

Media Advisory



[San Francisco Chronicle](#)

Real estate chaos hits appraisal industry

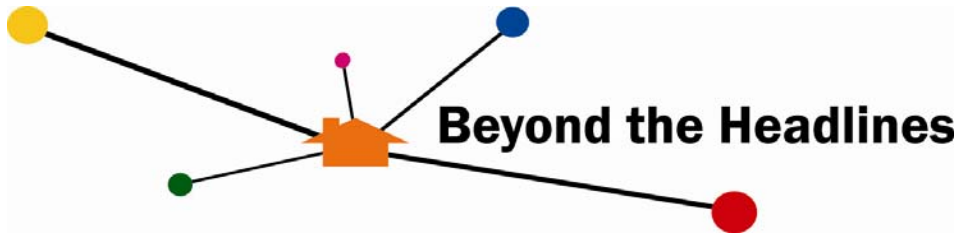
As a result of the current market and a return to proper underwriting guidelines, appraisers are finding it increasingly difficult to get lenders to accept appraisals. Some lenders even are declining low appraisals and scrutinizing loan applications more carefully than in previous real estate cycles. Whereas most lenders used to evaluate a home appraisal's credibility based on comparisons generated from their desk, now some banks are requesting that appraisals be verified by on-site visits to the property, as well as the nearby homes listed as comparables.

KEEP THIS IN MIND

- Since real estate markets are local and prices can greatly fluctuate from one area to the next, experts recommend that sellers and REALTORS® work with local appraisers that have knowledge of the region.
- Similar to utilizing a REALTOR® versus a sales agent, it is recommended that sellers work with an appraiser that is a member of the Appraisal Institute or the American Society of Appraisers, the appraisal industry's two largest trade groups. Appraisers that are members of these organizations are required to complete more coursework than those just licensed by the state.
- Because some lenders are declining appraisals, some mortgage brokers recommend that buyers leave their financing contingencies in place until the lender has signed off on the appraisal.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/17/RELP12AF53.DTL>



[U.S. News & World Report](#)

How the Housing Law Affects Reverse Mortgages

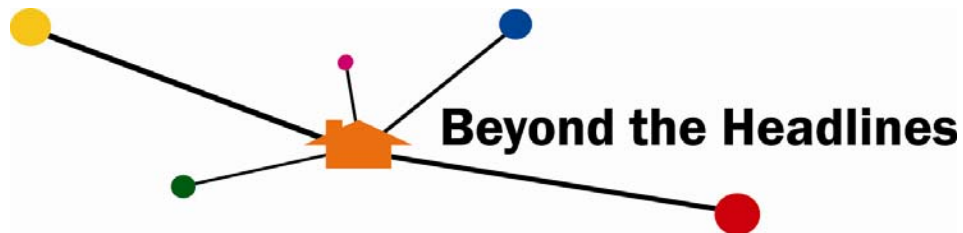
The recently signed federal housing bill has many provisions, including changes to reverse mortgages, which are loans against a house that the borrower is not required to pay back as long as they live in the home. Some of the amendments include raising the amount that seniors, age 62 and older, can borrow using a federally backed reverse mortgage; and lowering the cost of receiving the home's equity. Some ageing experts advise consumers to be cautious before refinancing into a reverse mortgage.

KEEP THIS IN MIND

- Although seniors can access their home equity by refinancing into a reverse mortgage, many of these loans come with a variety of fees. Once the fees are paid, borrowers may choose to receive a lump sum payment, monthly payments, a credit line, or a combination based on the home's value. A provision in the housing bill reduce the maximum fee to 2 percent on the initial \$200,000 of a home's value and 1 percent on the remaining balance, with a maximum set at \$6,000. Some lenders charge less fees, so similar to finding a traditional mortgage, consumers should shop around and negotiate with their lender on these fees. In some cases, closing costs, service fees, mortgage insurance premiums, and interest rates also can be negotiated.
- Most reverse mortgages are Home Equity Conversion Mortgages (HECM), which are backed by the Federal Housing Administration. In order for a borrower to qualify for an HECM, they must discuss the loan with a loan counselor employed by a nonprofit or public agency approved by the U.S. Dept. of Housing and Urban Development. This ensures borrowers understand all of their options and make the right decision.
- Some borrowers may not understand that although the loan does not have to be repaid, as long as they remain in the home, they still are responsible for property taxes, insurance, utilities, fuel, maintenance, and other homeowner expenses. If some of these items are not kept up to date, the borrower risks the lender calling the loan due. It is important to note that reverse loans must be paid back with the proceeds, along with any remaining equity, if the home is sold.

