

#### C.A.R. Mortgage Update

This week's *C.A.R. Mortgage Update* contains information about modifying FHA-insured loans; challenges condo buyers are having with obtaining approval on mortgages; the formation of a new consortium of lenders, brokers and mortgage-technology providers; a report on loan modifications; and current mortgage rates.

#### **Guidelines aim to help struggling borrowers**

The U.S. Dept. of Housing and Urban Development (HUD) recently announced that the Federal Housing Administration (FHA) has implemented changes to its loan modification program to ensure consistency with the Obama Administration's Making Home Affordable Modification Program. By August 15, FHA borrowers will be able to reduce their monthly mortgage payments by seeking a loan modification through their current mortgage company or loan servicer under the new FHA-Home Affordable Modification Program (FHA-HAMP).

The program will allow HUD to bring a borrower's payment down to an affordable level. Under the plan, mortgage servicers can reduce the amount of principal on which the borrower must make loan payments by as much as 30 percent to get monthly payments to affordable levels. The borrower makes the reduced payments for the life of the loan, but is responsible for paying off the loan in full when the home is sold or the loan is refinanced.

FHA borrowers can receive a loan modification after they have missed one loan payment, rather than waiting until they are at least three payments behind, as in the past. This differs from the Making Home Affordable Program in that borrowers who are current, but are at risk of default can qualify for assistance.

HUD does not have an estimate on the number of borrowers that will be assisted. According to LPS Applied Analytics, 14.2 percent of FHA loans are at least 30 days past due and not yet in foreclosure.

To read the full story, please click here:

<http://online.wsj.com/article/SB124891434984092191.html>

To view additional articles, please visit the following:

#### **Condo buyers find it tough to get mortgages**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=c/a/2009/08/05/BUCT190GMM.DTL&tsp=1>

#### **A mortgage watchdog group is born**

To read the full story, please click here:

[http://www.nytimes.com/2009/08/02/realestate/02mort.html?\\_r=1&ref=realestate](http://www.nytimes.com/2009/08/02/realestate/02mort.html?_r=1&ref=realestate)

#### **Mortgage-servicer performance is "uneven"**

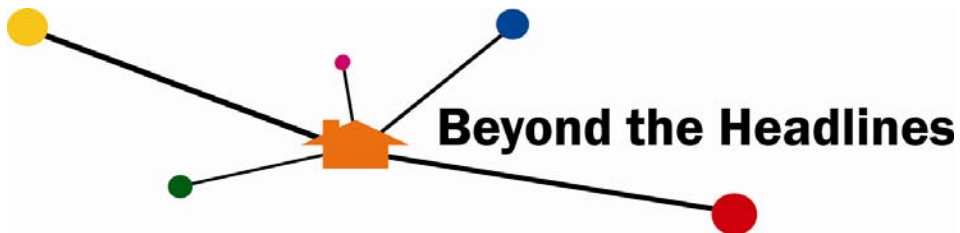
To read the full story, please click here:

<http://online.wsj.com/article/SB124939273460404655.html>

#### **Mortgage rates dip this week**

To read the full story, please click here:

[http://www.msnbc.msn.com/id/7148582/ns/business-real\\_estate/](http://www.msnbc.msn.com/id/7148582/ns/business-real_estate/)



Press Enterprise

### **Look before you leap into buying a house**

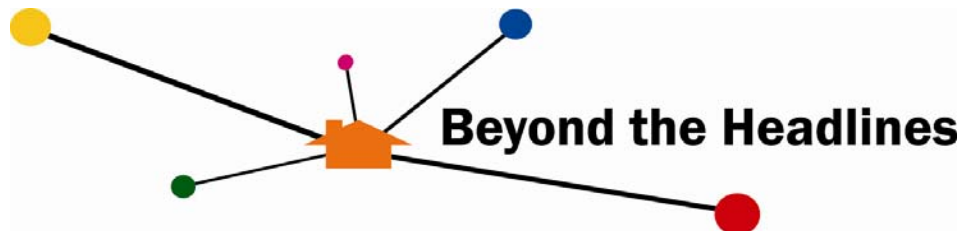
With interest rates and home prices looking extremely attractive, many are thinking of buying or refinancing a home. Before purchasing or refinancing, experts recommend that consumers conduct research prior to making such a move.

