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**You're the emblem of the land I love. The home of  
the free and the brave.**

*George M. Cohan*

### **Hurricane Amnesia?**

June marks the beginning of hurricane season, and weather forecasters warn Floridians over and over that they're at risk. Florida has not experienced a hurricane since Wilma in 2005, so it's easy to think it's just not likely. Forecasters are taking to social media to issue warnings. Dr. Rick Knabb, director of the National Hurricane Center in Miami, says "I don't know when it is going to happen, but the hurricanes are going to come back." He noted "it only takes one" storm to devastate and kill. Please heed the warnings and be prepared.



### **Transactor or Revolver?**

According to Fannie Mae a transactor pays off credit bills each month, while a revolver makes minimum payments. Now Fannie Mae will evaluate how loan applicants managed their credit. Terry Clements, executive director of the National Consumer Reporting Association, says this amounts to "the biggest change to the mortgage credit report in nearly a quarter of a century." Good news for transactors.

### **More Credit News**

Until now, homeowners association (HOA) payment delinquencies have usually gone unreported to the national credit reporting agencies. Sperlonga, a credit data aggregator, will now provide HOA payment status data to Equifax. "Introducing new sources of data beyond what has traditionally been found on credit files can provide additional insight into a consumer's financial behavior and help deliver expanded credit access," says Mike Gardner, senior vice president at Equifax.

### **Climate change and housing**

Freddie Mac notes some impacts of climate change, such as rising sea levels, changing rainfall, flooding patterns and rising temperatures, may not be covered under home owners' insurance policies. If climate change makes some home uninhabitable, lenders could suffer significant losses. That said, Freddie contends housing finance needs to take into account the dangers of climate change to protect homeowners and lenders as well.

## Home price decline in Florida unlikely

Economic and housing market data analyzed in a report published by Arch Mortgage Insurance Company showed the likelihood of a price decline in Florida in the next 2 years to be minimal. Arch's chief economist notes "Positives include strong affordability, home prices generally below their historical relationship with incomes, US job growth of more than 2 million jobs a year, and a low level of construction relative to growing demand."

## Builder forecasts and dilemmas



Based on pent up demand and good economic expectations, National Association of Homebuilders (NAHB) chief economist Robert Dietz suggests "2016 should be the first year since the Great Recession in which the growth rate for single-family production exceeds that of multi-family. The recovery continues and is dictated by demand side conditions and supply side headwinds."

The dilemma is the rising cost of new-home regulations, which has climbed nearly 30% in 5 years. Regulation costs include everything from new construction codes and storm water discharge permits to local impact fees. These costs must be reflected in the cost of new homes.

## Home Inspections — Rights and Expectations

"Right to inspect" clause is usual in real estate contracts. In the Florida "as is" contract the right to inspect clause contains language "in the buyer's sole discretion." Legal opinion confirms this means a buyer may cancel the agreement at any time during the inspection period *for any reason*.

Should a buyer wish to renegotiate based on inspection issues, specific information must be presented to sellers as well as the buyers' intention should the seller not agree in the time provided in the contract. The time period is critical. Make sure everyone knows the deadlines to respond.

What if inspection issues arise? Red flag inspection issues may relate to plumbing, electrical or window condition. Many issues can be repaired. Do some research as to a realistic cost. Consider asking for money to make the repairs rather than having sellers undertake repairs.



## Florida is second-best state for business

*Chief Executive* magazine released its annual Best & Worst States for Business survey, and Florida ranged No. 2. Florida "has aggressively moved ahead on key issues, like rebuilding ports, without waiting on federal support." So come on down . . .

