

C.A.R. Mortgage Update

This week's *C.A.R. Mortgage Update* contains information about what to do if a mortgage is sold to another servicer.

What to do if your mortgage is sold to another lender

Approximately half of all mortgage loans are sold from one lender to another, often because the original lender is not equipped to collect payments, manage escrow accounts, pay taxes and insurance, respond to questions, and prepare payoff statements when the home is sold or refinanced. Some borrowers may receive letters in the mail alerting them of the sale of their loan a few days after closing, while others may not receive a notice for years.

In the mortgage-industry, this is called a “transfer of servicing,” and is a common practice. Borrowers should not be concerned about these changes, as the majority of lenders transfer their servicing rights to loans. Generally, the selling of a mortgage loan from one lender to another is a smooth transition and does not impact the borrower. Every so often though, there is a misstep by either the loan buyer or the loan seller.

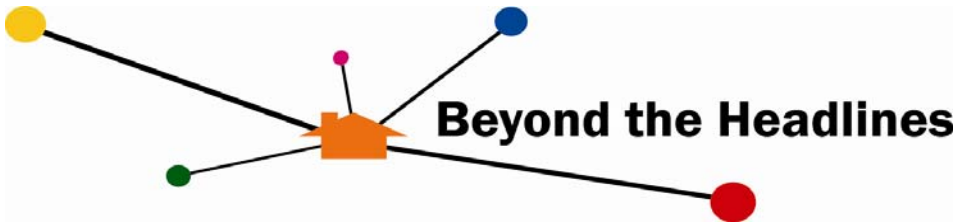
Under the National Affordable Housing Act, when a mortgage loan is sold, the borrower is required to receive a “goodbye” letter from their current servicers at least 15 days before their next payment is due. The letter must state the name, address, and telephone number of the new servicer; the date the old company will stop collecting payments; and the date the new company will start accepting them. Under the Helping Families Save Their Homes Act, signed by President Obama on May 20, the new owner of the loan—which may or may not be the servicer—also must notify the borrower of the transfer within 30 days, known as the “hello” letter.

The “hello” letter should outline the same information as the “goodbye” letter sent from the former loan servicing company. Borrowers should be cautious if they receive a “hello” letter without receiving a “goodbye” letter, as they may be the intended victim of a scam by someone who is hoping to unlawfully receive the monthly mortgage payments. Concerned borrowers should contact their current loan servicer to verify if their loan has been transferred. If it hasn't, authorities should be notified immediately.

In most cases, a mortgage payment sent to the old servicer automatically will be forwarded to the new servicer for a brief amount of time, typically 60 days. However, if payments are not sent to the correct servicer, they could become lost, and the homeowner may incur late fees.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-lew23-2009aug23.0,714106.story>



San Gabriel Valley Tribune

Home prices on the rise

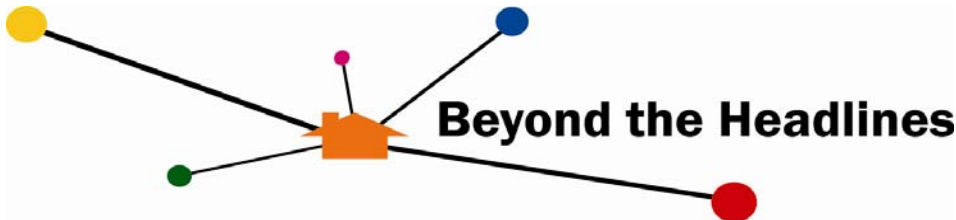
Home sales increased 12 percent in July in California compared with the same period a year ago, while the median price of an existing home declined 19.6 percent, according to the latest sales and price report released by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

KEEP THIS IN MIND

- Closed escrow sales of existing, single-family detached homes in California totaled 553,910 in July at a seasonally adjusted annualized rate. The statewide sales figure represents what the total number of homes sold during 2009 would be if sales maintained the July pace throughout the year.
- Many housing analysts believe the first-time home buyers tax credit has helped fuel home sales in recent months. According to a survey of first-time home buyers, nearly 40 percent reported they would not have purchased a home if the tax credit was not offered. Because the tax credit has helped so many first-time buyers become homeowners, it is critical that Congress extends the credit beyond the Dec. 1 deadline, and includes all buyers, not just first-timers.
- The median price of an existing, single-family detached home in California declined 19.6 percent in July compared with July 2008, but rose 3.9 percent compared with June. The median price statewide during July 2009 was \$285,480. July marked the fifth consecutive month of month-to-month increases in the median price and the smallest yearly decline in 19 months.
- C.A.R.'s Unsold Inventory Index for existing, single-family detached homes in July 2009 was 3.9 months, compared with 6.9 months for the same period a year ago. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.
- Thirty-year fixed-mortgage interest rates averaged 5.22 percent during July 2009, compared with 6.43 percent in July 2008, according to Freddie Mac. Adjustable-mortgage interest rates averaged 4.82 percent in July 2009, compared with 5.24 percent in July 2008.

