



# CONSTRUCTION INSPECTOR REVIEW

VOLUME 12, 1ST QUARTER 2009

## Real Estate Outlook: Where Housing is Headed

by Kenneth R. Harney<sup>1</sup>

**W**e received an important indicator of where housing is headed last week, when new mortgage applications for home purchases and refinances suddenly surged as they hadn't in months.

Applications for FHA loans to buy houses were up by 10.4 percent. And overall home purchase applications jumped by 7.1 percent.

Meanwhile mortgage interest rates dropped to their second lowest level in nearly two decades, according to the Mortgage Bankers Association. Thirty year fixed rates averaged 4.96 percent and fifteen year rates dropped to just 4.5 percent.

Why's this important? New financing applications to buy homes obviously point to rising purchase contracts and closed sales in the months ahead. They also suggest that prices have hit a level in many markets that is attracting once-hesitant buyers off the sidelines.

There's still another factor that's likely at work here as well: Congress's recent improvements to the home purchase tax credit -- pushing it to \$8,000 from \$7,500 and making it non-repayable. George Ratiu, research economist for

the National Association of Realtors, says the big jump in loan applications could be tied to the improved credit in the stimulus package signed into law last month.

"Consumers may be responding to the stimulation" effect of the better credit for 2009, he said.

But let's be clear here: A rise in home purchase applications does NOT suggest we've turned the corner in the cycle or have solved the multiple challenges facing markets around the country -- high foreclosure levels, continuing domination in some areas of REO and short sales, and continuing increases in the unemployment rate.

Even amid these problems, however, there are some hints of possible improvements ahead. For example, a new study by research firm Realty Trac and *USA Today* found that despite the constant headlines about

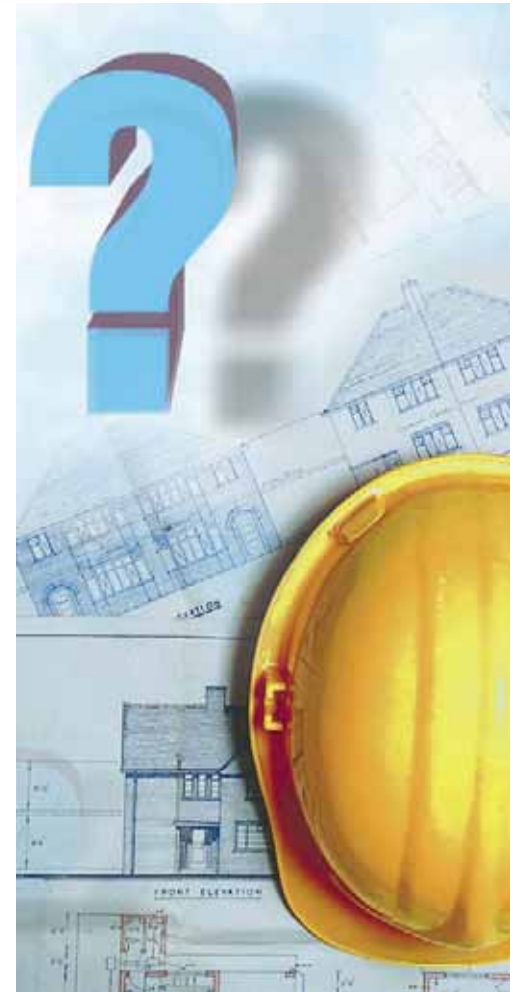
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Kenneth R. Harney writes an award-winning, nationally-syndicated column on housing and real estate from Washington, D.C. He is also managing director of the National Real Estate Development Center, a professional education company. He is a past member of the Federal Reserve Board's Consumer Advisory Council, a committee that by federal statute reviews all Fed actions on home mortgage, consumer credit and banking industry regulation.

He served as a member of the U.S. Department of Housing and Urban Development's Working Group on Computerized Loan Origination (CLO) systems, and is a member of the Editorial Board of the Fannie Mae Foundation's journal, *Housing Policy Debate*. He is the author of two books on mortgage finance and real estate.



