

Media Advisory



Bloomberg.com

Bernanke says rate “well positioned,” watching dollar

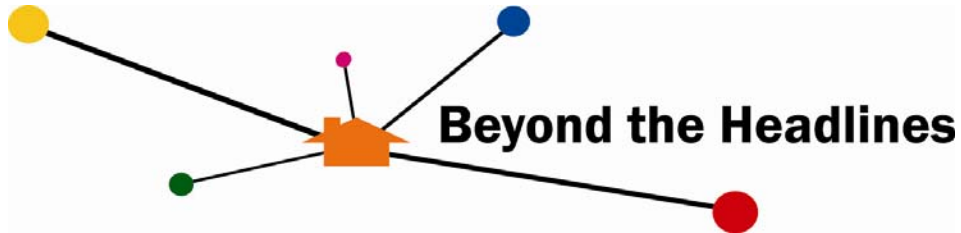
Federal Reserve Chairman Ben Bernanke Tuesday signaled he is finished cutting interest rates for now and has turned his attention to concerns about inflation in the world's foreign exchange markets in the wake of the U.S. dollar's 16 percent decline against the Euro over the past year. Speaking to the International Monetary Conference, Bernanke stated that, “For now, policy seems well positioned to promote moderate growth and price stability over time. We will, of course, be watching the evolving situation closely and are prepared to act as needed to meet our dual mandate.”

Keep this in mind . . .

- Observers called Bernanke's statement a “strong defense of the dollar” and a sign that the Fed believes a weaker U.S. dollar would be detrimental. Declines over the past year against the Euro and more recent oil price surges have increased fears of inflation. These fears are one reason the Fed is not expected to pare interest rates further at least through October.
- Bernanke called financial market conditions “strained” and reiterated that U.S. consumers face challenges from declining home prices and stricter mortgage and other lending standards, a weaker job market and higher energy costs. He added that economic growth will remain limited until home prices and the housing market show clearer signs of stabilization.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aPYwMe5KGlpM&refer=home>



CNNMoney.com

Banks miss an easy housing fix

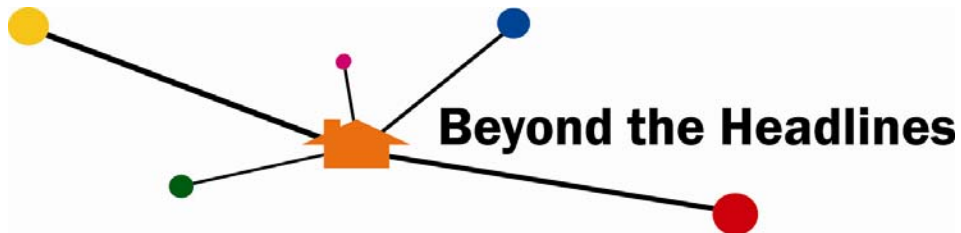
Mortgage lenders say they are there to help homeowners who are having trouble making their monthly payments but who can't sell their home for what it is worth in today's market. But real estate agents and others say both homeowners and the banks themselves lose out when banks are unable to close so-called "short sale" transactions.

Keep this in mind . . .

- In a short sale, homesellers ask their lender to accept a buyer's offer that is less than the amount needed to pay off the balance of the mortgage. Lenders who agree to a short sale also typically agree to forgive the remaining debt.
- Many call short sales a win-win for lenders and homeowners. The homeowner avoids foreclosure and banks avoid the cost of carrying the property through the lengthy foreclosure process, not to mention the hassles of selling an empty property in a market saturated with other foreclosures.
- On average, lenders lose approximately 19 percent of a mortgage's value with a short sale but lose an average of 40 percent on mortgages that proceed to foreclosure, according to one source.
- The problem with short sales? Like other foreclosure mitigation efforts, the challenge is in determining which financial entity "owns" the loan and, thus, has the final say on a short sale offer. Banks also have been slow to ramp up internal processes needed to review and approve short sale packages. Delays and last-minute dickerings often prolong or even derail transaction closings and creates frustration for potential homebuyers and their real estate agents.

To read the full story, please click here:

http://money.cnn.com/2008/05/28/real_estate/short_sales_long_waits/index.htm?postversion=2008052811



[The New York Times](#)

Lose homes, pay more tax

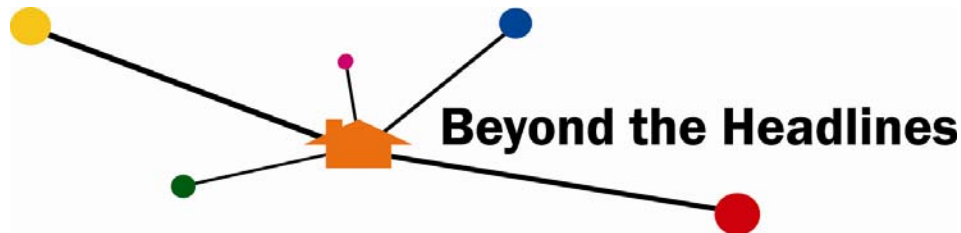
Investors in second or multiple homes stand to be among the biggest losers from the housing downturn. That's because proposed mortgage bailout programs don't address second homes and investment properties. Many owners of multiple properties don't realize that investments they thought would help them build long-term wealth may in fact leave them in bankruptcy and facing a sizeable tax debt.

Keep this in mind . . .

