

Media Advisory



[C.A.R.'s Mortgage Update](#)

This week C.A.R. is introducing an occasional new feature in *Market Matters* entitled *Mortgage Update*. *Mortgage Update* will update REALTORS® and consumers on recent news about the mortgage market.

This issue of *Mortgage Update* contains news and updates on the “Hope for Homeowners” program, and foreclosure assistance programs for borrowers with mortgages issued through IndyMac, JPMorgan Chase & Co., and Countrywide.

KEEP THIS IN MIND

- Early projections indicate that only 20,000 troubled homeowners will apply for the “Hope for Homeowners” program, a considerable reduction from the previously estimated 400,000 homeowners who were expected to apply. The \$300 billion program was launched Oct. 1 and is designed to help troubled homeowners rewrite a “risky” mortgage loan into a 30-year, fixed-rate loan with a lower interest rate. During the first two weeks of the program, the Federal Housing Administration, which oversees Hope for Homeowners, reported receiving only 42 applications. Some housing experts believe the low application rate is due to the program being voluntary for lenders and provisions requiring homeowners to agree to an equity share with the government.

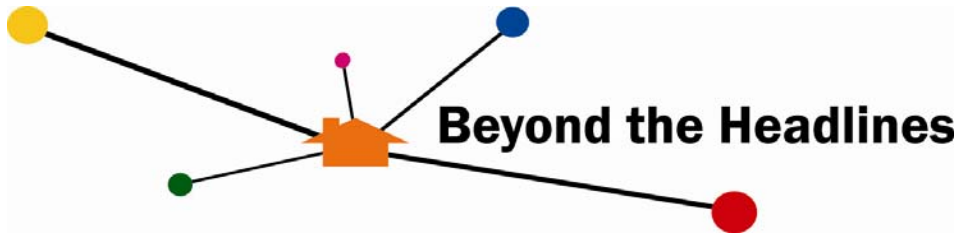
To read the full story, please click here:

http://www.latimes.com/business/la-fi-hope4-2008nov04_0_5527840.story

- Less than half of homeowners with mortgage loans through IndyMac have responded to offers from the Federal Deposit Insurance Corporation (FDIC) to lower loan payments and interest rates. The FDIC, which is running IndyMac, mailed 35,000 letters offering homeowners an opportunity to rework the terms of their mortgages. The goal is to reduce the monthly payment on a loan, including taxes and insurance, to no more than 38 percent of the borrower’s pretax income. The FDIC is prepared to implement the following: reduce the interest rate to as low as 3 percent; extend a loan’s terms to 40 years; and waive interest on a portion of the mortgage balance.

To read the full story, please click here:

http://www.latimes.com/business/la-fi-indymac31-2008oct31_0_5613024.story



- JPMorgan Chase & Co. has reported that it is instituting a 90-day foreclosure freeze while it searches for ways to make payments easier for consumers. The program may enable up to 400,000 borrowers to reduce their interest rates or principal amounts. The bank also will open 24 mortgage counseling centers in areas with the highest delinquency rates. JPMorgan also is planning to hire 300 loan counselors to work with delinquent borrowers and employ approximately 150 additional staffers to review each mortgage prior to sending it through the foreclosure process. The program offer is extended to borrowers who have loans through Washington Mutual Inc., and clients of EMC, a mortgage unit of Bear Stearns Companies. Both companies were acquired by JPMorgan in recent buyouts and takeovers.

