

Media Advisory



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

This week's *C.A.R. Mortgage Update* contains information about a state foreclosure moratorium; jumbo mortgages; challenges with modified loans; Fannie Mae and Freddie Mac; eligibility requirements for the Obama administration's new housing plan; and a decline in consumer and business lending by banks receiving TARP funding.

State foreclosure moratorium has wide loopholes

As part of the state's budget, Gov. Schwarzenegger signed into law a 90-day moratorium on California home foreclosures. The moratorium is for own-occupied homes where the first loan was recorded between Jan. 1, 2003 and Jan. 1, 2008. However, the law also enables state regulators to grant loan servicers exemptions, allowing them to foreclose if the lenders have a mortgage modification program in place that meets certain criteria.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/02/23/BU091634GT.DTL>

Jumbo mortgages, jumbo headaches.

Jumbo mortgages -- loans higher than the conforming loan limit of \$729,750 in high-cost areas -- are ineligible for government backing, and thus excluded from nearly all mortgage modification and refinance programs.

Jumbo mortgages also require borrowers to pay slightly higher rates than conforming-loan borrowers, leading some borrowers to pull from their savings or retirement accounts to buy-down their mortgages and bring them below the \$729,750 limit.

To read the full story, please click here:

<http://online.wsj.com/article/SB123543726577454673.html>

To view additional articles about the mortgages, please visit:

Housing fix's challenge: making modified loans attractive

To read the full story, please click here:

<http://online.wsj.com/article/SB123491621223104267.html>

U.S. doubles Fannie, Freddie backing to \$400 billion

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/18/AR2009021801467.html>

Lending by bailout recipients is down

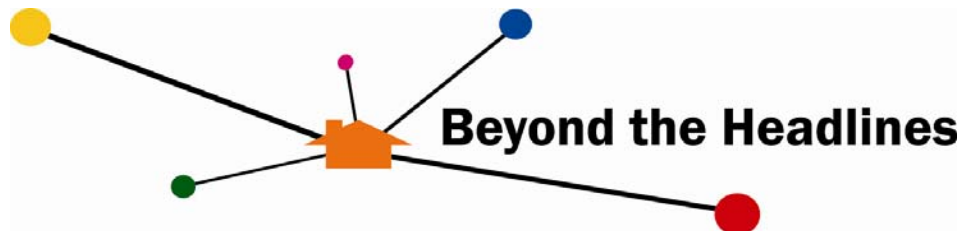
To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/17/AR2009021703268.html>

Mortgage rescue eligibility still being finalized

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/19/AR2009021903120.html>



[The Wall Street Journal](#)

\$318 Billion Tax Hit Proposed

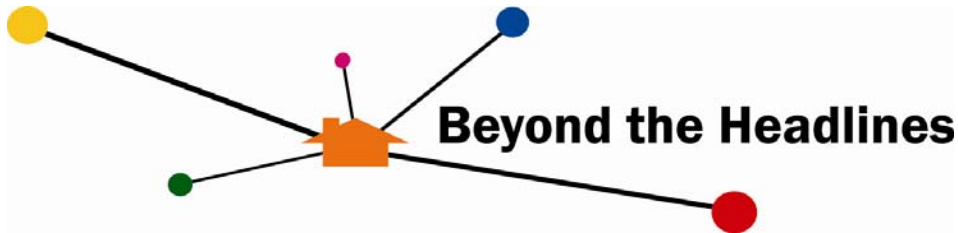
Today, President Obama presented his proposed budget plan for fiscal year 2010. Included in the proposed plan is a provision to reduce the mortgage interest deduction for those earning more than \$250,000.

KEEP THIS IN MIND

- The CALIFORNIA ASSOCIATION OF REALTORS (C.A.R.) and the NATIONAL ASSOCIATION OF REALTORS® (NAR) are strongly opposed to this provision and are working to lobby lawmakers to oppose it as well.
- Based on an NAR analysis, the reduced mortgage interest deduction will not only negatively impact families who earn more than \$250,000, but also will impact home prices and values across the board.
- Under this proposed budget, the middle class would see their home values reduced even further, which will hamper the economic recovery, raise foreclosures, and hurt banks' abilities to lend, according to NAR.

To read the full story, please click here:

<http://online.wsj.com/article/SB123559630127675581.html>



[The Wall Street Journal](#)

The housing bailout: Do you qualify?

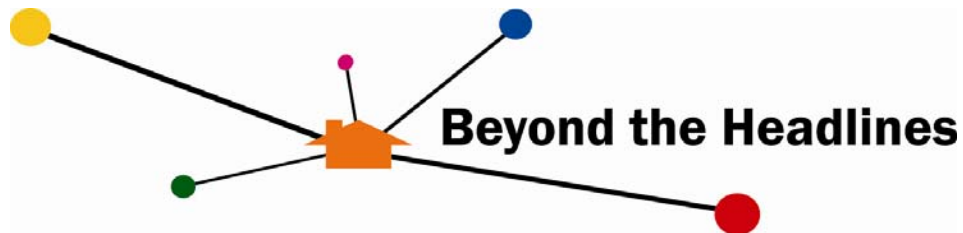
In recent weeks, the government, both on a federal and state level, have announced new tax credits for home buyers, housing stabilizations plans, and the like. Due to the various requirements for each program, some home buyers and/or homeowners may be confused about whether or not they qualify.