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

- Most financial institutions have tightened their lending guidelines and increased their down payment requirements. No longer can someone purchase a home without a down payment or documented income, nor can owners refinance multiple times without sufficient equity in the home.
- One of the primary factors financial institutions consider in their decision to lend is a strong credit record. Borrowers can increase their chances of being approved for a home loan by requesting their credit report and FICO score at least six months prior to applying for a loan. This allows the consumer to dispute errors and/or pay any outstanding debt.
- The first step in deciding whether or not to purchase a home is deciding how much a borrower can afford, according to Melinda Opperman at Springboard Nonprofit Consumer Credit Management. Opperman recommends home buyers spend no more than 31 percent of their gross income on a home payment, including principal, interest, insurance, property taxes, and homeowners' association dues.
- Home buyers also should have a savings account with funds available to pay for home maintenance and unforeseen emergencies, such as a job loss. First-time buyers who are concerned about a potential job loss are urged to apply for the CALIFORNIA ASSOCIATION OF REALTORS® Housing Affordability Fund (C.A.R.H.A.F.) Mortgage Protection Program (MPP). The C.A.R.H.A.F. Mortgage Protection Program provides qualified, first-time home buyers with up to \$1,500 for up to six months to help make mortgage payments, if they are laid off. Applications must be submitted by a California REALTOR®, among other qualifications. For more information about MPP, please visit <http://www.car.org/aboutus/hafmainpage/carhafmortgageprotection/>.
- Refinancing can provide homeowners lower interest rates and, in some cases, greater financial security. A senior analyst at Bankrate.com, an online consumer information service, advises that anyone with an adjustable-rate mortgage who can refinance to a fixed-rate loan do so now because interest rates are very likely to rise in the future.
- While most loans require at least some equity to refinance, there are exceptions. A homeowner with an existing FHA mortgage can refinance to another FHA mortgage without having equity. The new loan does not require an updated appraisal of the house, which would show reduced equity.

To read the full story, please click here:

[http://www.pe.com/business/realestate/stories/PE\\_Biz\\_S\\_homefinance02.33d78cd.html](http://www.pe.com/business/realestate/stories/PE_Biz_S_homefinance02.33d78cd.html)



## In Other News...



CNN

### **Another sign of a housing thaw**

More Americans signed sales contracts to buy homes in June than in May, the fifth consecutive month of increases, according to a report released Thursday.

To read the full story, please click here:

[http://money.cnn.com/2009/08/04/real\\_estate/June\\_pending\\_home\\_sales/index.htm?postversion=2009080411](http://money.cnn.com/2009/08/04/real_estate/June_pending_home_sales/index.htm?postversion=2009080411)



Mercury News

### **Fed survey: Stabilization seen in some regions**

The U.S. economy's downward slide is slowing, with more regions seeing signs of stabilization since mid-June, according to the Federal Reserve's latest snapshot.

To read the full story, please click here:

[http://www.mercurynews.com/businessheadlines/ci\\_12940085](http://www.mercurynews.com/businessheadlines/ci_12940085)



Los Angeles Times

### **Lenders lack incentive to halt some foreclosures**

Government initiatives to stem the country's mounting foreclosures are hampered because banks and other lenders in many cases have more financial incentive to let borrowers lose their homes than to work out settlements, some economists have concluded.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-mortgage29-2009jul29,0,5508456.story>



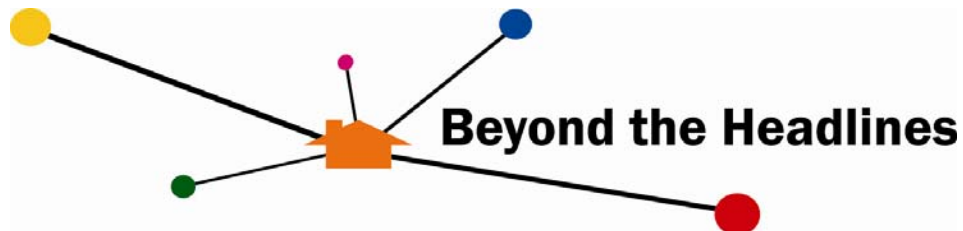
San Diego Union-Tribune

### **AP analysis: Foreclosures stabilize in key states**

Even as Americans suffer rising unemployment, foreclosure rates in three states hit hardest by the housing bust – California, Arizona, and Florida – stabilized in June, offering hope that the worst of the real estate crisis is over, according to The Associated Press' monthly analysis of economic stress in more than 3,100 U.S. counties.

To read the full story, please click here:

<http://www3.signonsandiego.com/stories/2009/aug/03/us-stress-map-080309/?nation&zIndex=143111>



San Francisco Chronicle

**Welcome to the bottom: Housing begins slow rebound**

It was – note the past tense – the worst housing recession anyone but survivors of the Great Depression can remember ... take a deep breath and exhale. The worst is over.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/08/01/financial/f073900D31.DTL&type=realestate>



Sacramento Bee

**Selling short can be scary**

As attempted short sales proliferate across the capital region, many people are worried about bad things that might happen to them – even if they succeed in selling.

To read the full story, please click here:

<http://www.sacbee.com/business/story/2070978.html?storylink=pd>



Los Angeles Times

**California's default rate soars to 9.5%**

About 1 in 10 Californians with a home loan is now in default, and there's growing evidence that the mortgage meltdown is spreading to commercial real estate.

To read the full story, please click here:

[http://www.latimes.com/business/la-fi-default31-2009jul31\\_0,173542.story](http://www.latimes.com/business/la-fi-default31-2009jul31_0,173542.story)



The Wall Street Journal

**Rookie home buyer mistakes**

Like many first-time home buyers who want to take advantage of the \$8,000 tax credit before it expires on November 30, Brendt Montgomery was in a rush to buy a home. And what better than a seemingly bargain-priced distressed property?

To read the full story, please click here:

<http://online.wsj.com/article/SB124904648918696861.html>