

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

This week's *C.A.R. Mortgage Update* contains information about new government programs to assist troubled homeowners, rising foreclosures in California's Inland Empire, short sales, mortgage rescues, and current mortgage rates.

Treasury Dept. is giving "cash-for-keys"

Under the Foreclosure Alternative Program (FAP) announced last week by the Obama Administration, some borrowers may be eligible for the U.S. Treasury Dept.'s deed-in-lieu program, also referred to as "cash for keys."

A deed-in-lieu is an option offered to homeowners who are not eligible for a mortgage modification or a short sale. In most cases, banks acquire properties back from delinquent borrowers who can no longer afford to make payments. The bank also agrees to write off the debt. In exchange, the homeowner receives a small incentive, typically about \$1,000, if they vacate the property by a set date and the home is not vandalized.

Those who would benefit most are borrowers who likely would not be able to repay their mortgages under any reasonable modification program. These would include delinquent borrowers who are underwater, borrowers who have lost their jobs with little hope of finding another, and may include those who have gone through a divorce or another life-changing event.

There also are obstacles to overcome when dealing with deeds-in-lieu. The least complicated scenario is a borrower with no other debt on the home. However, if there is a second mortgage, the lender most likely will not agree to a deed-in-lieu unless it receives the full cooperation of the holder of the second mortgage.

As part of the FAP, the Treasury Dept. also will make incentive payments to second mortgage holders, up to \$1,000, if the second mortgage holder relinquishes all claims to the property.

To read the full story, please click here:

http://money.cnn.com/2009/05/15/real_estate/government_giving_cash_for_keys/index.htm?postversion=2009051508

To view additional articles about mortgages, please visit the following:

New foreclosure wave predicted in Inland area

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_S_foreclosures13.41668a9.html

Obama administration expands mortgage-aid plan

To view the full story, please click here:

<http://online.wsj.com/article/SB124230792743919395.html>

Mortgage rescue: Still more hurdles

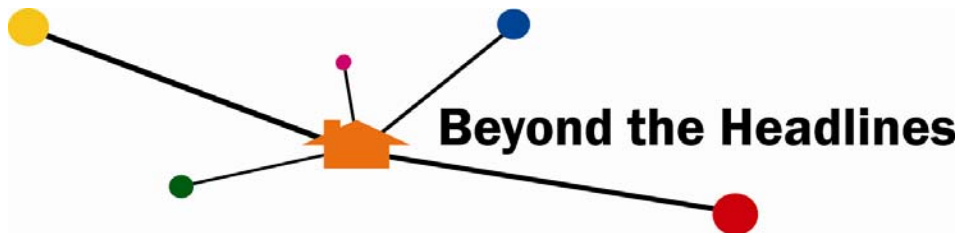
To view the full story, please click here:

http://money.cnn.com/2009/05/15/news/economy/Obama_mortgage/index.htm?postversion=2009051807

Mortgage rates dip to 4.82 percent, remain above record lows

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_12419870



CNN Money

Homes: Most affordable in 2 decades

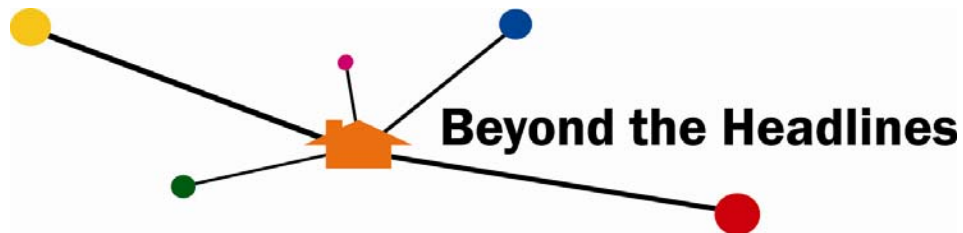
According to several recent studies, homes are more affordable nationwide than they have been in many years, enabling many buyers who previously might have been priced out of the market to become homeowners.

KEEP THIS IN MIND

- Nearly 73 percent of all homes sold in the U.S. during the first three months of 2009 were considered affordable, according to a quarterly market analysis by the National Association of Homebuilders and Wells Fargo Bank. That was the highest percentage ever reported by the 18-year-old Housing Opportunity Index.
- According to the Index, a home is deemed affordable if a family making the median national income of \$64,000 is able to purchase the property and devote no more than 28 percent of their income toward housing costs.
- The percentage of households that could afford to buy an entry-level home in California stood at 69 percent in the first quarter of 2009, compared with 46 percent for the same period a year ago, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) First-time Buyer Housing Affordability Index (FTB-HAI). The FTB-HAI measures the percentage of households that can afford to purchase an entry-level home in California.
- The minimum household income needed to purchase an entry-level home at \$213,040 in California in the first quarter of 2009 was \$38,090, based on an adjustable interest rate of 4.96 percent and assuming a 10 percent down payment. First-time buyers typically purchase a home equal to 85 percent of the prevailing median price. The monthly payment including taxes and insurance was \$1,270 for the first quarter of 2009.
- At \$38,090, the minimum qualifying income was 42 percent lower than a year earlier when households needed \$65,030 to qualify for a loan on an entry-level home. Recent decreases in home prices and mortgage rates have brought affordability into better alignment with income levels of the typical California household, where the median household income is \$61,030.

