

C.A.R. Mortgage Update

This week's *C.A.R. Mortgage Update* contains information about changes to the Truth in Lending Act and the potential impacts on borrowers.

New law may cause delays for borrowers

Changes to the Truth in Lending Act took effect last month, requiring lenders to provide certain disclosures about mortgages fees and helping borrowers make better-informed loan choices. However, some in the industry believe the new regulations could create further delays in the lending process.

Previously, lenders could begin underwriting the loan the same day they received an application by charging fees to borrowers, such as paying for property appraisers. The new regulations now mandate a three-day review period for the loan documents before the loan process can begin. If the interest rate changes before the settlement date, a new set of disclosure documents must be given to the borrowers, restarting the review period.

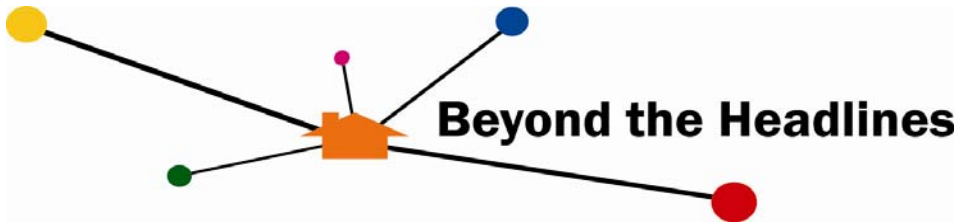
Funding the typical mortgage on a new purchase takes approximately 45 days—at least two weeks longer than last year, according to some lenders. Delays in loan funding also can be costly to borrowers, as time on mortgage rate locks may run out.

Borrowers can lock in interest rates for as long as 60 days, and may extend the rate lock for up to three weeks—down from four weeks a year ago. The cost of each further one-week rate-lock extension costs one-quarter of a percentage point of the total loan amount.

Borrowers whose settlement dates are in jeopardy may apply for an emergency waiver of the three-day waiting period, but it is not likely to be granted, according to one lender who issues loans in 20 states.

To read the full story, please click here:

<http://www.nytimes.com/2009/08/16/realestate/16mort.html?ref=realestate>



Los Angeles Times

Start house-hunting now to qualify for tax credit for first-time home buyers

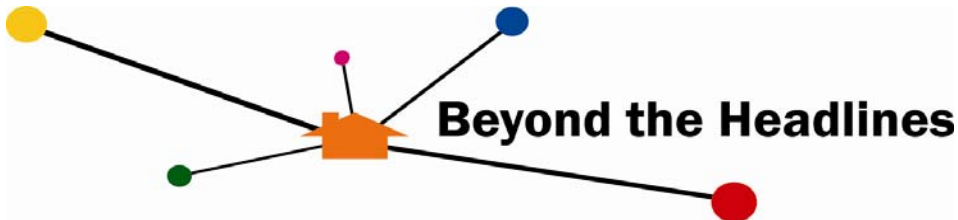
First-time homebuyers—those who have not owned a home for at least three years—may be eligible for the \$8,000 federal tax credit, but the window of opportunity is closing rapidly. To qualify for the credit, the buyer must close escrow by midnight on Nov. 30, when the tax credit expires. Buyers hoping to take advantage of this benefit are advised to start house-hunting early, as the buying and lending processes takes time.

KEEP THIS IN MIND

- Finding the right house can take some time, so REALTORS® recommend home buyers start looking for a home as soon as they are able and ready to purchase. Buyers also should build in extra time to accommodate the lending process, which is taking approximately two weeks longer to process this year compared with last year.
- The tax credit is equal to 10 percent of the purchase price, up to \$8,000, subject to income limits. Single taxpayers are eligible if their modified adjusted gross income is \$75,000 or less, while married taxpayers filing jointly must have a modified adjusted gross income of \$150,000 or less.
- Only primary residences are eligible for the federal tax credit, including new or existing single-family homes, townhouses, condominiums, manufactured homes, custom homes, and houseboats. Vacation homes and investment properties do not qualify.
- Purchases must be arm's-length transactions, meaning the seller cannot be the buyer's parent, grandparent, child, grandchild or spouse.
- Married people filing as such cannot claim the credit if either spouse has owned a primary residence within the last three years. However, unmarried joint purchasers may allocate the credit in any way they see fit, as long as it does not exceed the \$8,000 maximum.
- The government will allow those who finance their purchases with a federally insured loan to apply their anticipated credit immediately toward closing costs or as additional down payment, rather than waiting until they file their 2009 taxes to receive the refund.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-lew16-2009aug16.0.2155902.story>



In Other News...



