

The Informant

ROCHESTER, NY CHAPTER



America's Largest Chapter since 2003

April 2010

In This Issue...

"Hey Norm"	3
Business Boot Camp	4
FHA Basics & Changes Forthcoming in 2010	5
Radon and Granite Countertops	8
Benefits of Membership ..	10

Upcoming Events...

4/22	Multi-Cultural Communications - Brook Lea Country Club - Lunch, PEP Pass
5/18	Life Plan - Rochester Yacht Club - Breakfast, PEP Pass
6/14	Golf Scramble - Victor Hills Country Club - Full Day
8/5	Networking with WCR Friends - Harbor Location - Evening

PRESIDENT'S CORNER

Welcome to our first quarter 2010 Women's Council Newsletter. We have already started off with a bang, launching a new web site and improving our Chapter Standing Rules and Guidelines. Nationally our Chapter has been recognized as the model for other Women's Council Chapters to aspire too; but this year our own Greater Rochester Association Of Realtors CEO, Ryan Tucholski, acknowledged our Chapter as GRAR's greatest asset to his entire staff, Governing Board and Committee Chairs. A greater honor we could not have asked for, but we must strive to live up to it.

Our Entrepreneur Event in January was a huge success, exceeding seating capacity. Sandy Blonsky, Broker for RE/MAX PLUS, was voted by her peers as the "Entrepreneur for 2009". Our generous sponsors, First Rochester Mortgage, Centerpointe Mortgage and eastcap mortgage not only spear headed the committee but provided a fantastic flat screen television set as a door prize. We would never be able to provide the events and educational programs to our members without them.

Knowledge is power and our officers just returned from a whirl wind Summit in Chicago, March 19-21,

where the state of our housing market and economy were discussed at length. Dr. Lawrence Yun, NAR Chief Economist, CNBC, BBC and Bloomberg TV contributor advisor was the Keynote Speaker. He openly admitted no one can predict what is truly going to happen but did feel we were still almost two years away from a TRUE RECOVERY. The continuing rise in unemployment, millions in not yet disclosed mortgage foreclosures and the ever increasing deficit do not paint a rosy picture. He felt confident that the Stimulus Credits would be discontinued as they are not producing the desired effect. At this present pace a rental housing shortage crisis is imminent, with home owners forced to abandon home ownership. Realtors will have to be on the cutting edge with the latest programs, services and information in order to stay in our profession. We have all seen Realtor numbers decrease throughout the Nation, which many believe is not a bad scenario.

Therefore it is our goal at Women's Council to continue to strive to provide this information to our membership through our numerous



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PRESIDENT'S CORNER

continued from page 1

Educational Programs, so we may not only weather this economic storm but come out stronger and wiser for it. We thank you for your participation, suggestions and comments in order to empower our Chapter to this conclusion.

Respectfully Yours,

Debbie

Deborah A. Weidert,
GRI, CRS, ABR
Rochester Chapter
President 2010



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“HEY NORM”

When I hear the question asked “what is the norm?” I often think of the friendly accountant that sat at the same spot at the bar/same stool, drank the same beer, etc. on the show Cheers. And, yes, norm is a word meaning “a standard, model, or pattern regarded as typical for a specific group. And our Cheers buddy Norm, was very typical (talk about a usual pattern!).

Over the years in the real estate world we work in, “the norm” has certainly changed. The norm in mortgages for years (back in the Leave it to Beaver days) was a 30 year term at 8 ½% interest rate with 20% down, taken out typically at your nearby bank. Maybe the 20% down is now resurfacing, but terms and rates are very different. The “norm” for value of various amenities and features varies greatly, largely based upon value segment and surrounding properties expectations. I.E. within a \$100,000 value segment the typical standards are very different from dwellings within the \$200,000 segment. Features and expectations increase when the value segment increases.

I am asking for YOUR INPUT in collecting your thoughts regarding “WHAT IS THE “NORM”? Please take a few minutes and give me your views (Brokers/Agents, Lenders, Appraisers, etc.) Think in terms of the Rochester area market segment.

1) Features you would consider to be the “norm” in the \$100,000 home value segment before becoming an over improvement?

2) The same in the \$200,000 home value segment.

3) The same in the Custom Home/Luxury or “Era” home value segment.

