

Where Oh Where Are the Foreclosures?

If you have listened to the news recently, you may have noticed lots of talk about how current foreclosure filings are declining. The Associated Press recently said zero cities in Florida made the top 20 for foreclosure filings in the nation. That's great news right? Not so fast!

On the surface, yes, this is great news. But if you dig a little deeper, you'll see a black shadowy cloud forming around us. To buyers this could be seen as a cloud of opportunity, but to sellers it just looks nasty. I recently met with local real estate attorney Richard J. Swift, Jr. of Garlick, Hilfiker & Swift, LLP to help me shed some light on this dark cloud.

"Dozens of foreclosures are being withdrawn daily by lenders who do not have the proper paperwork to proceed in prosecuting the foreclosures," said Swift. He then went on to say, "The problems could be as simple as not locating the original note or more complicated where the lender bought a pool of mortgage loans which are collateralized by securities, but the actual property was never legally placed in the trust. The former may be corrected by a lender, but the latter could prove fatal to a lender."

Although the number of foreclosures is down, the dozens of cases being dismissed daily may find their way back into foreclosure in the near future. The majority of the cases will ultimately be re-filed by the lender. The scary part is there is no data currently tracking these cases and the impact on future foreclosure trends is



By Gabe Mellein

unknown. These foreclosures in limbo become known as "shadow inventory". On the surface all seems good, but, in this case, when the sun is shining there's always a shadow!

Some lenders have slowed the process of foreclosing because, let's face it, they don't want to own the

property, just like the nonpaying borrower most likely doesn't want it. Some lenders are not aggressively pursuing their rights and foreclosing a property because, it is being attended to by the current borrowers. They figure that if someone is living there and keeping it up, that's a bonus. They'll file later, kicking them out of the house after the real estate market has stabilized. Since there has been no foreclosure filing it does not count against the foreclosure data (more shadow inventory).

Supporters of this theory state that lenders are taking down foreclosures in a systematic fashion and will only take back so many properties per quarter to keep the banking industry's balance sheets healthy and Wall Street happy. If you're a buyer, lick your chops, because it's going to be good for some time!

Gabe would be happy to help you, please contact him at 239.825.2234, Gabe@AbsyncRealty.com, www.PropertiesInBonitaSprings.com, www.AbsyncRealty.com, and www.facebook.com/absyncrealty

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'Using energy savings to help sell homes'

Today's home-buyer is looking for a bargain. And with historically low prices, fierce seller competition, and drastically discounted foreclosed homes filling the market, bargains are easy to find.

While all this makes selling existing homes more of a challenge, higher-priced new homes are really facing a tough sell in today's market. But now, homebuilders have found a way to appeal to buyers' checkbooks when marketing their newly built homes. The key is to show buyers how much green they'll be saving every month with a "green" home.

Energy efficiency is no real estate fad. It is, and will increasingly be, factored into buyers' decision making about what home to purchase. Especially as energy prices continue to rise, energy efficient homes with lower utility bills are becoming more and more attractive.

To capitalize, homebuilders of low-energy homes are showing buyers in black and white just how much green the stand to save. Some builders are starting to give buyers upfront estimates of monthly gas and electric bills for the company's homes or they will reimburse buyers during the first two years if they end up paying more.

Many new homes are also now displaying their scores on the Home Energy Rating System (HERS) Index, the standard for calculating energy efficiency. The lower the score — the lower the expected energy costs.

But how much savings are we really talking about here? After all, the green revolution is not above whipping up hype in order to turn a



By James D. York, P.A.

profit. But, in this case, the savings do seem to be real and significant. On the HERS index, a standard existing home earns a score around 130. A typical new home, around 100 — and an Energy Star home about 85. The difference between a home at 85 on the index and a home at 130 could amount to double one's energy bill.

That really adds up over time, and may steer buyers toward new homes rather than resale. Sellers of existing homes can, however, take steps to improve their own home's energy efficiency with modifications to insulation, windows, and appliances, to name a few. If owners don't want to make the investment on a home they're trying to sell, they can also get an energy inspection and share the results with buyers, who could then make the modifications themselves.

In any case, energy efficiency has arrived as a real factor in real estate. Sellers who can present their home's energy profile to prospective buyers — and, if needed, offer ways to improve it — will have an advantage over those who can't.

James D. York, P.A., is Florida Realtor with 25 years of experience and a member of the National Association of Realtors, Florida Association of Realtors and a member of the local board in Naples (NABOR). He is a Real Estate Instructor at Collier County Public School, where he teaches a course on Adult Real Estate Community Education. If you are interested in buying or selling real estate or have other questions, Mr. York invites you to email or call him at JYorkinFL@cs.com or 239-273-6727.



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