To read the full story, please click here:

http://money.cnn.com/2009/05/18/real_estate/most_affordable_cities/index.htm?postversion=2009051815



The Washington Post

Right steps to take before disputing a credit error

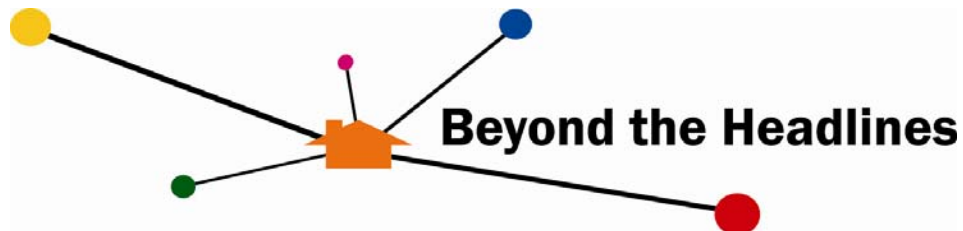
Credit scores and reports continue to be one of the most important factors in determining whether consumers are extended lines of credit, and the amount they are offered. Credit reports provide lenders with a consumer's credit history, including missed or late payments. Consumers concerned about errors in their credit reports should contact the three major credit bureaus to dispute the inaccuracies.

KEEP THIS IN MIND

- Not all lenders report to the three major credit bureaus – Equifax, Experian and TransUnion – which means a mistake could appear on one, two, or all three reports. Rather than calling or mailing a dispute letter to one central agency, the errors must be disputed separately with each bureau.
- Consumers may obtain free copies of their credit reports once a year at www.annualcreditreport.com. This report will only show credit history, and not credit scores. To obtain a credit score, consumers can visit www.myfico.com.
- To dispute an error, consumers first should contact the lender that reported the information to the credit bureaus. Next, contact the credit bureaus using the numbers listed on the credit reports. This also can be done online at www.transunion.com, www.equifax.com, or www.experian.com. If the report is more than 60 days old, consumers should obtain a new report, which may have a new phone number. Also, if the report was obtained from a third-party site rather than directly from the credit bureau, consumers may have to order a report from the bureau to begin the dispute process.
- Bureaus typically have 30 to 45 days to “resolve” disputes. If it's a simple factual error that is acknowledged by the lender, it could take as little as two weeks. Either way, consumers are notified of the bureau's decision via regular mail or e-mail.

To read the full story, please click here:

http://www.washingtonpost.com/wp-dyn/content/article/2009/05/16/AR2009051600021.html?wprss=rss_business/personalfinance



In Other News...



San Francisco Chronicle

Housing bottom in sight, but recovery will be slow

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/05/19/national/w053400D78.DTL&type=realestate>



Los Angeles Times

L.A. may test loan program for troubled Pacoima homeowners

To read the full story, please click here:

<http://www.latimes.com/business/la-me-la-mortgages13-2009may13,0,7438974.story>



Sacramento Bee

First-time buyers reap reward of median price in Sacramento County

To read the full story, please click here:

<http://www.sacbee.com/business/story/1863568.html>

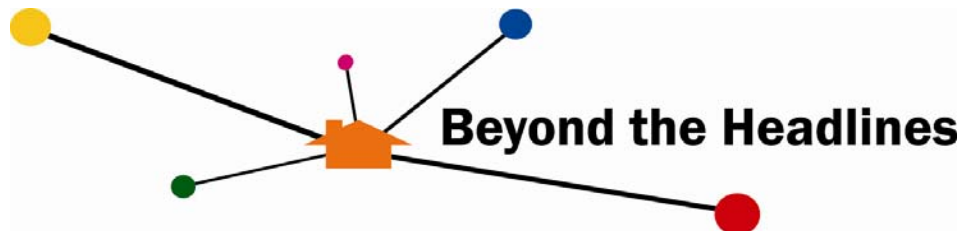


San Francisco Chronicle

Sites offer guidance on buying home overseas

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/05/18/BU4J17LEDP.DTL&type=business>



MSNBC

Homebuilder sentiment index jumps

To read the full story, please click here:

<http://www.msnbc.msn.com/id/30809495/>



San Francisco Chronicle

Calif. median home price dips slightly

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/05/19/financial/f094448D54.DTL&type=realestate>

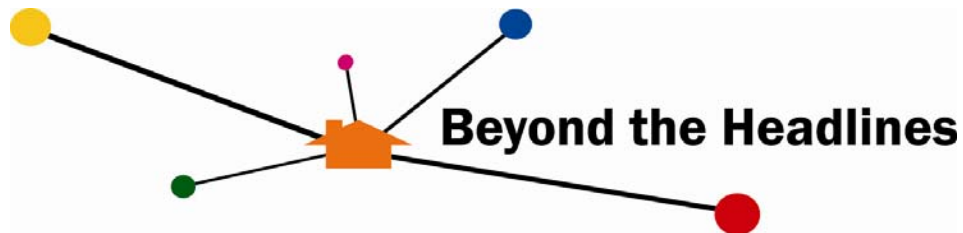


San Francisco Chronicle

Fed sees hopeful signs but downgrades '09 forecast

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/05/20/financial/f110147D99.DTL>



What you should know about the market

- It's natural for homeowners to be emotionally attached to their homes, especially if they've lived there a long time. However, allowing the emotional attachment to obscure the realities of today's real estate market is a serious mistake. It is important for sellers to work with their REALTOR® to accurately price their home -- and not think that their home's value is the exception in today's market. Overpricing a home for the market because of an emotional attachment only makes selling it that much more difficult.
- It is important that home buyers obtain home inspections, especially when buying homes that have been sitting empty for a period of time. Inspection costs can vary depending on which inspection package the buyer chooses and whether the inspector offers a comprehensive package. In some cases the seller might pay for inspections, but it is m