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## Real Estate Outlook: Where Sales Are Headed *(cont'd)*

record levels of foreclosures, the more closely you look, the more you find that those numbers are highly concentrated in a relatively small number of counties.

More than half of the nation's foreclosures in 2008, researchers found, were concentrated in just 35 counties in 12 states. You can guess where: California, Las Vegas, Phoenix and Florida.

But the really eye-opening finding: In more than 650 other counties, representing one fifth of all markets in the U.S., foreclosure numbers have actually declined since 2006.

Foreclosures are horrible no matter where they occur. But the fact is: Huge portions of the United States have NOT been seeing record foreclosures, short sales or even serious property value declines. They're doing better. ■

### MISSING A PAYMENT?

GCI pays weekly via electronic funds transfer and bi-weekly via mailed check. GCI requires the following forms to be completed prior to payment:

- ✓ **New Inspection Company (Form GCI-A1 or A2)**
- ✓ **Signed W-9**
- ✓ **EFT Form**

## GCI's TOP FIVE

### COMMUNICATION IS KEY in the inspection process!

- 1. Notate date/time advised to be at the site** in your comments on the results for a 'STATUS' inspection specifying the 2 hour notification window, if access is not available.
- 2. GCI Customer Service** needs to be advised of **issues with contact numbers** immediately! We are there to assist you.
- 3. Accept your inspections immediately** on the website upon receiving the notification email and/or phone call, or contact GCI Customer Service to accept the order if you are out in the field.
- 4. Plan to complete the inspection the day after received** to give GCI ample time to process the results and deliver to the lenders after you submit the results. Completing an inspection on the 2nd day/day due may cause unneeded delays in the process.
- 5. Delays in the process need to be communicated immediately** to GCI Customer Service so we may communicate the issues to our lenders and assist you as needed.

## DID YOU KNOW?

### GCI's Inspection Platform

#### Residential and Commercial Inspection Types Include:

- |                              |                      |
|------------------------------|----------------------|
| ■ Construction Draw          | ■ Status/Audit       |
| ■ Damage Assessment          | ■ Tenant Improvement |
| ■ Aquisition and Development | ■ MOD Drop           |
| ■ Clear-Lot                  | ■ Title Datedown     |
| ■ Easement/ALTA              | ■ Pre-Start Analysis |
| ■ Forensic                   | ■ Tenant Improvement |

To find out how you can be a commercial inspector, contact us at [inspectorinfo@gcinspects.com](mailto:inspectorinfo@gcinspects.com).

# INSPECTOR CENTRAL

## JOIN OUR NETWORK!

GCI is constantly recruiting qualified individuals for our nationwide Inspector Network.

If you are qualified to perform either residential or commercial construction inspections and are interested in applying, please email us at:

[inspectorinfo@gcinspects.com](mailto:inspectorinfo@gcinspects.com)

to learn more about what GCI can offer you!



## Granite is a member of:

THE INTERNATIONAL ASSOCIATION OF  
CERTIFIED HOME INSPECTORS



For more information about NACHI, visit them at [www.nachi.org](http://www.nachi.org) or explore their resources at [www.inspectormall.com](http://www.inspectormall.com).

## "OUTSTANDING... IN THE FIELD"

### Donald Warren

*Donald has been working with GCI since December of 2004. Don continues to provide outstanding service since joining our network and will work on any inspection assignment given to him and his team. Don has also helped GCI by working on inspections assigned to him as a rush, where the inspection results are requested back within 8 hours. Don and his team have a 17.10 Turn Time which means Don and his team generally completes the assigned inspections before we even ask for a status on the inspection. Don continues to exceed our expectations and continues to "set the bar" for others to follow. Congratulations Don, to you and your team of inspectors!*



**PA-Donald Warren**  
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Don is a retired bank vice president and Army Colonel (30 years in each). Don has been doing draw inspections for 5 years and has 10 inspectors working for him in Pennsylvania, Maryland, Delaware and New Jersey. Altogether, they have done over 10,000 inspections during this time. Don Warren and his staff pride themselves on having never been late or refusing an inspection-- even when they may be VERY remote. Don and his staff take particular pride in having great rapport with the builders while maintaining a professional relationship.