San Francisco Chronicle

Home builder sentiment index rises in August

The National Association of Home Builders said Monday its housing market index rose in August to the highest point in more than a year, as home buyers hurried to take advantage of a federal tax credit before it expires.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/08/18/BUK4199OTB.DTL&type=realestat>



Los Angeles Times

Home construction falls 1%, misses views

Construction of new homes and apartments dipped slightly last month, missing expectations, in a sign that the building industry's recovery from the housing bust is likely to be bumpy and gradual.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-housing-starts19-2009aug19,0,476148.story>



The Wall Street Journal

Home prices: There's no quick recovery ahead

There has been some muted—albeit exhausted—cheering from homeowners in recent weeks. But before we break out the champagne, look out for further potential problems just down the road.

To read the full story, please click here:

<http://online.wsj.com/article/SB125038307081334617.html>



The New York Times

In the grip of indecision

A few years ago, buying real estate was simple. If you loved the place, you could buy it. If you were ambivalent, you could buy it anyway, because if you changed your mind later, you could always sell it at a profit. But these days, buying a home is more psychologically demanding, fraught with conflict and confusion.

To read the full story, please click here:

http://www.nytimes.com/2009/08/16/realestate/16cov.html?_r=1



Los Angeles Times

Some saw the housing bubble and sold; trick now is spotting the bottom

Mark Kiesel saw the real estate crash coming. Kiesel, a managing director at investment firm Pimco, wasn't alone in his 2006 warning of a looming housing market meltdown. But he was among the few who put his money—in his case, a lot of it—where his mouth was.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-bubble-timers17-2009aug17,0,6997492.story>



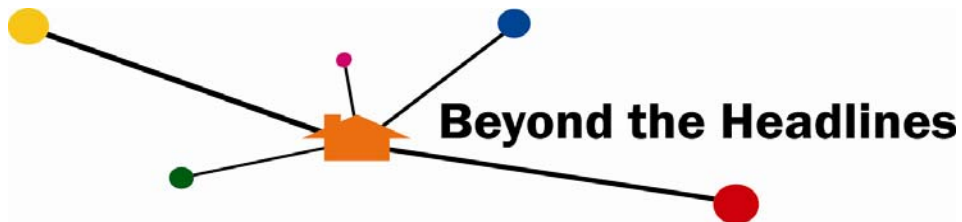
San Diego Union-Tribune

Falling prices boost home affordability

San Diego County's declining home prices have boosted first-time buyer affordability to 59 percent, more than twice what it was two years ago, the CALIFORNIA ASSOCIATION OF REALTORS® reported Friday.

To read the full story, please click here:

<http://www3.signonsandiego.com/stories/2009/aug/14/bn14afford115119/?business&zIndex=149487>



What you should know about the market...

- New rules impacting home appraisals have resulted in some homeowners feeling they are not receiving fair valuations of their homes. To assist appraisers who may not be familiar with the neighborhood, homeowners may wish to provide a typed list of the home's and neighborhood's best attributes. Key items to note on the list include: Recent upgrades or improvements to the house, such as custom woodwork or new windows; perks of the property, like striking mountain views or mature landscaping; and the benefits of living near public transportation or access to top schools.
- When touring homes, home buyers should consider their lifestyle and how it corresponds with the floor plan of the house. "A good floor plan gives the visitor a feeling of harmony. The rooms and major features are all in proportion," advises one agent. Home buyers also should determine whether the house will work on a day-to-day basis, rather than focusing on aspects that might initially impress.