

Media Advisory



[Los Angeles Times](#)

Has the housing market hit bottom?

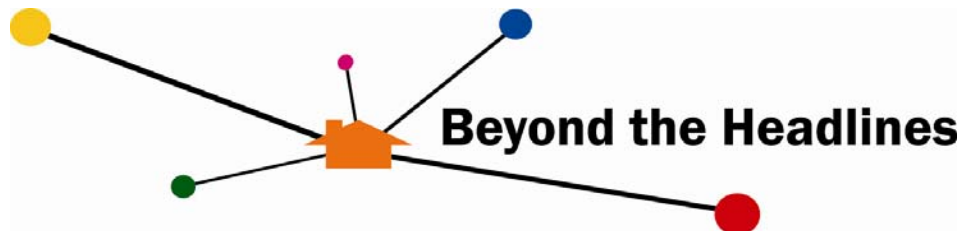
In some areas, foreclosures are increasing, housing inventories are higher than normal, and even well-qualified borrowers cannot receive mortgage loans. Many homeowners and home buyers also are becoming increasingly concerned about when the housing market will reach bottom. Although some areas, such as the Inland Empire and the Central Valley, appear to already have experienced the bulk of their price declines, other markets, such as the San Francisco Bay Area and Southern California may still see home values decrease further, according to some analysts.

KEEP THIS IN MIND

- Some economists are comparing the current real estate cycle to the 1990s, but the origin of this cycle is different from that of the last decade. During the 1990s, a higher rate of unemployment and many other economic factors triggered the downturn, contributing to weak sales for a five-year period. The current real estate market is different in that sales declined at a quicker pace during 2006 and 2007, but have shown marked improvement in 2008. In July, home sales remained above the 400,000 level for the third consecutive month.
- Although home prices in California appear to be high compared with incomes, the current cycle has allowed home prices in California to become realigned with incomes. Affordability increased dramatically in the second quarter of this year, and is currently at 48 percent, meaning that nearly half of the state's households can afford to purchase an entry-level home in California.
- Some economists predict that the housing market will have several "false starts," meaning that there may be periods when home prices reach a plateau, or may even increase for a brief period, and then decrease again. Although home prices have not yet stabilized, home sales are increasing. It also is important to note that real estate is cyclical and prices will eventually rebound, correcting the current market.

To read the full story, please click here:

<http://www.latimes.com/classified/realstate/rentals/commercial/la-fi-bottom13-2008sep13,0,1656693,full.story>



[Wall Street Journal](#)

U.S. to Take Over AIG in \$85 billion Bailout; Central Banks to Inject Cash as Credit Dries Up

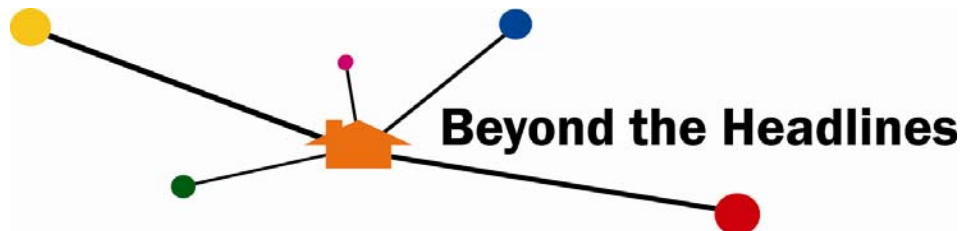
American International Group Inc. (AIG), one of the world's biggest insurers, signed an \$85 billion deal with the federal government earlier this week. This deal prevents AIG from entering bankruptcy and in turn the government receives a 79.9 percent equity stake in the company.

KEEP THIS IN MIND

- Because of the unusual nature of the AIG bailout – AIG is not directly regulated by the federal government -- some consumers may not fully understand the terms of the agreement, and may view it as another burden to taxpayers. However, the agreement with AIG differs from the life line provided by the Federal Reserve to Bear Stearns earlier this year. Under terms of the AIG agreement, the federal government is providing AIG with a two-year, \$85 billion loan at 11.5 percent interest. In return, the Fed is receiving a 79.9 percent equity stake in the company, providing an opportunity for taxpayers to benefit if AIG should return to profitability.
- Because AIG owns more than two dozen companies licensed to transact insurance in California, some consumers may be concerned about the ability of the company to pay its claims. However, it appears that AIG's reserves are more than adequate at this time. In the unlikely event that the subsidiaries are unable to pay claims, the state's insurance regulator will take control of the firm and assume responsibility for the necessary payments.

To read the full story, please click here:

<http://online.wsj.com/article/SB122165238916347677.html>



[Sacramento Bee](#)

Short sales a win-win – or a minefield

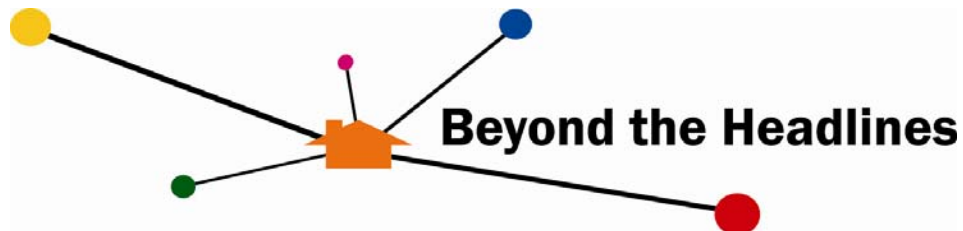
With more homes going into default, and more homeowners unable to qualify for loan modifications, short sales are becoming a viable alternative for many. However, these transactions can be complicated and often require more paperwork and time than a more traditional sale.

