

Media Advisory



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

This week's *C.A.R. Mortgage Update* contains information about hybrid adjustable-rate mortgages; home equity lines of credit; reverse mortgages; lenders that have signed up for President Obama's mortgage plan; and new fees for some borrowers.

Low rates put some borrowers in a quandary

Borrowers with hybrid adjustable-rate mortgages – loans that carry a fixed-interest rate for a certain number of years and then reset annually to rates tied to market benchmarks – are questioning if they should refinance to lock in a low rate for the long term, or if they should keep their adjustable-rate mortgages, currently at interest rates lower than their initial fixed rates.

Some mortgage experts say it's best to refinance out of adjustable-rate mortgages if the borrower plans to live in the home for more than two years. Adjustable-rate mortgages are tied to myriad indices, and today's low rate could jump as the economy recovers and inflation kicks in. The increase would result in borrowers paying more in the long term for an adjustable-rate mortgage than they would if they refinanced into a fixed-rate mortgage.

To read the full story, please click here:

<http://online.wsj.com/article/SB123984675147323587.html>

Why credit lines are drying up

Home equity lines of credit (HELOCs) have traditionally been popular financial tools with homeowners, as these lines of credit serve as a fallback and in many cases replaced savings accounts.

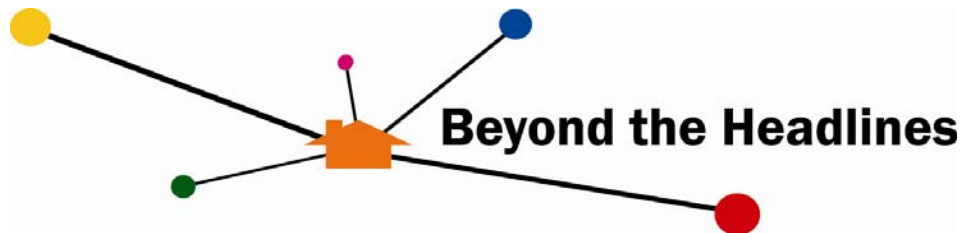
However, in the past year lenders have made it more difficult to qualify for HELOCs, and even those who do qualify currently pay a higher interest rate than the average long-term rate.

During the height of the real estate cycle, HELOCs commonly carried interest rates that varied in accordance with the prime rate. Borrowers with favorable financial histories typically paid about one-half of a percentage point lower than the prime rate.

In the middle of last year, as the financial market began freezing, many banks started canceling unused portions of homeowners' HELOCs. Since July 2008, the average interest rate paid on HELOCs has been rising, despite the fact that the prime interest rate has fallen. The credit freeze also resulted in fewer banks offering HELOCs, and the resulting lack of competition enabled some banks to increase the cost of these loan products.

To view the full story, please click here:

<http://www.nytimes.com/2009/04/19/realestate/19mort.html?ref=realestate>



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

More homeowners turning to reverse mortgages

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-reverse15-2009apr15,0,4550670.story>

Six mortgage lenders to participate in Obama housing plan

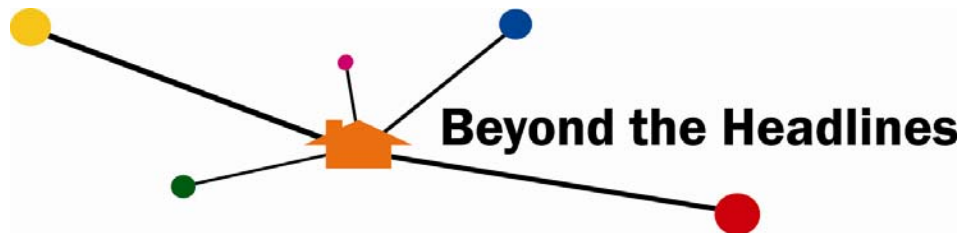
To read the full story, please click here:

<http://www.latimes.com/business/la-fi-briefs16-2009apr16,0,3606668.story>

Fees, rule changes sock borrowers

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_12135349?nclick_check=1



[Los Angeles Times](#)