To read the full story, please click here:

http://www.sgvtribune.com/rds_search/ci_13203087?IADID=Search-www.sgvtribune.com-www.sgvtribune.com



In Other News...



Bloomberg

Home market shows signs of life in U.S. as price declines slow

The worst may be over for the U.S. real estate market, according to two gauges of home prices.

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=aeu4pHDAIb1E>



San Francisco Chronicle

Those who lose homes may face state tax hit

Californians who lose their homes in a foreclosure, short-sale, or deed-in-lieu of foreclosure this year could be hit with a state income tax on canceled or forgiven debt.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/08/25/BUBM19D2P7.DTL&type=business>



The Wall Street Journal

Can vanished real estate wealth come back?

Everyone talks about house price averages. But how much actual wealth have American households lost in the real estate crash? (And what, if anything, does this mean for you and your money?)

To read the full story, please click here:

<http://online.wsj.com/article/SB125079838400747341.html>



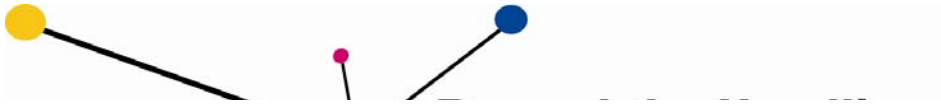
Los Angeles Times

Lobbying intensifies to extend first-time home buyer tax credit

It's one of the biggest unknowns bugging would-be buyers of houses and condos this summer: Will Congress let the \$8,000 nonrepayable tax credit for first-time purchasers expire as scheduled 14 weeks from now?

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-harney23-2009aug23.0,1446541.story>



CNN

Existing home selling fast--record fast

Sales of existing homes rose in July for the fourth consecutive month, lending support to economists who argue a recovery is near.

To read the full story, please click here:

http://money.cnn.com/2009/08/21/real_estate/home_sales_rise_in_July/index.htm?postversion=2009082114



Press Enterprise

Economy's small drop in 2Q hints recession ending

Further evidence the recession is ending came in a report Thursday confirming that the economy shrank at an annual rate of just 1 percent in the spring.

To read the full story, please click here:

http://hosted.ap.org/dynamic/stories/U/US_ECONOMY?SITE=CARIE&TEMPLATE=BUSINESS.html&SECTION=HOME



Los Angeles Times

California mortgage delinquencies expected to rise through 2009

Mortgage delinquencies will continue to rise and set records the rest of this year in California, according to projections to be released today by TransUnion, one of the three big U.S. credit-reporting companies.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-transunion25-2009aug25,0,501352.story>



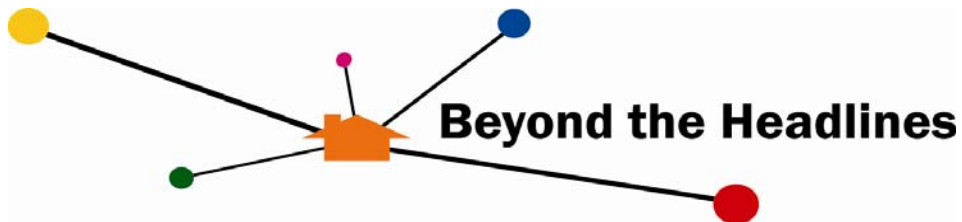
Press Enterprise

Tax credit deadline spurs house hunts

A looming deadline to qualify for a federal tax credit is adding to the frustration of first-time home buyers in Inland Southern California, say area real estate agents and lenders.

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_S_hurryup22.37807bd.html



What you should know about the market

- Many first-time buyers are using their \$8,000 federal tax credit to remodel or purchase new appliances for their homes. When buying a new refrigerator, consumers should look for one that's inverter-compressor powered. Unlike conventional compressor-powered units, the inverter compressor helps the refrigerator's system reach its ideal temperature quicker by running at a higher RPM for a shorter length of time. In turn, this will help homeowners to lower their energy bills.
- Home buyers are advised to thoroughly investigate the neighborhood where their potential home is located. An ongoing inspection of the area may reveal good news, bad news, or both about the neighborhood. Home buyers should visit during the day, the late afternoon, at night, and on both weekdays and weekends to ensure the home is located in an area that fits with their lifestyle.