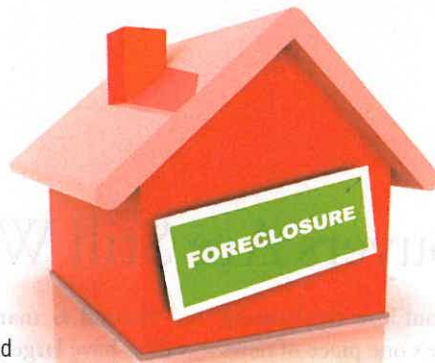


FIVE TO WATCH



1. Latest Mess in Housing Recovery

The abrupt halt of foreclosure sales by several lenders this fall—and a promised investigation into lenders' foreclosure practices by the 50 state attorneys general—adds a new layer of complexity for real estate practitioners trying to adapt to the ongoing economic distress. Within weeks of the first announcement of foreclosure freezes, lenders were resuming foreclosures. But uncertainty remained. "Our top goal is to make sure our clients' interests are protected," says NAR President Vicki Cox Golder. "We want the banks to act thoroughly but also quickly in sorting out these issues."

If you have clients trying to buy a foreclosed property, encourage them to consult with an attorney. "This is extremely fluid, extremely complex, and every lender's going to have a different situation," says Jeff Lischer, NAR managing director of regulatory policy.

Dorothy Buse, a sales associate with Coldwell Banker Ackley in the Orlando, Fla., area, has a large number of foreclosures listed. For those affected by the freezes, "we're letting buyer's agents know that, if their clients have property under contract and they would like to hold on, we will provide them with an extension, as long as they understand we're not clear on timelines," she said in mid-October. "If anyone wishes to withdraw, they're refunded their earnest money deposit. There's no question."

NAR analysts predict that most of the foreclosures under review are expected to be validated and returned to the market. While REALTORS® are anxious to put this latest setback to the recovery behind them, they're also pointing to it as evidence that lenders need to reduce foreclosures by streamlining short-sale procedures. For updated information on the foreclosure issue, visit REALTOR.org/foreclosure.

3. Money for Small Biz

A new \$30 billion small-business fund, created in September as part of the Small Business Jobs & Credit Act of 2010, will provide capital to community banks, along with incentives for small-business lending. The government estimates that the \$30 billion could leverage up to \$300 billion in new loans. The bill also permanently increases the maximum loan amount (from \$2 million to \$5 million) for two Small Business Administration loan programs—SBA 7a and SBA 504—and introduces noteworthy tax breaks for the self-employed, including one for 2010 health insurance costs.

4. A Focus on Flood Insurance

More than 5.5 million households depend on the National Flood Insurance Program as their main source of protection against flooding, the most common natural disaster in the United States. That program in late September averted a last-minute lapse when Congress OK'd a one-year extension, expiring Sept. 30, 2011. NAR is now asking lawmakers to pursue long-sought reforms to the program, including raising coverage limits and adding new coverage for living expenses, business interruptions, and replacing lost items. NAR also would like to see the program extended for five years since single-year extensions have a destabilizing effect. By law, flood insurance is required for those seeking to obtain federally related mortgage loans in nearly 20,000 communities.

5. Fixes for Chinese Drywall Homes

As part of a major legal settlement reached in mid-October, Chinese drywall manufacturer Knauf Plasterboard Tianjin—along with suppliers, builders, and insurers—will pay to fix as many as 300 homes damaged by corrosive drywall. If the program is successful, it may be expanded to thousands of other properties built with Knauf drywall. Builders used Chinese gypsum board as a cheaper alternative to American products, but in the past several years more than 7,000 home owners have filed suits alleging that noxious sulfuric fumes have caused extensive property damage, including corrosion of plumbing, electrical wiring, and appliances. Knauf is among many Chinese drywall manufacturers, but attorneys for the home owners in this case say the outcome will have a huge impact on drywall litigation pending with other manufacturers around the country. ■

2. Savings From the Sun

Solar power is on track to supply household electricity at the same cost as power from the electrical grid, the federal government says in a new report. Because of improved technologies, the cost of generating power from rooftop solar panels should drop from 21 cents per kilowatt hour last year to 10 cents per kWh in 2015—and that's the same rate households are paying for electricity today. By 2030, the price of solar power could go down to 6 cents per kWh, saving households about \$400 per year when compared with today, the report says.

