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from Miles
Away

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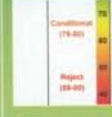
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HAPCO Newsletter

February 2009

First Quarter 2009

The worst is not
behind us.
There is another
benchmark
coming.

You no doubt remember the AIG debacle in the fall of 2008. It started well before their \$85 Billion bailout request from the government, which by the way turned into \$125. (bet you never thought you'd own part of the biggest insurance company in the world just because you were a US taxpayer!) Think back to last year right about this time. Toward the end of the first quarter 2008, when AIG announced a \$10 Billion investment portfolio write down for the 4th quarter 2007. Looked pretty bad, but no one could have figured what was really coming.

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IN YOUR LEGAL CORNER

The Philadelphia Carbon Monoxide Ordinance

(Bill No. 070879)

On December 21, 2007, Philadelphia Mayor John Street signed Bill No. 070879, adopted by City Council on December 13, 2007. However, section 2 of the Ordinance provided that the Bill shall not become effective until the Pennsylvania secretary of Labor and Industry certifies approval of the Ordinance or the City solicitor certifies to the Fire Department and the Department of Licenses and Inspections that the requirements of the Pennsylvania Health and Safety Act (35 P.S. Sec. 7210.503) have been met. This law permits

a municipality to enact ordinances which equal or exceed the minimum requirements of chapter 1 of the 1999 BOCA National Building Code, 14th Edition, or successor codes. The Carbon Monoxide Ordinance is now in effect. It is actually an amendment to Sub code F (the Philadelphia Fire Code), Title 4 – The Philadelphia Building Construction and Occupancy Code.

Where carbon monoxide alarms are required.

The focus of the ordinance is buildings which are zoned Residential 3 and Residential 4. The buildings in the District include: 1) detached single-family dwellings and semi-detached single-family dwellings with a maximum of three floors and a height limit of thirty-five (35').

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You can now buy title insurance directly, and take control of closings as well!

Many regulators, including the U.S. Government Accountability Office (GAO), have openly criticized the anti-consumer nature of the real estate closing process, the high cost of title insurance and the title insurance industry overall. One company says it has decided to take action in improving the consumer experience with a simple yet effective solution — an “Open Closing,” — providing consumers with the right to choose their title insurance company and save hundreds or thousands of dollars.

Far too often, the excitement of purchasing a home is overshadowed by anxiety, confusion and intimidation at the closing table.

Surprise closing costs are the primary reason. Moreover, consumers are frustrated that they pay high title insurance premiums when they refinance, too. EnTitle Insurance Company (which has been underwriting title insurance for 30 years and is rated A⁺ by Demotech) has developed a digital platform — ENTITLE DIRECT — to educate and empower consumers to monitor their home closings and save on their title insurance.

In Pennsylvania, ENTITLE DIRECT has filed premium rates with the state insurance department that are 35 percent lower than those offered by virtually every other title insurance company in the state. This will result in hundreds or even thousands of dollars in savings on closing costs for home purchases and refinances. For example, in Pennsylvania last year, title insurance premiums totaled \$524 million.¹ Through ENTITLE DIRECT, consumers could have saved over \$180 million on those premiums.

Timothy Dwyer, President and CEO of Entitle Direct Group, states, “Numerous federal and state regulatory authorities and consumer advocates are vocally critical of the high cost consumers pay for title insurance and a real estate process that keeps consumers in the dark. ENTITLE DIRECT was created for consumers by consumers to address these concerns. Whether people are purchasing a home for the first time or refinancing a home, they can work with ENTITLE DIRECT to organize the entire closing process and know what to expect at closing.”

Unfortunately, most people do not under-

stand how the closing process works; they just rely on their agent, broker or lawyer to handle it for them. The GAO said it best: “Price competition between title insurers and between agents, from which consumers would benefit, needs to be encouraged. Educating consumers about title insurance is critical to achieving this objective.”

Typically, title companies work directly with realtors, attorneys or lenders, who order the title search and title insurance on a customer’s behalf early in the closing process (and often without the customer’s knowledge).

This insurance is required by virtually every lender before it will lend money (for either home purchases or refinances), and the consumer pays for the insurance at closing. But what consumers don’t know is that these third parties take, on average, a commission that is 70-90 percent of the premium!

Title insurance and other closing costs are listed on the HUD-1 settlement statement that is provided at closing. Consumers often feel intimidated to ask questions about the costs they are being charged. Jack Gutentag, Professor Emeritus at the University of Pennsylvania’s Wharton School of Business, was quoted saying, “Although borrowers have the right to review the HUD-1 settlement one day before closing, they must know enough to ask for it, and few do.”

At ENTITLE DIRECT consumers are in control and can monitor their closing process on a daily basis using the Control Panel, an industry-first, which has a patent pending with the U.S. Patent and Trademark Office. Unlike any technology previously available, it provides dynamic, interactive tools such as the ability to upload and store closing documents, as well as download a HUD-1.

The HUD-1 is updated in real time throughout the closing process, eliminating surprise charges at closing. Consumers can also use the Control Panel to communicate with other parties involved in the closing process and store important messages, in addition to utilizing a checklist, contact list, task list, notes and a calendar.

For more information about ENTITLE DIRECT, visit www.entitledirect.com

HAPCO Eviction Service

Nobody wants to evict a tenant. HAPCO members are especially sensitive to circumstances that can befall low- and middle-income renters. Many go the extra mile to be accommodating in the face of emergencies or other unforeseen situations to which people with even the best of intentions may be subject.

But sometimes, eviction is a necessary remedy of last resort to protect an investment.

In such circumstances, HAPCO members can avail themselves of the organization’s highly efficient and cost-effective eviction service.

The process guides owners through the steps of obtaining and submitting the proper documentation, appearing in court when necessary, negotiating terms under which a tenant can remedy the problem and remain in the unit, or recovering possession of the premises.

Owners can register for payments in two forms:

- Using the “step-by-step method,” owners pay at each stage of the process. This can be economical if the tenant leaves without having to go through every step of the process — for instance, if he or she vacates after the owner receives a favorable judgement. HAPCO will notify the owner at each level and ask for the amount needed next. With this method, if the tenant files an appeal, the cost is not covered by HAPCO; the member must pay the attorney directly.
- Using the “comprehensive method,” owners pay for the entire process in advance. They do not receive a refund if the tenant leaves before each stage is performed. Using this method, the cost of appeals is covered by HAPCO.

Information about the HAPCO eviction service is available on the HAPCO website — www.hapcoassoc.com. Click on “Resources” in the left-hand frame to find general information about the service and forms to download and submit to HAPCO. Alternately, call the HAPCO office at 215-732-3055.

Fee Schedule

Step-by-step method

1. Municipal Court Hearing \$170
2. Writ of Possession \$135
3. Alias Writ (actual eviction) \$70
4. Appeal pay lawyer’s fee directly
5. Reschedule Eviction For Landlord/Tenant Officer \$35

Comprehensive Method

- Includes steps 1 to 4 above, including the cost of appeals \$325