

Media Advisory



[CNN Money](#)

Time to lock in your mortgage rate

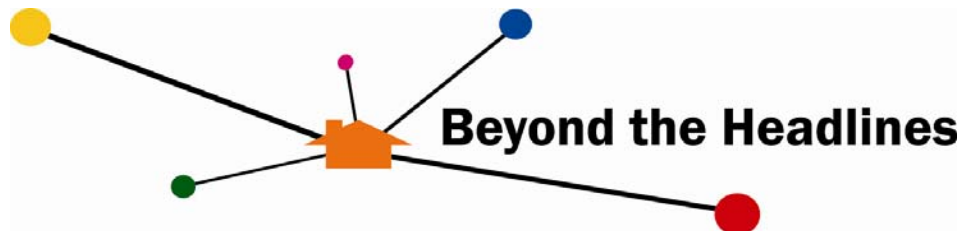
Although still historically low, mortgage rates are rising slightly. Some analysts predict that mortgage rates will continue to increase over the next six weeks, while some forecasters expect rates to reach 7 percent by year's end. Experts recommend that consumers work with their mortgage servicer to lock in a low interest rate. A "locked" or fixed rate will provide consumers long-term savings, and allow home buyers to determine their monthly homeowner expenses several weeks before closing.

KEEP THIS IN MIND

- With inflation rising and some investors in mortgage-backed securities demanding higher rates to purchase bonds, home buyers should work with their broker to lock in a low interest rate. For every half point interest rate increase, the monthly payment on a typical \$294,600 mortgage increases by approximately \$100. That adds up to a savings of roughly \$1,200 annually and \$36,000 over the life of a 30-year loan. The calculations are based on the median price of a single-family existing home in California in June of \$368,250 and the borrower providing a 20 percent down payment.
- To lock in an interest rate, consumers should contact their broker and request the rate in writing. As long as the home buyer has a contract or a binder on the home, this should be a simple request. Rates can be locked in for up to 60 days, by only adding an extra eighth of a point to the rate. If a consumer would like the interest rate to be guaranteed for longer than 60 days, most lenders will request some payment up front.
- Locking in interest rates is not without risk. If prevailing interest rates decrease, consumers with a locked rate may have to pay the higher interest rate. Some lenders may offer consumers the lower rate plus an eighth of a point, if the rates drop substantially. That scenario does not seem likely though, based on current economic conditions.

To read the full story, please click here:

http://money.cnn.com/2008/08/04/real_estate/mortgage_rate_lock/index.htm



[Bloomberg](#)

California's Discount Foreclosure Sales Point to Housing Bottom

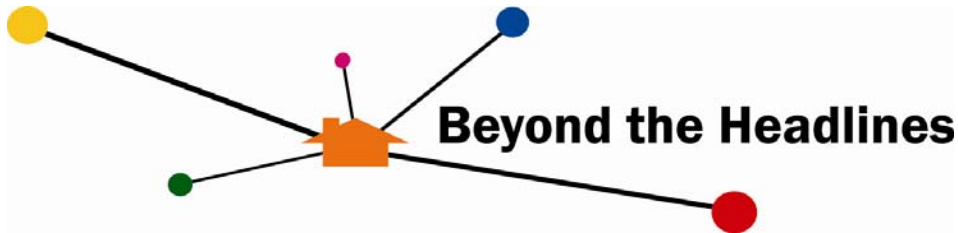
Recent economic developments indicate that California may be the first state to find the bottom, based on the increase in sales volume in the previous three months. In June, home sales rose for the third consecutive month, following a 30-month decline. Although approximately 40 percent of the transactions were foreclosure sales, the increase is allowing the market to stabilize by depleting some of the excess inventory. Some experts believe that once a neighborhood's median home price declines to 50 percent from the peak value that the homes in that neighborhood will no longer depreciate.

KEEP THIS IN MIND

- Although California leads the nation in foreclosures, the state's foreclosure process is more efficient than other states, which likely will lead to a quicker rebound. Foreclosed properties are receiving multiple bids and financial institutions are selling these homes quicker than the market would typically allow.
- The Unsold Inventory Index in June decreased to 7.7 months from 10.2 months a year earlier, demonstrating that the market is improving.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aAL047pyn7t4>



[Los Angeles Times](#)

Should you buy a home now?

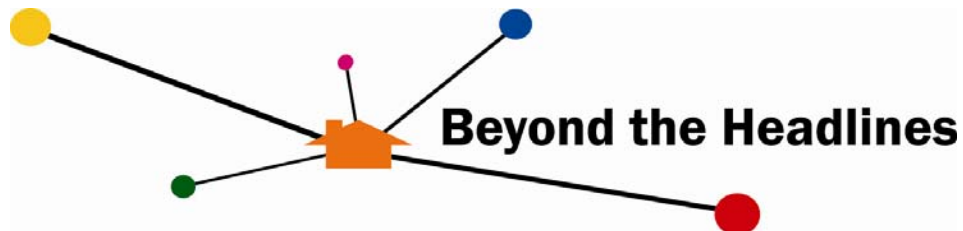
With home prices in California declining by 37.7 percent in June compared with a year ago, some consumers are wondering if now is the right time to purchase a home, or if they should wait for prices to stabilize. Some real estate experts believe that home prices will continue to decline and that buyers should wait, while others recommend that home buyers take factors other than price into consideration, such as the benefits of owning versus renting.

