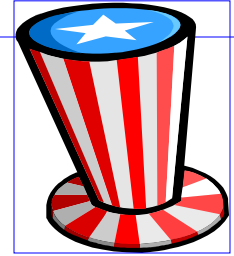


JULY 2009



EMORY M. COUNTS,

THE INTERCOM

Inside this issue:

Florida's economic recovery: spring 2010?

SCOTT ANDRON -Miami Herald—adapted

A survey finds most economists think the nationwide recession will end by the third quarter of this year, but local economists say Florida's recovery will be about six months after that.

U.S. economists still think the recession will end this year, but they've scaled back their predictions about the strength of the anti-

pated recovery, according to a survey released recently

The survey found that 74 percent of economists think the recession will end by the third quarter of this year, while 19 percent think it will end by the fourth quarter. The remaining 7 percent said it will extend into the first quarter of next year.

The national survey results, however, don't apply to Florida, where recovery is expected to come six months later..

The economists also predicted that national unemployment would be higher than they had previously estimated with rates above 9 percent through the end of next year.

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Coming Up Short, More And More Washington Post—adapted

More than two years into the housing crisis, lenders are beginning to allow troubled homeowners unload their homes for less than they owe. The practice, known as a short sale, is gaining popularity as an alternative to foreclosure, but it remains a difficult and lengthy task to pull off because the lender bears the brunt of the loss.

Short sales could increase further as home prices continue to fall, leaving a growing number of borrowers owing more than their home is worth. The Obama administration is implementing a program to pay lenders to accept less than the balance owed by the borrower in such deals.

The short-sale process is slow and cumbersome. Unlike normal sales, the seller's lender must approve the deal and is often suspicious of lowball offers, potentially dragging out the process for months. About 60 percent of approved short sales do not ultimately close, largely because buyers walk away from the deals, according to a spokesman from Bank of America.

Before attempting a short sale, borrowers should weigh the potential tax liability and prepare for the usual hassles of a sale – cleaning for open houses and negotiating with bidders – even though they won't reap the usual cash payoff, real estate agents and lenders said. A real estate agent experienced with short sales can be helpful, they said, but borrowers should also prepare to provide documentation of a hardship that would persuade their lender to accept less than owed.

Despite the cumbersome process, more homeowners are expected to opt for a short sale over losing their home in a foreclosure in the next year. It is a way to retain some minimal amount of control over the experience, despite the fact they are still losing their homes.

When Default Is a Strategy

Florida Economics website—Kenneth R. Harney -adapted

Would you, under any circumstances, default on your home mortgage, even if you could afford to make the monthly payments?

A recent study found that 26 percent of the record numbers of home-mortgage defaults across the country are "strategic" – that is, calculated economic decisions to bail out of loans by owners who actually have the money to make the payments but can't handle the negative equity they're carrying because of declining property values.

Moral precepts keep large numbers of financially struggling homeowners out of default, but only to a point. Fully 81 percent of household heads said they believe intentional defaults on mortgages to be "morally wrong." But that high percentage begins to crumble as negative equity grows.

If negative equity were to reach \$50,000, 7 percent of those who consider strategic defaults to be immoral said they would walk away. At \$100,000 negative equity, 22 percent would do so. At \$200,000 negative equity, 37 percent of those with moral objections would nonetheless default, and at \$300,000, 38 percent said they would.

The researchers found that age, tenure of homeownership, the frequency of foreclosures in a person's Zip code and even politics influence an owner's willingness to bail out of a mortgage. Owners under the age of 35 are less likely to have moral problems with strategic defaults, as are self-described political "independents," compared with Republicans and Democrats.

An important factor in walk-a-ways, according to the researchers, is the level of foreclosures that owners observe in their community and their personal acquaintance with owners who have defaulted. In the latter case, owners who know someone who defaulted strategically are 82 percent more likely to default themselves, compared with owners who do not know anyone in that situation.

NEW WAVE OF FORECLOSURES ON THE WAY

Daytona Beach News Journal—adapted

Just as the U.S. housing market has begun showing signs of stabilizing, another wave of foreclosures is poised to strike, possibly as early as this summer, inflicting new punishment on families, communities and the still-troubled national economy.

Mortgage loan defaults have surged to record levels this year. Until recently, many banks have put off launching foreclosure action on many of troubled properties, in part because they had signed up for the Obama administration's home-stability plan, which required them to consider the alternative of modifying loans to make it easier for borrowers to make payments.

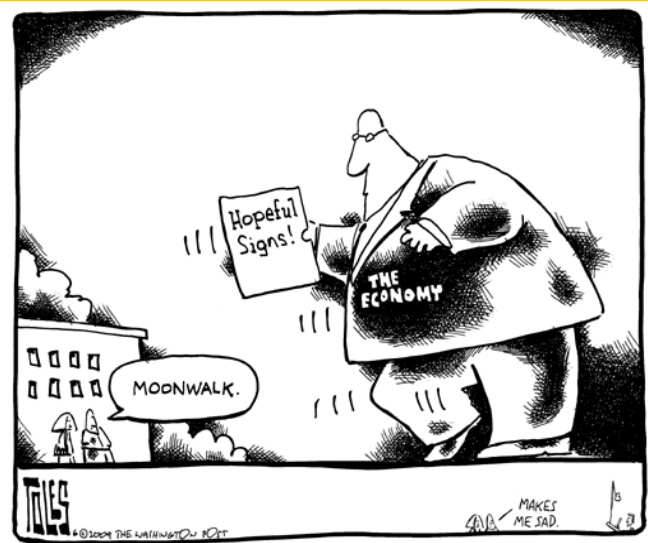
Rising foreclosures will depress home values, pushing more homeowners under water. Mark Zandi of Economy.com estimates that 15.4 million home-owners – or about one in five of those with first mortgages – currently owe more on their homes than they are worth.

