

## Media Advisory



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

This week's *C.A.R. Mortgage Update* contains information Freddie Mac, curbing foreclosures, credit unions, and financial roadblocks to homeownership.

#### **Fed adopts program to stem foreclosures**

The Federal Reserve recently announced it will seek to renegotiate mortgages it owns that might otherwise enter foreclosure, according to Federal Reserve Chairman Ben S. Bernanke. Under the program, the Fed could reduce what a homeowner owes on a mortgage; lower the interest rate; lengthen the term of a loan; or take other steps to prevent a loan from defaulting.

The Federal Reserve's program will focus on reducing the amount of principal owed by those at risk of foreclosure, especially those with loan balances exceeding 125 percent of the estimated value of their property.

It is unclear how many homeowners could benefit from the program, and most individual borrowers will likely not know if their mortgages are owned by the Federal Reserve. If eligible for a loan modification, the homeowner would work with mortgage servicer and not the government directly.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/01/27/AR2009012703501.html>

#### **Freddie Mac increases fees on some mortgages**

Freddie Mac announced an increase in fees for certain loans, including mortgages to finance condominiums; interest-only loans; refinance loans that allow borrowers to cash out some of their home equity; and loans with certain combinations of low credit scores and down payments.

In December, Fannie Mae instituted similar fees. Despite objections from the NATIONAL ASSOCIATION OF REALTORS® (NAR) and the National Association of Home Builders, the Government Sponsored Enterprises (GSEs) have increased fees, citing growing risks of mortgage defaults as home prices continue to decline.

To read the full story, please click here:

<http://online.wsj.com/article/SB123335442482534887.html>

To view additional articles about mortgages, please visit:

#### **U.S. moves to bail out credit union network**

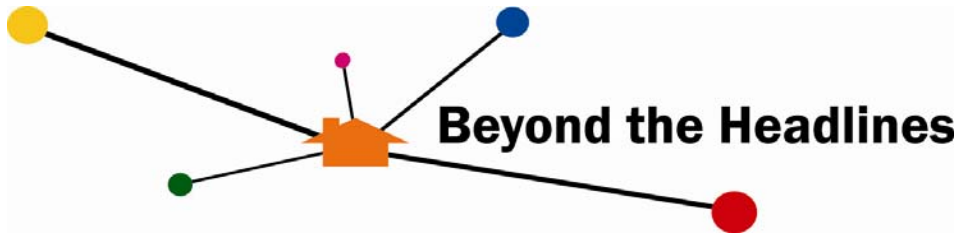
To read the full story, please click here:

<http://online.wsj.com/article/SB123318420520726249.html>

#### **For home buyers, more bank roadblocks**

To read the full story, please click here:

<http://www.nytimes.com/2009/02/01/realestate/01loans.html?ref=realestate>



[Press Enterprise](#)

### **Home price plunge helping buyers**

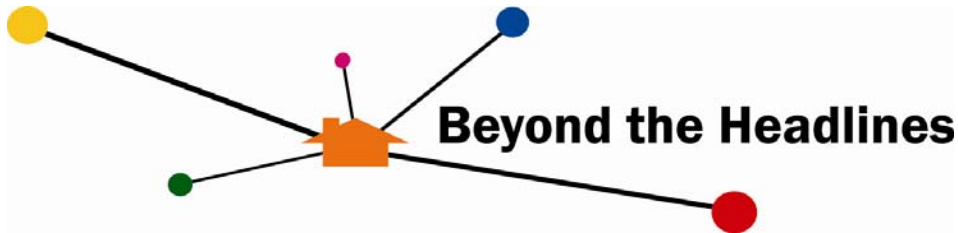
Lower home prices, coupled with low interest rates are making this an ideal time for many to purchase a home. According to the Standard & Poor's/Case-Shiller Index, home prices in 20 metropolitan areas were down 18.2 percent in November compared with the same month a year ago. Phoenix, with a 33 percent drop, posted the steepest decline, followed by Las Vegas at 32 percent.