Independent home inspections are crucial for would-be buyers

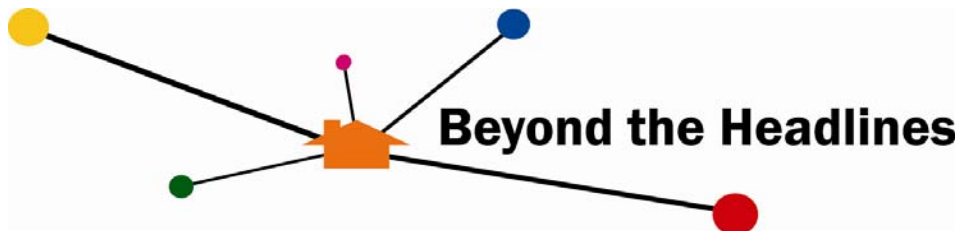
A crucial part of the home-buying process is the home inspection, but many home buyers do not pay enough attention to this important step. According to the president of the American Society of Home Inspectors, many of the items that independent home inspectors find during the inspection are results of neglect. Most homeowners do not provide regular maintenance, such as changing filters in the furnaces and air conditioners, fixing leaky faucets and repairing doors and windows.

KEEP THIS IN MIND

- During the home inspection, home buyers should turn on the water faucets to gauge the water pressure. If the water drips or there are noises, it could mean there is a problem with older galvanized piping or inadequate piping. Sections of piping may need to be replaced, or a completely new plumbing system may be needed.
- While vertical cracks in the foundation are normal and often are caused by the house settling, horizontal cracks are not, and generally result from hydrostatic pressure against the home's foundation. This can be corrected by excavation and drainage and repairs to the wall itself. If horizontal cracks are evident, home buyers should consult with several structural engineers to determine corrective measures.
- Stains on walls and ceilings should be further evaluated to determine the cause and extent of any possible hidden damage. Home inspectors also should search for the cause and test the stain using a moisture meter to determine whether or not it is active.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-lew19-2009apr19.0.5367178.story>



[San Francisco Chronicle](#)

New signs emerge that recession may be easing

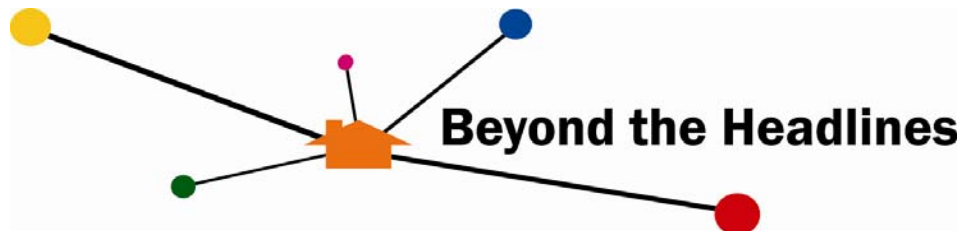
Despite housing construction declining, the number of people receiving jobless benefits rising, and one big bank reporting a decline in profit for the first quarter, other signs in the economy point to an easing of the recession.

KEEP THIS IN MIND

- The Commerce Dept. recently reported that construction of new homes and apartments declined 11 percent in March, but it is important to note that the decline was driven by a drop in new apartment building. Construction of new, single-family homes matched February's level and remained above January's record low. According to a senior economist at PNC Financial services Group, the consistency in home construction signals that single-family home building "is now at or near a bottom."
- Initial unemployment claims dropped to a seasonally adjusted 610,000, below analysts' expectations and the lowest level since late January. Economists follow the jobless claims figures for signs of recovery. Goldman Sachs stated in a report that claims normally peak six to ten weeks before the end of a recession. The four week average of claims declined to 651,000, but is still short of the 30,000 to 40,000 drop needed before Goldman Sachs concludes that claims have peaked. Generally, hiring doesn't begin to pick up until after an economic recovery is under way.
- Favorable home prices and record-low mortgage rates may be spurring sustained interest in home buying. The Federal Reserve recently reported that the number of home buyers is beginning to pick up. In California, sales have exceeded 600,000 units on an annualized basis for a number of months.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/04/16/financial/f053547D96.DTL&type=business>



In Other News...