Homeowners who have lost jobs have little chance of having their mortgages modified. That puts many homeowners on a collision course with banks that are preparing to take a more aggressive stance. The biggest lenders now indicate they are likely to move more aggressively to clear up a backlog of troubled mortgages

Florida ranks second in the nation with 52,899 properties with June filings, up 31 percent from June 2008.

On wisdom

By three methods we may learn wisdom; First, by reflection, which is noblest; second, by imitation, which is easiest; and third by experience, which is the bitterest. - Confucius



MORE FAMILIES HOMELESS Daytona Beach News Journal—adapted

More than half of all homeless people in the U.S. live in Florida and four other states, according to a new national homeless report released recently. More than 60 percent of the people in local shelters are children, officials say.

HUD attempts to count the number of homeless people at a single point in time. In January 2008, about 664,000 people nationally were in homeless shelters or on the streets on a single night. Of that amount, 50,158 were homeless people in Florida.

About \$1.2 billion was awarded recently by HUD to communities across the country to provide assistance to struggling Americans such as paying for utilities or to help people move or stay in housing.

Daytona Beach Shelter manager Rich Fitzmaurice said officials see people migrate to Daytona Beach in hopes of finding jobs. "More and more people are moving here from other states, thinking it's the land of opportunity, and it's just not," he said.

Many advocates, think HUD's numbers are too low. The National Law Center on Homelessness & Poverty said the data underestimates the problem because its definition of homelessness does not consider individuals or families who are living doubled up with other families or in certain other housing situations.

Obama Presents Bill to Create Consumer-Finance Watchdog

Washington Post—adapted

The Obama administration sent a detailed proposal to Congress recently for creating an agency to oversee nearly all facets of consumer lending, but the breadth of its powers is setting the stage for a fierce clash on Capitol Hill.

The bill aims to establish a Consumer Financial Protection Agency to guard Americans from the abusive lending practices that contributed to the financial crisis, such as undocumented mortgage applications, the poor disclosure of loan terms and deceptive ads.

Administration officials proposed that the new regulator have a broad mandate to cover the spectrum of consumer financial products and to fill gaps in current regulations. The agency would have the power to probe any lender, impose penalties of up to \$1 million a day in cases of wrongdoing, limit the compensation even of loan officers and mortgage brokers, and check if banks have been acting discriminatorily by forcing them to disclose the race, age and gender of their customers.

Some critics warn that lawmakers may be afraid to oppose parts of the bill because of appearances. "If you argue against the agency, then you could be incorrectly painted as arguing against consumer protection," said Scott Talbot, senior vice president of government affairs at the Financial Services Roundtable.

In a briefing with reporters, Michael Barr, assistant secretary for financial institutions at the Treasury Department, said yesterday that the bill represents a return to deeper regulation of a sector that had shed much federal oversight in recent years. He said that the new rules will "level the playing field" by standardizing regulations that apply to different loan products.



House Financial Services Committee Chair Barney Frank said he plans to have a bill approved before Congress recesses for the summer on Aug. 3. (By Melina Mara -- The Washington Post)

"That is why I have made the creation of the agency one of our highest priorities."

Some matters have yet to be resolved. The administration did not specify how the agency will be funded, other than stating that some money will come from the financial services industry.



Florida Community Development Association Newsletter

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Tough times never last, but tough people do.

-Anonymous

CONGRATULATIONS!



Roslyn Phillips, Chief Community Officer for the Mayor's Office and former NCDA President presents LaCree Carswell, Chief of Community Development with the Proclamation from Mayor John Peyton

The National Community Development Association (NCDA) recently announced that the City of Jacksonville has been selected as a recipient of the 2009 John A. Sasso National Community Development Week Award. This award recognizes the community or communities that exemplify the spirit of the CDBG program by showcasing its good works through the activities and events held during National Community Development Week: April 12-18, 2009.

The awards were presented at a luncheon held on Friday, June 19, 2009 at the Marriott Plaza San Antonio Hotel in San Antonio, Texas.

It's best to be nice !

There was once a fox who liked nothing better than getting one over on other creatures. And so it happened that he came to be on visiting terms with a Stork—and Fox encouraged the Stork so that she came to believe they were very good friends. One night Fox invited Stork to his house for dinner. As a joke the Fox gave Stork only a shallow bowl of soup for their meal. The Fox, of course, could easily lap up the soup, but the Stork's long bill would not allow her much of a chance to get the

food into her mouth. She could merely wet her bill a bit, and when she left Fox's house, she was hungry and annoyed by the way she had been treated.

"I'm sorry," the Fox said as she departed. "you didn't like the soup?"

"Please, don't apologize," said the Stork, "I was hoping that you would come to my house for supper tomorrow night."

So the next night Fox visited he Stork at her home.. Stork said, "please, make yourself at home. I'll be right back with the food." With

that she swooshed into the kitchen. In a moment, she came back with a long-necked jar with a narrow mouth. The Fox found that he could not get his snout into the long jar. He was reduced to licking the outside of the jar, and he left the house hungry. There were no apologies from the Stork.

The moral: When you treat someone poorly, the behavior likely will ricochet right back to you.

-as retold from Aesop's Fables