

The *San Francisco Chronicle* this week featured an opinion piece titled "[Cut foreclosures by slicing real estate fees.](#)" The writer focused on reducing the compensation a real estate agent receives, and using the potential savings to eliminate the home buyer tax credit. Steve Goddard, 2010 president for the CALIFORNIA ASSOCIATION OF REALTORS® [responded](#) to the article with a letter to the editor and [a posting](#) on the *San Francisco Chronicle*'s Web site.



# Beyond the Headlines



Los Angeles Times

## **New rule affects homeowners in foreclosure avoidance program**

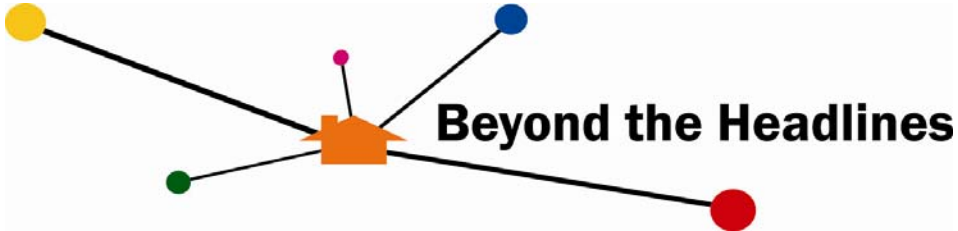
The U.S. Dept. of the Treasury and the Dept. of Housing and Urban Development (HUD) recently announced changes to its Home Affordable Modification Program (HAMP). The changes, designed to help improve the conversion from trial loan modifications to permanent modifications, take effect June 1. Mortgage servicers may elect to implement the changes sooner.

### KEEP THIS IN MIND

- Under previous guidelines, homeowners were not required to document their incomes prior to receiving a trial mortgage modification. The trial modifications typically lasted three months, during which time the servicer was supposed to collect documents to verify the homeowner's income. If the borrower met the monthly obligations, and submitted the required paperwork, the modification was supposed to be made permanent. However, many homeowners failed to provide the necessary paperwork, or the loan servicer lost the paperwork, resulting in just 66,465 permanent modifications out of the nearly 1.2 million trial modifications.
- The updated process requires that servicers collect three documents prior to granting a trial mortgage modification: A formal application, including a description of the hardship created by the mortgage; proof of income, such as two recent pay stubs or the most-recent profit and loss statement for self-employed borrowers; and a form authorizing the Internal Revenue Service to release tax data to the servicer.
- If the borrower meets the modified payment requirements for three months, the modification automatically will be made permanent. The Treasury Dept. also said it will allow servicers some discretion in making loan modifications permanent only if minor paperwork is missing. This discretion will help address a large backlog of incomplete modifications.
- Under the plan, servicers also will be required to respond within 10 days to an initial request for a modification. Once documents are provided, the servicer will have one month to let borrowers know whether they qualify for a trial modification.
- Servicers also must calculate whether the lender or current owner of the loan will benefit from a mortgage modification, or if foreclosing on the property is in the loan owner's best interest. If the loan owner will benefit from a modification, the servicer is required to grant the modification. Requiring borrowers to provide financial documents upfront will enable servicers to decide if a modification or foreclosure is the best option.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-mortgages-income29-2010jan29,0,3075748.story>



## In Other News...



The Wall Street Journal

### **Housing momentum builds but perils persist**

There's new evidence the housing market is healing after a four-year slump, but the danger of further price drops remains amid persistent job-market weakness, according to the *Wall Street Journal*'s quarterly housing survey.

To read the full story, please click here:

[http://online.wsj.com/article/SB10001424052748704905604575027370647347644.html?mod=WSJ\\_Real+Estate\\_LeftTopNews](http://online.wsj.com/article/SB10001424052748704905604575027370647347644.html?mod=WSJ_Real+Estate_LeftTopNews)



The Washington Post

### **Rising FHA default rate foreshadows a crush of foreclosures**

The share of borrowers who are falling seriously behind on loans backed by the Federal Housing Administration jumped by more than a third in the past year, foreshadowing a crush of foreclosures that could further buffet an agency vital to the housing market's recovery.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2010/02/01/AR2010020103527.html>



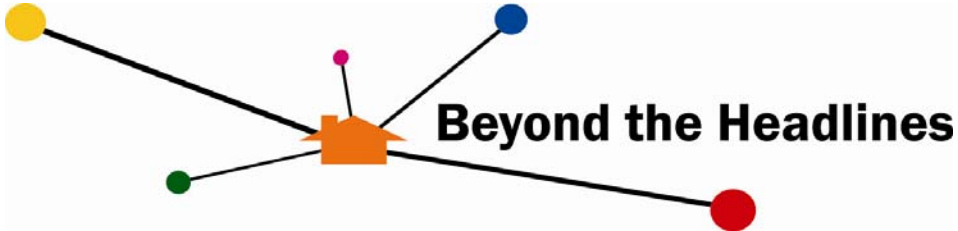
The Wall Street Journal

### **Homeownership level falls to 67.3 percent**

The percentage of Americans who owned their homes fell at the end of 2009 to the lowest point in nearly a decade, a reflection of continuing troubles in the housing market even as the sector showed signs of stabilizing.

To read the full story, please click here:

[http://online.wsj.com/article/SB10001424052748704022804575041083721893188.html?mod=WSJ\\_Real+Estate\\_LEADTopNews](http://online.wsj.com/article/SB10001424052748704022804575041083721893188.html?mod=WSJ_Real+Estate_LEADTopNews)



San Francisco Chronicle

**Long commutes make risky borrowers, study says**

Mortgage lenders should consider transportation costs associated with living in a particular area when evaluating whether to issue loans to home buyers, according to a new study sponsored by the Natural Resources Defense Council.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/01/29/BUFR1BOJ9I.DTL>



MSN Money

**New wave of foreclosures coming?**

For the past year, the Federal Housing Administration has backed home loans that most big lenders wouldn't touch.

To read the full story, please click here:

[http://articles.moneycentral.msn.com/Investing/top-stocks/blog.aspx?post=1599933&\\_blg=1,1599933](http://articles.moneycentral.msn.com/Investing/top-stocks/blog.aspx?post=1599933&_blg=1,1599933)



Los Angeles Times

**Contracts to buy homes inch up in December**

The number of people preparing to buy a home rose slightly in December, a positive sign heading into the spring home buying season.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-pending-home-sales3-2010feb03,0,293340.story>