

Media Advisory



[C.A.R. Mortgage Update](#)

This week's *C.A.R. Mortgage Update* contains information about FHA loans, falling mortgage rates, down-payment assistance programs (DAPs), jumbo loans, mortgage securities, and IndyMac Federal Bank.

Best bet for a home loan now

Stricter underwriting standards, higher down payment requirements, and more rigid credit score requirements are leading many home buyers to apply for Federal Housing Agency mortgage loans. Loans issued through an FHA-approved lender often require only a 3.5 percent down payment and borrowers can have credit scores in the 600 range, as opposed to 720 or higher -- the standard for most financial institutions. It's important to note that although FHA loans appear to be the best option for many home buyers, borrowers with FHA loans often pay a higher premium for mortgage insurance.

To read the full story, please click here:

<http://www.cnn.com/2009/LIVING/homestyle/01/02/toh.best.home.loan/index.html>

Mortgage rates dip to new all-time low

Freddie Mac reported that average rates on 30-year, fixed-rate mortgages dropped to 5.01 percent for the week ending Jan. 8, setting a new record low and the tenth consecutive weekly decline.

To read the full story, please click here:

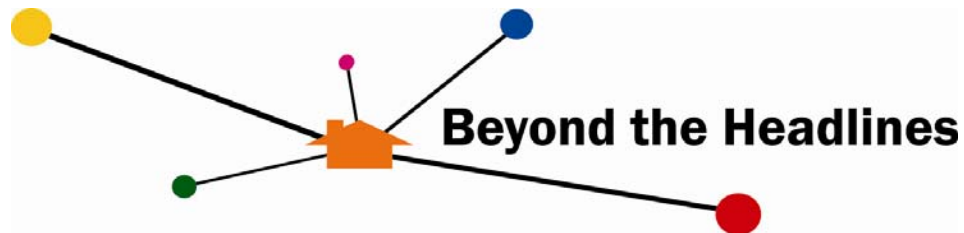
http://www.latimes.com/business/la-fi-mort1-2009jan01_0,7423774.story

Downsizing the down payment

Due to increases in down payment requirements at many financial institutions, some cities have started down payment assistance programs (DAPs) to help first-time home buyers into homeownership. Although some DAP borrowers may experience longer waiting times for loan approval, loan commitments, and loan funding, in general DAPs can be a valuable resource. DAPs usually offer low interest rates with flexible and favorable terms.

To read the full story, please click here:

http://www.boston.com/realestate/news/articles/2008/12/29/downsizing_the_down_payment/



Jumbo mortgage loan rates put damper on refinancing

Although many financial institutions are offering interest rates at historic lows, one area of the market – jumbo loans – still is hovering around 7 percent, leading some homeowners to rethink their refinancing plans. Rates on jumbo loans tend to be higher because lenders are having difficulty selling them on the secondary market. Because jumbo loans typically carry a higher mortgage interest rate than a conforming loan, it can lead to higher monthly payments, which can negatively impact affordability for households in California.

To read the full story, please click here:

http://www.boston.com/business/personalfinance/articles/2009/01/05/jumbo_mortgage_loan_rates_put_damper_on_refinancing/

Fed begins purchasing mortgage securities

Hoping to drive down the cost of mortgages and make home loans more available, the Federal Reserve Bank of New York this week announced it has begun purchasing mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac. The New York Fed is authorized to spend \$500 billion to buy mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac, and an additional \$100 billion to directly purchase mortgages held by Fannie, Freddie and the Federal Home Loan Banks.

To read the full story, please click here:

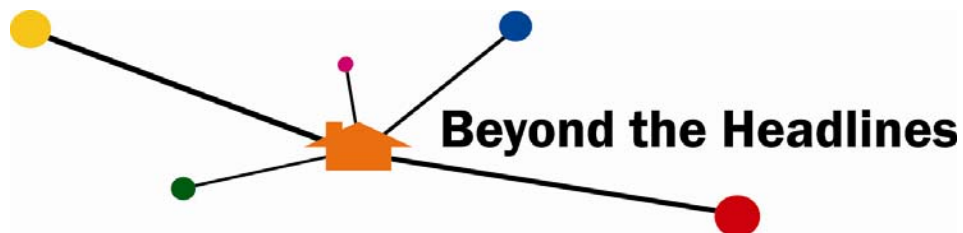
http://www.mercurynews.com/breakingnews/ci_11371690