[The Wall Street Journal](#)

Builders' view on housing brightens

To read the full story, please click here:

<http://online.wsj.com/article/SB123981347136021633.html>



[MSN](#)

How to get a valuable first-time homebuyer credit

To read the full story, please click here:

<http://realestate.msn.com/article.aspx?cp-documentid=19134651>1=35000>



[Los Angeles Times](#)

Southern California home prices may be stabilizing

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homes16-2009apr16,0,6899533.story>



[Bloomberg](#)

Obama can't pick up the phone for mortgage customers

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601213&sid=azPai3L3QG2w&refer=home>

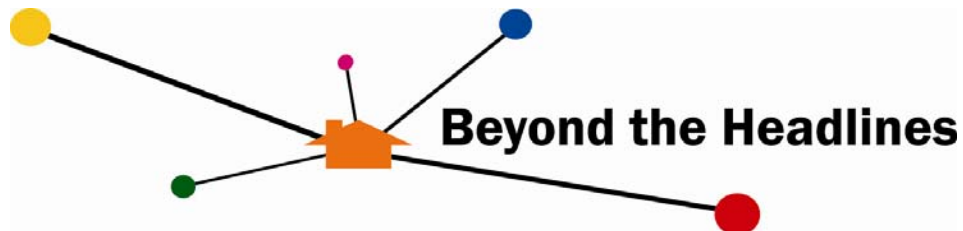


[The Wall Street Journal](#)

The foreclosed are "target market" for some landlords

To read the full story, please click here:

<http://blogs.wsj.com/developments/2009/04/14/the-foreclosed-are-target-market-for-some-landlords/>



[San Francisco Chronicle](#)

Economist has weak outlook for state, U.S.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/04/15/BUVO1727T3.DTL&type=business>



[CNN](#)

Folks losing homes dial 1-800; no one answers

To read the full story, please click here:

<http://www.cnn.com/2009/LIVING/04/15/foreclosure.phones/index.html>

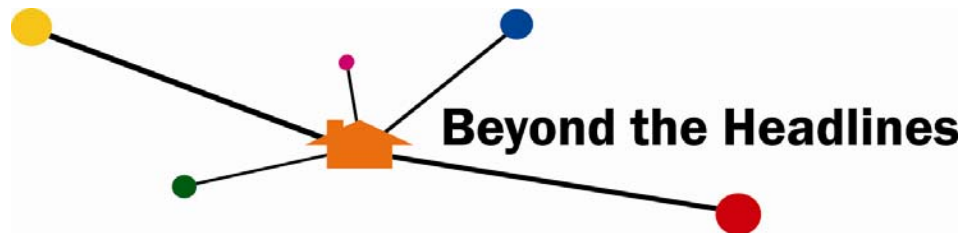


[Press Enterprise](#)

Inland foreclosures surge in March after law's delays expire

To read the full story, please click here:

http://www.pe.com/business/local/stories/PE_Biz_S_realtytrac16.3eb7399.html



What you should know about the market...

- Some home buyers may feel that today's loan underwriting standards and down-payment requirements are too strict. While the current lending guidelines are more stringent than in years past, when home buyers could receive mortgage loans with zero down payment and no proof of income, today's standards are more in line with traditional lending practices. The new guidelines make lenders more accountable and homeowners better positioned to manage their monthly payments.
- As the traditional spring home selling season gets underway, some neighborhoods may find that many homes on a block are listed for sale. While this may create competition among neighbors, and disappointment if other homes are sold first, it is important to celebrate all home sales as this shows that the area is desirable. Also, homeowners should note that even if they haven't received offers on their house, but other homes in the neighborhood have sold, there now is less competition for home buyers in the area.