



Beyond the Headlines

Media Advisory



[CNN Money](#)

How housing rescue bill can help you

A bill passed by the House on Wednesday will assist up to 2 million borrowers in danger of foreclosure by allowing them to refinance their current mortgages with a Federal Housing Administration (FHA)-backed loan. The bill also allocates funding to assist Fannie Mae and Freddie Mac. Most borrowers will receive substantial savings on FHA-backed loans, which carry reasonable interest rates that are fixed for the life of the loan. It also would give the FHA new authority to guarantee repayment of up to \$300 billion in mortgages if a lender agrees to write down the loan principal below a home's current appraised value. First-time home buyers would receive a tax credit. Additionally, states would be authorized to issue an additional \$11 billion of tax-exempt bonds to refinance subprime loans, provide loans to first-time home buyers and fund the construction of low-income rental housing. Finally, it would permanently raise the limit to \$625,000 for mortgages that Fannie Mae and Freddie Mac could purchase. The bill now goes to the Senate for approval and then to President Bush, who is expected to sign the bill into law.

KEEP THIS IN MIND...

- To qualify for the housing assistance program, homeowners must live in their home and have loans that were issued between January 2005 and June 2007. They also must be spending at least 40 percent of their gross monthly income on all household debt. Borrowers do not have to be in default, but they must show proof that they will not be able to continue making their existing mortgage payments.
- Prior to receiving an FHA-backed mortgage, homeowners must first pay off any other debt on the home, such as a home equity loan or line of credit. Borrowers also are not permitted to take out another home equity loan for at least five years, unless it's used to pay for the necessary upkeep of a home and is approved by the FHA. Total debt cannot exceed 95 percent of the home's appraised value at the time of appraisal.
- The program is voluntary, so the original lender(s) must agree to rework the loan before a homeowner starts the application process. Each loan must be underwritten by an FHA-approved lender and will be evaluated on a case-by-case basis. Homes will be re-appraised and banks will verify income statements, bank accounts, job histories and credit scores.
- Although there are little up-front costs for borrowers, consumers receiving a refinanced loan must agree to certain terms, including paying an insurance premium of 1.5 percent of the principal annually to the FHA.

To read the full story, please click here:

http://money.cnn.com/2008/07/23/real_estate/housing_rescue_guide/index.htm?postversion=2008072321



Beyond the Headlines



[RISMedia Real Estate News](#)

Seeing the Light at the End of the Tunnel

According to a recent survey conducted by Leading Real Estate Companies of the World®, real estate brokers' outlook on the market is improving. The nationwide survey indicated that 59 percent of the respondents saw a stronger market in the last 60 days. Although inventory levels remain high, 20 percent of brokers reported a decline in inventory compared with a year ago.

KEEP THIS IN MIND...

- Although prices have decreased in the past year, the majority of brokers indicate that price declines are less than 10 percent, demonstrating that real estate markets are local and can fluctuate greatly from one community or region to the next. About one-third of brokers indicated that foreclosures have had a significant impact on prices in their area.
- Brokers are at odds on which segment of the market is the most sluggish. More than half of the brokers surveyed believe that high-end homes represent the slowest segment, while 31 percent believe that it's the mid-range "move up" market. Only 13 percent of brokers believe that the first-time buyer market is the slowest.

To read the full story, please click here:

<http://rismedia.com/wp/2008-07-17/leadingre-housing-beat-seeing-the-light-at-the-end-of-the-tunnel/>



Beyond the Headlines



[Los Angeles Times](#)

Treasury Secretary Paulson calls bank system secure

Following the collapse of IndyMac, consumers are questioning the security of the U.S. banking system, although only a small percentage of banks are expected to fail. A bill aimed at stabilizing the housing market will assist borrowers and will allow the Treasury Department to increase its line of credit to Fannie Mae and Freddie Mac and purchase stock in the companies, if necessary. Reports show that both companies stand a better than 50 percent chance of weathering the current market without government aid.

KEEP THIS IN MIND...

