

Media Advisory



[Wall Street Journal](#)

House Passes Stimulus Package

The U.S. House of Representatives approved an \$819 billion stimulus package -- the Economic Recovery Package -- this week, which if approved by the Senate will extend all 2008 Metropolitan Statistical Areas' (MSAs') Fannie Mae, Freddie Mac, and FHA loan limits through the end of this year. The extension will prevent an MSA's 2008 loan limit from being reduced in 2009 for Fannie Mae, Freddie Ma and the FHA. The bill also specifies that if an MSA's loan limit is set to change, it can increase, but is prohibited from decreasing.

KEEP THIS IN MIND

- The proposed legislation will eliminate an existing payback requirement on the first-time home buyer tax credit for qualified buyers who purchase a home between Dec. 31, 2008 and July 1.
- The package also will provide up to \$1,000 per year in tax relief for most families, increase funding for alternative energy production, and direct more than \$300 billion in aid to states to help rebuild schools, provide health care, and reconstruct highways and bridges.
- The Senate currently is working on its version of the stimulus legislation, and is expected to vote on it next week. Congress would like to get a bill to the President's desk by President's Day, Feb. 16.

To read the full story, please click here:

<http://online.wsj.com/article/SB123315486943524321.html>

To read additional articles about the Economic Recovery Package, which may be of interest to you and your clients, please visit:

Homebuyers get a bonus in the stimulus bill

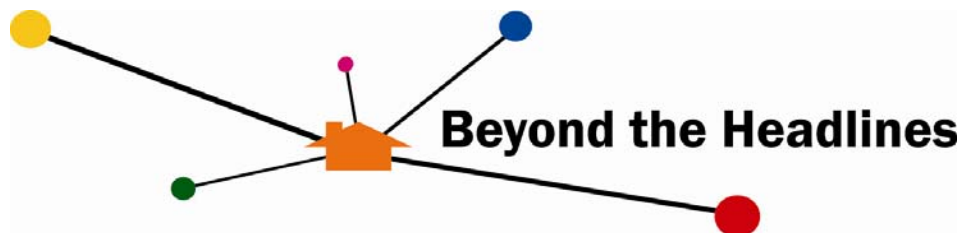
http://money.cnn.com/2009/01/29/real_estate/tax_credit_near/index.htm?postversion=2009012907

Global Worries Over U.S. Stimulus Spending

http://www.nytimes.com/2009/01/30/business/worldbusiness/30davos.html?_r=1&hp

Biden: Stimulus Package Will Get Better With Changes

<http://www.cnbc.com/id/28917177>



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

This week's *C.A.R. Mortgage Update* contains information about the possibility of a national banking system; how to decide if refinancing is the best option; strategies under consideration to mitigate U.S. foreclosures; and Fannie Mae and Freddie Mac.

What if Uncle Sam takes over your bank?

Approximately 315 financial institutions have signed over some of their shares and other securities to the U.S. Dept. of the Treasury in exchange for a portion of the Troubled Asset Relief Program (TARP) funds. The government may take complete ownership of certain troubled banks if the credit crisis does not ease.

If banks are nationalized, consumers probably will not directly be affected. The FDIC will continue to insure deposits up to \$250,000 through Jan. 1, 2010, and may make it easier for qualified borrowers to receive loans. Credit lending standards also may be loosened, enabling borrowers with less-than-perfect credit scores to receive loans.

According to a senior financial analyst at Bankrate.com, homeowners at nationalized banks also would benefit because the government is likely to halt foreclosure proceedings.

To read the full story, please click here:

<http://online.wsj.com/article/SB123258304319904345.html>

Refinance? First, see whether you will save

Homeowners thinking of refinancing their home loans should consider if the long-term savings is beneficial prior to making a decision. Although there isn't a standard formula to determine whether refinancing is the best option, there are some basic guidelines.

Focusing on the potential savings, rather than the new rate is the first step. To determine the break-even point -- the number of months it will take to pay off the cost to refinance -- divide the total cost of the loan by the monthly savings from refinancing. That number is how long the homeowners should live in the house for the refinance to be viable. For example, if the refinance will cost \$5,000 and the monthly savings is \$200, then the homeowner will have to live in the home for a little over two years to recoup the costs of the refinance and begin to realize a true savings.

