

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

This week's *C.A.R. Mortgage Update* contains information about lawmakers urging Fannie Mae and Freddie Mac to relax standards for mortgage on new condominiums, the Mortgage Bankers Association cutting its forecast of home-mortgage lending for the year, challenges homeowners face in reaching approval for loan modifications, and how mortgage lending rules will impact real estate.

#### **Changes urged to rules on condo loans**

In a letter to the chief executives of Fannie Mae and Freddie Mac, Reps. Barney Frank (D.-Mass.) and Anthony Weiner (D.-N.Y.) urged the GSEs to ease the recently tightened standards for mortgages on new condominiums, saying they could threaten the viability of some developments and slow the housing-market recovery.

In March, Fannie Mae said it would no longer guarantee mortgages on condos in buildings where fewer than 70 percent of the units had been sold, up from 51 percent. Fannie Mae also won't purchase mortgages in buildings where 15 percent of owners are delinquent on condo association dues or where one owner has more than 10 percent of units. Freddie Mac plans to implement similar policies next month.

Officials at Fannie Mae report that the 70-percent rule does not apply to loan applications submitted through an underwriting program used by major lenders. Developers also are able to apply for exemptions to the new policies for loans that are manually underwritten.

To read the full story, please click here:

<http://online.wsj.com/article/SB124562533240635581.html>

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#### **Weakness in mortgage refinancing**

To read the full story, please click here:

<http://online.wsj.com/article/SB124572325940240067.html>

#### **Loan redos get tangled in thicket of red tape**

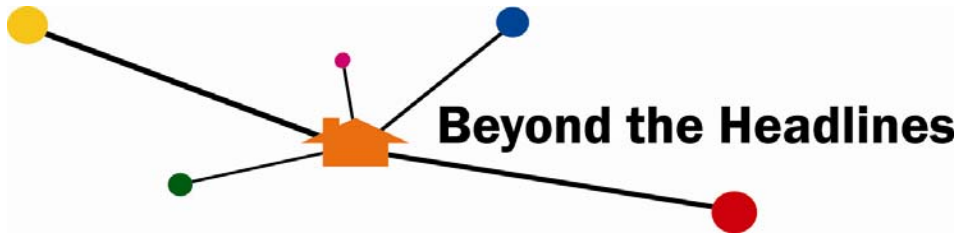
To read the full story, please click here:

<http://online.wsj.com/article/SB124508720715715781.html>

#### **Will tough mortgage rules hurt real estate recovery?**

To read the full story, please click here:

[http://www.mercurynews.com/realestatenews/ci\\_12603922](http://www.mercurynews.com/realestatenews/ci_12603922)



The Wall Street Journal

### **California housing market shows pockets of recovery**

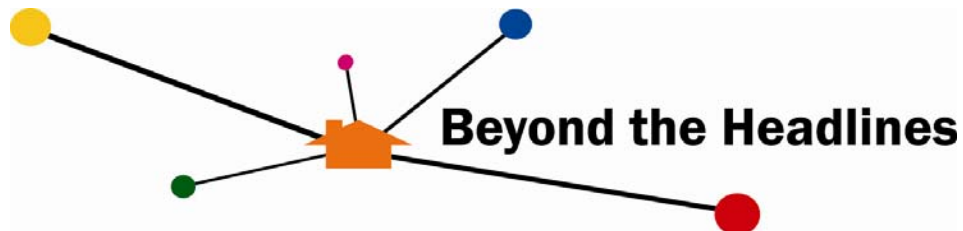
A surge in home sales that started in some of California's more affordable inland areas has begun to spread to several more expensive coastal areas, another indicator that the state's real estate market may be in recovery mode.

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

- Many homes in the lower end of the market are receiving multiple offers, with some prospective buyers bidding well above asking prices. Inventory levels for homes priced under \$500,000 stood at 3.2 months in May 2009, compared with 9.4 months in May 2008.
- Some buyers, especially those in historically higher-priced markets such as the San Francisco Bay Area, are newly optimistic about buying homes and are realizing that the combination of low interest rates, favorable home prices, and first-time home buyer tax credits may not realign for many years.
- Some housing economists caution against interpreting signs of increased sales activity as meaning the market has bottomed. Interest rates on 30-year, fixed-rate prime mortgages have risen above 5 percent in recent weeks and could continue to increase as fears of inflation impact interest rates. Additionally, the federal tax credit for first-time home buyers is scheduled to end November 30, which may remove the incentive to purchase.
- Although the median price in the state has risen for four consecutive months, prices in some higher-income neighborhoods still are declining. Some agents say that declining prices in these neighborhoods are a reflection of borrowers' problems getting jumbo mortgages to make purchases.