- Paulson assured IndyMac consumers that all funds fully insured by the Federal Deposit Insurance Corp. (FDIC) guarantee of \$100,000 and below will remain safe. Several thousand depositors had accounts exceeding the FDIC guarantee and may not have been fully insured depending on how the accounts were structured. Deposits above \$100,000 will be paid out at 50 percent of the value.
- Fearful of future loan defaults, investors have rapidly sold off shares in Fannie Mae and Freddie Mac. Combined, the two banks own or back approximately half of the nation's \$12 trillion in mortgage debt. Paulson is supporting a plan to ease the ability of Fannie and Freddie to borrow from the government, which in turn allows the Treasury Department to acquire stakes in both.
- Experts remain divided on when mortgage defaults will subside. Median housing prices have declined for 22 consecutive months, according to the NATIONAL ASSOCIATION OF REALTORS® (NAR). Some economists predict that the market will bottom out mid-2009, while others think the market is at or near the bottom now.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-paulson21-2008jul21.0,1007132.story?track=rss>



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In Other News...



[Los Angeles Times](#)

Record home losses in state

To read the full story, please click here:

<http://www.latimes.com/news/local/inland/la-fi-foreclose23-2008jul23.0.7902436.story>



[San Francisco Chronicle](#)

Bay Area home prices plunge 27% in last year

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/18/MN6711QRVS.DTL&hw=Carolyn+Said&sn=004&sc=375/>



[CNN Money](#)

Saving IndyMac's mortgages

To read the full story, please click here:

http://money.cnn.com/2008/07/17/news/economy/indymac_mortgages/index.htm



[San Francisco Chronicle](#)

Mortgage market weathers storm

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/20/BU3411RIAP.DTL&hw=Carolyn+Said&sn=002&sc=517>



[CNN Money](#)

California broadens Countrywide lawsuit

To read the full story, please click here:

<http://money.cnn.com/2008/07/17/news/companies/countrywidecalifornia.ap/index.htm?postversion=2008071717>



[Yahoo Finance](#)

More Home Buyers Seek Sleepover 'Test Drive'

To read the full story, please click here:

<http://finance.yahoo.com/real-estate/article/105405/More-Home-Buyers-Seek-Sleepover-'Test-Drive'>



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In Other News (continued)



[San Francisco Chronicle](#)

State agency will lend to 1st-time home buyers

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/22/BUMJ11SP2H.DTL>



[The Associated Press](#)

Wachovia loses \$8.9B, cuts 6,350 workers, dividend

To read the full story, please click here:

http://hosted.ap.org/dynamic/stories/E/EARNNS_WACHOVIA?SITE=VACUL&SECTION=HOME&TEMPLATE=DEFAULT



[Reuters](#)

June housing starts up 9.1 pct; NY code cited

To read the full story, please click here:

<http://www.reuters.com/article/economicNews/idUSN1727962420080717>



Beyond the Headlines

Talking Points

- Two of the most commonly reported barriers to homebuying are high down payment requirements and high home prices. The majority of Americans feel that it has become more difficult to obtain mortgages and that the application process is more difficult than a year ago. Consumers also believe that the terms they are offered are too demanding given the weak economic conditions. Many of today's loans require home buyers to put down at least 5 percent, but most market experts recommend a minimum of 10 percent. Areas with high foreclosure rates may require 20 percent down and markets that have been severely impacted by foreclosures such as Reno, Nev. may require a 25 percent down payment. However, home buyers have reason to be optimistic. If signed by President Bush as expected, the American Housing Rescue and Foreclosure Prevention Act would allow states to issue an additional \$11 billion to first-time buyers and homeowners with subprime mortgages.
- Although interest rates remain low by historic standards, concerns over the sustainability of Fannie Mae and Freddie Mac have contributed to an increase in interest rates. Investors who purchase these loans are wary and are demanding higher interest rates to offset the added perceived risk. The average 30-year, fixed-rate loan was up nearly a point two weeks ago, to 6.37 percent, compared with the year's low of 5.48 percent, which was set in January.
- Credit ratings are playing an ever-increasing role among consumers seeking to purchase a new home or refinance an existing one. By improving their credit scores, Americans can save billions of dollars annually on interest payments. As of June 1, buyers with credit scores of less than 620 that put down less than 30 percent must pay a fee of 2.75 percent of their mortgage principal. Consumers with higher credit ratings were previously rewarded by not having these up-front fees imposed. Now, those with a credit score between 680 and 720 may be required to pay a 0.5 percent fee. Consumers can boost their credit scores and receive more favorable rates by keeping credit card utilization rates below 50 percent and avoiding exceeding the maximum limit on credit cards.