

The Los Angeles Times

Shopping for a loan? A good faith estimate will protect you

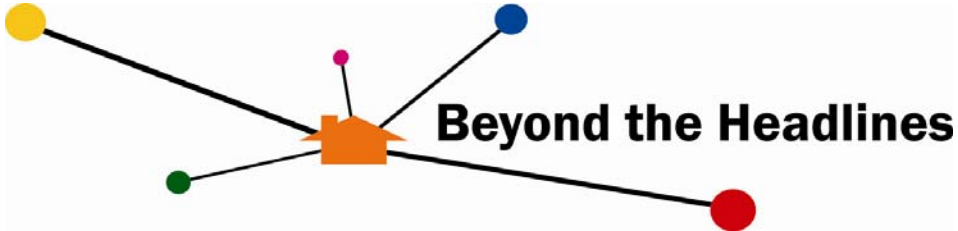
Beginning Jan. 1, the Dept. of Housing and Urban Development (HUD) required lenders to issue Good Faith Estimates to protect consumers applying for mortgage loans. Some loan officers, however, sidestep the new requirement by giving their initial quotes on informal worksheets that carry no federal consumer protections. It is important that consumers understand the differences between the federally mandated good faith estimate form and a lender's informal worksheet.

KEEP THIS IN MIND

- Last month, HUD told lenders and loan officers that under no circumstances can worksheet quotes be issued to a mortgage applicant in lieu of a good-faith-estimate form.
- Under the new law, once a mortgage applicant supplies the essential application information, including Social Security number, property address, and estimated value, among other data, lenders must issue a binding-cost good-faith estimate. Once this information is provided, lenders are required to issue the good faith estimate within three days of the application.
- Loan officers cannot refuse to provide a good faith estimate to an applicant who requests one, nor can they tell applicants that they must commit to moving forward with their mortgage company to obtain a mortgage prior to receiving a good faith estimate.
- Once an applicant has received a good faith estimate, they can take the form with them to comparison shop. The new form includes itemized boxes allowing mortgage applicants to compare quotes from up to four lenders, such as interest rates, loan fees, prepayment penalties, and total settlement expenses.
- The good faith estimate also ties upfront estimates to later charges at closing, and encourages borrowers to check line by line for any discrepancies. The form explains which fees come with zero tolerance for changes between upfront estimates and closing—generally the lender's own fees and local transfer taxes—and which fees allow a 10 percent fluctuation for changes higher than the estimate, such as certain title and closing-related services.
- Some worksheets resemble good-faith estimates, but have titles such as “estimated settlement costs” at the top of the page. Others indicate on the bottom of the form that the worksheet is not a good faith estimate, so consumers should carefully review documents before making any decisions.

To read the full story, please click here:

http://www.latimes.com/classified/realestate/news/la-fi-harney28-2010feb28_0_6759544.story



In Other News...



The Mercury News

Refi program for underwater homeowners gets another year

The government is giving homeowners another year to refinance their loans under a little-used program designed to help borrowers whose homes have plummeted in value.

To read the full story, please click here:

http://www.mercurynews.com/breaking-news/ci_14492205



Bloomberg News

Home prices decline 1.2 percent, smallest drop in two years

U.S. home prices fell 1.2 percent in the fourth quarter from a year earlier, the smallest loss in two years, as a federal tax credit for home buyers boosted demand.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aAyeLAKZ9DuU&pos=7>



The Wall Street Journal

Bid to curb mortgage tax break falters

The latest effort to scale back some tax deductions on mortgage interest, one of the nation's most-enduring tax breaks, is finding little support in Congress.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748704089904575093621148762194.html?mod=WSJ_hpp_section_personalfinance



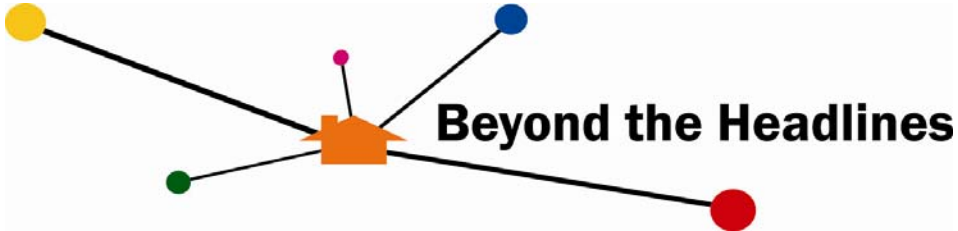
Los Angeles Times

Many borrowers in default stay put as lenders delay evictions

Despite being months behind, many strapped residents are hanging on to their homes, essentially living rent-free. Pressure on banks to modify loans and a glut of inventory are driving the trend.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-squatters27-2010feb27,0,3096300.story>



The New York Times

Another foreclosure alternative

Homeowners on the verge of foreclosure will often seek a short sale as a graceful exit from an otherwise calamitous financial situation. Their homes are sold for less than the mortgage amount, and the remaining loan balance is usually forgiven by the lender.

To read the full story, please click here:

<http://www.nytimes.com/2010/02/28/realestate/28mort.html?ref=realestate>



The Washington Post

Consumer optimism seen with January rise in spending

Perhaps the lessons of the Great Recession are not so deep-seated after all. Consumers spent more and saved less in January, according to government data released Monday, a sign that Americans feel increasingly secure about their financial situation, economists said.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2010/03/01/AR2010030103604.html>



The Wall Street Journal

Freddie Mac abandons ship on interest-only loans

Freddie Mac said on Friday that it would stop buying and securitizing interest-only loans in September because those mortgages have performed so poorly.

To read the full story, please click here:

http://blogs.wsj.com/developments/2010/02/26/freddie-mac-abandons-ship-on-interest-only-loans/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+wsj%2Fdevelopments%2Ffeed+%28WSJ.com%3A+Developments+Blog%29&mod=WSJ_Real+Estate_BLOGSDEVELOPMENTSFEED



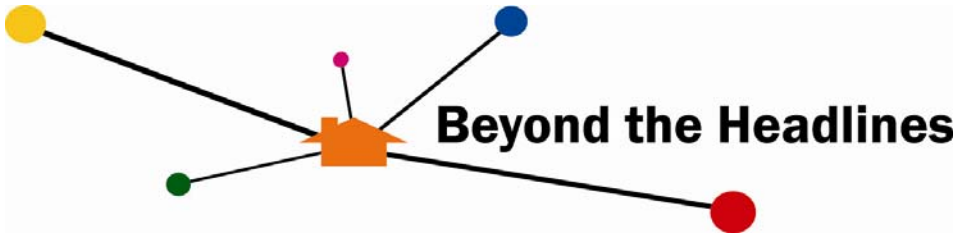
The Mercury News

Increasing numbers of Californians are suing lenders to avoid foreclosure

In the last five years, the number of foreclosure lawsuits filed in federal courts in California has ballooned—like an exploding adjustable-rate mortgage—from only 29 statewide in 2005 to nearly 1,400 last year.

To read the full story, please click here:

http://www.mercurynews.com/top-stories/ci_14500350



What you should know about the market...

- When house hunting, first-time buyers are advised to create long-term budgets to help estimate costs of homeownership. Items such as taxes, insurance, utilities, closing costs, appraisal fees, escrow fees, homeowner's insurance fees, and moving costs should be included in the budget.
- A common mistake many home buyers make is being too close-minded while searching for a home. To avoid this, home buyers should sit down with their REALTOR® and create a needs/wants list. The list should include items that are must-haves or deal-breakers, as well as those that are not necessary, but would be nice to have in the home.