

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

This week's *C.A.R. Mortgage Update* contains information about reverse mortgages, mortgage rates, mortgage re-fis, loan modifications, an increase in the number of prime mortgage defaults, the FDIC's plan to postpone the initial sale of bank assets, and a new loan for seniors.

#### **U.S. regulator: Be wary of reverse mortgages**

Some industry analysts, including U.S. bank regulator, John Dugan, believe that reverse mortgages could be the next subprime mortgage product to gain traction. Dugan says that while reverse mortgages can be beneficial, they also share some of the characteristics of the riskiest types of subprime mortgages.

Although the majority of reverse mortgages is insured by the Federal Housing Administration and poses limited credit risk, a different class of reverse mortgages is becoming popular--"proprietary" products--which offer less consumer protection.

To protect consumers, regulators are crafting guidelines and Dugan is recommending that regulators be more vigilant about misleading marketing and cracking down on lenders who try to bundle a reverse mortgage with other financial products, such as an annuity or life insurance product.

To read the full story, please click here:

[http://money.cnn.com/2009/06/08/real\\_estate/reverse\\_mortgages.reut/index.htm?postversion=2009060813](http://money.cnn.com/2009/06/08/real_estate/reverse_mortgages.reut/index.htm?postversion=2009060813)

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#### **Mortgage rates rise to 6-month high above 5%**

To read the full story, please click here:

[http://www.usatoday.com/money/economy/housing/2009-06-04-mortgage-rates\\_N.htm](http://www.usatoday.com/money/economy/housing/2009-06-04-mortgage-rates_N.htm)

#### **Tips for refinancing your mortgage**

To read the full story, please click here:

<http://www.cnn.com/2009/LIVING/personal/06/09/refinance/index.html>

#### **Bank of America's offer to modify Countrywide home loans tops 100,000**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-loans4-2009jun04,0,4397676.story>

#### **Foreclosure crisis spreads from subprime to prime mortgages**

To read the full story, please click here:

[http://www.usatoday.com/money/economy/housing/2009-06-08-home-loan-foreclosures-subprime\\_N.htm](http://www.usatoday.com/money/economy/housing/2009-06-08-home-loan-foreclosures-subprime_N.htm)

#### **FDIC shelves toxic loan program**

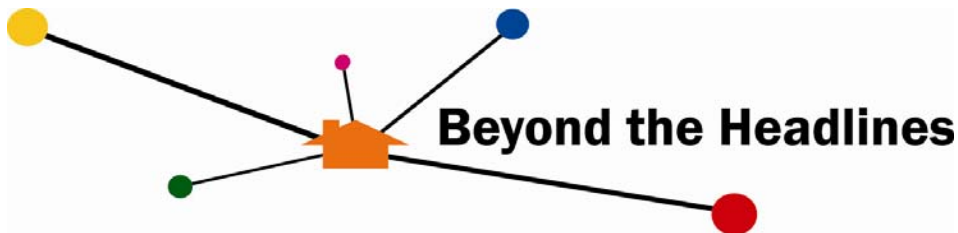
To read the full story, please click here:

<http://money.cnn.com/2009/06/03/news/fdic.toxicity.fortune/index.htm?postversion=2009060317>

#### **New loan helps seniors buy homes**

To read the full story, please click here:

[http://www.pe.com/business/local/stories/PE\\_Biz\\_S\\_reverse07.4d065bc.html](http://www.pe.com/business/local/stories/PE_Biz_S_reverse07.4d065bc.html)



Chicago Tribune

### **New rules come at a cost for appraisals**

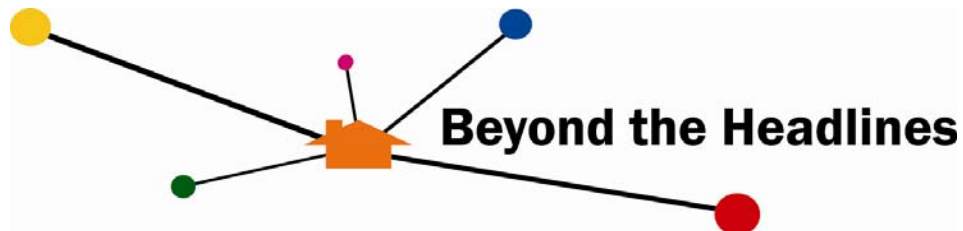
The Federal Housing Finance Agency (FHFA), Fannie Mae, Freddie Mac, and the New York State General Attorney have created a new agreement titled the Home Valuation Code of Conduct (HVCC), which prohibits lenders, mortgage brokers, and real estate agents from selecting and having any “substantive” communication with an appraiser.