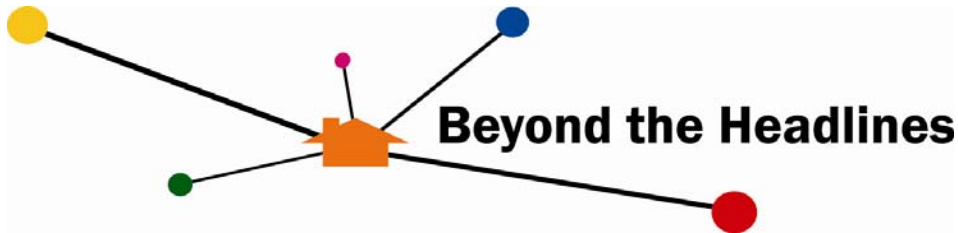
To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aR3.7ix83s6s&refer=home>

- Bank of America, which acquired Countrywide in July, said that nearly 400,000 troubled homeowners who have subprime mortgages and option adjustable-rate loans through Countrywide may be eligible for loan modifications. To be eligible for the Bank of America plan, homeowners must occupy the home as their primary residence; the mortgage must be seriously delinquent — or likely to become so; and the loan must have been serviced by Countrywide and originated prior to Dec. 31, 2007. Bank of America will help borrowers by restructuring first-year payments of principal, interest, taxes and insurance to no more than 34 percent of the borrower's income; halting foreclosure sales against borrowers who are likely to qualify for a loan modification; and waiving restructuring fees and prepayment penalties.

To read the full story, please click here:

http://www.usatoday.com/money/economy/housing/2008-10-06-countrywide-mortgages-settlement_N.htm



[Chicago Tribune](#)

Finding an area with appreciation potential

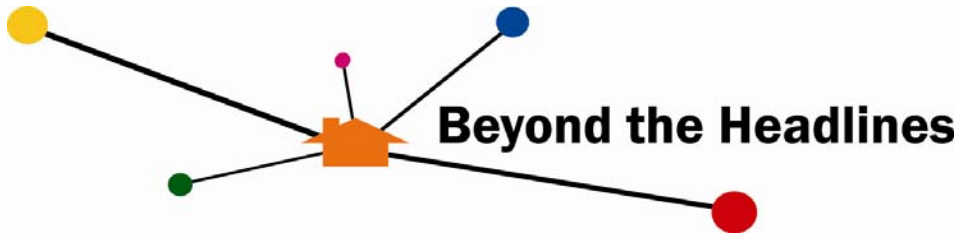
Some real estate experts believe that home buyers who purchase a house during the current market will gain equity if they stay in the house for at least five years and purchase in a desirable neighborhood.

KEEP THIS IN MIND

- Neighborhoods with strong employment bases, such as hospitals, universities, and government, tend to be recession-proof. People desire to live near their jobs, so housing that is in close proximity to these types of industries are generally in higher demand than those in other areas.
- High gas prices and roadway congestion have led many people to seek “walkable” communities – neighborhoods that offer both daily needs such as grocery stores and coffee shops to more specialty items like hair salons, all within walking distance. Walkable communities also provide public transportation, which is becoming more desirable to many home buyers and is increasing demand for housing in these areas. One Web site, [walkscore.com](#), calculates the walkability of a community by locating stores, restaurants, schools, parks, and other attractions that are within walking distance. The scores are based on a 100-point scale with 100 points being a “walker’s paradise.”
- Home buyers who seek a new or nearly-new home should search in areas where the homebuilder is known for honoring warranties and building high-quality homes that are structurally sound. Homes in these areas are more likely to weather well and gain value in the future than homes in areas where the homebuilder is unknown.
- Homes in neighborhoods with sales momentum generally appreciate at a faster pace than areas where sales are flat. Some real estate industry consultants advise clients to pay close attention to the “list to sale” numbers, which reflect the difference between the asking price and the final closing price. Usually, if the gap in list-to-sale numbers is narrow, then the real estate market in that area is improving.