4) When does acreage become so excess that it contributes minimally to an increase in value?

5) New Construction: What is the current design “norm”?

6) Special Features: Pools; Bath features such as jacuzzi tubs, soaking tubs, walk-in showers, etc.; Bonus Rooms, Finished Basements, Finished Flooring (hardwood, tile, carpeting, etc.) What’s HOT and What’s NOT?

7) Items that cross value segments and are looked at as “the norm” within most all value segments?

8) Where are buyer’s gravitating to? Why? (I.E. Schools, Land, Proximity to Services and Amenities) Has this changed in the last decade?

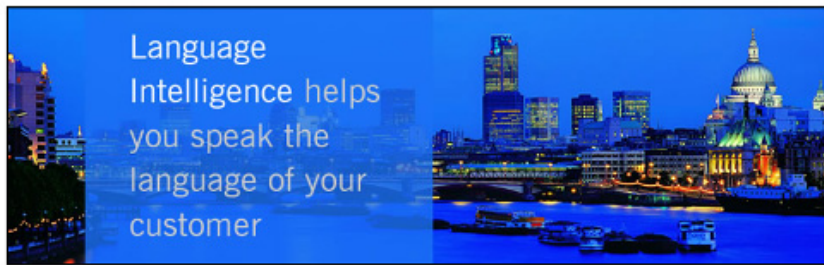
I’d enjoy compiling the results to share with you! Please feel free to respond via e-mail to judyrynnne@rynnemurphy.com or by mail to Judy Rynne at Rynne, Murphy & Associates, Inc., 205 St. Paul Street, Suite 305, Rochester, NY 14604

Thank you.....and CHEERS!

While you are at it, ask your kids what they consider to be the “norm”!



Judy Rynne
 Vice President
 Rynne, Murphy &
 Associates, Inc.



**WCR Business Boot Camp Series:
Speaker: Petra Henderson
Multi-Cultural Communications with
Language Intelligence, LTD.
Thursday, April 22nd, 2010**



The Rochester Chapter of the Women's Council of REALTORS is the largest chapter in the Country !

Brook Lea Country Club
891 Pixley Road Gates (Rochester) NY, 14624
11:30 a.m. Registration, Networking, and Lunch Buffet
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Become a member at the meeting and get a \$20 refund

FHA BASICS & CHANGES FORTHCOMING IN 2010



George Schell, Jr
Attorney
Schell & Schell,
PC

The Federal Housing Administration (“FHA”) is a branch of the Department of Housing and Urban Development (“HUD”) and was created by Congress in 1934. FHA provides mortgage insurance on mortgages obtained with respect to single family, multi-family and manufactured homes made by FHA approved lenders throughout the United States. While borrowers must meet certain requirements established by FHA to qualify for the insurance (and as a result, qualify for the FHA loan), lenders bear less risk because FHA will pay the lender if the borrower defaults on his or her loan. Generally speaking, the requirement that the homeowner maintain mortgage insurance drops off after five (5) years or when the remaining balance of the loan is 78 percent of the value of the property, whichever is longer.

Since 1934, FHA has insured over 37 million home mortgages and 47,205 multi-family project mortgages. Currently, FHA has approximately 5.2 million insured single-family mortgages in its portfolio. Furthermore, in to a press release dated March 11, 2010, Charles McMillan, the National Association of Realtors® (NAR) immediate past president, stated that “FHA insured almost 30 percent of single-family mortgages in 2009 and more than 50 percent of first-time buyer loans”.

What are the lending limits for FHA loans insured in monroe and the surrounding counties?

Monroe and the surrounding counties (Wayne, Ontario, Livingston, Genesee, and Orleans) all have the same lending limits as far as FHA loans are concerned. The limits are as follows:

Lending Limit:

Single Family:	\$271,050.00
Duplex:	\$347,000.00
Tri-Plex:	\$419,425.00
Four-Plex:	\$521,250.00

How does a borrower qualify for an FHA loan?

The following are basic FHA loan qualification guidelines and in no way meant as a guarantee that your client will qualify for an FHA loan with one lender or another based upon their meeting the guidelines below.