IndyMac Bank sold to private investor group

A group of private investors from New York have agreed to purchase IndyMac Federal Bank from the Federal Deposit Insurance Corp. (FDIC) for approximately \$13.9 billion. The investment group and IMB Management Holdings, a New York-based partnership, will inject about \$1.3 billion in new capital into the bank and form a new holding company that will own and operate it under a thrift charter. The buyers of IndyMac will share losses with the FDIC and will assume the first 20 percent of losses, with the FDIC absorbing the remaining losses.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-indymac3-2009jan03.0.7974615.story>



[Boston Globe](#)

Get ready to buy in 2009

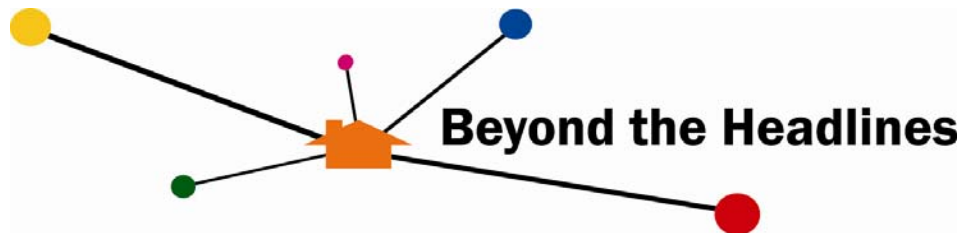
2008 marked a year of rising home sales, falling home prices, a record number of foreclosures, the conservatorship of Fannie Mae and Freddie Mac, rising unemployment, and the official declaration of a recession that began in December 2007. Unfortunately higher rates of unemployment mean more foreclosures, which could continue to drive down home prices, making 2009 a great time to purchase a home.

KEEP THIS IN MIND

- Consumers considering the purchase of a home should first get their credit and finances in order. Reducing spending, limiting credit card balances to no more than 25 percent of the available balance, and monitoring credit reports are highly recommended by most financial experts. Even borrowers with less than ideal credit scores and credit histories still may qualify for a home loan. Some lenders will be more forgiving if the borrower has started meeting monthly debt obligations in the last six to 12 months. Consumers can view their credit reports from Experian, Equifax and Transunion by visiting www.annualcreditreport.com. The free credit reports will provide a borrower's credit history, but not the credit score. The credit score can be purchased for approximately \$10 from Equifax.
- Good credit doesn't mean simply paying bills on time; it also can mean job stability. Most lenders require borrowers to have worked for the same employer for at least one year, possibly longer before they will approve the home loan application. For self-employed individuals, most lenders will want at least two years of tax returns before approving a conventional loan.
- It's very important that borrowers know early on in the homebuying process how much house they can afford, and there are various ways to determine this. Borrowers can visit a local lender to get prequalified or preapproved for a loan; or go online. Lenders will review the borrower's income, debt, assets and liabilities to determine the maximum mortgage payment the borrower can afford. Web sites, such as www.bankrate.com, also can help determine this.
- The services of a REALTOR® should be used in every real estate transaction. REALTORS® can provide an overview of current market conditions, coordinate home tours, and assist with making offers and counteroffers, as well as help with the myriad of details involved in every real estate transaction.
- Reviewing the purchase contract and loan documents also is extremely important, especially if purchasing a property through a short sale or foreclosure. If the property is owned by the bank, the home-buying process could take much longer than a traditional transaction. It is recommended that borrowers ask their attorney, or broker to explain anything in the contract and/or loan documents that the borrower doesn't understand.

To read the full story, please click here:

http://www.boston.com/realestate/news/articles/2008/12/31/get_ready_to_buy_in_2009/



[Chicago Tribune](#)

A new year, new demands

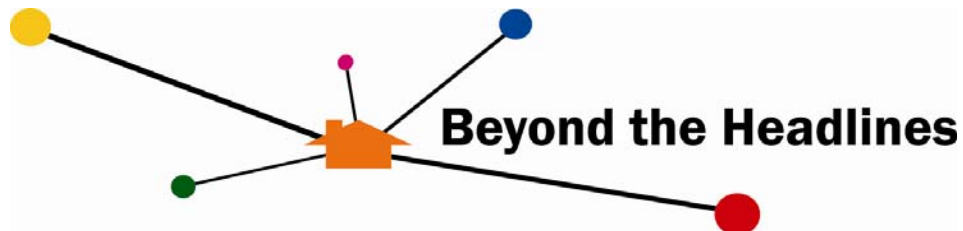
As delinquencies, foreclosures and bankruptcies rise, many community associations are postponing large improvement projects, and in some cases increasing homeowner association (HOA) fees and adding special assessments. Buyers in recently formed associations also are expected to face new challenges as the economy takes its toll on new construction.

