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JUNE 2008 | VOL. 68, NO. 6 | USPS 998-060

Help for First-Time Homebuyers



The homebuying process can seem complicated to first-time buyers, but if they take things step-by-step, they will soon be holding the keys to their own home!

Here's how REALTORS® can help first-timers buy a home:

- ✓ Figure out how much they can afford
- ✓ Explain their rights
- ✓ Help shop for a loan
- ✓ Tell them about homebuying programs
- ✓ Show them homes
- ✓ Make an offer for them
- ✓ Obtain a home inspection
- ✓ Apply for homeowners insurance
- ✓ Sign papers at closing

For more tips on buying a home, go to the U.S. Department of Housing and Urban Development web site at www.hud.gov/buying/



June is National Homeownership Month

BY KIM SHINDLE

The benefits of homeownership range from building family wealth to creating a stable environment for children. It's no surprise that it's referred to as the "American dream" — and that June is designated as Homeownership Month.

"Homeownership is a great thing for people," says Elizabeth Hersh, executive director of the Housing Alliance of Pennsylvania. "Everyone deserves a decent place to live. But

homeownership should only come when the person is financially ready and able to handle the responsibilities that go along with it."

Hersh says her agency urges consumers who are in a position to make a down payment on a home that they shouldn't pay more than a third of their income on their monthly mortgage. They should choose a conventional mortgage with a reputable mortgage company and use a REALTOR®.

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PA Median Home Prices Holding Their Own

BY AUSTIN J. JAFFE, Ph.D.

Everywhere we look we see the expected rising median home price phenomenon coming to an end. Some never would have predicted it; indeed, for many real estate enthusiasts, housing markets always rose year after year, just like clockwork. These days there's a new reality, one which might last for some time, experts predict, and national media reports continue to reflect gloom-and-doom scenarios. But is that the case for Pennsylvania?

In March of this year, U.S. Treasury Secretary Henry M. Paulson, Jr. gave a speech to the U.S. Chamber of Commerce on the state of financial and housing markets. He said:

The housing downturn and the surrounding uncertainty are significantly impacting our financial institutions and capital markets.

Pennsylvania housing markets appear to be holding their own in terms of price declines, even if they have slowed or have fallen in price a bit compared with many other parts of the country.

However, we should not lose sight of the fact that this downturn was precipitated by unsustainable home price appreciation which was particularly pronounced in a relatively few regions. A correction was inevitable and the sooner we work through it, with a minimum of disorder, the sooner we will see home

values stabilize, more buyers return to the housing market, and housing will again contribute to economic growth. Having stability in housing markets will in turn contribute to better conditions in credit markets for mortgage-backed securities.

Data releases each month create headlines about declining housing sales, starts and prices. Yet declines are exactly what we should expect during a correction. It takes time to work through the excess inventory — and we are. The question many are asking is how deep the correction will be and how long it will last... But we do not have a national housing market; housing markets are regional — and there is considerable variation in adjustment, with prices changing

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Local Leaders Media-Trained

PAR officers, local association staff and officers are taking part in PAR's messaging and spokesperson training held over the next several months throughout the state. The training, conducted by Thea Hocker, PAR's director of marketing and communications, and Samantha Krepps, PAR's external communications specialist, covers messaging, media training and public speaking.

Patricia Carey, vice president of the REALTORS® Association of York and Adams Counties, conducts a mock interview with Fred Briggs (left), vice president of the Greater Harrisburg Association, as Tom McCue videotapes the interviews.



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PA Median Home Prices Holding Their Own

the most in areas that had the greatest over-building.

In making his remarks, Paulson must have been thinking of Pennsylvania. Housing markets in the Commonwealth differ as a whole from those in many other states; within our own regions and counties the results vary even more.

If Paulson is correct in that markets vary from region to region, how does Pennsylvania compare with the national averages? The results are interesting and may even surprise the reader.

