



Title companies wait to reap benefits of homebuying incentives

By: Christian Moises, News Editor | June 12, 2009 | 0

METAIRIE — Historically low mortgage rates. The soft-second mortgage program in Orleans Parish. An \$8,000 nationwide tax credit.

With the homebuying incentives available for shoppers, an influx in residential closings seems natural.

Think again.

When measured next to last year, home sales are down 20.2 percent in the New Orleans metro area through May – 2,881 transactions compared with 3,612 during the same period last year, according to statistics from the Gulf South Real Estate Information Network.

Real estate agents are suffering with sellers, but the picture isn't any better for the crew at the end of the process — title companies.

Christine Blanton, owner of Crescent Title, said business is down about 30 percent compared with a year ago, even with the incentives.

"We really haven't seen an influx of business because of them," Blanton said. "Not so far, anyway. We've seen more transactions involving refinancing than purchases."

Business has increase a bit, but it's been slow, she said. And it's taking longer to get the sales to the table, something she blames stricter lending practices for.

"But we don't want to go back to what we had before."

Paul Unkauf, president of Equity Closing Services Group, said that in talking with people around the country, he's hearing there's increased activity among potential buyers, but the incentives have not solved the nation's housing market crisis.

"I haven't seen an ad for a closing secretary for about two to three months," Unkauf said. "So there's not this massive ramp up for that type of activity that I can see."

Blanton also is not increasing her staff.

"I need to see more," she said. "I'm not convinced. I'm still hearing about a lot of people losing their homes."

Unkauf pointed to a proposal introduced into Congress this week that would increase the \$8,000 tax credit to \$15,000 and open it to everyone, not just first-time homebuyers, as another incentive that could stimulate the market.

Toward the end of last year, Blanton was optimistic there would be an influx because of the flurry of incentives, but as more repossessions came online, her attitude turned.

"I'm not really surprised. I actually laid off some people earlier in the year, because I really expected this to happen even with the incentives. With all the people losing their jobs, it doesn't matter how many grants or how low the rates are if you can't pay for (the mortgage)."

Marge Garvey, president of the New Orleans Metropolitan Association of Realtors, said she, too, is surprised by the non-effect of the incentives.

"I talk to the offices and they said they're getting a lot more calls, but that may be because people are finally getting the information," said Garvey, adding that many people she's talked to are confused by the tax credit.

Stricter lending practices have also taken their toll on purchasing, and the time it takes to close on a property has also been a hindrance.

"You used to be able to close a conventional loan in 30 days," she said. "Now it's taking 60 to 90 days and a lot of people aren't willing to wait that long."*

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