



The ESCROW EXAMINER

December 2009



If You have an REO Buyer: Write in Pickford Escrow or The Escrow Firm **YOU HAVE RIGHTS!**

Governor Signs Galgiani's AB 957 "The Buyers Choice Act" Also Known as "The Crab Feed Napkin Bill".



Sacramento, CA -- Assemblymember Cathleen Galgiani (D - Livingston) announced that Governor Schwarzenegger signed AB 957, "The Buyers Choice Act", over the weekend. Galgiani's bill is an urgency measure which means the law will go into effect immediately after being chaptered by the Secretary of State rather than January of 2010.



"This law will ensure that home buyers have the choice of using local escrow companies, which can offer the best resources and service in the current housing crisis. Local escrow businesses can better assist buyers and expedite the transfer of foreclosed properties to homeowners at lower cost," according to Galgiani. "It also promotes competition for services and protects local jobs and our local economy."

"The Buyers Choice Act" mandates that buyers of bank-owned properties (foreclosed homes) would have the choice of using a local escrow office to handle the transaction. It would prohibit a seller of residential property from requiring or influencing the buyer to use an escrow service company or purchase title insurance chosen by the seller and would also prohibit a seller of residential property from, without good cause, disapproving the use of a title or escrow company chosen by a buyer.

The foreclosure crisis over the last two years revealed a practice in the market that is having significant consequences to home buyers, their realtors and local escrow offices. Banks and other large lenders that have taken possession of foreclosed homes have often been requiring that buyers of those properties use escrow companies with which they have contracts regardless of

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December's Free Altos Webinars

Altos 101 - Understanding the Altos Research Report

Learn the basics of the weekly Altos Research market reports. We will walk through the most common questions and answer your specific questions. During this session, we'll review both the "Executive Summary" (1-page) report and the more detailed "Market Update" reports available to you from Pickford Escrow.

Wed., Dec. 16, 2009 – 9:00 am. [Click here to register.](#)

Altos 201 - Best Practices in Internet Marketing Strategy

Altos 201 classes will be a different topic each month. This session will focus on how you can use the question "How's the market?" to leverage your expertise and develop trust with your clients by implementing effective web strategies. We'll look at case examples of websites that do a great job to build their pipeline and grow their circle.

Mon., Dec. 7, 2009 – 9:00 am. [Click here to register](#)

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who pays for the service. This practice causes local homebuyers to pay up to twice as much in escrow fees to escrow offices out of the area that provide inadequate service to the buyer.

Currently, federal law called the Real Estate Settlement Procedures Act (RESPA) prohibits a seller of residential property from requiring or influencing a buyer to purchase title insurance from a company chosen by the seller. Assembly Bill 957 mirrors Federal law to do the same with escrow services which are often joined with Title Insurance.

Source: <http://democrats.assembly.ca.gov/members/a17/Pressroom/Press/20091012AD17PR01.aspx>

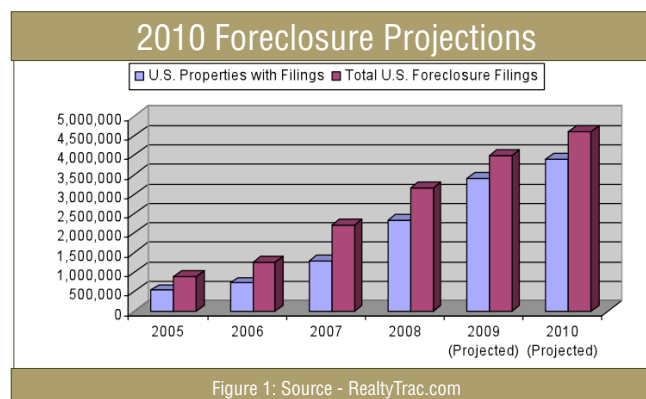
Pickford Escrow News

On Nov. 10th Pickford Escrow hosted a talk by Rick Sharga, Senior Vice President of RealtyTrac, a foreclosure software company that supplies statistical data concerning pre-foreclosure, auction and bank-owned property, and publishes the country's largest database of foreclosure and bank-owned properties. One hundred and seventy-six agents attended the special event, where Rick gave a brief discussion of how agents can utilize RealtyTrac as a resource to obtain up to date information on Pre-REO and REO properties in your neighborhood, ways to become an REO specialist, and how to find homes for your REO buyers.

Rick mentioned that between 2005-2008 our market place (Southern California) has seen unprecedented real estate activity. According to Rick the first wave was created by unsustainable home prices and high risk lending such as loose underwriting practices, topped by the sub-prime loans which began the trend we are currently

experiencing. Foreclosure activity has increased on a month by month basis for over 44 consecutive months, making July 2009 the highest month ever recorded in terms of foreclosure activity with over 361,000 households receiving a foreclosure notice. Even with these conditions coupled by the rise of unemployment (currently above 10% nationally - with an historical basis of 1 foreclosure for every 6-10 jobs lost), Rick anticipates more to follow with \$60-\$100 billion in ALT-A and Option Arm loans are beginning to reset and are defaulting at higher rates than the sub-prime loans. The biggest wave of option ARMs are anticipated to hit in the second quarter of 2010. (See figure 1)

What to expect in 2010: According to



By the Numbers

105: the number of twitter followers that Pickford Escrow had after two weeks of joining the social media sphere

156: Number of Facebook Fans the Pickford Escrow Fan page as of print time (our goal is 500 Fans)

75: percentage of tweets generated by 5% of twitter users

6.05: Percent of twitter users who only tweet 1 time per day.

Rick we will see a peak of foreclosure activity driven by unemployment, option ARM resets and individuals walking away from properties with negative equity. He doesn't see foreclosure activity stabilizing until 2011 and the REO inventories will remain at high levels through 2013. Rick's reasoning for the stretched timeline with distressed properties is due to "Shadow Inventory". Shadow Inventory represents the inventory banks may be delaying foreclosures, either because they're overwhelmed with a high volume of delinquent loans or because they're strategically holding off on over saturating the market. In short, properties held by the bank not yet released or classified as an REO. This being the reason for the slow down to a speedy recovery with 900,000 REO's and over 500,000 not listed for sale. We are in for a length ride...a housing market fueled by REO's and Short Sales. Pickford Escrow and the Escrow Firm offer in depth classes on these types of real estate sales and are here to help find solutions to close any types of transactions.

By Rosie Poole