

## Media Advisory



[CALIFORNIA ASSOCIATION OF REALTORS®](http://www.californiaassociationofrealtors.com)

### **Senate approves revised version of Emergency Economic Stabilization Act of 2008**

The Senate on Wednesday evening approved a revised version of the Emergency Economic Stabilization Act of 2008 in a 74 to 25 vote, clearing the way for full consideration by the U.S. House of Representatives. The House voted down an earlier version of the plan on Monday and is expected to consider the revised version by Friday.

#### KEEP THIS IN MIND

- The revised plan, which is designed to shore up the nation's financial markets, includes a temporary one-year increase in Federal Deposit Insurance Corp. (FDIC) caps for bank and credit union accounts. The cap increases are critical because they increase the funding backstop the public relies upon should their banks fail. The plan also includes extensions on several business tax breaks and adjustments to the alternative minimum tax (AMT) for individual taxpayers. These, as well as the FDIC cap changes, are amendments lawmakers believe will help bolster approval by the House.
- If approved, the financial rescue plan would allow the government to buy residential and commercial mortgage-related assets, including mortgage-backed securities and loans, in an effort to ease current credit constrictions impacting businesses across all sectors, including the housing market. Also included in the revised plan are provisions to help struggling homeowners avoid foreclosure; increased oversight of the plan; and a limit on compensation for executives of the troubled financial firms that receive assistance.
- Some analysts believe that the economy will worsen if lawmakers fail to pass the bill, which will directly impact the housing market. As obtaining credit becomes more difficult for many businesses, unemployment rates, currently standing at 7.7 percent in California in August 2008, could rise, hindering consumer spending and the demand for housing.

To view additional news stories about the plan, please visit:

#### **What the bailout means to you (video)**

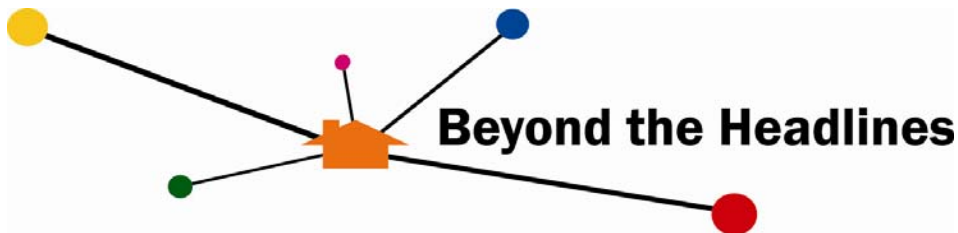
<http://www.cnn.com/video/#/video/bestoftv/2008/09/29/nr.bailout.velshi.cnn>

#### **Bailout Bill Sent Back to House After Senate Passage**

<http://www.bloomberg.com/apps/news?pid=20601170&refer=home&sid=aNPG4f5DIbsc>

#### **Bailout's failure bad news for housing market**

[http://www.mercurynews.com/business/ci\\_10594591](http://www.mercurynews.com/business/ci_10594591)



[CNN Money](#)

### **Troubled banks 101**

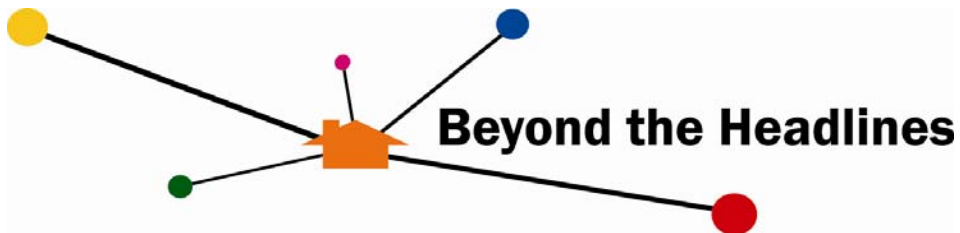
Even though the majority of the nation's 8,500 banks are considered safe, the failure of Washington Mutual - one of the nation's largest banks, which was recently purchased by JPMorgan Chase -- has led many consumers to question if their money is secure.

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

- The Federal Deposit Insurance Corporation (FDIC) insures money in various types of accounts. The most common account is a single account under one person's name, which is insured up to the FDIC-maximum limit of \$100,000 per person per bank. Joint accounts, a separate type of account, also are insured up to \$100,000 per person per bank. So, if two individuals have a joint account and each person is an equal co-owner with equal rights to the account, they would have up to \$200,000 insured by the FDIC.
- Some experts advise consumers whose accounts exceed the FDIC limit to open additional accounts at separate banks and spread their money amongst the different accounts to ensure that all of their assets are insured. It is important that consumers who opt to open numerous accounts do so at separate banks because if the bank fails, the FDIC will add together all funds from all accounts at the bank in the consumer's name to determine the FDIC-insured amount. For example, if a consumer has \$75,000 in one account, and \$50,000 in another account at the same bank, and the bank fails, the consumer will only receive \$100,000 instead of \$125,000.
- The FDIC limits only apply to bank deposits including checking, savings, money-market accounts, CDs and some trust deposit accounts. It does not apply to investments available for purchase at the bank, such as mutual funds or annuities, which fall under the insurance category. Retirement accounts -- which must be legitimate retirement accounts such as IRAs, 401(k)s, etc. and not simply a savings account that the consumer considers to be their retirement account -- are covered up to \$250,000.
- Although mutual funds are not insured by the FDIC, consumers who investment in them will not necessarily lose their money. When a bank fails, the U.S. Dept. of the Treasury examines the bank's assets and liabilities. Mutual funds are considered neither an asset nor a liability, so consumers who have money invested in money market accounts likely will receive the market value of the underlying securities, should their bank fail.

