

#### C.A.R. Mortgage Update

This week's *C.A.R. Mortgage Update* contains information about the IRS' clampdown on inconsistencies between mortgage payments and income; low mortgage rates enticing buyers; mortgage fraud; and the market-share rise of home loans backed by the Federal Housing Administration (FHA).

#### **IRS to mine payment data on mortgages**

The Internal Revenue Service (IRS) will study whether it should make greater use of data on mortgage-interest payments provided to it by banks. The program, which searches for inconsistencies between mortgage payments and income, is currently used to send notices to non-filers who it believes should have filed a return. It could be used to target for audits individuals who report less income than they paid in mortgage interest.

The move will expand a regional research project on mortgage interest to a nationwide level by December 2011. Initiatives such as these typically involve examination of a small number of tax returns to evaluate new enforcement strategies.

According to the Treasury inspector general, tens of thousands of homeowners who paid more than \$20,000 in mortgage interest in 2005, the latest tax data available when the Treasury inspector general's office began its audit last year, either didn't file a tax return or reported income that appears insufficient to cover their mortgage interest and basic living expenses.

To read the full story, please click here:

<http://online.wsj.com/article/SB125176078680774177.html>

To view additional articles, please visit the following:

#### **Low mortgage rates are back—for the moment**

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052970203706604574377002012078822.html>

#### **30-year rates edge up, still entice buyers**

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/08/30/REAR19EJL2.DTL>

#### **Mortgage fraud: A classic crime's latest twists**

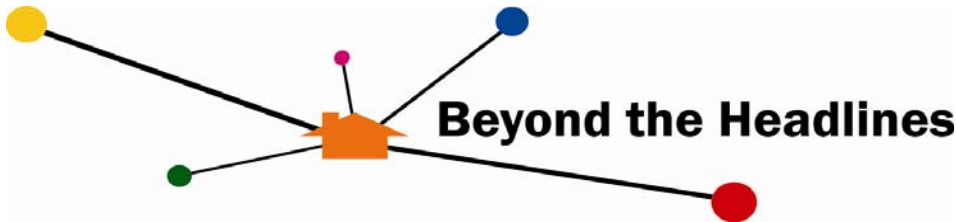
To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052970204044204574362641338197748.html>

#### **Survey: Mortgage rates fall to 5.15%, FHA market share rises**

To read the full story, please click here:

<http://blogs.wsj.com/developments/2009/09/02/survey-mortgage-rates-fall-to-515-fha-market-share-rises/>



The Wall Street Journal

### **Yes, the housing market has rarely looked better**

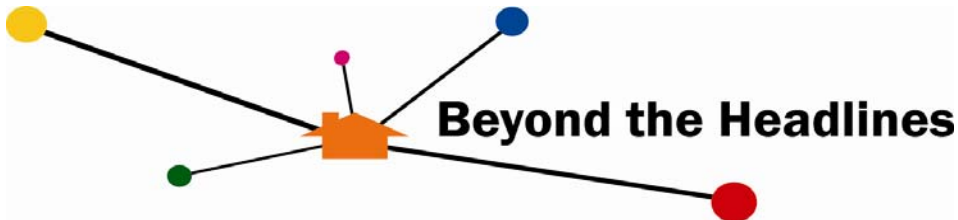
The combination of affordable home prices, historically low mortgage rates, and a first-time home buyer tax credit that's set to expire in less than three months has created the perfect storm of sorts for buyers who've been sitting on the fence, waiting for the market to recover.

