

Media Advisory



[Los Angeles Daily News](#)

First-time buyers find silver lining in foreclosure cloud

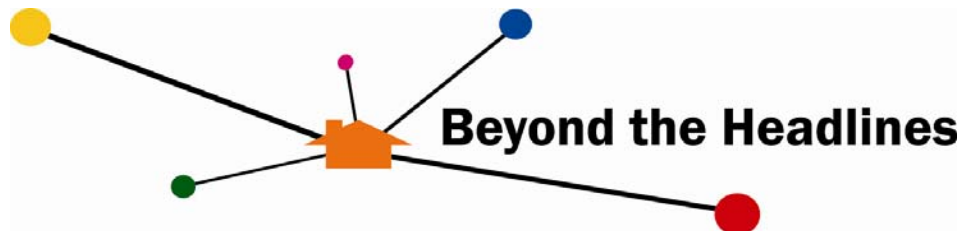
More than a third of Los Angeles County families had the income needed to purchase a starter home in the first quarter, a 66 percent increase over a year ago, the California Association of REALTORS® reported Tuesday. The affordability figure is the highest since 2003 and was heralded as a hopeful sign for the troubled Southern California real estate market.

Keep this in mind...

- Dramatically lower home prices and a .56 percent drop in interest rates are behind the improvement in the Association's First-time Housing Affordability Index. A year ago, LA County households needed an income of \$100,000 to qualify to buy a home costing \$496,120, which is 85 percent of the area's median home price, assuming a 10 percent downpayment at an interest rate of 5.65 percent. In the first quarter of 2008, entry-level buyers in the county could qualify to buy a home costing \$390,450 with an income of \$74,320.
- First-time buyers and those seeking homes under \$500,000 are behind a 22 percent increase in home sales in the six-county Southern California region between March and April, according to a report issued Monday by DataQuick Information Systems. The report said two-thirds of homes sold were priced at less than \$500,000.
- C.A.R. VP and Chief Economist Leslie Appleton-Young said she expects to see the affordability index continue to improve as additional forecloses coming on the market keep prices at a level where more families can afford to buy.

To read the full story, please click here:

http://www.dailynews.com/news/ci_9328073



The Associated Press

SoCal home sales jump in April but still lag year-ago period

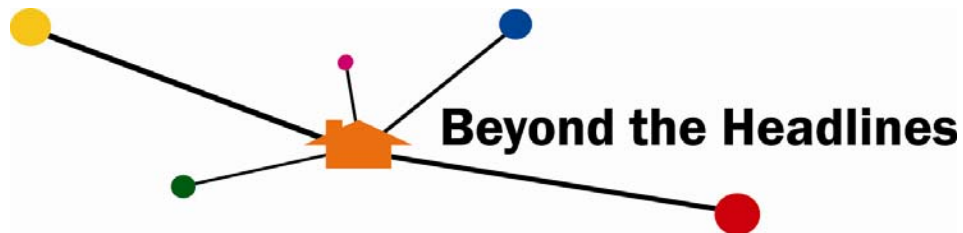
Southern California homebuyers stepped off the sidelines in April, snatching up foreclosures and homes priced under \$500,000 at a rate that was 22 percent higher than in March but down 19 percent from April 2007 and the lowest level since 1995, according to DataQuick Information Services.

Keep this in mind...

- The median home price for the six-county region was \$385,000, unchanged from March but down 24 percent from an April 2007 peak of \$505,000. April marked the first time in eight months that the median price did not decline.
- Sales were strongest in areas hit hardest by foreclosures: Riverside County (where sales increased month to month for the first time in two years), Lancaster, Chula Vista, Anaheim, Lake Forest and Victorville experienced the strongest rebounds. Two-thirds of homes sold during the month in Los Angeles, Orange, Ventura, San Bernardino, Riverside and San Diego counties were priced under \$500,000. About 38 percent of the homes sold were in foreclosure at some point during the previous year, up only 2 percent from March but sharply higher than the 5 percent reported a year ago. In Riverside County, 53 percent of sales involved troubled properties.
- The credit crunch, potential for a recession, and uncertainty over when foreclosures will peak caused DataQuick analysts to remain cautious. Lack of financing for high-value homes continues to be an issue and could forestall a recovery if the trend persists. In April, only 15 percent of Southern California home loans were above \$417,000, down sharply from the same period a year ago.

