.57
Mason	190	604	141	83	$208,458	$180,000	7.28	9.44
Skagit	267	625	236	203	$294,947	$240,000	3.08	5.38
Grays Harbor	167	665	139	116	$138,433	$144,700	5.73	9.80
Lewis	166	633	131	87	$172,534	$155,000	7.28	9.74
Cowlitz	175	415	143	125	$197,215	$176,000	3.32	6.94
Grant	133	505	108	94	$166,845	$153,750	5.37	6.38
Thurston	559	1,139	548	463	$266,715	$249,900	2.46	3.95
San Juan	80	388	40	29	$463,483	$395,000	13.38	18.87
Island	236	608	241	177	$348,239	$293,000	3.44	5.53
Kittitas	119	465	112	84	$272,544	$239,990	5.54	8.57
Jefferson	106	379	98	66	$287,368	$250,000	5.74	8.63
Okanogan	72	462	44	46	$231,756	$167,500	10.04	21.46
Whatcom	527	1,270	469	378	$298,006	$279,450	3.36	5.58
Clark	66	112	52	40	$286,118	$248,450	2.80	2.59
Pacific	78	335	51	46	$140,439	$147,750	7.28	19.08
Ferry	8	65	4	0	$0	$0	N/A	18.25
Clallam	106	328	90	68	$239,914	$219,950	4.82	8.73
Chelan	102	313	87	86	$373,181	$275,000	3.64	8.60
Douglas	43	119	50	40	$267,776	$245,000	2.98	5.05
Others	53	237	61	31	$185,803	$164,500	7.65	6.40
MLS TOTAL	**11,581**	**20,333**	**11,453**	**9,163**	$406,145	**$321,500**	**2.22**	3.35

***Please note:* 1) Starting January 2015, statistics for Chelan and Douglas counties appear on separate lines, instead of being part of the "Others" data. 2) Months of inventory are calculated using active listings/closed sales.

(Continued)

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	7546	7169	6959	6661	6469	5220	4410
2015	5791	6541	8648	8671	8620	8608						

***Please note:* 1) Starting January 2015, statistics for Chelan and Douglas counties appear on separate lines, instead of being part of the "Others" data.
2) Months of inventory are calculated using active listings/closed sales.

Economists say many factors contribute to housing shortage

Blame equity-impaired homeowners for the housing shortage. Builders and their below-average output can also be faulted, according to economists who spoke at a conference of real estate journalists.

Insufficient inventory across much of the country equals fewer sales, the experts agreed as they debated various inhibitors to housing activity.

Lawrence Yun, chief economist for the National Association of REALTORS® and one of the panelists, believes the inventory shortage is due to a lack of new construction. He and some of his counterparts suggest builders disproportionately favor constructing high-priced housing to bolster profit margins. Builders dispute that, saying there isn't sufficient demand at the entry level to justify large-scale production of lower-priced homes.

Despite an uptick in the pace of home construction, figures for May show it is at only 75 percent of the annual average from 2000 to 2014.

Economists from CoreLogic and Zillow Inc. said a persistent lack of equity is also crimping activity. "One in three homeowners either has negative equity or very little equity in their homes," stated Stan Humphries of Zillow. His research shows one-third of U.S. homes were equity impaired (with 20 percent equity or less) in the first quarter of 2015. An estimated 5 million U.S. homes are worth less than the debt owed on them.

Although owners with small equity can sell their homes, they may be challenged to cover costs such as commissions, closing costs and a down payment for their next home. Other owners are reluctant to sell because they took advantage of recent low rates to refinance and don't want to forfeit those terms.

Aiming to defend his constituents, the chief economist for the National Association of Home Builders said reluctant sellers of existing homes rather than new homes are causing the housing shortage. David Crowe, the NAHB economist, contends would-be sellers are hamstrung in part by a fear they won't be able to find another home if they sell their current one in the midst of current inventory shortages.

Another factor the economists cited was the conversion of single-family homes to rentals. Since the downturn, investors have purchased 3 million single-family homes and turned them into rentals, according to Frank Nothaft from CoreLogic.

Economists also listed strict mortgage-qualification standards, prohibitive land costs, and restrictive lending to small builders as other culprits for the housing shortage.

The economists spoke at the 49th annual conference of the National Association of Real Estate Editors. Its 650 members cover all aspects of residential and commercial real estate.

Homeownership among young adults drops 10 points after reaching record levels

Homeownership rates among young adult households rose to record levels in the mid-2000s (to 50 percent), but the economic downturn and changing demographics reversed that trend, resulting in a 10-point drop a decade later.

Understanding what drives trends in home purchasing tendencies among this significant segment is important to predicting and preparing for their expectations, according to research by the Joint Center for Housing Studies at Harvard University.