- 1. Two years of steady employment, preferably with the same employer.** FHA will generally accept different employers so long as there is a 2 year history of employment. Any large gaps in employment will need to be explained. Prior student counts with school transcripts.
- 2. Last two years of income should be the same or increasing.** Any overtime, bonuses, commission income may be used by a lender, but the borrower normally must have a 2 year history of the overtime, bonus or commission or it cannot be considered and the borrower’s application will then be considered based upon the hourly wage or salary.
- 3. Credit report should typically have less than two 30 day late notices in the last two years with a minimum credit score of 620 or higher.** A 620 credit score will be the floor in most cases. The impact of late notices will depend on what obligation was paid late. For example, if the late payment was a mortgage payment in the last 12 months, some lenders won’t approve the loan, even if the loan would otherwise meet FHA underwriting guidelines.
- 4. Bankruptcy’s must be at least 2 years old, with perfect credit since discharge.**
- 5. Foreclosure’s must be at least 3 years old with perfect credit since.**
- 6. Your client’s new mortgage payment should not exceed approximately 31% of their gross (before taxes) income.** This is called the “housing expense ratio”. There are other ratios that may also apply,

FHA Basics...

continued from page 5

including a 43% limit for what is termed the “total expense ratio” (which includes all other credit bills). Realtors® should be aware that even where your client meets these ratios, some lenders will set a separate maximum debt ratio and disapprove the loan even if FHA underwriting guidelines would otherwise permit the loan to be approved.

(for example, they are very opposed to the change in the seller’s concession amounts from 6% to 3%).

The following chart provides a summary of the FHA changes most applicable to Realtors® and the implementation schedule as it currently stands:

What changes are forthcoming in 2010?

On January 20, 2010, FHA announced major changes that will affect your buyers, especially first time homebuyers who make up the majority of FHA loans. The announced changes are as follows:

1. Change in the upfront mortgage insurance premium amount. The upfront mortgage insurance premium (MIP) will increase to 2.25 % from its current level of 1.75%, effective April 5, 2010.

2. Down payment requirements. Borrowers with a credit score below 580** would be required to have a down payment of at least 10%. The minimum down payment for all other borrowers will continue to be 3.5%.

At the time of the preparation of this article, the undersigned has not been made aware of a lender in Monroe and the surrounding counties actively lending to borrowers with a credit score of 580.

3. Increase in annual mortgage insurance premiums paid by homebuyers. FHA will seek authority to increase the annual premium (currently capped at .55 % of the loan amount). FHA has advised that if the annual premium is increased (which concurrently would increase your client’s monthly mortgage payment), FHA may decrease the annual premium.

4. Seller concessions. Seller concessions will be reduced from 6% to 3%.

Not all of the above changes are effective as of the date of this article. Furthermore, some of the above changes are still subject to a comment period and may or may not go into effect in their current proposed format. Fortunately, NAR is, in this writer’s opinion, very proactive in working to limit the approved changes where they believe the change will have a negative impact on the housing market

FHA Proposed Change:	Announcement Date:	Actual or Projected Implementation Date:
Upfront MIP increases to 2.25% from 1.75%	January 21, 2010	April 5, 2010
Increase in Annual Mortgage Insurance Premium	February, 2010	TBD – requires legislation
Sellers concessions	February, 2010	Summer, 2010 – currently in comment stage
Credit Score and change in down payment requirement	February, 2010	Summer, 2010 – currently in comment stage

Additional FHA guidelines:

In addition to the above actual and/or prospective changes, there are several other basic provisions that relate to

continued on page 7

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FHA Basics...

continued from page 6

FHA loans that most Realtors® should be aware of. They include, but are not limited to, the following:

1. FHA appraisals “stay” with the property. Until recently, an FHA appraisal had a life of 6 months for existing homes. Effective January 1, 2010, the life of an FHA appraisal was decreased to 4 months. This impacts most Realtors® when the FHA appraisal comes back less than the amount needed for the FHA loan. Since the appraisal will “stay” with the property for a period of 4 months, if the seller cancels the contract and then sells the property to another buyer who also needs an FHA loan, the seller will be confronted with the same FHA appraisal for that 4 month period.

2. “Flipping Rule” – If the contract for sale for the purchase of the property is executed within 90 days of the prior acquisition by the seller, the home will not be eligible for FHA insurance (which results in the buyer’s FHA loan application being denied), with certain exceptions.*** Additionally, if a home has sold within the past 91-180 days and is selling for more than 100% of the acquisition price, 2 appraisals will generally be required.