To read the full story, please click here:

<http://online.wsj.com/article/SB124545407944432853.html>



## In Other News...



The Los Angeles Times

### **Forecast for California: gradual clearing**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-cal-econ18-2009jun18,0,6354615.story>



The Sacramento Bee

### **Leading economic indicators up more than expected**

To read the full story, please click here:

<http://www.sacbee.com/830/story/1957522.html>



CNN

### **\$6 billion available to buy foreclosed homes**

To read the full story, please click here:

[http://money.cnn.com/2009/06/23/real\\_estate/money\\_for\\_foreclosures/index.htm?postversion=2009062312](http://money.cnn.com/2009/06/23/real_estate/money_for_foreclosures/index.htm?postversion=2009062312)

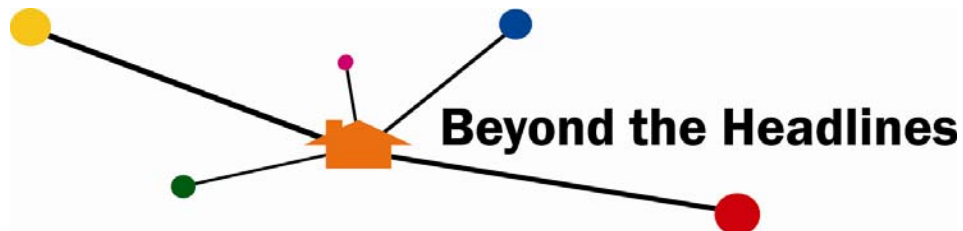


The Sacramento Bee

### **Sacramento area misses move-up home buyers—they're staying put**

To read the full story, please click here:

<http://www.sacbee.com/business/story/1959684.html>



San Francisco Chronicle

### **Appeal assessment if you think it's too high**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/06/21/BUGJ18ABE8.DTL&type=business>



Reuters

### **Echo boomers a lifeline for embattled U.S. housing**

To read the full story, please click here:

<http://www.reuters.com/article/smallBusinessNews/idUSTRE55L0AO20090622>



The Los Angeles Times

### **Home resales in U.S. rise 2.4% in May to 4.77 million rate**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homesales-wire24-2009jun24,0,2268595.story>

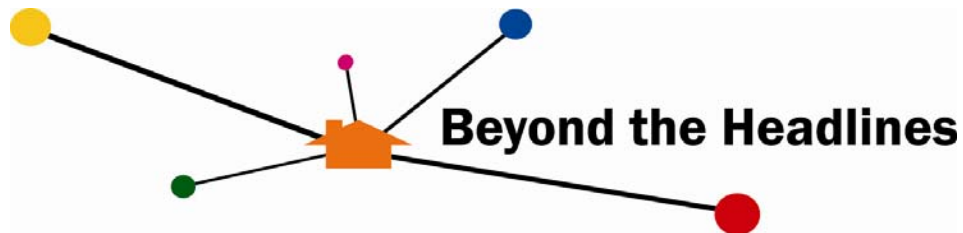


Bloomberg

### **Housing eludes recovery as job losses, foreclosures climb**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601213&sid=aw.NN1Sql7xk>



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

- Buyers who are having difficulty arranging financing or coming up with a down payment may want to consider rent-to-own or lease-options. Generally, these deals require buyers to pay extra amounts of rent each month, in addition to the normal market-rate rent, plus up-front fees of approximately 5 percent of the purchase price. The owner keeps the regular rent, but the additional payments are used to buy down the price of the home. While rent-to-own options may be a viable choice for some buyers, most real estate experts recommend buyers and sellers work with attorneys experienced in drafting lease-option agreements.
- Although rent-to-own options enable buyers to walk away from the deal for a variety of reasons, including deciding the home or neighborhood isn't a good fit; one drawback is that by walking away, buyers agree to forfeit the up-front fees and the additional monthly rent they've been paying. Additionally, at the end of the term, if the buyer still is unable to secure financing they also may have to forfeit the money.