A study published earlier this year by JCHS analyzed the changes among householders ages 25 to 34, concluding the dramatic rise and fall in homeownership rates are mostly attributable to economic and market conditions, "with a smaller role played by changing socio-demographic characteristics."

Rachel Bogardus Drew, author of the report, isolated various factors contributing to the drop and noted implications for homeownership tendencies among future segments of young adults.

Lower rates of marriage and family formation, along with higher shares of young adults living in central cities (where housing choices skew to rentals) are putting downward pressure on homeownership rates. The JCHS report notes young adults represent the majority of first time homebuyers, despite being a minority of households.

Citing Census data Drew states “The current and rising generation of young adults is also poised to be the largest to come of age since the Baby Boomers in the 1970s and ‘80s.” Not only will their numbers influence near-term housing demand, but they’ll also drive trends in the types and locations of housing that will be built given differing tastes and preferences compared to prior generations. As an example, surveys show this segment increasingly prefers smaller homes close to urban amenities, rather than large suburban homes favored by their Boomer parents.

Drew also analyzed race/ethnicity and nativity in the composition of young adult households. Her research revealed a “striking change” in the share of minorities within the young households segment, rising from 28 percent in 1995 to 41 percent in 2014. Young Hispanic householders accounted for the biggest component, rising from 11 to 18 percent of households.

Researchers found the decline in the share of married couples (both currently and formerly married) had the greatest effect on young adult homeownership rates, accounting for 40 percent of the expected change. “Most of this effect occurred during the downturn when economic conditions may have themselves been inhibiting marriages and family formation,” the author stated.

Acknowledging the future of the trends is uncertain, Drew suggested if recent experience is any guide, they will continue to place downward pressure on young adult homeownership rates, at least in the near term.

Issues & Impacts - Second Quarter Edition (April – June 2015)

Issues & Impacts is a quarterly publication produced by the SEATTLE *KingCounty* REALTORS® to inform members about current issues and successes within your Governmental Affairs Department.

SEATTLE *KingCounty* REALTORS® (SKCR) is ensuring that public policies support homeownership and your business's bottom line. View the full publication (PDF, 8 pages, 1093 KB) at *nwreporter.nwmls.com*.

BROKERAGE DESIGN – BY JEREMY CONAWAY

The Fine Art of Due Diligence

On June 24th of this year the Consumer Financial Protection Bureau (CFPB) proposed a two-month extension of the effective date of its “Know Before You Owe” mortgage rules. The proposal, if approved by the agency’s internal processes, will extent the effective date of the rules to Saturday, October 3rd. The rules, also known as the TILA-RESPA Integrated Disclosure rules, require easier-to-use mortgage disclosure forms that clearly lay out the terms of a mortgage for a homebuyer. The RESPA rules (circa 1974) speak for themselves.

The news of the extension was met by the real estate industry with a number of responses. A significant segment within the industry didn't notice it at all choosing to ignore the rules as they have done from their initiation some two years ago. Another segment within the industry simply elected to ignore the notice. Finally there is that segment that realizes that these rules will have a significant impact upon their businesses but are, as of yet, uncertain what actions to take.

This piece is directed to this last group. If, after all of the information, commentary and "wake up" calls that have been distributed, a brokerage firm or its management team still believe that the new rules will have no impact, then the foundations of one amazing surprise have been laid. Try not to gasp when you see the amount of the fine.

The following information is provided for those brokerage executives and managers who recognize that they must take some action, and soon, to avoid a regulatory catastrophe.

Let's set the stage first. One morning or afternoon on a date after Saturday, October 3rd, your receptionist (hereinafter referred to as your first line of defense) will look up from her or his desk to see one or more individuals introducing themselves as being from the Consumer Financial Protection Bureau. They will not be in uniform but they will produce acceptable identification. They may announce that they are present to conduct a TILA/RESPA audit. They will request to be provided with a space from which to conduct their work. They will further request that certain files be produced.

What happens from this point forward may have everything to do with the size of the fine that will ultimately be levied on your brokerage. The likelihood of a fine is almost a certainty since few brokerages, regardless of size or management sophistication, have recently gone through either a TILA or a RESPA audit. In 2014 such fines against brokerages ranged from $10,000 to hundreds of thousands of dollars.

At this point in the process one could compare what is about to happen with being pulled over for a traffic violation. Why do some drivers receive citations while others depart with a warning? As any officer will tell you it has everything to do with the driver's respect and common sense. Enforcement discretion is never awarded to jerks.

Just as a significant percentage of drivers pulled over elect to respond by being hostile, argumentative and even combative, so will a like percentage of brokerages fall into the same trap. The operative assumption on the part of auditors is that the treatment they receive is very likely to be the same treatment that the brokerage will give to a consumer with a problem.

