

## Media Advisory



The Associated Press

### **Pending home sales fall 4.7 percent**

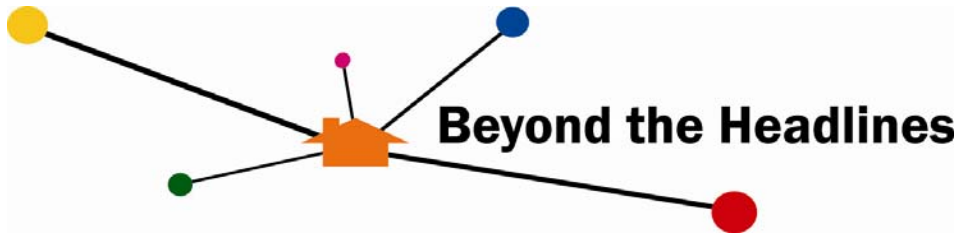
After posting a sharp gain in April, NAR's Pending Home Sales Index for May slipped by 4.7 percent and was 14 percent below 2007 levels. While the decline reflects continued softness in the market, there was some good news in the West, which includes California. There, pending sales slipped only 1.3 percent in May and were 2 percent higher than a year ago.

#### KEEP THIS IN MIND...

- The national index registered 84.7 on a scale where 100 equals the rate of pending sales during 2001, when the index was initiated. It stood at 98.5 in May 2007. The national decline was driven by the South, where the index fell 7.1 percent to 84.5, 22 percent below last year's figure, and the Midwest, which experienced a 6 percent decline to 78.6, 13.8 percent lower than a year ago.
- Despite the higher-than-expected national decline, the West region index fell to 97.5 in May led by Sacramento, which experienced double-digit gains in pending sales as homebuyers continued to take advantage of favorable home prices and interest rates.
- NAR President and Long Beach REALTOR® Richard (Dick) Gaylord noted that the current market offers short-term benefits and long-term value for homebuyers. He warned that buyers should consider the potential that interest rates may increase slightly should inflationary fears arise.

To read the full story, please click here:

<http://ap.google.com/article/ALeqM5jYhsxaJOLCURko2JR8R6NUDHRW2wD91PO5TO0>



[The New York Times](#)

### **Fed to clamp down on exotic and subprime loans**

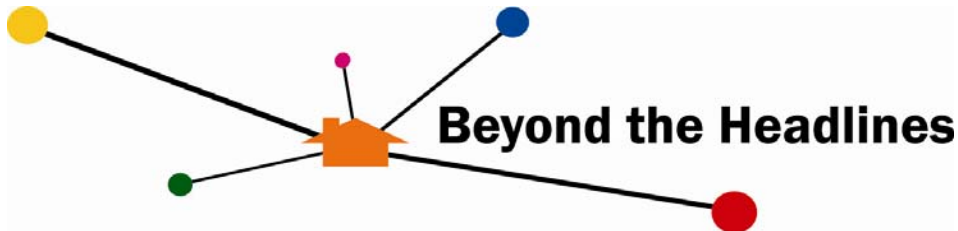
Signaling that it sees no end to the housing downturn in the foreseeable future, the Federal Reserve Tuesday said it will issue new lending rules next week that are expected to limit exotic mortgages and loans to high-risk individuals, and that it may extend its program of low-cost overnight loans to investment banks beyond September in a further attempt to normalize the nation's credit markets.

KEEP THIS IN MIND...

- On July 14, the Federal Reserve is expected to present a revised set of rules governing mortgage lending. Proposed rules issued in December drew significant criticism from lenders, who fear that tougher standards at a time when credit already is tight could make many mortgages more costly by increasing paperwork and creating additional legal issues. At the same time, consumer groups argue that the proposed rules already are too weak and that efforts to alter the proposal could make it ineffective.
- Starting in March 2008 during the near-collapse of Bear Stearns, the Fed initiated what was expected to be a six-month program to avert further bank defaults among the 20 top investment banks that regularly trade Treasury securities. Under federal law, the program may continue beyond September 2008 only if "unusual and exigent circumstances" exist in the financial markets. Under the program, the government may hold a wide variety of investments, including hard-to-sell mortgage-backed securities, as collateral for the overnight loans.
- Speaking Tuesday, Fed Chairman Ben Bernanke reiterated his support for the proposed overhaul of Fannie Mae and Freddie Mac. "If these firms are strong, well-regulated, well-capitalized and focused on their mission, they will be better able to serve their function of increasing access to mortgage credit, without posing undue risks to the financial system or the taxpayer," Bernanke said.

To read the full story, please click here:

[http://www.nytimes.com/2008/07/09/business/09housing.html?\\_r=1&ref=business&oref=slogin](http://www.nytimes.com/2008/07/09/business/09housing.html?_r=1&ref=business&oref=slogin)



[Los Angeles Times](#)

### **IndyMac Bank to exit most lending, slash 3,800 jobs**

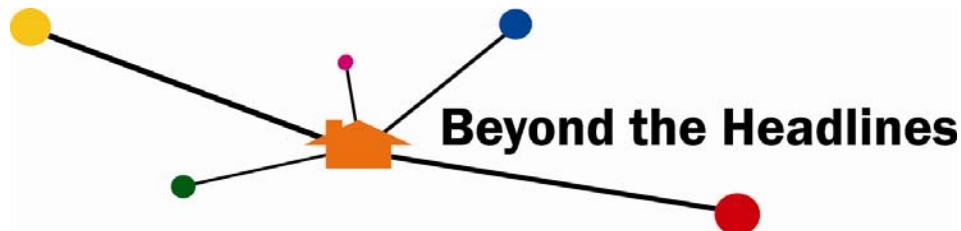
Pasadena-based IndyMac Bank, at one time a leader in lending to “alt-A” homebuyers whose credit fell below prime mortgage lending standards, Monday announced it will close nine regional loan offices (including four in California) and shutter 150 retail outlets that made direct loans to consumers. The company said it will discontinue mortgage operations with the exception of its Financial Freedom unit, which makes reverse mortgages, and will cut almost half its current employees.

