

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

This week's *C.A.R. Mortgage Update* contains information about refinancing, 15-year mortgages, mortgage modifications, and current mortgage rates.

A battle plan for refinancing your mortgage

Homeowners seeking to refinance their mortgages may be surprised by the amount of paperwork required. During the "easy credit" years, some lenders did not require proof of income or documentation. Nowadays, most lenders require borrowers to provide pay stubs, banks statements, brokerage statements, and possibly tax returns. Self-employed individuals may be asked for a profit-and-loss statement. Those relying on bonus income should expect that most lenders will assume this year's bonus will be a lot less than last year's, which could make securing approval more difficult.

Determining the amount of equity in the home is key to being approved for a new loan. Homeowners whose mortgage obligations are less than 80 percent of the home's value are more likely to have refinancing options available to them. Other homeowners who are current on their mortgages, owe 80 percent to 105 percent of the home's value, and have a loan owned by Fannie Mae or Freddie Mac may be able to refinance under the government's "Making Home Affordable" program.

Other factors to take into consideration when refinancing are the property's appraised value, the homeowners' credit score(s), whether or not the property has a second mortgage, and the length of the original loan.

To read the full story, please click here:
<http://online.wsj.com/article/SB124277960359137325.html>

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

More takers for 15-year loans

To read the full story, please click here:
http://www.nytimes.com/2009/05/24/realestate/24mort.html?_r=1&ref=realestate

Mortgage rates likely to remain stable for rest of year, analysts say

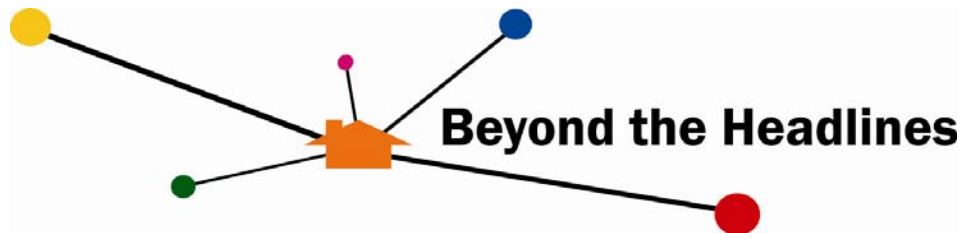
To view the full story, please click here:
<http://www.latimes.com/business/la-fi-mortgage-rates22-2009may22,0,3780511.story>

Many modified mortgages will default again, Fitch Ratings projects

To view the full story, please click here:
<http://www.latimes.com/business/la-fi-home-loan27-2009may27,0,3422784.story>

Mortgage rates rise, remain below 5 pct

To view the full story, please click here:
<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/05/28/financial/f110028D09.DTL&type=business>



San Francisco Chronicle

Signs of more trouble ahead for housing market

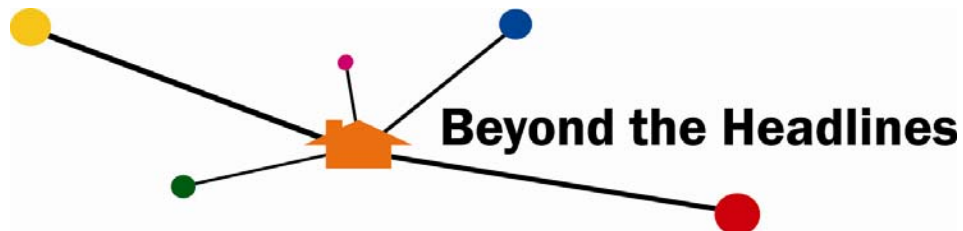
Several recent market barometers, including declining housing inventory, increasing buyer competition, slowing price depreciation, and rising builder confidence all point to a real estate market rebound. However, other signs such as rising unemployment, lack of "move-up" buyers, stricter loan underwriting standards, and foreclosures also may impact the market's recovery.