Given these circumstances how should the first point of contact respond? Leaving the CFPB personnel standing in the lobby while we contact the broker, calling the brokerage legal counsel, asking if the Bureau has a warrant or demonstrating a generally belligerent attitude or bearing are not the right answers.

The correct answer is that the person of first contact, and all subsequent contacts within the brokerage, whether they have been there five minutes, one day, ten-years or just happen to be walking by, should respond as if the brokerage is prepared for such an audit. The auditors, who will, for the first few months or so, understand that the brokerage is likely not fully prepared, judge the brokerage on the basis of what due diligence is in effect.

If the auditors' request to see the firm's TILA/RESPA Audit procedures file and the response is that "there is no such file" what does one imagine will be the response? Does, "Oh, no sweat, we will come back next week" sound correct? If the brokerage doesn't respect the law or the consumer enough to have such a file then there is really nothing to discuss, it is now just a matter of how much the fine is going to be.

What should be in this magic file(s) is the evidence of what efforts the brokerage has made to date to comply with the new rules. This effort is referred to as "due diligence." It is the sum total of the efforts made by the brokerage to prepare for an audit. One doesn't have to be an expert on fires to prepare for a possible fire. Initial due diligence is nothing more than common sense and respect. **The file might contain evidence that the firm has undertaken the following:**

- To be aware of the new TILA rules and existing RESPA regulations and be committed to protecting clients and consumers to the fullest extent
- To inform its staff and agents that these rules and regulations exist and to have evidence of their agreement to comply
- To provide competent orientation, training and coaching on the new rules and existing regulations for all responsible parties, staff and agents
- To establish competent policies and procedure that inform and protect customers and clients regarding the new rules and existing regulations
- To designate specific individuals to be responsible for various elements of its compliance program
- To initiate specific procedures to monitor compliance and respond to possible violations including written warnings and appropriate sanctions
- To monitor the CFPB website for new developments

The creation of the file doesn't require lawyers, experts or days of work, nor does it guarantee that there won't be a fine. These are common sense steps that any reasonably competent executive or manager should be able to complete. There will be plenty of time for bureaucratic complexities. As the Bureau and the industry experience with these matters grows, so will the file and the programs it supports. In the meantime the sage advice is to "show you give a darn and DO SOMETHING!"

Coming Soon: Updated Tri-County Sign Code Matrix

Keeping up with ever-changing regulations governing real estate signs is a challenge Realtors encounter daily, whether serving clients in a few jurisdictions or across multiple borders.

The comprehensive matrix of sign codes for areas in King, Snohomish and Pierce counties is being updated and enhanced by Joon Young Kim, a summer staffer at SEATTLE *King County* REALTORS®. When completed, the handy resource will be available online as well as in a printable format. The enhancement will include a live link to the pertinent real estate sign code for each jurisdiction.

For each jurisdiction in the tri-county region the matrix currently contains details on the number and sizes of signs, duration they may be displayed, plus summaries of restrictions pertaining to off-premise A-boards and "pointer" signs.

The matrix is posted on SKCR's website http://www.nwrealtor.com in the REALTORS' "Resources" section.

Housing Commission invites nominations for Housing Awards

Know any award-worthy "friends of housing?"

Nominations will be accepted until July 31 for individuals and organizations throughout Washington who make outstanding contributions in providing affordable housing to our state's lower- and moderate-income residents.

Another award, called the *Margaret M. Sevy Affordable Housing Lifetime Achievement Award,* recognizes and celebrates individuals for sustained work in promoting affordable housing within Washington state.

Nomination details for both awards and a list of past recipients are online at *www.wshfc.org/admin/foh.htm* *(see next page for criteria).*

Both awards will be presented on Oct. 6 during the Housing Washington conference in Spokane. The event is a program of the Washington State Housing Finance Commission.

Housing Award Nominee Criteria:

Friend of Housing Award

Candidates must be instrumental in one or more of the following:

1. Creating and/or supporting affordable housing;
2. Implementing housing-related programs;
3. Innovative financing mechanisms;
4. Educational efforts regarding affordable housing;
5. Helping others solve housing problems; or
6. Authored legislation/public policy that addresses our State's housing needs.

Margaret M. Sevy Affordable Housing Lifetime Achievement Award

Candidates must have significant achievements and/or contributions over a sustained period of time in any of the following areas:

- Demonstrating an extraordinary vision for affordable housing in Washington;
- Demonstrating exemplary leadership in affordable housing in Washington;
- Coalition building and improved advocacy on behalf of Washington's poorly housed residents;
- Having a substantial positive impact on housing legislation;
- Enduring service with an impact toward improving conditions of Washington's ill-housed poor;
- Specific significant contributions toward provision of affordable housing for Washington residents.