To read the full story, please click here:

http://ap.google.com/article/ALeqM5h_DkmV9N0qyf2vfd5bqwsVnBh0JgD90OUO9G0



The Associated Press

Forecasters see weak economy even if housing, credit improve

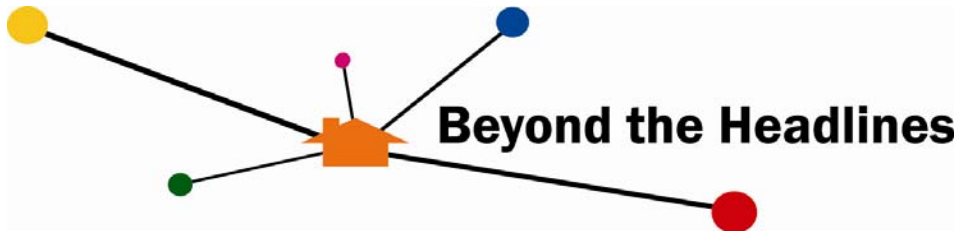
The worst of the housing downturn and credit crunch may end this year but unemployment will rise and the economy will continue to weaken and fall into a short-lived and shallow recession, according to a survey released by the National Association for Business Economics (NABE).

Keep this in mind...

- 56 percent of economists surveyed believe the U.S. already is in a recession or will enter one this year, up from 45 percent in February. Economic growth also will slow from a projected 1.8 percent in February to 1.4 percent in the current survey – well below last year's 2.2 percent growth figure and next years projection of 2.3 percent growth. If correct, the new prediction for 2007 will mark the slowest growth since the 2001 recession. Weakness in the housing sector was cited as the most significant factor in the slowing economy.
- The group remains hopeful that the housing downturn will hit bottom in 2008 but predict that prices will continue to fall into 2009. Economists were equally divided in their opinion of which quarter of 2008 would see a bottom for home sales.
- The group said it expects the credit crunch to soften later this year, opening the door to some improvement in the housing sector. They expect the Fed to maintain interest rates through the rest of 2008 but believe it could increase key rates from 2 percent to 3 percent by the end of 2009.

To read the full story, please click here:

http://ap.google.com/article/ALeqM5jpl_WNYXj_wwvEKRgqcFHWu_4sQgD90ORCOG1



[The New York Times](#)

Senate leaders agree on housing aid

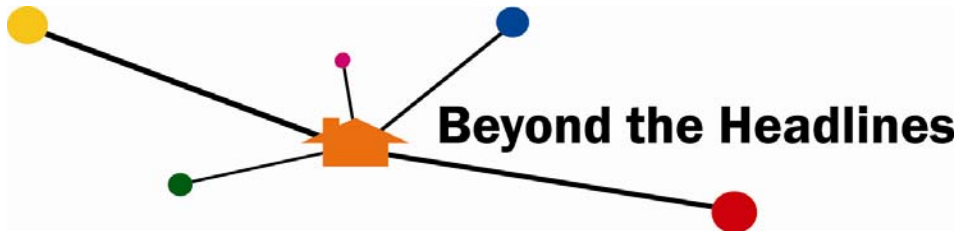
The U.S. Senate said it has agreed on legislation to help homeowners avoid foreclosure by creating an affordable housing fund that will enable Fannie Mae and Freddie Mac to offer about \$500 billion in foreclosure rescue funding in the program's first year. Observers expressed optimism that the Bush administration will support the effort because it does not involve direct funding by taxpayers. The Senate proposal would tighten regulation of Fannie Mae and Freddie Mac and create a new regulator, the Federal Housing Finance Agency, which would be empowered to take action in the event the two quasi-government companies experience future liquidity problems.

Keep this in mind...

- Earlier this month, the House approved a similar bill. Under both plans, lenders would be allowed to limit their foreclosure losses by reducing the principal balance of loans to homeowners at risk of default and foreclosure. The primary beneficiaries would be homeowners with certain kinds of high-cost adjustable rate mortgages, who would be allowed to refinance to a more stable fixed-rate mortgage insured by the Federal Housing Administration.
- Under the House bill, it is estimated that as many as 500,000 mortgages may be refinanced over the next five years at a cost to taxpayers of \$2.7 billion. The Senate version, which would help the same number of borrowers, shortens the plan to three years and reduces the cost to about \$500 million, with costs to come from a new Affordable Housing Fund that would collect about half a cent on every dollar in mortgages purchased in the secondary market by Fannie Mae and Freddie Mac.
- The bill also would set a new Fannie Mae/Freddie Mac conforming loan limit of approximately \$550,000 in high-cost markets, up from the current \$417,000 limit. The limit has been temporarily increased to \$729,250 in the most expensive markets as part of February's economic stimulus package.

