

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

This week's *C.A.R. Mortgage Update* contains information about the impact of foreclosure on a consumer's credit score; banks cancelling home equity lines of credit; government assistance for the unemployed; and phone applications that allow a home buyer to calculate their mortgage payment.

#### **Mortgage problems are walloping Americans' credit scores**

Homeowners who find themselves struggling with mortgage payments and unsure how to handle the situation—short sale, foreclosure, or walk away—are advised to consider the impact of each on their credit scores.

Loan modifications that roll late payments and penalties into principal debt owed on the house can actually increase borrowers' scores modestly, while refinancing underwater mortgages may have little or no negative effect on credit scores, according to Vantage Solutions, a scoring company created by the three national credit bureaus.

Short sales on the other hand can trigger large declines in credit scores, according to researchers. A homeowner with an excellent credit score might see a 120 to 130 point decline after a short sale.

Homeowners who choose to walk away from the home and stop payments altogether should expect their credit scores to fall 140 to 150 points, plus negative marks on their credit bureau files for up to seven years.

People filing for bankruptcy protection covering all their debts will get hit with an average 355- to 365-point drop in their scores. Bankruptcies remain on borrowers' credit bureau files for 10 years.

But there is good news. Homeowners facing financial stress can experience minimal declines to their scores if they contact their loan servicer or lender when they first discover that they may have trouble making their monthly payments.

To read the full story, please click here:

[http://www.latimes.com/classified/realestate/news/la-fi-harney13-2009sep13\\_0,4002454.story](http://www.latimes.com/classified/realestate/news/la-fi-harney13-2009sep13_0,4002454.story)

To view additional articles, please visit the following:

#### **Homeowners outraged over cancellation of their home equity lines**

To read the full story, please click here:

[http://www.mercurynews.com/topstories/ci\\_13318560](http://www.mercurynews.com/topstories/ci_13318560)

#### **FDIC pushes mortgage help for jobless**

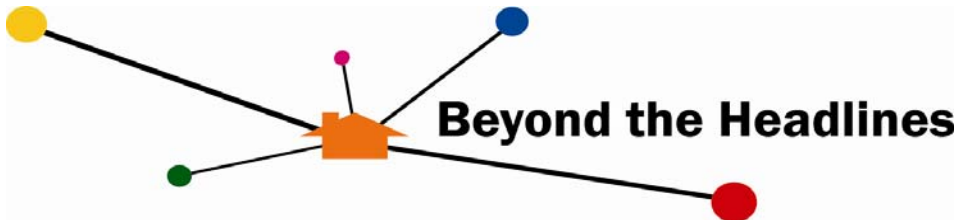
To read the full story, please click here:

[http://money.cnn.com/2009/09/11/news/economy/forbearance\\_unemployment/index.htm?postversion=2009091118](http://money.cnn.com/2009/09/11/news/economy/forbearance_unemployment/index.htm?postversion=2009091118)

#### **Loan numbers a touch away**

To read the full story, please click here:

<http://www.nytimes.com/2009/09/13/realestate/13mort.html?ref=realestate>



Los Angeles Times

### **Recession may forge a housing shift in California**

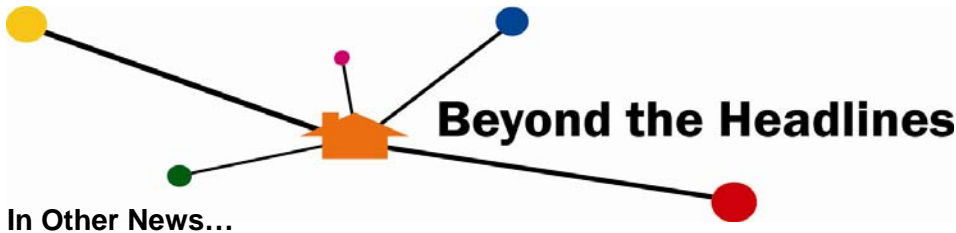
It appears that the recession has not only changed Californians' attitudes toward debt and spending, but also how they view real estate—where homes are located, the size of homes, and the type of appliances with which the homes are equipped.