KEEP THIS IN MIND

- Short sales are designed to offer homeowners and banks an alternative to foreclosure. Generally this tactic is employed during real estate downturns, when it becomes more difficult for a homeowner to sell the property for an amount equal to or greater than the amount owed on the original loan. Short sales can be a win-win because they allow sellers to avoid foreclosure and can be less damaging to the seller's credit score than a foreclosure. With a short sale, buyers have an opportunity to purchase a home at a more affordable price.
- Short sales often are more time intensive than a traditional transaction and often require additional paperwork. Because some banks are overwhelmed with short sale offers, it is important that the seller working closely with their REALTOR® to provide all of the necessary paperwork to ensure that the bank can accurately assess the situation and make a decision that benefits all parties. Sellers who opt for a short sale may best be served by a REALTOR® who has experience working with short sales and is familiar with the required paperwork.

To read the full story, please click here:

<http://www.sacbee.com/142/story/1227410.html>



In Other News...



[Sacramento Bee](#)

Amid bank woes, insured deposits are safe

To read the full story, please click here:
<http://www.sacbee.com/103/story/1230538.html>



[Los Angeles Times](#)

Hitting bottom? What the experts say

To read the full story, please click here:
<http://www.latimes.com/business/la-fi-bottombox13-200sep13,0,359902.story>



[San Francisco Chronicle](#)

State's home buyers seek bargains, move slowly

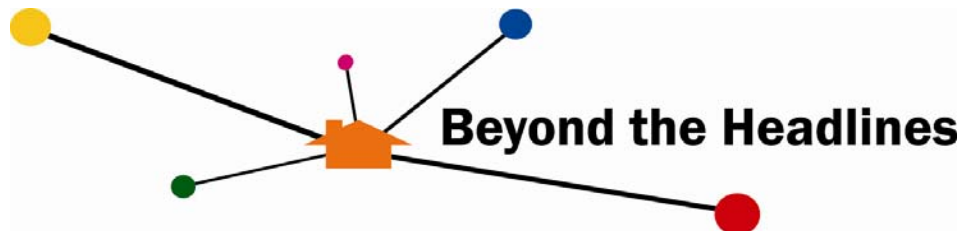
To read the full story, please click here:
<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/09/12/BU2112SFC4.DTL>



[Los Angeles Times](#)

30-year mortgage rates drop below 6%

To read the full story, please click here:
<http://www.latimes.com/business/la-fi-mort12-2008sep12,0,3564061.story>



Other News Continued



[Wall Street Journal](#)

Supply of Homes for Sale Declines in Metro Areas

To read the full story, please click here:

http://online.wsj.com/article/SB122108889848921269.html?mod=RealEstateMain_1



[The Mercury News](#)

Mortgage rates falling, but nervous home buyers may stay on sidelines

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_10480975?nlick_check=1

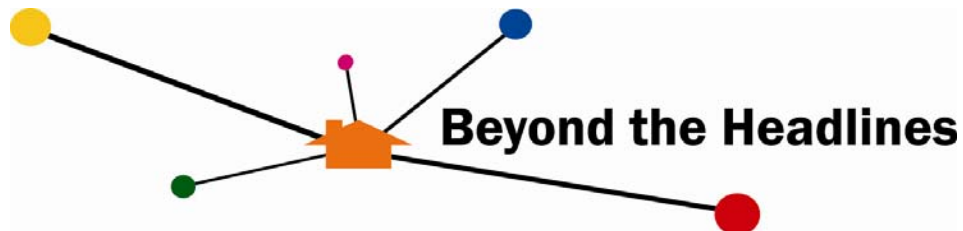


[CNN Money](#)

New housing construction at 17-year low

To read the full story, please click here:

http://money.cnn.com/2008/09/17/real_estate/housing_starts.ap/index.htm?postversion=2008091709



What you need to know about the market

- Although the nation's banks appear to be in less danger of failing today than they were during the savings & loan crisis of the late 1980s and early 1990s, some consumers may need reassurance that their loan or bank account is secure. Financial institutions report their financials to regulators, who in turn rate their soundness. Regulators do not disclose their ratings to the public, but there are a wide variety of private firms that analyze the data reported to regulators and generate their own ratings for consumers. The ratings are based on a variety of factors, including the institution's net worth, problem loans, profit or losses, cash on hand and reserves for losses.
- Although some companies charge for their ratings, others such as Bankrate Inc., and BauerFinancial Inc. provide free access to their ratings on all 17,000 U.S. banks, savings and loans, and credit unions, using the Star System, where one star indicates the lowest rating possible and five stars the highest. The Federal Deposit Insurance Corp.'s Web site also lists 11 private firms that provide reports online, by mail or by phone. The list of private firms can be found at www.fdic.gov/bank/individual/bank/index.html.