To read the full story, please click here:

http://www.chicagotribune.com/classified/realestate/advice/chi-select-neighborhood_chomes_1oct31,0,5272949.story



[CNN Money](#)

7.5 million homeowners “underwater”

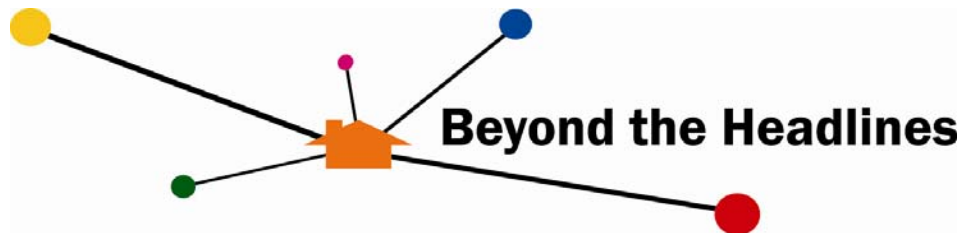
Approximately 7.5 million U.S. homeowners owe more on their mortgages than their homes are currently worth, and an additional 2.1 million Americans own homes valued at only 5 percent more than their loan.

KEEP THIS IN MIND

- According to some estimates as many as 12 million borrowers may have negative equity in their home, meaning that they owe more on their mortgage loans than their homes are currently worth. However, according to statistics gathered by C.A.R. over the last 40 years, homeowners who purchase a house and keep it for at least five years have an average annual rate of return of nearly 12 percent.
- Although California's inventory of homes with high negative equity is higher compared with other states, lower home prices have increased affordability, making it easier for first-time home buyers to enter the market and others buyers to move up to larger houses or more desirable neighborhoods.
- Borrowers who are facing foreclosure should work with their lender and apply for a loan modification program. Many financial institutions are offering homeowners the opportunity to rewrite an adjustable-rate mortgage into one that is fixed for 30 years. Some banks also are offering existing customers zero interest for a short period of time and lowering the principle balance on the loan to make payments more affordable.

To read the full story, please click here:

http://money.cnn.com/2008/10/30/real_estate/underwater_borrowers/index.htm?postversion=2008103108



[Washington Post](#)

Meltdown 101: How we'll know we're in a recession

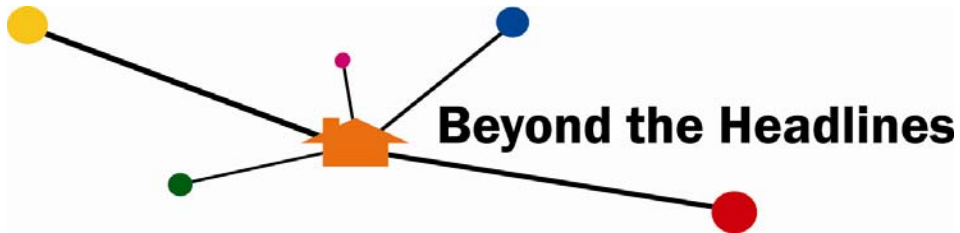
Recent economic reports and many news stories have led some Americans to believe the country is in a recession. Although unemployment is high and incomes have failed to keep pace with inflation, the country is not yet in a recession, which must be declared by the National Bureau of Economic Research (NBER).

KEEP THIS IN MIND

- The National Bureau of Economic Research (NBER) is the entity that officially declares the country is in a recession. Founded in 1920, NBER consists of more than 1,000 university professors and researchers who study the economy. The Business Cycle Dating Committee within NBER makes the call on recessions. Often times NBER doesn't declare a recession until after it is over.
- Contrary to popular belief, a recession is not defined as two consecutive quarters of negative gross domestic product growth. NBER defines a recession as a significant decline in economic activity spread across the economy, lasting more than a few months. This is usually based on reports such as the gross domestic product – a measure of the value of all goods and services produced within the United States; real income, employment, industrial production, and wholesale and retail trade.
- A recession's start and end dates are based on the high and low points within the nation's "business cycle" – periods of economic growth and contraction. A recession begins when the economy peaks at the top of an expansion period. It continues as the economy contracts until it hits the "trough," the lowest point in the downward cycle. After that, the economy begins to recover. The "peak" date is the beginning of a recession and the "trough" date is its end. The last official recession began in March 2001 and lasted eight months before ending in November 2001.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2008/10/31/AR2008103102792.html>



[Los Angeles Times](#)