KEEP THIS IN MIND

- Consumers who are hesitant about purchasing a home today because they fear price depreciation, need to understand that real estate is cyclical and that prices will increase again. Home buyers should view a house as a long-term investment and not be fixated on short-term prices. Some economists believe that consumers should purchase a house if they plan to live in or hold the property for at least seven years. This will allow the market to stabilize and homeowners to possibly profit from their investment, if they decide to sell.
- Although a typical monthly mortgage is higher than a rent payment, home buyers who qualify for a fixed-rate mortgage, such as those backed by the Federal Housing Administration, will have consistent monthly payments, while renters are generally subjected to annual rent increases. Mortgages also can be paid off and the house can be owned free and clear, while renters will consistently have a monthly payment.
- To help home buyers lower the financial risk of homeownership, experts recommend that consumers purchase a home within their means and have enough in savings or other assets to cover the mortgage payment for at least six months if they lose their job.

To read the full story, please click here:

http://www.latimes.com/classified/realstate/news/la-fi-cover3-2008aug03_0_5001601_story



In Other News...



[Los Angeles Times](#)

Homeowners rent out property as they wait for a better market

To read the full story, please click here:

http://www.latimes.com/classified/realestate/news/la-hm-landlord2-2008aug02_0_6576792_story



[Wall Street Journal](#)

Builders Feel Pinch of Key Omission From the Housing Bill

To read the full story, please click here:

<http://online.wsj.com/article/SB121737339689294987.html>



[CNN Money](#)

Mortgage applications hit 2008 low

To read the full story, please click here:

http://money.cnn.com/2008/07/30/real_estate/mortgage_apps.ap/index.htm



[The New York Times](#)

Housing Lenders Fear Bigger Wave of Loan Defaults

To read the full story, please click here:

http://www.nytimes.com/2008/08/04/business/04lend.html?_r=1&hp&oref=slogin

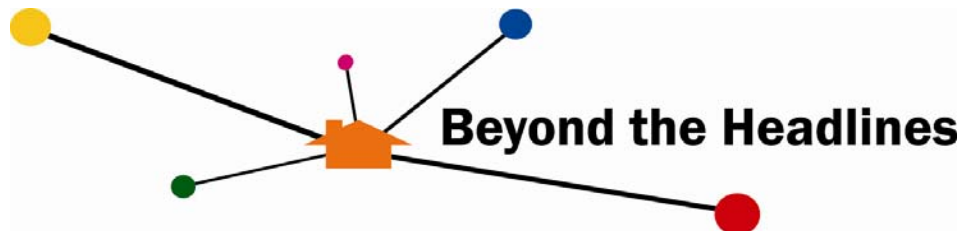


[Los Angeles Times](#)

June construction spending declines as steep decline in housing offsets strength elsewhere

To read the full story, please click here:

http://www.latimes.com/business/nationworld/wire/ats-ap-construction-spendingaug01_1_1533012_story



In Other News (continued)



[CNN Money](#)

Mortgage rates drop as oil eases

To read the full story, please click here:

http://money.cnn.com/2008/07/31/real_estate/mortgage_rates/index.htm



[San Francisco Chronicle](#)

Housing plan signed, but concerns linger

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/07/31/MN22121BPS.DTL&hw=Housing+plan+signed+but+concerns+linger&sn=001&sc=1000>

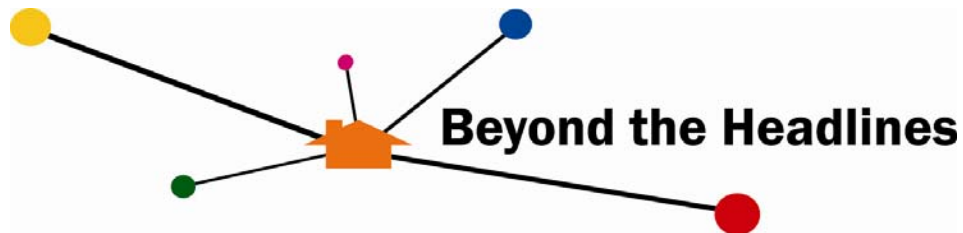


[CNN Money](#)

181,000 troubled homeowners get help

To read the full story, please click here:

http://money.cnn.com/2008/07/29/real_estate/June_HopeNow_report/index.htm



What you need to know about the market

- As a result of some first-time home buyers' subprime or adjustable-rate loan payments resetting and becoming unaffordable, many condominium units have entered foreclosure, allowing bargain hunters to purchase these properties at very reasonable prices. Nationwide, 1,254 condo units were sold, in June, a 115 percent increase from May, and the largest number of condo units sold in one month since July 2007.
- Homeowners with a Freddie Mac-owned loan, and who are at risk of foreclosure, now have 10 months from the due date of the last payment before the house will be sold at a foreclosure sale. Freddie Mac also has doubled the financial incentives it provides to mortgage servicers that help its borrowers avoid foreclosure. The mortgage servicers will receive increased compensation for assisting homeowners with repayment plans, loan modifications, and pre-foreclosure sales.
- Governor Schwarzenegger recently launched a \$200-million program to assist first-time home buyers who purchase homes in communities hardest hit by foreclosures. This is in addition to the \$7,500 tax credit offered to first-time home buyers through the recently signed federal housing bill. Under the new loan program, prospective buyers will be eligible for below-market interest rate loans to purchase a foreclosed home in an area identified as having a high rate of foreclosures. For more information, visit www.calhfa.ca.gov.