Pennsylvania housing markets appear to be holding their own in terms of price declines, even if they have slowed or have fallen in price a bit compared with many other parts of the country.

PA Median Home Prices Remain Stable

Recent data from PAR indicates that for Pennsylvania as a whole, the annual year-over-year median price change from 2007 Q1 to 2008 Q1 was -1.0 percent. This basic finding is a strong testimonial to the stability and strength found in many of the state's housing markets, especially compared to more volatile markets which frequently make the media's headlines. It is clear that median price changes in Pennsylvania housing markets differ significantly from the national figures, since these statistics differ substantially from what's happening in many other parts of the country - where median average price declines are estimated to be from 5 to 20 percent or more for the year.

Pennsylvania has yet to show steep declines in median prices. Using PAR data from 2007 for Pennsylvania as a whole, the annual year-over-year return was calculated at +20.3 percent for 2004-05, +7.2 percent for 2005-06, and +4.2 percent for 2006-07. This does not mean Pennsylvania's markets are not correlated with national trends; it is anticipated that Pennsylvania house price changes tend to follow, rather than lead, national price trends. Over time, the rate of appreciation has fallen significantly and most recent estimates are likely to report some price reductions. ♥

Dr. Jaffe is PAR's consulting economist. He serves as chair of the Department of Insurance and Real Estate at the Smeal College of Business at Penn State University.

Median Home-Price Changes: A Snapshot

The variance of the price changes is lower than in many other markets (especially in states with high-growth/high-class urban areas). Pennsylvania markets have long been characterized by less risky and more stable prices over time. NAR's Pennsylvania Home Sales Reports 2006-2007 reported that year-over-year median home-price percentage changes were:

	(2005 Q3 to 2006 Q3)	(2005 Q4 to 2006 Q4)	(2006 Q1 to 2007 Q1)	(2006 Q2 to 2007 Q2)
Pennsylvania	+0.61%	+0.05%	+3.69%	+2.20%
Southeast PA	-0.22%	+2.35%	+0.24%	+3.65%
Northeast PA	+1.17%	+4.81%	+7.76%	+10.36%
Southcentral PA	+7.35%	+1.49%	+6.09%	+1.48%
Northcentral PA	+3.68%	+7.71%	-4.12%	+11.01%
Southwest PA	+0.58%	-1.84%	+1.21%	+2.66%
Northwest PA	-5.04%	+2.91%	-3.55%	-2.35%

What the National Media Are Reporting

- Standard & Poor's Case-Shiller's Home-Price Index, one of the three most-quoted measures (along with the Office of Federal Housing Enterprise Oversight and NAR), reported a 9.1 percent drop in median home prices for 2007, the largest reduction in its 20-year history. In fact, by the end of 2007, all 20 cities in the index reported at least four consecutive monthly declines, another record. Only Charlotte, Portland and Seattle showed any positive price changes and most cities declined in double digits.
- NAR reported that January 2008 median house prices fell 4.6 percent from \$210,000 to \$201,000, year-over-year across the nation. Frank Nothhaft, chief economist at Freddie Mac, reported that 46 states had falling house prices during the fourth quarter of 2007, including a 17.2 percent reduction in the Pacific region and 12.9 percent in the mountain states. NAR's Pending Home Sales Index fell 21.4 percent in February 2008 from a year earlier. This measure is thought to be a more forward-looking indicator of the market, compared with NAR's existing home sales report and other measures.
- In April, using NAR data *Business Week* reported price declines from February 2007-February 2008 as -7 percent in the Midwest, -9 percent in the South and -13 percent in the West. Yet in the Northeast, the data showed a slight increase of +0.4 percent. In Southern California, the median price of housing in six counties fell 24 percent year-over-year between March 2007 and March 2008, from \$505,000 a year ago to \$385,400. Case-Shiller reported late in April a 12.7 percent reduction in national median sales prices between February 2007 and February 2008, with only Charlotte showing positive price appreciation. Seventeen of the 20 sample cities posted their largest declines ever.

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