#### **KEEP THIS IN MIND**

- With homes in the 20-city index losing nearly a quarter of their value since their peak in July 2006, more renters can now afford to buy a home for the first time in many years. According to the NATIONAL ASSOCIATION OF REALTORS® (NAR), the median home price nationwide in December was down 15 percent to \$175,400. With current interest rates at or near historic lows, borrowers with a 10 percent down payment could save \$254 per month on a median-priced home compared with a year ago.
- The percentage of households that could afford to buy an entry-level home in California stood at 53 percent in the third quarter of 2008, compared with 24 percent for the same period a year ago, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). The minimum household income needed to purchase an entry-level home at \$287,760 in California in the third quarter of 2008 was \$56,100, based on an adjustable interest rate of 5.91 percent and assuming a 10 percent down payment. The monthly payment including taxes and insurance was \$1,870 for the third quarter of 2008.

To read the full story, please click here:

[http://www.pe.com/business/realestate/stories/PE\\_Biz\\_S\\_homes28.35bb85c.html](http://www.pe.com/business/realestate/stories/PE_Biz_S_homes28.35bb85c.html)



[San Francisco Chronicle](#)

### **What will it take to get you to buy a house?**

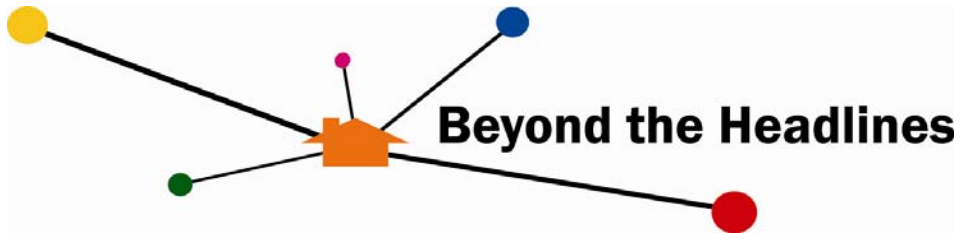
Fixed-rate mortgages of three percent, zero-down payment requirements, and a 10 percent break on the market value of the house appear to be what many “on the fence” home buyers are waiting for before they consider purchasing a home.

#### **KEEP THIS IN MIND**

- According to a study of more than 700 self-described “on-the-fence” buyers, 44 percent responded that they haven’t yet committed to purchasing a home because they are waiting for lower mortgage rates. The study, conducted by the National Association of Home Builders’ research subsidiary, found that 41 percent of undecided buyers are unsure if they could qualify for financing. Another 38 percent reported they expect to see home prices decline further.
- The study found that concerns about declining property values were most prevalent among home buyers in the Western region, while buyers in the Northeastern and Midwestern states were more concerned with lower mortgage interest rates. Buyers in the South expressed uneasiness over their ability to qualify for a new mortgage.
- Of the potential home buyers surveyed, the mortgage rate that seemed most favorable and would be most effective in persuading consumers to buy now is a 30-year, fixed-rate mortgage at 3 percent. According to Freddie Mac, interest rates on 30-year, fixed-rate mortgages averaged 5.25 percent for the week ending Feb. 5.
- Survey respondents said guarantees by home builders that their loan applications would be accepted with verifiable proof of income and a “fair” credit score ranked six times more effective than standard application procedures.
- Price concessions, such as a 10-percent discount below market value, appeared to be the most compelling option for on-the-fence buyers.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/02/01/RETL15H4D0.DTL>



[CNN Money](#)

### **Snag a great deal on a short sale**

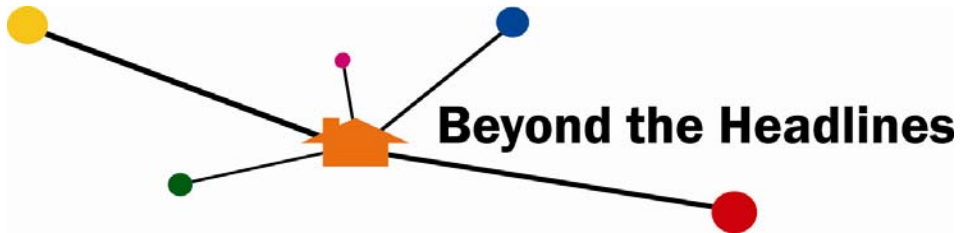
As more homeowners find themselves underwater -- owing more on their mortgage than their home is currently worth -- and unable to make the monthly mortgage payments, many are turning to short sales, which allows a homeowner to sell their home for less than owed on the mortgage. With the lender's approval, home buyers can purchase properties in desirable neighborhoods and at favorable prices.