To read the full story, please click here:

http://www.orlandosentinel.com/business/orl-refinance2109jan21_0_4772660.story

To view additional articles about the mortgages, please visit:

U.S. weighs strategies to stem home foreclosures

To read the full story, please click here:

http://www.latimes.com/business/la-fi-housing26-2009jan26_0_5664777.story

Fannie, Freddie may tap U.S. Treasury for \$51 billion

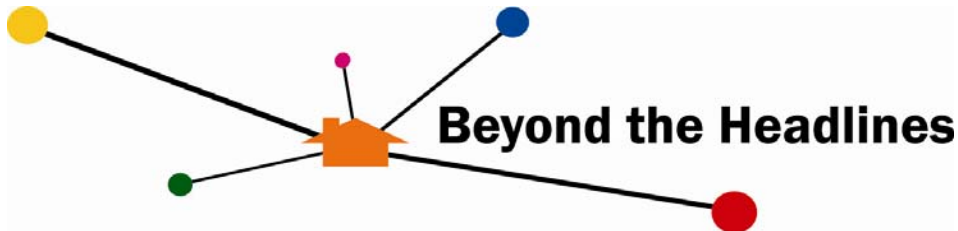
To read the full story, please click here:

<http://www.reuters.com/article/gc03/idUSTRE50P7EG20090127>

New Fannie, Freddie rules on the way

To read the full story, please click here:

http://money.cnn.com/2009/01/23/news/economy/Fannie_freddie/index.htm?postversion=2009012319



[Reuters](#)

Housing market may have turned a pivotal corner.

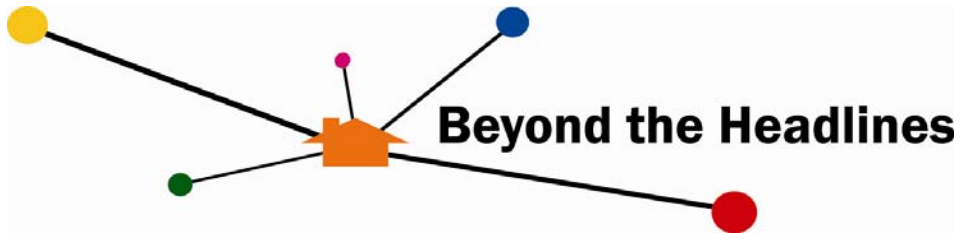
With home prices in many areas declining to the point where owning a home is a more affordable option than renting, especially in the West, many potential home buyers appear to be getting off the fence and starting to purchase. Add affordable prices to record-low interest rates and the demand for housing has reached a pivotal turning point.

KEEP THIS IN MIND

- Home prices in some areas of California have dropped so much that monthly mortgage payments on single-family homes are comparable to apartment rents, according to recent data. Mollie Carmichael, a senior vice president with John Burns Real Estate Consulting, says that in the Inland Empire, the average monthly rent for an apartment is \$1,157. Carmichael adds that the average after-tax monthly mortgage payment on a median-priced single-family detached home is \$1,154 in the same area.
- The large number of distressed properties has led to a surge in home sales around the country. Existing home sales across the U.S. rose 6.5 percent to an annual rate of 4.74 million units in December, according to the NATIONAL ASSOCIATION OF REALTORS® (NAR). A senior director of housing economics at Moody's Economy.com believes the latest NAR report means sales have reach bottom.
- Interest rates on 30-year, fixed-rate mortgages averaged 5.12 percent for the week ending Jan. 22, which is almost 1 percentage point lower than the average rate in late November 2008, according to Freddie Mac. The prior week, 30-year mortgage rates average 4.96 percent, the lowest since Freddie Mac began its weekly survey in 1971.

To read the full story, please click here:

<http://www.reuters.com/article/ousiv/idUSTRE50L35320090127>



[Chicago Tribune](#)

Granite countertops are out? What's in?

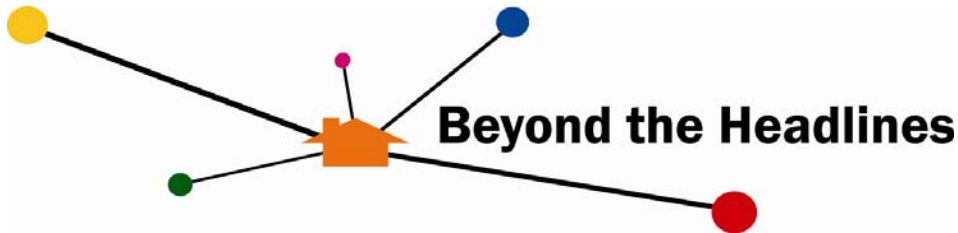
Although new home building activity is at a slower pace than in previous years, many home buyers have changed what characteristics they look for in a home. To reflect this, some home builders are developing not only homes with less square footage, but also ones with less dead space, fewer fireplaces, and energy-efficient amenities.

KEEP THIS IN MIND

- Homes are being built smaller, with simpler designs, and less “bump-outs” or dead space. According to a design editor at *Builder* magazine, boxes are cheaper, easier and faster to build. The heating and cooling bills also may be lower with less dead space.
- While homes may be smaller, home buyers aren't skimping on luxury. Some master bathrooms may have a shower with upgrades, such as multiple body sprays, radiant heat in the bathroom floor and the shower walls, along with warming drawers for towels and robes, rather than a simple shower and whirlpool spa tub.
- Specialty rooms, like a home office, exercise and theater rooms are transitioning in multi-function spaces. Traditional home offices are no longer off limits to children, but rather the tech center of the house, with ample space for computers and electronic gadget chargers.
- The newest trend in countertops is quartz surfacing, recycled glass, cement or paper-based products, not granite. Along the same lines, stainless-steel appliances also are becoming less popular. Appliances with built-in panels that resemble the cabinetry also are in higher demand.