News In Brief

- **The renter population is expected to only get bigger in the next 15 years and will likely exceed new homeowners by a significant number, according to a newly released report by the Urban Institute and posted on mynorthwest.com, "Headship and Homeownership: What Does the Future Hold?"** Between 2010 and 2030 - the year millennials are to reach peak homebuying age - new renters will exceed new homeowners by 4 million, according to the report. Broken out, the report estimates 13 million new renters to 9 million homeowners by 2030. "The rapid growth of the renter population will create significant demand for new rental housing construction and encourage a shift of owner-occupied dwellings to rentals," according to the report. "In the next 15 years, many more rental households will form because of the size and ethnic composition of the millennial generation. Rental housing vacancy rates are already low, and rents are rising. Single-family homes are shifting to renter occupancy throughout the nation, and this trend is likely to continue." Still, the total number of homeowners is expected to see growth in the next 15 years due to net household formation, the report notes. In particular, the rate of Hispanics in home ownership is expected to make gains, from 47.3 percent in 2010 to 48.2 percent by 2030. Household formations are mostly expected to be driven among nonwhite populations from 2010 to 2020 with 77 percent of new households expected to be nonwhite, according to the report. In the following 10 years, that growth is expected to be at 88 percent. Also, household formation growth also is expected to be driven by a growth among senior households, those who are 65 or older.

- **It's human nature for homeowners to be overly optimistic about the value of their homes.** A new study published in the Journal of Housing Economics estimated how much - eight percent. Researchers say that the overvaluations often are from owners who miscalculate their estimations over the capital gains they've accumulated in the house. The study echoes similar findings from a recent survey conducted by Quicken Loans, which found a "widening gap" between what homeowners think their home is worth and appraisers' valuations. In a recent article, The Seattle Times asked appraisers why owners tend to overvalue their homes -- besides the emotional attachment they likely have to it. The appraisers said homeowners tend to have unrealistic expectations about how much their improvements add to the home's resale value. Appraisers also note that homeowners often don't realize that they may have over-improved their home compared to others in the neighborhood, which can lead to overestimated values.

- **Sixty-five percent of consumers have misperceptions about the credit score, down payment, and income requirements needed to qualify for a mortgage, according to a survey released by Wells Fargo and Ipsos Public Affairs of more than 2,000 U.S. adults.** A high percentage of home owners are still unaware of recent efforts by lenders and the government to enhance the availability of credit through lower-down payment programs. Two-thirds of consumers surveyed believe they need a very good credit score to purchase a home, with 45 percent believing a "good credit score" is over 780 (many lenders consider scores over 660 to be "good"). Consumers also tend to overemphasize credit scores as a single factor that determines whether they'll be able to buy a home. But a credit score is not the sole criteria. Many lenders will consider a loan applicant's entire financial picture, including income, assets, debt-to-income ratio, credit history, credit scores, and the amount of the loan compared to the value of the property. Also, the survey found that consumers tend to overestimate the down-payment funds needed to qualify for a home loan. Thirty-six percent of respondents said they believe a 20 percent down payment is always required, the survey showed. However, down payment options are available as low as 3 percent or 3.5 percent for some loan programs.

- **The Consumer Financial Protection Bureau seeks to delay until October 1 implementing the new Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Disclosure regulation.** The new rules were originally set to take effect Aug. 1. The proposal must still undergo a public comment period before it becomes official. The new “Know Before You Owe” mortgage disclosure rules aim to streamline the disclosure process for home buyers during closing by merging the Truth in Lending Act and the Real Estate Settlement Procedures Act into one form.

- **Matthew Gardner does not see a housing bubble on the horizon even though many local markets are overheated.** Gardner, who recently became the chief economist for Windermere Real Estate, headed Seattle-based Gardner Economics for 17 years. He points to fewer house flippers, rigid lending guidelines, higher interest rates and rising home prices as reasons for his no-bubble theory. In a blog post, Gardner noted that the number of foreclosed homes continues to drop. Foreclosures are the preferred property type for flippers-investors who rehabilitate properties and immediately list them for resale with hopes of a quick profit. Oversupply is a necessary prerequisite for a price crash. The inventory of existing homes, new homes and in-city condominiums has become scarce in the Puget Sound area.

Calendar of Events Through August 5, 2015

Dates	Event	Time	Location	Contact
SEATTLE—*King County* REALTORS®				
7/8/15	Board of Directors	8:00 am – 10:00 am	SKCR	425-974-1011
7/21/15	Affiliate Council	9:0 0 am – 10:0 am	SKCR	425-974-1011
8/4/15	Gov't Affairs Committee	10:30 am – 1:30 pm	SKCR	425-974-1011
8/5/15	Affiliate Forum	8:30 am – 12:30 pm	SKCR	425-974-1011
For updates visit: **www.nwrealtor.com** and click "events"				