KEEP THIS IN MIND

- Current economic and financial challenges are forcing some community associations to delay projects and maintenance, such as painting, carpeting and streetscapes. In some cases, community associations are dipping into their reserves to meet basic needs. One property management attorney advises community associations to be proactive in collecting money owed and recommends pursuing legal avenues such as eviction and super-lien status if necessary.
- Home buyers in new communities may run the risk of the developer filing for bankruptcy, and the development not being completed. Home warranties issued by the developer also could be at risk if the developer files for bankruptcy. If this happens in a community with a homeowners association (HOA), the HOA could be responsible for paying to correct the deficiencies.

To read the full story, please click here:

http://www.chicagotribune.com/classified/realestate/advice/chi-condo-lookahead_chomes_0102jan02.0.5823520.story



In Other News...



[Mercury News](#)

Home sales are up, but prices are falling; who's buying houses?

To read the full story, please click here:

http://www.mercurynews.com/ci_11357118?nclick_check=1



[Los Angeles Times](#)

Construction spending falls less than expected

To read the full story, please click here:

http://www.latimes.com/business/la-fi-econ6-2009jan06_0,1207037.story



[Reuters](#)

Consumer confidence at record low

To read the full story, please click here:

<http://www.reuters.com/article/newsOne/idUSTRE4BT39620081230>



[Wall Street Journal](#)

Home prices declined at record pace in October

To read the full story, please click here:

<http://online.wsj.com/article/SB123064533193442343.html>

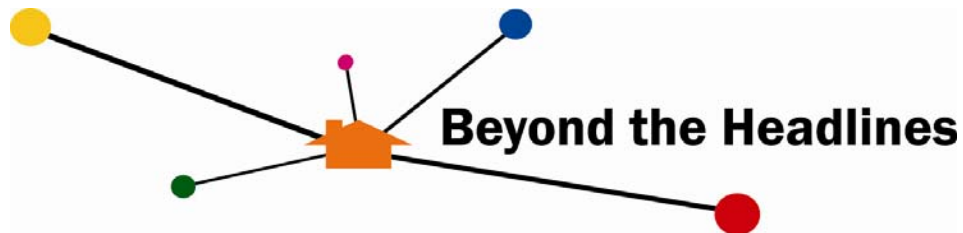


[CNN Money](#)

November pending home sales lowest in 7 years

To read the full story, please click here:

http://money.cnn.com/2009/01/06/real_estate/pending_home/index.htm?postversion=2009010610



What you need to know about the market

- During previous real estate cycles, most lenders were offering relatively similar rates for comparable mortgage loans. In the current cycle, it pays to shop around. The current financial climate has led to a range of rate offers from some of the nation's top banks. According to Cameron Findlay, chief economist of LendingTree.com, Wells Fargo was offering 30-year conforming loans at 5 percent plus one point, while Bank of America was offering the same kind of loan at 6.625 percent plus one point on the same day in December 2008. Shopping around and comparing rate offers will pay off. It is important to keep in mind that rates can change daily as well.
- When looking for a new home, it is important to research the neighborhood, traffic patterns, and proximity to amenities, such as "big-box" stores, grocery stores, and medical resources. One useful online tool for doing just that is Google Maps, which uses satellite imagery to pinpoint property locations. Using this tool also can help determine if the home is located on a busy or cross-through street, a quiet cul-de-sac, or a rarely traveled road.
- Determining the price-per-square-foot of a home can be helpful for buyers in narrowing down home choices. According to one real estate professional, it is not uncommon to find that a smaller home costs more per square foot than a mid-sized property in the same neighborhood. If the price-per-square-foot is not shown on the listing, a REALTOR® may be willing to pre-screen the property and take measurements for the buyer.