To read the full story, please click here:

http://www.nytimes.com/2008/05/20/business/20housing.html?_r=1&th&emc=th&oref=slogin



In Other News...



[Bloomberg.com](http://www.bloomberg.com)

Fannie Mae to drop down payment rules in worst areas

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aRvoZOztbEcs&refer=home>



[Christian Science Monitor](http://www.csmonitor.com)

Housing woes lure back bold buyers

To read the full story, please click here:

<http://www.csmonitor.com/2008/0516/p01s10-usec.html>



[Los Angeles Times](http://www.latimes.com)

At the luxury end, home prices are falling

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homes20-2008may20,1,1204841.story>



[National Public Radio](http://www.npr.org)

L.A. developer sells 18 houses in single auction

To listen to the audio story, please click here:

<http://www.npr.org/templates/player/mediaPlayer.html?action=1&t=1&islist=false&id=90455179&m=90620457>



[The New York Times](http://www.nytimes.com)

Collateral foreclosure damage for condo owners

To read the full story, please click here:

http://www.nytimes.com/2008/05/15/business/15condo.html?_r=1&th&emc=th&oref=slogin

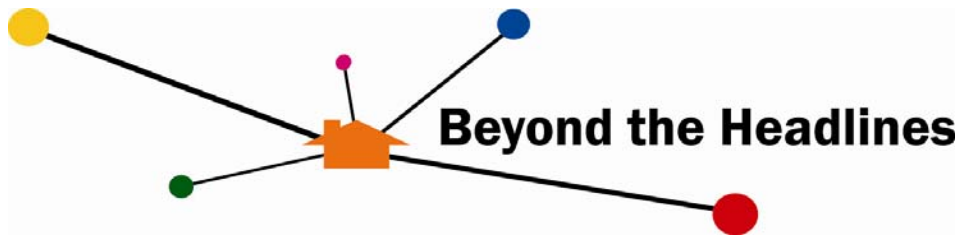


[Sacramento Bee](http://www.sacbee.com)

Sacramento area renters suffer from foreclosure

To read the full story, please click here:

<http://www.sacbee.com/103/story/942899.html>



What you need to know about the market

- The percentage of households that could afford to buy an entry-level home in California rose to 44 percent in the first quarter of 2008, up dramatically from only 26 percent in the same quarter a year ago and 33 percent in the final quarter of 2007, according to the California Association of REALTORS®' First-time Buyer Housing Affordability Index. Households needed an income of \$67,830 to purchase a home costing \$356,350, which is 85 percent of the statewide median home price. The income requirement was 30 percent lower than a year ago and is closer to the state's median income of \$50,700 – good news for first-time and other homebuyers considering a home purchase. Sacramento and the High Desert regions topped the list of most affordable regions at 64 percent, with Monterey and San Francisco the least affordable at 29 and 30 percent, respectively.
- Everybody knows job growth helps drive demand for homes. One of the reasons the San Francisco Bay Area continues to experience a softer real estate market decline is the fact that San Francisco created an estimated 10,000 new technology and other professional jobs and continued to experience population growth, adding more than 12,000 new residents in 2007 alone, the "San Francisco Chronicle" reported. Parts of the Silicon Valley kept pace in job growth, and both areas had a significant increase in new home construction. San Francisco added 2,500 new homes, the most in almost two decades. That trend is expected to continue this year and next with 3,281 units approved for construction in areas like Rincon Hill, the Transbay Terminal Area, Hunter's Point Shipyard and Candlestick Point.
- *The Chronicle* also noticed that foreclosure figures published by various organizations sometimes contradict one another. So it was last week when RealtyTrac reported a 4 percent increase in foreclosures and the highest level of foreclosure activity since it began tracking those numbers in 2005, while Foreclosures.com reported that its figures showed a drop in preforeclosures of more than 5 percent. What gives? It all depends on how you count them and how you choose to interpret the results. RealtyTrac's foreclosure numbers combine preforeclosure activity with actual foreclosures, while Foreclosures.com separates preforeclosures from foreclosures on the theory that not all preforeclosures ultimately end up as foreclosures. That's why RealtyTrac trends point toward a continued foreclosure problem while Foreclosure.com's figures tend to be more optimistic.
- Housing starts were up 8.2 percent nationally in April, their largest increase in two years, and that good news spilled over into parts of California. In San Diego County, 224 multi-family building permits were issued in April, up from only 17 in March. Single-family permits, meanwhile, climbed from 193 in March to 484 in April, the largest one-month total since July 2007. Despite the increases, economists expect new construction growth to continue to be stunted while the significant backlog of foreclosed existing homes is reduced in the coming months.