To read the full story, please click here:

http://www.chicagotribune.com/classified/realestate/advice/chi-local-scene_chomes_0123jan23_0_1091270.column



[Fresno Bee](#)

Home sales increase in California, Valley

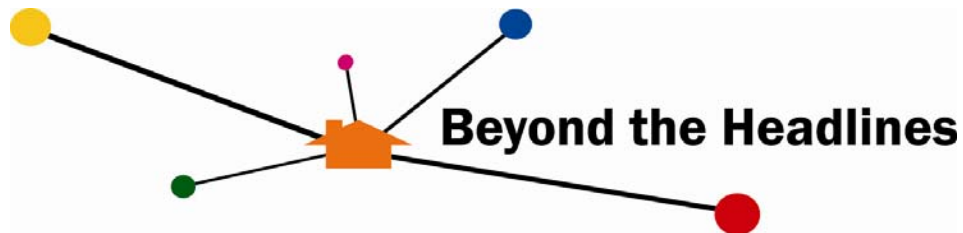
The CALIFORNIA ASSOCIATION OF REALTORS® this week reported home sales in California soared 84.9 percent in December, compared with the previous year. The median price of an existing, single-family home declined 41.5 percent to \$281,100.

KEEP THIS IN MIND

- Sales continued to be strong in December, exceeding 500,000 units for the fourth consecutive month. Year-to-date sales are nearly 27 percent above last year. Many California home buyers benefited during the last half of 2008 from the high-cost loan limit of \$729,750, which fell to \$625,500 as of Jan. 1. The restoration of the high-cost loan limit to the previous level would not only help a housing market still struggling to turn around, but also make financing more affordable for home buyers.
- Median prices continued to decline in December, and based on preliminary calculations, the statewide annual median price declined 38 percent for all of 2008 compared with 2007. While the month-to-month decrease in December was considerably smaller than in recent months, it remains too early to determine if prices are beginning to stabilize. Many distressed sales still must work their way through the system.
- A bright spot in the declining median home price is that the cost of housing is more in line with household income, improving affordability across the state. This should be especially helpful for first-time buyers who can qualify for a home loan.
- C.A.R.'s Unsold Inventory Index for existing, single-family detached homes in December 2008 was 5.6 months, compared with 13.4 months for the same period a year ago. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.
- Thirty-year fixed-mortgage interest rates averaged 5.29 percent during December 2008, compared with 6.10 percent in December 2007, according to Freddie Mac. Adjustable-mortgage interest rates averaged 4.97 percent in December 2008, compared with 5.50 percent in December 2007.
- The median number of days it took to sell a single-family home was 46.1 days in December 2008, compared with 66.7 days for the same period a year ago.

To read the full story, please click here:

<http://www.fresnobee.com/business/story/1158525.html>



In Other News...



[Sacramento Bee](#)

2008 was year home buyers finally got off fence

To read the full story, please click here:

<http://www.sacbee.com/business/story/1560703.html>



[San Francisco Chronicle](#)

Home sales soar as foreclosures drive down prices

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/01/22/MNBG15EFC6.DTL&type=business>



[Mercury News](#)

2008: Silicon Valley's worst year for home sales in decades

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_11513904?nclick_check=1

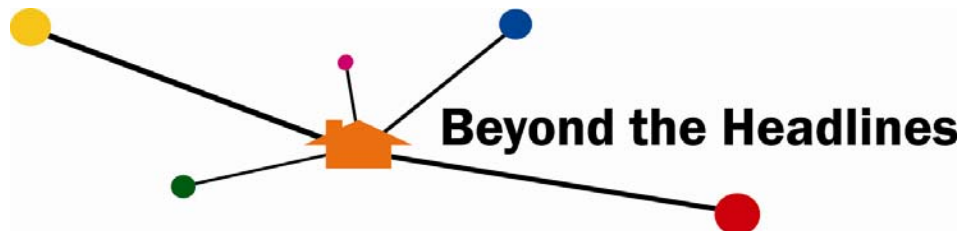


[San Francisco Chronicle](#)

Consumer confidence darkens further in January

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/01/27/financial/f070114S70.DTL>



[San Diego Union-Tribune](#)

Low-cost units stuck in limbo

To read the full story, please click here:

<http://www3.signonsandiego.com/stories/2009/jan/26/1n26afford1234230-low-cost-units-stuck-limbo/?zIndex=43017>



[San Francisco Chronicle](#)

All price ranges share pain of home sales drop

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/01/25/REBL15FAKS.DTL>



[Los Angeles Times](#)

New-home construction falls to all-time low

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-housing23-2009jan23,0,3305475.story>



[San Francisco Chronicle](#)

Property tax revenue plummets with home values

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/01/25/MNV7155VSC.DTL>