

C.A.R. Mortgage Update

U.S. to aid some local mortgage programs

A program by the U.S. Treasury Dept. aims to provide \$29 billion to state and local housing finance agencies over the next year. Housing finance agencies provide loans to low- and moderate-income borrowers and have faced challenges in recent months as investors have been reluctant to purchase their debt.

Under the program, the Treasury Dept., along with Fannie Mae and Freddie Mac, will buy bonds used by housing finance agencies to fund mortgages. California's Housing Finance Agency (CalHFA) received the largest allocation of any housing finance agency--\$1.6 billion of the \$1.7 billion it sought.

The Treasury hopes the program will help stabilize the housing sector, while providing another avenue for borrowers to secure affordable loans. According to the National Council of State Housing Agencies, local housing agencies generally assist 100,000 borrowers each year.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/11/17/AR2009111700011.html?hpid=moreheadlines>

To view additional articles about new home loans, loan modifications, or mortgage refinances, please visit the following:

TARP interest could help jobless pay mortgages

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/11/17/BU171ALAMU.DTL&type=business>

Loan Ceiling Extended

To read the full story, please click here:

http://www.nytimes.com/2009/11/15/realestate/15mort.html?_r=1&ref=realestate

Number of people seeking mortgages to buy homes drops again

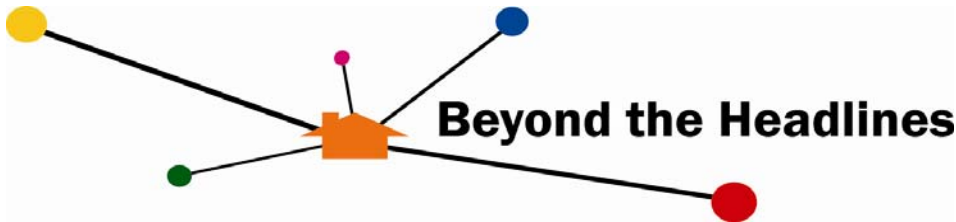
To read the full story, please click here:

<http://www.latimes.com/business/la-fi-mortgage19-2009nov19.0.6294894.story>

Rates on 30-year mortgages remain below 5 percent

To read the full story, please click here:

<http://www.sacbee.com/business/nation/story/2335672.html>



CNN Money

Make money in 2010: Your home

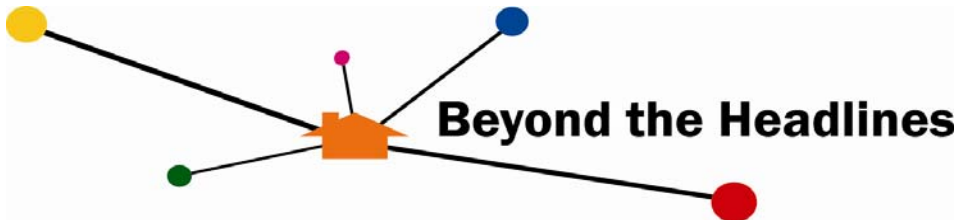
Following three years of declining home prices, the end of the nationwide housing slump may be in sight. Home sales consistently have been rising, the surplus of houses is shrinking, and most economists believe home values nationwide will hit bottom in the second half of 2010—but not before declining an additional five to 10 percent. That's good news for homeowners hoping to sell or rebuild lost equity.

KEEP THIS IN MIND

- Mortgage rates currently are below 5 percent, and should remain low for the next few months, partially due to the Federal Reserve's ongoing purchase of mortgage-backed securities. However, if the economy quickly turns around and inflation fears resurface, rates could rise to as high as 6.5 percent, slowing demand and pushing down home values.
- According to one analyst, the market will remain tilted in favor of buyers over the next year, but that power gradually will be reduced as conditions in the housing market continue to improve.
- Buyers hoping to purchase or invest in a lower-priced, entry-level home should expect some competition from investors and other buyers. To remain competitive, buyers are advised to put down as much cash as possible, as many investors are offering to make all-cash deals. Another factor to keep in mind is that offers below listing price often are outbid by others.
- Some home sellers are postponing listing their homes until the market recovers. However, timing the market is difficult, so homeowners thinking of selling should carefully weigh their options. Congress recently expanded the federal tax credit to include some existing homeowners, but they must close before June 30, 2010 to qualify. Although existing homeowners are not required to sell their current home to qualify for the credit, those who plan to rent out their current residences should be aware that many lenders require borrowers to show they are financially capable of paying two mortgages, or show rental income for at least six months. Discretionary sellers should discuss their options with a REALTOR[®] before making a decision.

To read the full story, please click here:

http://money.cnn.com/2009/11/09/pf/Make_money_home.moneymag/index.htm



In Other News...