KEEP THIS IN MIND

- Rising unemployment means that those who own a home, but are not currently employed, could lose their homes to foreclosure. While the first round of foreclosures mainly encompassed people who had difficulty affording their homes even when employed, a second wave may be brought on by those who lose their jobs and are not able to continue paying their mortgages. Numerous programs are in the works to help remedy this situation, including C.A.R.'s Mortgage Protection Program. Eligible first-time buyers who lose their may be able to receive \$1,500 for six months to help pay their mortgages. For more information on this program, please visit <http://www.car.org/aboutus/hafmainpage/carhafmortgageprotection/>.
- While some housing analysts believe overall the state's housing prices remain unaffordable; 69 percent of the state's households could afford to purchase an entry-level home in California in the first quarter of this year, compared with 46 percent during the first quarter last year, according to C.A.R.'s First-time Buyer Housing Affordability Index (FTB-HAI).
- A study conducted by the Comptroller of the Currency found that more than half of modified mortgages again were delinquent within months of the modification, often because the homeowners still were unable to make regular mortgage payments despite the modified terms. However, the study was conducted prior to the Obama administration's mortgage modification plan. For more information about the Obama administration's foreclosure-prevention efforts, please visit <http://www.car.org/newsstand/newsreleases/fapsummary/>.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/05/26/MNRB17JFHB.DTL&tsp=1>



In Other News...



San Francisco Chronicle

Gov't reports smaller home price decline in 1Q

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/05/26/financial/f060105D33.DTL&type=business>



Press Enterprise

Survey: Most economists see recession end in '09

To read the full story, please click here:

http://hosted.ap.org/dynamic/stories/U/US_ECONOMIC_RECOVERY?SITE=CARIE&SECTION=HOME&TEMLATE=BUSINESS.html&CTIME=2009-05-27-10-34-50



CNN

Buying a foreclosed home

To read the full story, please click here:

http://money.cnn.com/2009/05/21/pf/saving/foreclosed_homes_willis/index.htm?postversion=2009052114

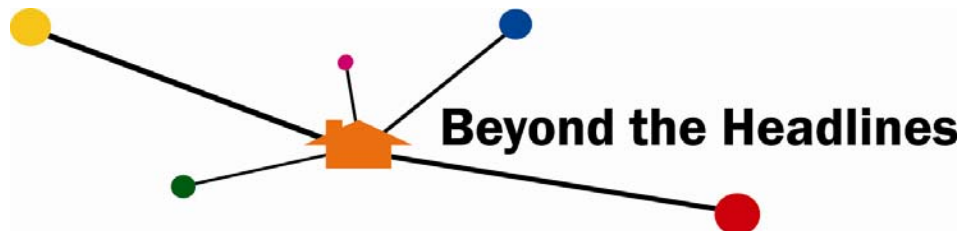


Los Angeles Times

Home sizes change with the times

To read the full story, please click here:

<http://www.latimes.com/news/nationworld/nation/la-na-houses-smaller26-2009may26.0.3760958.story>



Bloomberg

Housing hitting bottom means fewest starts since 1945

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=adbBR4rdQgag>



The Washington Post

Face-lift for foreclosure prevention

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/05/25/AR2009052502272.html>



Press Enterprise

Banks vow smoother short sale procedure

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_S_shortsales22.3e5f3e4.html

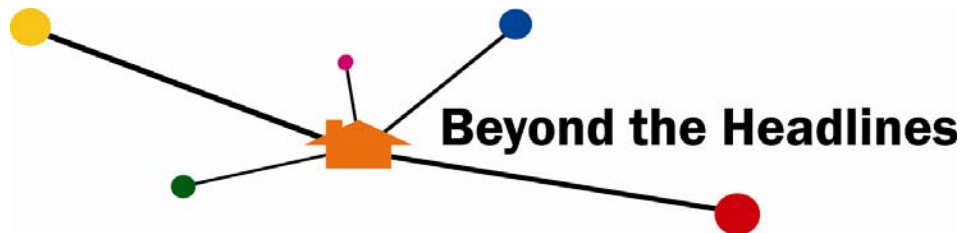


The Washington Post

Housing bust leaves most sellers at a loss

To read the full story, please click here:

http://www.washingtonpost.com/wp-dyn/content/article/2009/05/24/AR2009052402065.html?wprss=rss_business/personalfinance



What you should know about the market

- While today's real estate market offers many opportunities to first-time buyers, it is important that buyers don't view the purchase primarily as an investment. Historically, homeownership can build wealth over time, but buyers should not count on home values quickly rising in the short term.
- Most homeowners should budget for 1 percent of their home's purchase price each year toward maintenance and repairs, according to financial experts. If the homeowner is hiring someone else to do the work, they should plan to spend a little bit more. To help with these costs, experts recommend setting aside some money each month in an emergency fund.