

INDIANA BUILDERS ASSOCIATION
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HIGHLIGHTS

INDIANAPOLIS MAINTAINS RANKING OF MOST AFFORDABLE HOUSING MARKET IN SECOND QUARTER OF 2007

The metropolitan area encompassing Indianapolis-Carmel, Ind. has retained the title of most affordable major U.S. housing market for an eighth consecutive time, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for the second quarter of 2007. In the nation's most affordable major housing market of Indianapolis, approximately 87 percent of new and existing homes that were sold during the second quarter of this year were affordable to families earning the area's median household income of \$63,800.

MORTGAGE BANKERS ASSOCIATION RELEASE 1ST QUARTER DELINQUENCY SURVEY

Table 1

**Mortgage Bankers Association National Delinquency Survey
 First Quarter 2007**

	Foreclosure Rate	Loans Serviced	Loans in Foreclosure	% Of Loans Serviced	% Of Foreclosed Loans
Indiana					
Prime	1.40%	573,745	8,032	69.5%	32.7%
Subprime	9.57%	122,033	11,679	14.8%	47.5%
FHA	3.95%	107,198	4,234	13.0%	17.2%
VA	2.82%	22,032	621	2.7%	2.5%
Overall	2.98%	825,008	24,585	100.0%	100.0%
United States					
Prime	0.54%	33,924,965	183,195	78.6%	32.6%
Subprime	5.10%	5,878,011	299,779	13.4%	53.4%
FHA	2.19%	2,981,809	65,302	6.8%	11.6%
VA	1.05%	1,110,281	11,658	2.5%	2.1%
Overall	1.28%	43,895,066	561,857	100.0%	100.0%

IN Prime foreclosure rate is 2.59 times the national rate for prime loans
IN Subprime foreclosure rate is 1.88 times the national rate for subprime loans
IN FHA foreclosure rate is 1.80 times the national rate for FHA loans
IN VA foreclosure rate is 2.69 times the national rate for VA loans
The overall foreclosure rate is 2.33 times the national rate for all loans

FHA foreclosure nationally is 1.71 times the market share of FHA loans
FHA foreclosure IN is 1.32 times the market share of IN FHA loans
Subprime foreclosure nationally is 3.99 times market share of subprime loans
Subprime foreclosure IN is 3.21 times IN market share of loans
Prime foreclosure nationally is .41 times the market share of prime loans
Prime foreclosure IN is .47 times the market share of prime loans

LEGISLATIVE/REGULATORY

ANNEXATION STUDY COMMITTEE TO LOOK AT VOLUNTARY ANNEXATION

The Interim Study Committee on Annexation Issues met for the first time earlier this month and presented a list of issues to review over the next few meetings. Included in that list is: extension of services to annexed areas; voluntary annexation process; certain agreements between landowners and heirs concerning authority to remonstrate; as well as other annexation issues. The Indiana Builders Association is scheduled to testify at the October 10th meeting.

IBA LEADERSHIP MEETS WITH LT. GOVERNOR

A handful of Indiana Builders Association leadership met with Lt. Governor Skillman earlier this week at the Statehouse to discuss issues impacting the housing industry and the current property tax situation in Indiana. Housing leaders spoke candidly about the need to reform Indiana's property tax system to reduce the duplication of services at the local level as well as the need to make Indiana an attractive place for Hoosiers to live and work.

GOVERNOR ANNOUNCES PANEL ON TAX REFORM

Indiana Supreme Court Chief Justice Randall T. Shepard and former Governor Joe Kernan have agreed to co-chair a commission to develop recommendations to reform and restructure local government. The Commission on Local Government Reform began its work in early August. Other Hoosiers serving on the commission include: Dr. Adam Herbert, Sue Anne Gilroy, Louis Mahern, Ian Rolland and John Stafford. In late December, the group will publish a report with suggestions on how local governments can increase the efficiency and effectiveness of their operations to lower taxpayer costs. These ideas will be available for the Indiana General Assembly to discuss during its next session beginning in January 2008.

STATE ACHIEVED BALANCED BUDGET

Indiana achieved its first back-to-back balanced budget in eight years, without a state tax increase. State Auditor Tim Berry announced that for the fiscal year ending June 30, revenue exceeded expenditures by \$473.8 million.

NATIONAL

NAHB APPLAUDS FEDERAL RESERVE MOVE TO CALM MARKETS

Aug. 17 — "The National Association of Home Builders (NAHB) applauds the Federal Reserve Board for moving to temporarily reduce the primary credit rate by 50 basis points. NAHB also applauds the Fed's move to allow the provision of term financing for as long as 30 days, renewable by the borrower, and to accept home mortgages and related assets as collateral for discount window loans to banks. Such changes reflect the Federal Reserve Board's willingness to act quickly to help restore orderly conditions in financial markets, provide depositories with greater assurance about the cost and availability of funding, and help ease liquidity concerns that are affecting the mortgage market. "NAHB also strongly encourages the Federal Reserve Board to continue closely monitoring market conditions to determine whether further action is necessary, including a cut in the target federal funds rate ahead of the September 18 FOMC meeting."

JULY NEW-HOME SALES REBOUND SLIGHTLY FROM WEAK JUNE

Sales of new single-family homes were up 2.8 percent in July to a seasonally adjusted annual rate of 870,000 units as new-home sales rebounded from weak sales figures in June, the [U.S. Commerce Department reported](#) recently. The July sales pace was 10.2 percent below a year earlier. "Home builders have been trimming prices and offering nonprice sales incentives to bring reluctant home buyers back into the market, and their efforts have brought results, at least for the short term," said NAHB Chief Economist David Seiders. "However, the tightening of lending standards and problems in the financial sector, which deepened this month, will delay housing's recovery at least until mid- to late-2008. The inventory of new homes for sale edged down slightly to 533,000 in July and the equivalent months' supply at the July sales pace was 7.5 months, down from 7.7 months in June.