#### KEEP THIS IN MIND

- Last week, Standard & Poor's reported that its S&P/Case-Shiller U.S. National Home Price index rose from the first quarter to the second, the first quarter-to-quarter increase in three years. Its index of 20 major cities also rose, with only two areas reporting declines. This data suggest that home prices may have reached bottom during the second quarter, and have now begun to rise. In California, July marked the fifth consecutive month of month-to-month increases in the state's median price.
- Real estate prices nationally have declined approximately 30 percent from their 2006 peak and are beginning to show signs of increases—an indicator that prices aren't likely to go much lower, according to some housing analysts.
- The inventory of unsold homes rose 7.3 percent nationwide in July, according to the NATIONAL ASSOCIATION OF REALTORS®. In California, inventory levels declined to 3.9 months, from 6.9 months a year ago, and are well below the long-run average. The index indicates the number of months needed to deplete the supply of homes on the market at the current sales rate.
- Buyers sitting on the fence should note that the federal tax credit of up to \$8,000 expires at midnight on Nov. 30, 2009. With mortgage loans taking longer to close than in years past, buyers should start working with a REALTOR® now to ensure they find the right house for their needs, and close escrow by the deadline.
- Homeownership provides many benefits, including security, pride of ownership, a sense of community, and decent investment returns as a bonus. Those thinking of purchasing a home should consider these benefits when making their decision of whether or not now is the right time to buy a home.

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052970204047504574386802310702622.html>



## In Other News...



Press Enterprise

### **Help on way amid housing crunch**

Beleaguered homeowners in Riverside and San Bernardino counties may receive more assistance to stave off foreclosures because of an umbrella organization recently formed to coordinate the efforts of lenders and non-profit consumer counseling agencies.

To read the full story, please click here:

[http://www.pe.com/business/realestate/stories/PE\\_Biz\\_S\\_collaborative27.38a505e.html](http://www.pe.com/business/realestate/stories/PE_Biz_S_collaborative27.38a505e.html)



Los Angeles Times

### **If the appraisal of your house seems low, appeal it**

Many buyers and sellers are finding out that in today's down market, houses aren't worth what they thought they were. A least not in the eyes of appraisers hired to tell lenders what the places could fetch on the open market if borrowers failed to make their payments.

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-lew30-2009aug30,0,7272303.story>



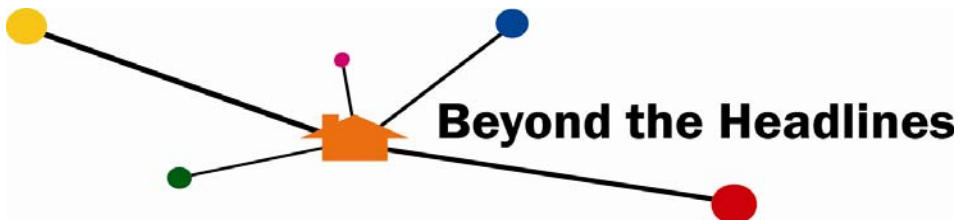
Sacramento Bee

### **July pending home sales rise to 2-year high**

Pending U.S. home sales rose more than expected in July to the highest level in more than two years as first-time buyers rushed to take advantage of a tax credit that expires this fall.

To read the full story, please click here:

<http://www.sacbee.com/business/nation/story/2152780.html>



CNN Money

### **Property Taxes: How to beat 'em**

You know that your home's value has tanked. So why doesn't the blasted tax man? Home prices fell 27% from the 2006 peak to the end of 2008, according to the S&P/Case-Shiller Index, while the amount of municipalities collected in property taxes rose 12% from 2006-2008.

To read the full story, please click here:

[http://money.cnn.com/2009/08/31/real\\_estate/property\\_taxes.moneymag/index.htm?postversion=2009083108](http://money.cnn.com/2009/08/31/real_estate/property_taxes.moneymag/index.htm?postversion=2009083108)



The Wall Street Journal

### **The reluctant landlords**

With housing prices still in the dumps, many Americans are finding themselves in the uncomfortable position of landlord. Some have been forced to relocate for a job and can't sell their houses. Others have moved, but are holding on to their previous homes, hoping for prices to rebound before selling. Many are finding that rent checks don't come close to covering their mortgage payments.

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052970204731804574388683272200844.html>



San Francisco Chronicle

### **Savvy buyers use self-directed IRA to buy homes**

Nathan Foran used his self-directed IRA to buy a dilapidated foreclosed house in Richmond for \$25,000 cash. Another \$25,000 to \$35,000 from the retirement account will go toward fixing up the property. He then hopes to rent it out for about \$1,000 a month, money that will go straight into his retirement account.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/08/31/BUQI19FAVM.DTL>