KEEP THIS IN MIND

- The goal of the “Homeowner Affordability and Stability Plan” is to help homeowners remain in their homes. For a loan to qualify for modifications, lenders would need to bring the monthly mortgage payment down to 38 percent of a borrower’s monthly income. The government would then match further reductions until the debt-to-income ratio is 31 percent. The deductions could come in the form of a lower interest rate or reduced principal. For homeowners who pay their mortgage on time, the write down could be as much as \$1,000 of the loan each year, for five years.
- The government will help homeowners who owe between 80 percent and 105 percent of their home’s value, and have been unable to qualify for refinancing because their home has negative equity. This could help as many as 14.8 million homeowners. However, only mortgages owned by Fannie Mae or Freddie Mac are eligible, which excludes many homes in high-cost areas, such as California.
- As with all refinances, it is important that homeowners have their mortgage paperwork, proof of current income, and assets readily available. A representative with the Mortgage Bankers’ Association advises homeowners to wait until March 4 to contact their mortgage lender or servicer, when more details and guidelines are due.
- The recently signed “American Recovery and Reinvestment Act of 2009” increases the first-time home-buyer credit from \$7,500 to \$8,000, and removes the requirement that the credit be paid back if the buyer stays in the home for at least three years. It also extends the expiration date for the credit from July 1 to Dec. 1, 2009. Home buyers must have purchased a home after Jan. 1, 2009, and before Dec. 1, 2009, to be eligible for the \$8,000 credit.

To read the full story, please click here:

<http://online.wsj.com/article/SB123508484933027389.html>



[Los Angeles Daily News](#)

Most families can now afford a house.

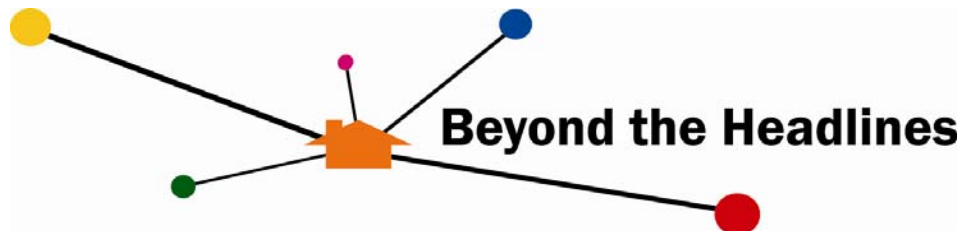
The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) recently reported that 59 percent of households in California could afford to purchase an entry-level home in the state during the fourth quarter of 2008. The affordability rate is the highest level this decade.

KEEP THIS IN MIND

- The minimum household income needed to purchase an entry-level home at \$248,030 in California in the fourth quarter of 2008 was \$48,900, based on an adjustable interest rate of 6.02 percent and assuming a 10 percent down payment. First-time buyers typically purchase a home equal to 85 percent of the area's prevailing median price. The monthly payment including taxes and insurance was \$1,630 for the fourth quarter of 2008.
- At \$48,900, the minimum qualifying income was 42 percent lower than a year earlier when households needed \$83,700 to qualify for a loan on an entry-level home. Recent decreases in home prices and mortgage rates have brought affordability into better alignment with income levels of the typical California households, where the median household income is \$59,160.
- At 76 percent, the High Desert region was the most affordable area in the state. The San Luis Obispo County region was the least affordable in the state at 44 percent, followed by the Los Angeles County region at 46 percent.

To read the full story, please click here:

http://www.dailynews.com/search/ci_11735265?IADID=Search-www.dailynews.com-www.dailynews.com



In Other News...



[The Washington Post](#)

Forecasters: Economy worse in '09, better in '10

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/23/AR2009022300652.html>



[MSN](#)

Home prices slide at record pace

To read the full story, please click here:

<http://articles.moneycentral.msn.com/Banking/HomebuyingGuide/HomePriceReport.aspx?page=all>



[Los Angeles Times](#)

Southern California home prices fall to 2002 levels

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homesales20-2009feb20,0,7584906.story>



[The Washington Post](#)

Fed leaders issue bleak forecast

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/18/AR2009021801621.html>

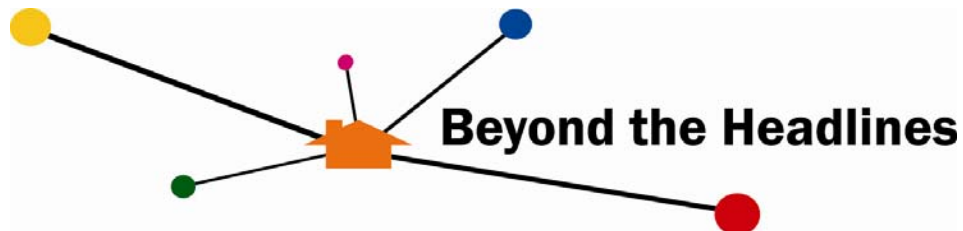


[San Francisco Chronicle](#)

Few in Bay Area qualify in housing rescue plan

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/02/22/MN4R1621N4.DTL&type=business&tsp=1>



[Los Angeles Times](#)

New state levies and fees will take a big bite out of the federal tax credit

To read the full story, please click here:

<http://www.latimes.com/news/local/la-fi-stimulus-tax20-2009feb20,0,2716957.story>



[San Francisco Chronicle](#)

Moneyed Chinese come house hunting

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/02/24/BUUE1631TP.DTL&hw=Moneyed+Chinese+come+house+hunting&sn=001&sc=1000>



[San Diego Union-Tribune](#)

County foreclosures slow as lenders await homeowners' aid

To read the full story, please click here:

<http://www3.signonsandiego.com/stories/2009/feb/23/bn23default11583/>