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

- HVCC was created to protect consumers against fraudulent appraisals, which some industry experts believe was a contributing factor to inflated home values.
- The code applies to all conventional, single-family loans that are originated on or after May 1 and are sold to Fannie Mae or Freddie Mac. It does not apply to loans backed by the Federal Housing Administration (FHA) or the Veterans Administration.
- Under HVCC, a lender’s loan production staff is prohibited from selecting an appraiser for a property or having any “substantive” communication with an appraiser or an appraisal management company about a home’s valuation. However, a non-loan production staff member may call the appraiser, or the lender can farm out the request to an appraisal management company.
- Lenders no longer can perform “value checks,” where appraisers pull comps for a house to see if the numbers are likely to work for a client, before the actual appraisal is ordered.
- Mortgage brokers and/or real estate agents cannot order or pay for an appraisal.
- Borrowers will receive, free of charge, a copy of their appraisal at least three days before closing, giving homeowners more time to contest what they view as an inaccurate appraisal.
- Because lenders are more likely to farm out requests to appraisal management companies, some appraisers believe borrowers will have to pay more out-of-pocket expenses—approximately \$100 more than they would have previously.
- The appraisal process may take longer, so some housing experts recommend borrowers lock in a mortgage rate for a longer period of time. It’s important to note that the longer the lock, the more costly it is.
- Some real estate industry analysts are worried that appraisal management companies may hire an appraiser unfamiliar with a neighborhood, which could lead to an inaccurate valuation. To prevent this, appraisers recommend consumers check an appraiser’s name and license number with the California Dept. of Insurance to see where the appraiser is from and if the appraiser is familiar with the area where the home is located. Consumers and/or mortgage brokers and agents can visit <http://www.insurance.ca.gov/0200-industry/0070-check-license-status/> to check an appraiser’s license.

To read the full story, please click here:

[http://www.chicagotribune.com/classified/realestate/chi-local-scene\\_chomes\\_0605jun05,0,7849699.column](http://www.chicagotribune.com/classified/realestate/chi-local-scene_chomes_0605jun05,0,7849699.column)



## In Other News...



The Wall Street Journal

### **The silver lining to falling home values: lower property taxes**

To read the full story, please click here:

<http://blogs.wsj.com/developments/2009/06/09/the-silver-lining-to-falling-home-values-lower-property-taxes/>



CNN

### **Most over- and under-valued housing markets**

To read the full story, please click here:

[http://money.cnn.com/2009/06/04/real\\_estate/home\\_affordability\\_soaring/index.htm?postversion=2009060412](http://money.cnn.com/2009/06/04/real_estate/home_affordability_soaring/index.htm?postversion=2009060412)



The Wall Street Journal

### **Homebuilders dabble in spec**

To read the full story, please click here:

<http://online.wsj.com/article/SB124404033500281397.html>

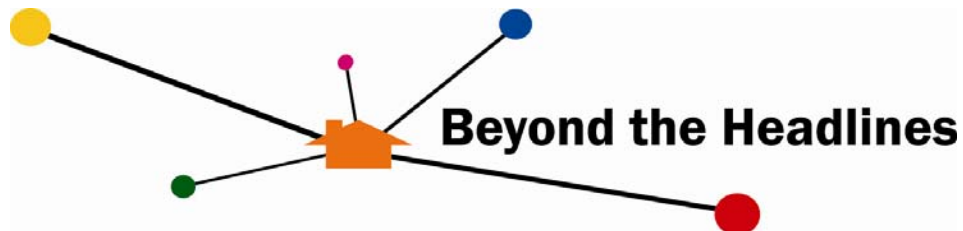


Mercury News

### **Santa Clara County luxury home sales pick up in April**

To read the full story, please click here:

[http://www.mercurynews.com/realestatenews/cj\\_12504633](http://www.mercurynews.com/realestatenews/cj_12504633)



The Wall Street Journal

### **Index suggests home sales are set to increase**

To read the full story, please click here:

<http://online.wsj.com/article/SB124395144013576881.html>



The Wall Street Journal

### **New programs put crime stats on the map**

To read the full story, please click here:

<http://online.wsj.com/article/SB124398235596978969.html>

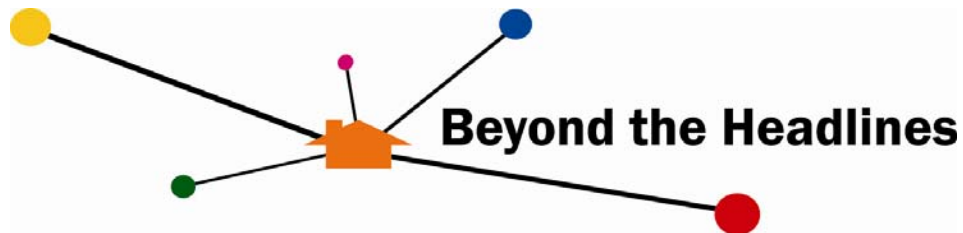


The Wall Street Journal

### **Builders see signs of stabilization**

To read the full story, please click here:

<http://online.wsj.com/article/SB124402433271280917.html>



### **What you should know about the market...**

- Many families find that when downsizing to smaller homes, the amount of belongings to sort through can be overwhelming. When departing with possessions, those with sentimental value normally are the hardest to sell or throw out. In general, possessions accumulate memories over time, so it's easiest to sort through newer items first.
- When sorting through home décor, it may be helpful to group items together by theme or era. Not only will it show how much space is being used by out-of-date items, but it also could be easier to sell "collections" of items, rather than piece-by-piece.