HUD recently waived the application of the 90 day rule (so long as certain conditions are met) for the 12 month period commencing February 1, 2010. At the time of the preparation of this article, the undersigned has not been made aware of a lender in this area that is not utilizing the 90 day ineligibility standards set forth above, notwithstanding this waiver. If you would like additional information on the waiver of the 90 day rule and the conditions that must be met, please contact the undersigned.

3. Condominiums. If the property being purchased is a condominium, it must be located within an approved development. A list of approved developments is on the HUD website: <https://entp.hud.gov/idapp/html/condlook.cfm>. You may search by condo name, city or zip code. If the development is “not approved”, then the buyer’s application for an FHA loan will be denied with respect to a purchase of a condominium within that development.

Helpful links:

1. The main FHA link for documents, handbooks, updates, etc. is: <http://hud.gov/offices/adm/hudclips/index.cfm>.
2. The link to current loan limits, as referenced above, is: <https://entp.hud.gov/idapp/html/hicostlook.cfm>.
3. The link to the list of approved condominium developments is: <https://entp.hud.gov/idapp/html/condlook.cfm>.

Assistance in the preparation of this article:

This author would like to thank Chris Vella, the Branch Manager at Gateway Funding Diversified Mortgage Services, L.P. (“Gateway Funding”) for his assistance in the preparation of this article. Gateway Funding is located at 3180 Latta Road, Suite 600, Rochester, New York 14612. Chris may be reached at 585-285-4144 x 201 or via email at: Cvella@gateway-funding.com.

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RADON AND GRANITE COUNTERTOPS

Just when you think that there can't be another new environmental concern, a new topic surfaces to surprise you. Feelings and statements first come out such as, "That's ridiculous!" and, "No way!" Then, as you continue to contemplate the subject you start to say, "Could it be true?" and "Maybe that is possible".



The concerns about radon in granite countertops definitely fell into that category when the topic was brought to national attention in the spring and summer of 2008. Following a story by the *New York Times*, morning news programs televised technicians demonstrating the radiation and radon given off by samples of granite countertops. One such broadcast on CBS's *The Early Show* on July 25, 2008 (found at <http://www.youtube.com/watch?v=ID0ln4zxMK0>) leaves the viewer wondering whether or not to visit their kitchen again. NBC's *Today Show* was a little more unbiased when they reported on the concern in a September 4, 2008 episode (found at <http://www.msnbc.msn.com/id/21134540/vp/26542074#26542074>). However, they concluded their story by recommending that you have your countertop tested if you are concerned. A very inflammatory news report was aired on August 18, 2008 on Philadelphia's news channel 8 (CN8). This report was extremely one-sided and the doctor interviewed claimed that radon from granite is a definite problem (found at http://www.youtube.com/watch?v=PGATX_mNWjE&feature=related).

It is no surprise that the technician that raised the red flag in the episode for *The Early Show* appears in the episode on the *Today Show*, profiting



off the testing of a wary homeowner's countertops. Further, the "doctor" in the CN8 newscast is a "certified radon mitigation specialist", who makes his living off of installing radon mitigation systems in people's homes. Motives should always be questioned when new concerns are raised about specific products or materials.

On the other side of the coin, the Marble Institute of America, who promotes the use of natural stone as a building material, contends that the concerns about radiation and radon from granite countertops are primarily a negative marketing campaign generated by the manufacturers and sellers of competing countertop materials. They even created a video about "dispelling myths" that can be found at <http://www.youtube.com/watch?v=zyVEOfZVu10>. Most studies that can be found on the internet, even if finding radiation and radon concerns from granite countertops, tend to agree that the vast majority of granite samples tested do not emit high levels and may not even emit any measurable levels.

We typically try to consult trusted, un-biased sources for information in cases like this.



Tom Wurzer
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Countertops...

