

## C.A.R. Mortgage Update

This week's *C.A.R. Mortgage Update* contains information about new consumer protection rules; federal prosecutors going after loan scammers; the U.S. Treasury Dept. considering a proposal to allow homeowners to stay in their home as renters after foreclosure; and current mortgage rate information.

### **New federal rules protecting applicants for home loans take effect July 30**

A new set of consumer-protection rules take effect July 30, including requiring lenders to provide consumers with initial disclosures of the estimated mortgage costs within three business days of the loan application; prohibiting lenders from collecting any fees prior to the consumer receiving the loan-cost disclosures; and prohibiting quickie closings on loans.

Traditionally, many mortgage brokers and lenders collected fees covering appraisal, credit, and other charges at the time of application. The new rules eliminate this practice and prohibit lenders from collecting any fees until the consumer has received the truth-in-lending disclosures and an annual percentage rate (APR) calculation of the loan costs.

The new rules also require lenders to deliver a copy of the real estate appraisal to the home buyer three business days before the scheduled closing on the loan. Previously, federal regulations guaranteed that consumers could request and obtain a copy of the appraisal, but many home buyers were not aware of this right.

Additionally, the rules prohibit quickie closings on loans by requiring a seven-day waiting period after applicants are handed their early disclosures or the disclosures are mailed. This provides applicants a week to think about the transaction and to decide whether it is right for them. Final truth-in-lending disclosures are due three business days before closing.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-harney19-2009jul19,0,1179820.story>

To view additional articles, please visit the following:

### **FTC, state go after alleged loan scammers**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/07/16/BUB318PBKI.DTL&type=realestate>

### **Administration weighs more foreclosure aid**

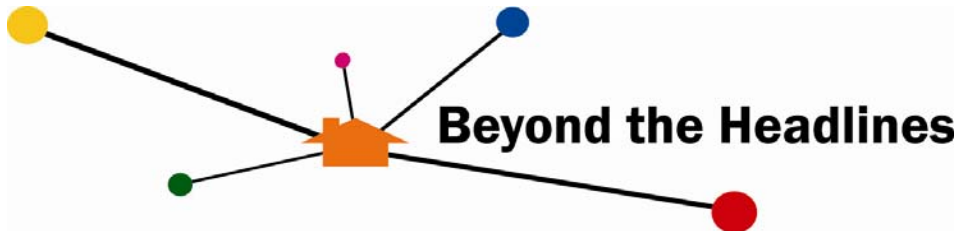
To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/07/16/AR2009071600699.html?hpid=sec-business>

### **U.S. mortgage rates rise to 5.2%, Freddie Mac says**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aOJY2tDGMRxA>



MSNBC

### **Buying is now cost-effective for some renters**

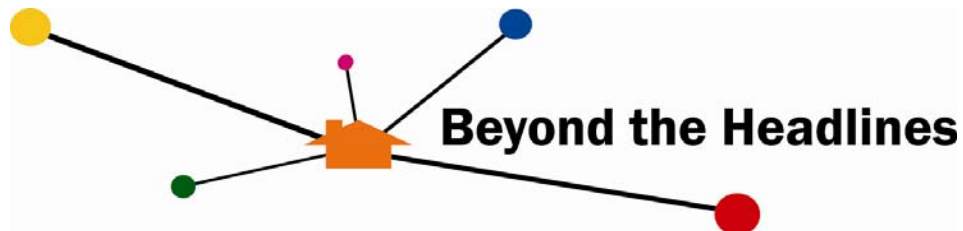
Many renters debating whether to buy or rent their homes are realizing that the increase in affordability, coupled with low interest rates and tax incentives, are tipping the scales toward homeownership.

#### KEEP THIS IN MIND

- An analysis of 45 metro areas by the Associated Press found that the gap between the monthly mortgage payment on a median-priced home and the median rent has decreased from \$777 a month to just \$221 in the past three years.
- In markets across the nation, including the inland areas of California, prices have declined by nearly 40 percent, resulting in rising sales as first-time buyers use a federal tax credit that covers 10 percent of the home price, up to \$8,000.
- Favorably priced foreclosures in some markets are drawing multiple bids. Many housing experts believe that as supply and demand even out, home prices will eventually begin to rise, but for now most buyers are having little difficulty finding affordable homes.
- Qualified first-time buyers may be eligible for loans insured by the Veterans Administration (VA), which does not require a down payment. Another loan product gaining popularity are those insured by the Federal Housing Administration (FHA), which require only a down payment of 3.5 percent.
- It is important that potential home buyers not only look at the monthly mortgage payment compared with their monthly rent payment, but that they also consider other costs associated with homeownership. These can include homeowner association (HOA) fees, insurance, maintenance, and utilities, which most renters are not responsible for paying.

To read the full story, please click here:

[http://www.msnbc.msn.com/id/32051101/ns/business-real\\_estate/](http://www.msnbc.msn.com/id/32051101/ns/business-real_estate/)



## In Other News...



The Wall Street Journal

### **Are banks holding a shadow inventory of homes?**

To read the full story, please click here:

<http://blogs.wsj.com/developments/2009/07/21/are-banks-holding-a-shadow-inventory-of-homes/>



Los Angeles Times

### **Fewer foreclosures initiated in California in second quarter**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-foreclosure23-2009jul23,0,5325752.story>



Los Angeles Times

### **No recovery in California until 2011, forecast says**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-cal-econ22-2009jul22,0,2160299.story>

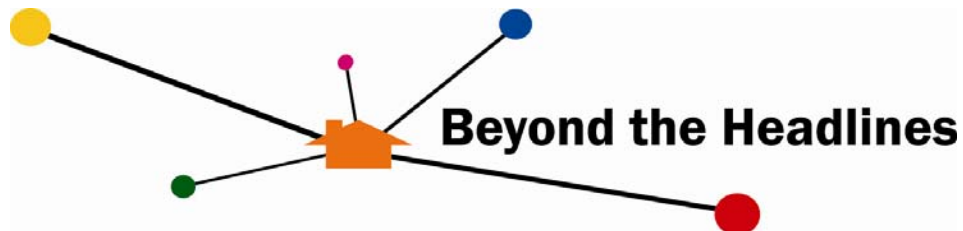


The Modesto Bee

### **Home sales prices on upward swing**

To read the full story, please click here:

<http://www.modbee.com/local/story/784743.html>



The Mercury News

**Stumbling block to economic recovery: Rising jobless rate accelerating foreclosure crisis**

To read the full story, please click here:

[http://www.mercurynews.com/realestatenews/ci\\_12852221](http://www.mercurynews.com/realestatenews/ci_12852221)



Los Angeles Times

**June housing construction rises more than expected**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-economy18-2009jul18,0,1667098.story>



The San Francisco Chronicle

**Virtual staging sparks sales of vacant homes**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/07/19/RECC18OB42.DTL>



Sacramento Bee

**California foreclosure deals are bittersweet for novice investors**

To read the full story, please click here:

<http://www.sacbee.com/business/story/2038862.html>