Don enjoys golf, snowboarding, rollerblading and the gym. Don is also a referee ice hockey at all levels and field hockey. Don is currently engaged to his fiancé Marie. He also has two children, Kari in Baltimore and Andy in New Hampshire, along with a granddaughter Olivia.

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**Thank you, Don, for doing the work that you do!**  
**Keep up the great job!**

## GCI Inspector Compliance

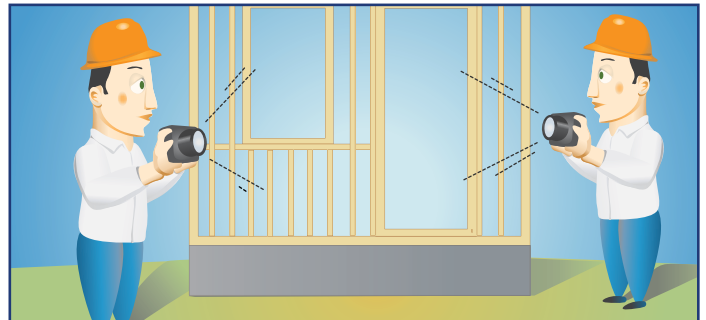
At GCI, compliance is crucial in order to ensure we are meeting our client's service standards and providing a professional product. As you know, we have minimum requirements such as a 36-hour turn-time and an 8-photo minimum, but we also have other conditions such as documentation and that "personal touch" that are paramount to our service level agreements.

In review, GCI's 36-hour turn-time is not only something that sets GCI apart from other vendors, but is part of our contractual service agreement with our clients. By getting the inspection back from the inspector within 36-hours, it ensures that GCI can quality control the product before it is posted to the web and delivered to the client within the 48-hour delivery standard. Each inspection is used to make important draw decisions pertaining to allocated funds and/or project status and therefore vital to the lender and GCI's continued business relationship.

GCI's 8-photo minimum standard is also key in helping us deliver a comprehensive product to our clients. The minimum number of 8 photos we require has been determined so that the client will receive 4 photos of the exterior of the project and 4 of the interior. This is a basis for the additional photos that will be taken, no matter what is being called for GCI to inspect. Please remember, the more photos the inspector provides, the better understanding GCI and the client have of the current status of the project. As they say, "a picture tells a thousand words."

Another very important requirement that is sometimes overlooked is proper documentation. As part of our standards of detail and quality, we ask for notes or comments on all photos and line items that the Inspector wants to bring to our attention. Such remarks should assist in describing the project's current status, and always be provided in the "Inspector Comments" section under the "Site Review" of our Inspection Field Report. Proper documentation should support the photographs and provide additional detail that the photos may not be able to relay.

The "personal touch" component is also extremely significant as GCI Inspectors act as the eyes and ears for each project that we manage. All of the information provided on the site review and in the photographs and photo comments ensures the client has the most up-to-date and accurate information they need to make the appropriate financial decisions. As a construction professional, GCI has employed you to observe and report all the information needed in order to keep each project moving smoothly. Your attention to detail and comprehensive photo and note taking may require a few more minutes of your time, but will ultimately deliver a higher quality product and prevent any queries or follow-up that GCI may have to perform. Remember, each inspection is about doing our very best in order to support the company, our clients and the economy.



As we go through these trying economic times, our clients are requiring more in-depth information and evidence of items completed before releasing funds. The results that the field inspectors provide to GCI are vital to the quality of our end product and the relationship that we maintain with our clients. To retain these important clients, and ultimately their inspection volume to our inspectors, we must continue to provide the best product in our industry. This will help us both retain and foster relationships with our current clients and allow us to bring on new clients as the top inspection services provider in the country.

Thank you for your continuing support and service and we all look forward to a great year! ■

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