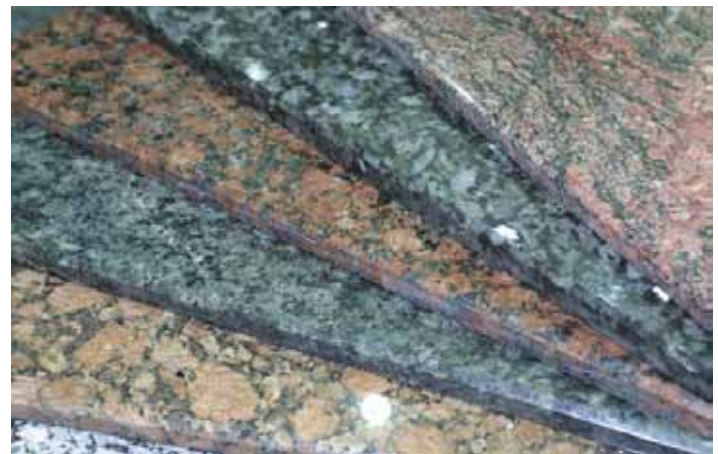
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Unfortunately, such sources have been relatively quiet about the subject, leading one to believe that overall, “The jury is still out”. For example, the EPA has not independently conducted studies on radioactivity in granite countertops. Further, their web site states, “...based on the limited information available, EPA believes that most types of granite used in countertops and other aspects of home construction are probably not major contributors of radiation and radon in the home. EPA will continue to monitor and analyze the evolving research on this issue and will update its recommendations if appropriate.” The web site continues, “It’s important to know that radon originating in the soil beneath homes is a more common problem and a far larger public health risk than radon from a granite countertop or other building materials. Also, any radon from granite in kitchens or bathrooms is likely to be somewhat diluted in the typical home since those rooms are among the most ventilated.” The EPA really leaves us hanging when the site states, “While radon gas and radiation emission levels attributable to granite are not typically high, there are simply too many variables to generalize about the potential health risks inside a particular home that has granite countertops.”

The Today Show episode about granite in countertops concluded with a recommendation that concerned individuals should have their countertops tested. However, the EPA states that there is no generally accepted way of testing countertops for radiation or radon emissions. There is an abundance of information on the internet about various tests of countertops, but no accepted or universally trusted method. The Marble Institute of America has stated that they are developing a standard testing method, but such a method has not been finalized.

In general, the risk of lung cancer and other cancers posed by radon and radiation have to do with the levels of exposure. With radon, keeping your

exposure down generally involves reducing the level of radon in the places where you spend the most time in your home. In the literature and recommendations of the EPA, testing your home for radon in the lowest level that has usable space typically results in the highest reading, since the vast majority of radon in the home is typically emitted from the soil surrounding the home. It would make logical sense that if a granite countertop emits high levels of



radon, then the radon level would be elevated in the room containing the countertop.

One scientific source related to the Marble Institute of America (found at http://www.marble-institute.com/industryresources/Chap10_HPS.pdf) recommends that if you are concerned about radon from your countertops, you should perform a standard radon test (the test that most real estate agents are familiar with) in the lowest usable level of the home (typically the basement), as well perform a standard test in the room containing the countertops. Then, if the test in the room with the countertops (typically the kitchen) comes back higher than the other test, you have good reason to be concerned about the countertops. Mitigation actions, if necessary, could be taken to adhere to the generally accepted EPA recommendations about controlling the radon levels in the home (i.e. keeping the home below 4.0 picocuries per liter).

In general, after sorting through the large amount of data and propaganda on the Internet about radon in countertops, it is difficult to conclude much. However, most sources of information agree that the cancer risks from radon and radiation emitted by granite countertops is low.



Countertops...

continued from page 9

Unfortunately, there still could be a level of risk, no matter how low.

The decision of whether or not to perform a standard radon test in a house can be viewed as a matter of risk tolerance and risk management. The risk tolerances of home buyers, real estate agents and home owners come into play when making this decision. Similarly, the risks from granite countertops (which appear to be minimal compared to standard radon risks from the soil) need to be assessed by each individual when selecting countertop materials and when making decisions about performing radon tests in additional rooms of the house. We can be sure that new information will continue to surface about the various environmental concerns in our homes to help us assess or dismiss the potential risks.

Although this discussion may raise more questions than it answers, we hope that we have provided you with valuable information about the concerns raised in terms of granite countertops that you can share with clients and others.

As always, please do not hesitate to contact our office if we can be of any assistance in this regard, or in regard to other issues related to home inspections.

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- State, regional and national meetings provide excellent opportunities for leadership training and personal growth
- Local chapter officers attend national meetings at chapter expense