Los Angeles Times

FHA reserves fall below legal limit as loan defaults take toll

The Federal Housing Administration's cash reserves have shrunk to a level far below what is required by law, and the agency could need taxpayer funding if worst-case scenarios play out, according to an independent audit.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-fha13-2009nov13,0,7202972.story>



The Mercury News

Survey: 5 percent of Americans plan to buy a home next year

Just one in 20 Americans say they plan to buy a home within the next year, and they're most likely going to be 34 years old or younger and living in the South or West, according to a new survey.

To read the full story, please click here:

http://www.mercurynews.com/real-estate-news/ci_13756130



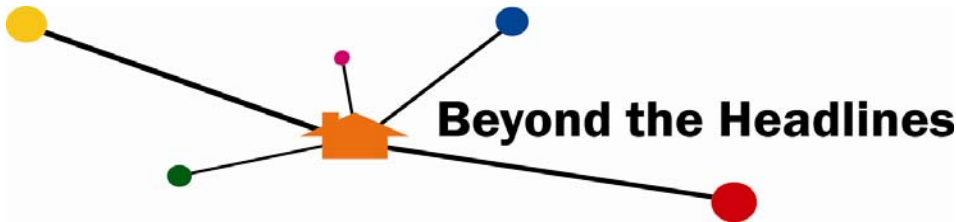
The Wall Street Journal

In housing bust, government increasingly favors homeowners over renters

During the housing boom, critics increasingly complained that the government devoted too many resources to homeownership and too few to more affordable options, such as renting. Now, during the bust, the government's commitment to ownership has grown even larger, according to a new report from the Congressional Budget Office.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2009/11/17/in-housing-bust-government-increasingly-favors-homeowners-over-renters>



San Francisco Chronicle

Legitimized leasebacks picking up momentum

Once it seemed like a radical idea: Let delinquent borrowers stay in their homes as renters after foreclosure. Last week it gained legitimacy when housing giant Fannie Mae said it would do just that, offering one-year leases at market rates to people who sign over their homes as a deed in lieu of foreclosure. Voluntarily surrendering homes instead of having the lender repossess them doesn't wallop the borrowers' credit score as much.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/11/11/BU7R1AI704.DTL&tsp=1>



Los Angeles Times

Existing-home prices slide in most metropolitan areas

Prices of existing homes fell in 80 percent of the nation's metropolitan markets in the third quarter as distressed sales—foreclosures and short sales—accounted for nearly a third of all deals, a national group said Tuesday.

To read the full story, please click here:

http://www.latimes.com/business/la-fi-home-prices11-2009nov11_0_1313056.story



The Mercury News

Expanded and extended homebuyer's tax credit expected to boost home sales

The passage of a law this month that extended and expanded first-time home buyers' federal income-tax credit will give a boost to the market while extending the reach of the tax break to more buyers, observers say.

To read the full story, please click here:

http://www.mercurynews.com/business-headlines/cj_13802294



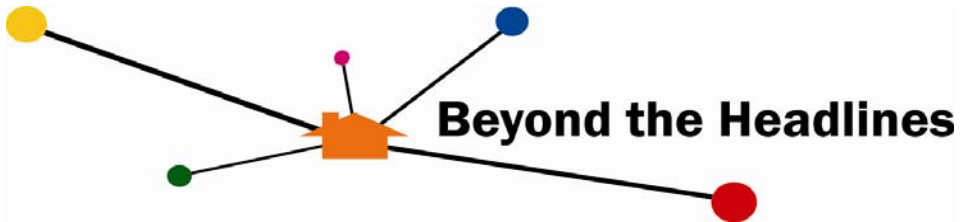
Press Enterprise

Inland home prices up for third quarter, affordability slips compared to earlier in year

Although the affordability of Inland Southern California's entry-level homes remain high, prices edged up in the third quarter and potentially eliminated some buyers as a reduced supply of bank-owned houses hit the market, the CALIFORNIA ASSOCIATION OF REALTORS® reported Thursday.

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_S_affordable13.383eb45.html



What you should know about the market

- Homeowners can reduce their energy bills by lowering the thermostat setting on their water heater. Most manufacturers set water heater thermostats at 140 degrees Fahrenheit, but most households don't need water hotter than 120 degrees. Households with water heaters older than 12 years should consider replacing it with a new unit. This year and next, the federal government is offering a tax credit of 30 percent of the cost of qualified water heaters, up to \$1,500.
- Affordability in California during the third quarter of 2009 stood at 64 percent, meaning 64 percent of the state's households could afford to purchase an entry-level home in California, according to the CALIFORNIA ASSOCIATION OF REALTORS® First-time Buyer Housing Affordability Index.
- The median price of an entry-level home in California was \$247,150 in the third quarter of 2009, making the estimated monthly payment including taxes and insurance \$1,450, according to C.A.R.'s affordability index. The minimum household income needed to purchase an entry-level home in California in the third quarter of 2009 was \$43,500. First-time buyers typically purchase a home equal to 85 percent of the prevailing median price.