'Green' improvements can add to a home's appeal

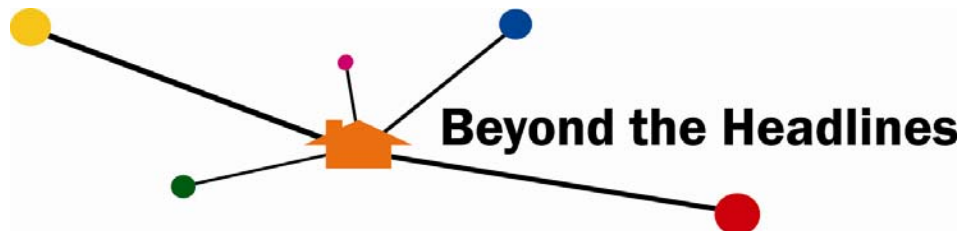
Many home buyers are seeking 'green' homes to offset their carbon footprints and pocketbooks. Although most green homes are new houses, owners of existing homes for sale can make "green" adjustments to be more competitive in the market.

KEEP THIS IN MIND

- C.A.R. recently launched a new Green Web site, "At home with green™," which provides information to consumers and REALTORS® about how to find and sell green homes; how to make green home improvements; and other tactics for greening their homes, offices and lives. To visit "At home with green™," please go to <http://green.car.org>.
- Consumers can work with their local utility company to conduct an energy audit to determine how green a home is and to get pointers on how to further green the home. Although the changes could be costly and the homeowner likely will not recoup all the money spent making the green upgrades, the home could sell faster with the improvements. Some home buyers may make an offer on the home as is, but might request a credit towards making the green improvements. Often times the credit will be nearly twice the amount that it would have cost had the homeowner made the improvements prior to listing the home.
- Homeowners can make green improvements in their homes by making simple changes, such as replacing regular light bulbs with compact fluorescent bulbs (CFLs), which use only one-fifth the energy of regular bulbs and last almost 12 times longer, or more substantial improvements like replacing appliances with ENERGY STAR-rated ones, which can use as little as one-quarter the energy of older models.

To read the full story, please click here:

http://www.latimes.com/business/la-fi-lew2-2008nov02_0,2539669.story



In Other News...



[CNBC](#)

What Does 'Good' Credit Really Mean?

To read the full story, please click here:

<http://www.cnbc.com/id/27458815>



[Wall Street Journal](#)

The Stampede of White Elephants

To read the full story, please click here:

<http://online.wsj.com/article/SB122541894252786951.html>



[Mercury News](#)

Freddie Mac says fewer homeowners are borrowing from equity

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_10857048



[Washington Post](#)

A Crackdown on Credit 'Fixes'

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2008/10/31/AR2008103101606.html>

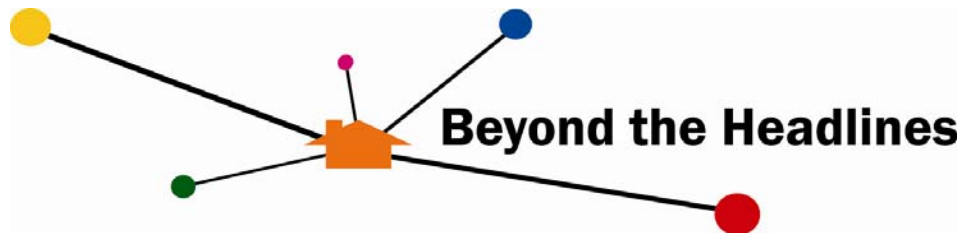


[Los Angeles Times](#)

Banks, consumer advocates urge U.S. to allow credit card debt forgiveness

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-creditcards31-2008oct31,0,4169068.story>



What you need to know about the market

- The U.S. Dept. of Housing and Urban Development (HUD) offers an online guide to preventing foreclosure. The guide provides consumers with information such as how to contact a housing counselor; when and how to talk to their lender, how to find foreclosure resources, tips on avoiding foreclosure and foreclosure scams, as well as information for consumers who cannot keep their home. The guide to preventing foreclosure can be accessed by visiting <http://www.hud.gov/foreclosure/>.