- Homeowners who borrowed against the value of their second home, or who financed the purchase of their second home and subsequent homes by pledging their primary home or other properties as security, may be liable for taxes on the difference in value should they sell any of their properties for a price less than the value owed on the mortgage.
- Under the Mortgage Forgiveness Debt Relief Act, a homeowner doesn't have to pay taxes on forgiven debt if the collateral behind the mortgage is owner-occupied. That provision doesn't apply to a growing number of homeowners renting out their second home or investment property. Of some 7.5 million vacation homes, only about 10 percent are considered owner-occupied, according to the NATIONAL ASSOCIATION of REALTORS® (NAR). Many of these homeowners borrowed against the ever-increasing (or so it seemed) value of these properties to finance improvements or to buy other properties.
- There may be a way out for some, one bankruptcy lawyer counsels: Get a lender to agree that foreclosure "fully satisfies all obligations under the loan." That might protect the seller from having to pay taxes on the forgiven debt – although one attorney said, "I sure don't want to be the one litigating it" in court.

To read the full story, please click here:

<http://www.nytimes.com/2008/05/30/business/30tax.html?th&emc=th>



In Other News...



[Los Angeles Times](#)

Sales of foreclosures are on the rise

To read the full story, please click here:

<http://www.latimes.com/business/la-re-market1-2008jun01,1,7861975.story>

The market turns cold in a desert boomtown

First of four in a series

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-laquinta2-2008jun02,1,2554781.story?page=2>



[The New York Times](#)

Negotiating for a house? Start with “Dear Seller”

To read the full story, please click here:

http://www.nytimes.com/2008/05/31/business/yourmoney/31money.html?_r=1&scp=1&sq=negotiating+for+a+house&st=nyt&oref=slogin



[San Francisco Chronicle](#)

Sellers, their agents suggest one-two punch

Invest in face-lift, they say, and keep your asking price moderate

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/05/31/REL01105AJ.DTL>



[USA Today](#)

Housing market just gets uglier

To read the full story, please click here:

http://www.usatoday.com/money/economy/housing/2008-05-27-home-prices-case_N.htm?csp=34



[The Wall Street Journal](#)

Foreign buyers flock to U.S. housing market

To read the full story, please click here:

http://online.wsj.com/article/SB121200120766526797.html?mod=googlenews_wsj



[Sacramento Bee](#)

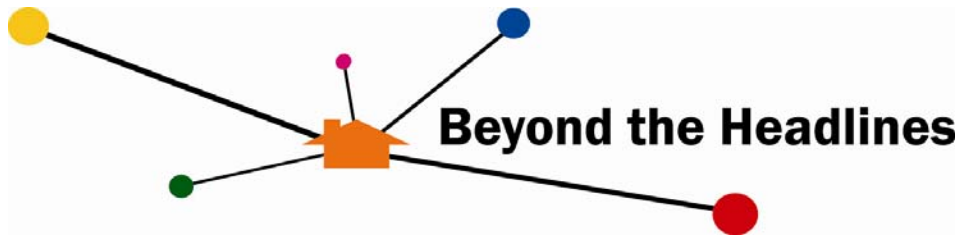
Yuba homebuyers face mounting commuter costs

To read the full story, please click here:

<http://www.sacbee.com/103/story/977978.html>

June 5, 2008

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What You Need To Know About the Market

- A Reuters/University of Michigan survey reveals that twice as many homeowners expect their home value to fall in the coming year than believed their home value would drop a year ago. Twenty-eight percent of those surveyed in late April and early May said they expect their home to depreciate in value, up from 14 percent at this same time last year. Just 17 percent predicted their home will increase in value, down significantly from 35 percent in May 2007. Their outlook doesn't improve much over the longer term: Only 58 percent reported they expect their home value to appreciate over the next five years, down from 65 percent a year ago. Concerns about month after month of home price declines and long-term prospects for inflation, energy costs and the job market were behind the more pessimistic response, survey participants said.
- Some 183,000 at-risk homeowners were rescued from the potential loss of their homes due to foreclosure in April, according to Hope Now, a coalition of mortgage lenders, servicers, investors and community groups that has offered help to troubled borrowers since July 2007. Hope Now said it completed more than 183,000 loan workouts in April, a 7.6 percent increase over March, bringing the total number of homeowners helped to more than 1.6 million. Most of the workouts involved the negotiation of repayment plans in which borrowers receive extra time to bring their loans current. However, the number of mortgage term modifications rose to 42 percent, or roughly 77,000 total workouts for the month. Even with the program, 80,926 families lost their home to foreclosure in April, the group said.
- Consumers who arrange a mortgage through a mortgage broker or who are African American, Latino or live in neighborhoods with lower numbers of college graduates generally pay more in closing costs, according to a recent study of 7,560 loans closed in May and June of 2001 through commercial lenders and insured by the Federal Housing Administration (FHA). Homebuyers who worked through a mortgage broker paid \$300 to \$425 more in closing costs than those who worked through direct lenders. African Americans paid an additional \$415, while Latinos paid an additional \$365, on average. Consumers in neighborhoods where there were larger numbers of college-educated adults paid on average \$1,100 less than homebuyers paid in neighborhoods where there were fewer college graduates. The study concluded that buyers who obtain so-called "no cost loans" (where there is no cost for points, appraisals or title insurance) generally are better off than those who "buy down" their interest rate but pay more in fees or points.