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Feb. 03, 2014

Home sales increased in December, and housing professionals say the market is moving in the right direction. Residential building permits also rose for the year just ended.

“There is currently a shortage of inventory of houses for sale,” said Hugh Gordon, mortgage loan officer for Fitzgerald Financial Group. “It is causing competing offers on transactions, and some houses that have sat with little activity for some time are seeing traffic.”

Gordon said housing professionals anticipate an active market this spring.

“Interest rates are still low, and we could have a spring market arriving sooner than anticipated,” said Michael Kurtianyk, president of the Frederick County Association of Realtors.

The interest rates, released by the U.S. Department of Commerce, are 4.41 percent for a 30-year fixed rate mortgage, 3.45 percent for a 15-year fixed rate loan, 3.10 percent for a five-year adjustable mortgage and 2.56 percent for a one-year adjustable loan. All dropped slightly from the previous week, except the one-year loan, which remained the same.

“The new Qualified Mortgage Rule, 'QM rule,' also known as the 'ability-to-repay' rule, is now in effect this month as part of the Dodd-Frank Act,” said Buzz Mackintosh, a partner with his brothers at Mackintosh Inc. Realtors.

“The rule was enacted to help ensure borrowers get a home loan they can afford to

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market due to the backlog of the foreclosure process as a result of Maryland being a very litigious state,” Mackintosh said.

The local market is seeing many first time investors move up and “boomerang” buyers in the market right now who are eager to find something before the interest rates creep higher. Boomerang buyers are those who had a short sale of a property and are now looking at buying a home again, Mackintosh said. A short sale is when the lender allows the borrower to sell the home for less than is owed on the mortgage. The short sale allows the borrower to retain a better credit rating, as opposed to a foreclosure and losing everything.

Gordon said he was surprised at the uptick in home sales last month.

“After the federal shutdown, my experience was that there was a notable shutdown in activity,” he said.

His mortgage office saw some activity in November, Gordon said, but saw it slow in December.

Kurtianyk said Realtors are seeing more investors in the market, buying properties for eventual rent or resale.

“There is an anticipation that the market, in most areas, has bottomed out and prices will increase in the coming weeks,” Kurtianyk said.

There were 244 homes sold in Frederick County in December, according to Real Estate Business Intelligence, up from 216 in November. The average price for a home sold in the county last month was \$291,957, and total sales reached \$7.1 million.

Realtors say Urbana, as well as Worman's Mill and downtown Frederick, are the current “hot spots” for home sales.

There were 211 foreclosures in Frederick County in December, according to

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occurred in October. Individuals who might have been already delinquent could have been pushed further behind.”

Nationwide, new home construction fell 9.8 percent in December from November, according to the National Association of Home Builders.

“The rate is in line with our builder surveys and tells us we are seeing a return to trend after a strong November,” stated Rick Judson, chairman of the association, on the NAHB website.

“Last year was a good year for home building with overall production up 18 percent from 2012,” stated NAHB chief economist David Crowe, also on the association's website.

Crowe sees a pent-up demand for homes and anticipates 2014 will be a better year for the industry, as well as the economy by creating jobs and tax revenue for communities.

The monthly Builders Confidence Index, a survey of residential builders nationwide by NAHB and Wells Fargo, was at 56 for January, down one point from December. Any rating 50 or higher is considered positive for the index, found on the NAHB website. The index reflects confidence by builders looking ahead for the next six months. Higher building material costs and some problems with lenders such as appraisals were noted as negative factors in the January result.

They may differ slightly, but two reports about residential permits filed with Frederick County show an increase in 2013 versus 2012.

Todd E. Weidman, of the Frederick County Planning Department's Community Development Division, said 1,239 dwelling unit permits were issued countywide last year. John Lynn Shanton, president of Strategic Marketing Group, calculated 1,220

residential permits. Shanton's company provides data for real estate and

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Last year saw more than 5,500 permits applications, but they included all aspects of residential building to include minor to major home improvements.

The National Association for the Remodeling Industry said its members are seeing better overall business conditions, said Tom O'Grady, chairman of NARI's Strategic Planning and Research Committee, on the NARI website.

“Many remodelers entered 2014 with jobs in the pipeline, which hasn't happened in the past few years,” the statement says. Members had jobs on hand, but requests bids for future jobs were down and the value of jobs has declined.

With home prices rising and consumer confidence up, however, homeowners are feeling safe investing in their homes, it says.

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