#### **KEEP THIS IN MIND**

- According to real estate Web site Zillow.com, 14 percent of homeowners nationwide are currently underwater. In some areas, especially those hardest-hit by foreclosures that have experienced the greatest price declines, more than 50 percent of homeowners would owe more than their home is worth if they sold today.
- Unlike foreclosed properties, which may be run-down and vacant for many months, short-sell properties are likely to be better maintained as many owners may still live in the home.
- In a short sale, the homeowner must receive approval from the lender before the sale of the property can proceed. With many lenders overwhelmed by short-sale transactions, it can take between two and six months to execute.
- Working with a REALTOR® who has experience with short sales can help both sellers and home buyers during the transaction. A seasoned REALTOR® will be able to serve as the mediator between the seller and the lender and lead to a successful transaction, while a buyer's agent can help with offers, counter offers, home inspections, closing, and more.
- It is important to remember that although the seller may be anxious about selling the property and willing to accept any offer, it is ultimately up to the lender to determine if, and at what price, the property can be sold. Therefore, home buyers should work closely with their REALTOR® to submit a realistic offer.
- According to REALTOR® Loni Parmelly, author of *Success in Short Sales*, buyers should ask the lender to pay for all closing costs as part of the contract. The contract also should specify that the buyer will not conduct an appraisal or inspection of the property until the offer is approved. This added guarantee can protect home buyers from spending money on a home they may not purchase.

To read the full story, please click here:

[http://money.cnn.com/2009/01/27/real\\_estate/short\\_sale.moneymag/index.htm?postversion=2009012806](http://money.cnn.com/2009/01/27/real_estate/short_sale.moneymag/index.htm?postversion=2009012806)



[Wall Street Journal](#)

### **How to downsize your house**

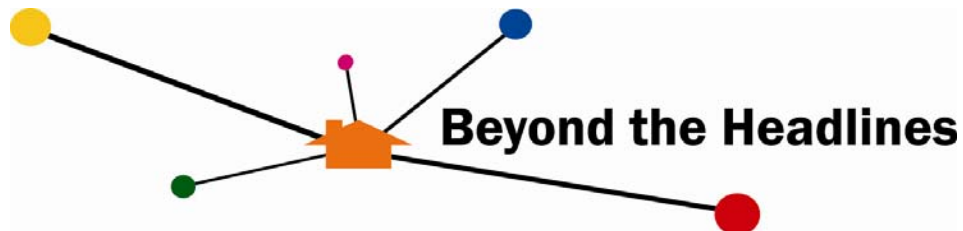
Moving can be quite stressful. Many aren't aware of how many items and mementos they've collected until it's time to pack the moving boxes. Employing a few strategies to assist with downsizing can help reduce the anxiety of moving.

#### **KEEP THIS IN MIND**

- Jim Henderson, president of William C. Huff Companies, a moving and storage firm specializing in affluent homeowners, advises homeowners to begin downsizing at least three to six weeks prior to listing their current home. This will ease the stress of moving day, and help declutter the home for potential home buyers.
- Henderson recommends homeowners start downsizing by throwing out or donating items that are not used very often and hold little sentimental value. Often, these types of items are stored in a shed, basement, or attic. Items in the heart of the home, such as the family room and kitchen, are usually those valued and used the most, so they can be packed up immediately.
- Envisioning where each object will fit in the new home is essential. If an object doesn't fit with the new home or will be useless in a year or two, it is likely that it can be thrown out or donated.
- If feasible, selling the home with the furniture, carpets and other furnishings include will reduce moving costs and could make the home more valuable to buyers.