To read the full story, please click here:

<http://www.usnews.com/articles/business/retirement/2008/08/18/how-the-housing-law-affects-reverse-mortgages.html>



[Los Angeles Times](#)

Good news for California housing

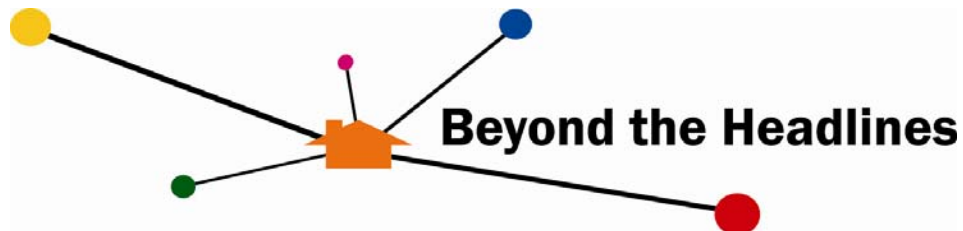
Home sales in Southern California increased in July compared with a year ago, while foreclosures decreased in month-over-month comparisons, according to a recent report. The California Legislature also is working with consumer and lending groups on a bill that would protect consumers from predatory lending and establish guidelines and restrictions on brokers and lenders.

KEEP THIS IN MIND

- Although the foreclosure rate is approximately double what it was a year ago, in month-over-month comparisons, it is 8 percent lower, indicating that foreclosures could be reaching a plateau. In a report released by RealtyTrac, default notices, which are the first phase in foreclosure proceedings, declined 4 percent from June.
- If signed, the bill will prohibit lenders from offering pick-a-payment loans to subprime borrowers; establish limits and timeframes on prepayment penalties to subprime borrowers; and prohibit brokers from leading subprime borrowers into loans with higher interest rates if they can qualify for one with a lower interest rate. The bill also would prohibit lenders from paying a financial incentive to brokers for steering borrowers into loans with prepayment penalties or higher interest rates. Additionally, mortgage brokers would be required to place the consumer's financial interests above their own.

To read the full story, please click here:

<http://www.latimes.com/news/opinion/editorials/la-ed-lending20-2008aug20,0,6588225.story>



In Other News...



[Reuters](#)

Home builders stay grim in August

To read the full story, please click here:

<http://www.reuters.com/article/ousiv/idUSNAT00429620080818>



[Press Enterprise](#)

Foreclosures push Inland home sales up, median prices down

To read the full story, please click here:

http://www.pe.com/business/local/stories/PE_Biz_S_dataquick19.3e7c8f3.html#



[San Francisco Chronicle](#)

Home values hold in few places in Bay Area

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/12/BULK1293VV.DTL&hw=Home+values+hold+in+few+places+in+Bay+Area&sn=001&sc=1000>

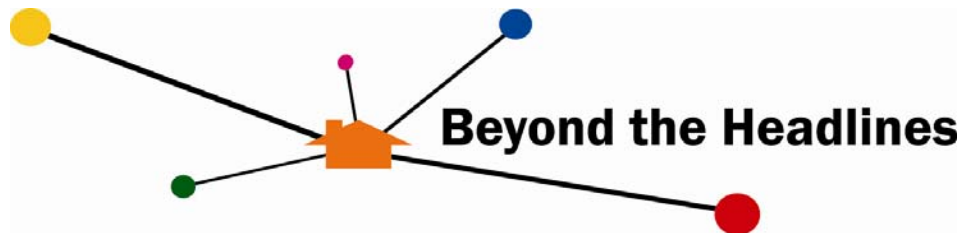


[Reuters](#)

Housing starts and permits tumble in July

To read the full story, please click here:

<http://www.reuters.com/article/ousiv/idUSN1912583420080819>



What you need to know about the market

- Many mortgage brokers are finding that consumers do not fully understand the home loan process and as a result, make mortgage mistakes. Some common mistakes that borrowers make are: not cleaning up their credit; failing to search out first-time home buyer programs; paying junk fees; and not planning for closing costs.
- Borrowers can increase their chances of being approved for a home loan by requesting their credit report and FICO score at least six months prior to applying for a loan. This allows the consumer to dispute errors and/or pay any outstanding debt.
- Borrowers also should seek out a first-time home buyer program because they often offer better interest rates and terms, and some even are tailored to people with poor credit, or can assist those that do not have enough saved for a down payment.
- To avoid paying junk fees, such as those charged for “document preparation,” for example, a borrower can use a mortgage broker or call a variety of lenders to compare loans, interest rates, and fees.
- Some borrowers are shocked when they realize that they must bring cash to the closing table, typically anywhere from 2 percent to 7 percent of the home’s selling price. To avoid this “sticker shock,” experts recommend that borrowers get a good-faith estimate from their lender early in the loan process.