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

- The save-more, spend-less trend has potentially significant implications for California's real estate-centric economy, according to some analysts. They believe that the emerging trend of frugality could forge a new sort of California homeowner, one who ranks energy-efficient appliances and access to public transit ahead of granite countertops and luxurious bathrooms.
- During the height of the market, homeowners were not hesitant about spending money to commute from distant suburbs to their jobs. But frugal home buyers will be more inclined to look first at homes that are closer to their jobs.
- Despite the attitude among many in the real estate industry that bigger is better, some industry experts sense a change toward smaller, greener, less-costly-to-maintain houses—a return to basics.
- At least one real estate economist, Christopher Thornberg, believes that Californians will forget about the housing downturn, noting that price slumps in each of the last four decades didn't dispel the perception of residential real estate as a sure-bet investment. "People have a shocking ability to forget the past," says Thornberg.
- Others, however, say the current recession will have a long-lasting effect and may create a new generation of consumers—ones that purchase affordable homes and put off expensive home remodels.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-cover13-2009sep13.0,1586518.story>



CNN

### **More signs of a housing revival**

New home building increased in August, a government report said Thursday, further signaling that home builders are regaining their confidence in the housing market recovery.

To read the full story, please click here:

[http://money.cnn.com/2009/09/17/real\\_estate/August\\_housing\\_starts/index.htm](http://money.cnn.com/2009/09/17/real_estate/August_housing_starts/index.htm)



San Francisco Chronicle

### **Home prices' big role as crisis hit state hard**

The bankruptcy of Lehman Bros. reverberated with particular fury in California, where it helped deepen a recession already under way and sent the Bay Area into a spiral of job losses that has not yet ended.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/09/15/MNBC19MVAP.DTL&type=realestate>



The Wall Street Journal

### **Expiring tax credit drives up home sales**

First-time home buyers are scrambling to qualify for a federal tax credit that expires Nov. 30 and has been driving up sales activity after the worst downturn in decades.

To read the full story, please click here:

<http://online.wsj.com/article/SB125259283931499707.html>



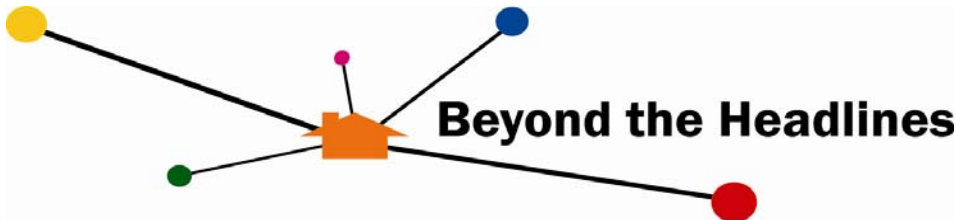
CNN

### **Foreclosures: The struggle continues**

The foreclosure crisis grinds on amid signs of hope.

To read the full story, please click here:

[http://money.cnn.com/2009/09/10/real\\_estate/august\\_foreclosures/index.htm?postversion=2009091011](http://money.cnn.com/2009/09/10/real_estate/august_foreclosures/index.htm?postversion=2009091011)



San Francisco Chronicle

### **Scaling down for a new home can be tricky**

Interest rates are low. Prices have come down in many areas. More buyers are deciding it's a good time to buy, even though it may be a while before the housing market stabilizes.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/09/13/REQI19EANL.DTL&type=realestate>



The Wall Street Journal

### **Your house: Just a home**

It's time to face facts, if you haven't already: sometimes your house is just a home.

To read the full story, please click here:

<http://online.wsj.com/article/SB125268399478003377.html>



The New York Times

### **Fed chief says recession is "very likely over"**

The Federal Reserve chairman Ben S. Bernanke said Tuesday that it was "very likely" that the recession had ended although he cautioned that it would be many months before unemployment rates would drop significantly.

To read the full story, please click here:

<http://www.nytimes.com/2009/09/16/business/economy/16bernanke.html>



The Sacramento Bee

### **California Legislature fails to renew new-home tax credit**

Legislation to extend California's maximum \$10,000 new-home buyer tax credit to thousands more buyers has stalled, failing to pass during the Legislature's weekend rush to adjournment.

To read the full story, please click here:

<http://www.sacbee.com/business/story/2182911.html>