To read the full story, please click here:

<http://online.wsj.com/article/SB123317195784925317.html>



## In Other News...



[Los Angeles Times](#)

### **California home foreclosures top 236,000 in 2008**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-foreclosure28-2009jan28,0,4408240.story>



[Bloomberg](#)

### **Fannie Mae foreclosure sale at 50 cents on \$1 shows price reset**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601213&sid=aOBIBuWQf9ko&refer=home#>



[San Francisco Chronicle](#)

### **New home sales post 14.7 percent drop in December**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/01/29/financial/f070945S15.DTL>

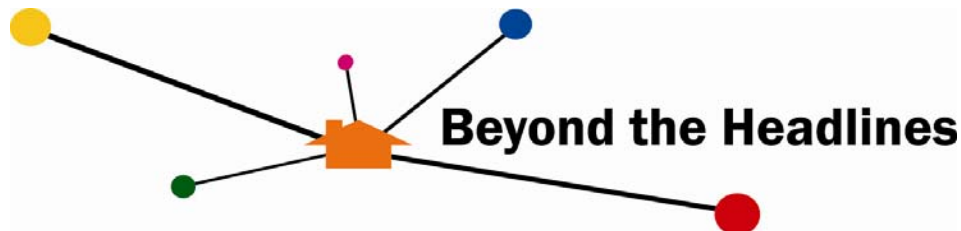


[Wall Street Journal](#)

### **Many say goodbye to McMansions**

To read the full story, please click here:

<http://online.wsj.com/article/SB123301406083917547.html>



[New York Times](#)

### **Rise in pending home sales reported**

To read the full story, please click here:

[http://www.nytimes.com/2009/02/04/business/economy/04economy.html?\\_r=1&hp](http://www.nytimes.com/2009/02/04/business/economy/04economy.html?_r=1&hp)



[Los Angeles Times](#)

### **Home values in L.A., Orange counties higher than reported, Zillow.com says**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-zillow3-2009feb03,0,6862780.story>



[Bloomberg](#)

### **Record 19 million U.S. homes stood vacant in 2008**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=a8SoNNq.FFoM&refer=home>



[Los Angeles Times](#)

### **Consumer spending declines for sixth month in December**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-economy3-2009feb03,0,2460398.story>

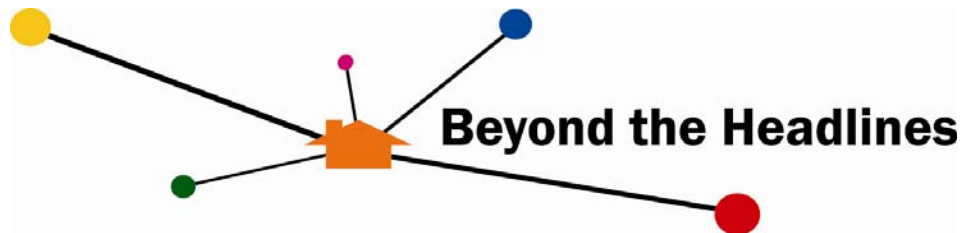


[Bloomberg](#)

### **Fed says most U.S. banks tightened terms on loans**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601213&sid=avwTwDBRtuwl&refer=home#>



## What you should know about the market

- Home buyers purchasing fixer-uppers, or homeowners looking to update their house with new tile, fresh paint, or modern lighting fixtures may be able to save money by performing some of the work themselves. Some community colleges and most big-box home improvement stores offer do-it-yourself classes to help homeowners save money and improve the look of their homes. Interested participants should check with their local education centers and home improvement stores to verify the types of classes offered and associated prices.
- When selling a home, first impressions are extremely important. Neglecting to maintain a lawn by letting it turn brown or become overgrown may discourage a buyer. To prevent this, homeowners should cut back or remove trees and bushes that are overgrown, especially if they are hazardous. Weeding and laying fresh bark in planter beds also can contribute to a favorable first impression.