KEEP THIS IN MIND...

- During the real estate boom, IndyMac became a leading lender by offering adjustable-rate mortgages with options that allowed homeowners the flexibility to pay interest-only if they wished. While some banks focused on providing loans to sub-prime borrowers, IndyMac focused on the “alt-A market, which allowed borrowers to qualify with minimal proof of income and slightly lower than prime credit histories. When home prices began to fall or interest adjusted upward from initial teaser rates, many borrowers found their property was worth less than the mortgage balance or were unable to cover higher payments.
- Recently, IndyMac had focused on making conforming loans it could sell to Fannie Mae and Freddie Mac. However, the volume of conforming loans was not enough to offset \$693 million in losses for the six months ending March 31.
- In the face of increasing bank losses and tighter credit standards, FHA has become the mortgage lending program of choice for California homebuyers. It also is playing a key role in helping stave off defaults and foreclosures. This year alone, more than 500,000 American homeowners will refinance from an adjustable-rate mortgage into a more affordable fixed-rate FHA loan.

To read the full story, please click here:

<http://www.latimes.com/news/printedition/front/la-fi-indymac8-2008jul08.0.954496.story>



## In Other News...



[Bloomberg.com](#)

### Arson surges for foreclosed home lost to subprime

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601109&sid=aelStm0.FmYo&refer=home>



[CNNMoney.com](#)

### On the path to a housing rebound

To read the full story, please click here:

[http://money.cnn.com/2008/06/24/news/economy/tully\\_housing.fortune/index.htm?postversion=2008062509](http://money.cnn.com/2008/06/24/news/economy/tully_housing.fortune/index.htm?postversion=2008062509)



[Forbes](#)

### Increasingly affordable U.S. housing markets

To read the full story, please click here:

[http://www.forbes.com/realestate/2008/07/03/housing-affordable-cities-forbeslife-cx\\_mw\\_0703realestate.html](http://www.forbes.com/realestate/2008/07/03/housing-affordable-cities-forbeslife-cx_mw_0703realestate.html)



[Los Angeles Times](#)

### Builder incentives: Just marketing, or the real deal?

To read the full story, please click here:

[http://www.latimes.com/business/la-re-incentive6-2008jul06\\_0\\_364501\\_story](http://www.latimes.com/business/la-re-incentive6-2008jul06_0_364501_story)



[Palm Springs Desert Sun](#)

### Expert: Valley is in a recession

***Stronger housing market waits at other end, REALTOR® says***

To read the full story, please click here:

<http://www.mydesert.com/apps/pbcs.dll/article?AID=/20080706/BUSINESS/807060315/1006/news01>

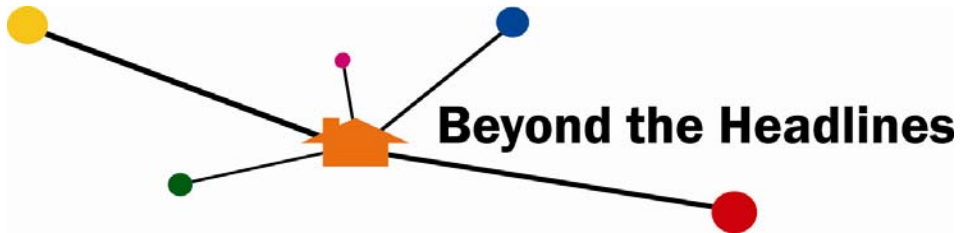


[San Francisco Chronicle](#)

### More banks are helping hurting homeowners

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/02/BU7411HK85.DTL>



## Talking Points

- Looking at trends in the average number of days a home stays on the market before an offer is received is one way to view the health of a real estate market. June figures from Altos Research and ReallQ show that, with the exception of San Diego, metro California markets are in better shape than those in many other struggling cities around the country. San Francisco homes over the past three months averaged 73.7 days on the market, less than half of the 153 days a home was on the market in Miami and well below the 131-day average in Detroit. San Jose averaged 79.3 days and Los Angeles remained steady at 94 days on average between April and the end of June. The lone leap in time on the market among the four California markets studied was San Diego, which jumped from 89 days in May to 114 in June and boosted its three-month average to 93.6 days.
- Continued stress in the housing market and a slowing economy were behind a sharp increase in the percentage of delinquent home equity lines of credit (HELOCs) during the first quarter of 2008, according to the American Bankers Association. HELOC payments more than 30 days past due increased 14 basis points to 1.10 percent between the end of 2007 and March 31 – the highest level since 1997 and the largest increase since the ABA began tracking delinquencies about 20 years ago. The news wasn't all bad, however. Home equity loan delinquencies improved slightly from 2.39 percent at the end of 2007 to 2.34 percent in the first quarter of 2008, while late payments on property improvement loans fell from 1.81 percent to 1.78 percent. Bank credit card delinquencies, meanwhile, increased 13 basis points to 4.51 percent, just above the five-year average delinquency rate of 4.41 percent. The ABA expects delinquencies of all types to remain elevated in future quarters as higher gas and food prices eat away at consumer paychecks.