To read the full story, please click here:

[http://money.cnn.com/2008/09/25/news/economy/troubled\\_banks\\_101/index.htm?postversion=2008092522](http://money.cnn.com/2008/09/25/news/economy/troubled_banks_101/index.htm?postversion=2008092522)



[Newsweek](#)

### **The Credit You Deserve – Getting a loan is harder, but it's not impossible**

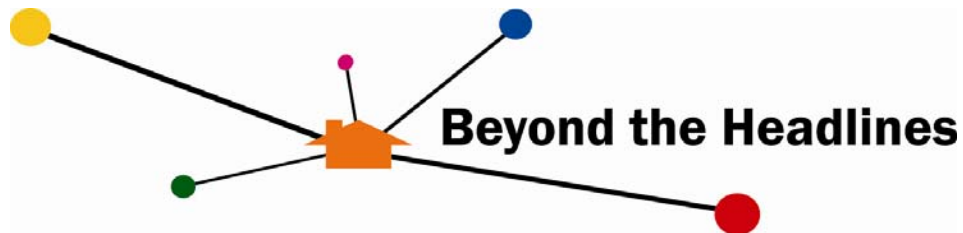
In light of the current situation with the credit market, obtaining financing has become more difficult than in previous years. Because of this, some consumers incorrectly assume that it is impossible to qualify for a mortgage loan, auto loan, or other financing. However, consumers who have good credit should remain optimistic about their loan choices.

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

- Most lenders have reinstated high credit standards, many of which were almost completely eliminated during the days of lax credit lending. Nowadays, most lenders require that consumers prove their ability to comfortably repay a loan, most often determined by their FICO scores. Most lenders require a FICO score of at least 720 to qualify for a mortgage loan. Consumers can receive a free credit report by visiting [www.annualcreditreport.com](http://www.annualcreditreport.com). This Web site, created by the three nationwide consumer credit reporting companies -- Equifax, Experian and TransUnion -- provides consumers with their credit report, excluding their FICO score. Consumers can request their FICO score, for a fee of \$16, by visiting [www.myfico.com](http://www.myfico.com).
- Even though some consumers may qualify for a new loan, some experts recommend that consumers who do not have emergency funds or are concerned about job security not take on additional debt obligations. However, consumers seeking to refinance a loan at a more favorable rate or repayment option, or those who wish to purchase their first house may benefit from the current low interest rates. Today's rates, although higher than in previous weeks, are still at or near historic lows. Some experts predict that interest rates will remain low until the economy recovers.
- Consumers wanting to refinance their current mortgage, or purchase a home under the new permanent conforming loan limit of \$625,500 -- effective Jan. 1, 2009 -- may best be served by their small local bank or credit union. These financial institutions often are in the best position to offer consumers a favorable or competitive interest rate. Consumers in California may qualify for conforming loans up to \$729,750 until Dec. 31, 2008, as a result of the Economic Stimulus Act of 2008.
- Consumers seeking to refinance a mortgage loan or purchase a home with a jumbo loan -- loans greater than the prevailing conforming loan limit -- often will pay a percentage point or more than they would with conforming loans, according to [bankrate.com](http://bankrate.com). It also can be more difficult for consumers to find lenders offering jumbo loans. While consumers can check with their local small banks or credit unions to see if they offer jumbo loans, it is often best to work with a local mortgage broker or large national brokers, such as [eloan.com](http://eloan.com) when applying for a jumbo loan.

To read the full story, please click here:

<http://www.newsweek.com/id/161474>



[Wall Street Journal](#)

### **Wall Street's Woes Hit Highest End**

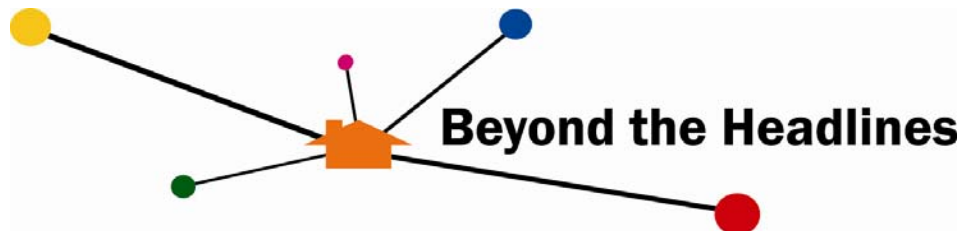
Some markets, such as the Central Valley and the Inland Empire, experienced rapid median home price declines and higher rates of foreclosure early in the housing market decline, while areas with fewer foreclosures and higher median home prices are just now feeling the effects. The impact on the high-end home market can be directly attributed to the current financial turmoil on Wall Street, because many buyers in this market rely on profit from their investments to make large purchases.

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

- Listing price continues to be a key factor in all markets, and the high-end home market is no different. Some sellers of high-end properties, especially those whose homes are priced at less than \$10 million, are reducing asking prices in hopes of attracting more buyers. However, some luxury-home sellers still are asking their REALTORS® to list their homes at prices exceeding what the current market will support. Although this area of the market is faring better than most, buyers in the high-end market also look for accurately priced homes and sellers who are willing to negotiate. It is important that sellers work closely with a REALTOR® to list their home at a competitive price that reflects the reality of today's market.

To read the full story, please click here:

<http://online.wsj.com/article/SB122238856919977287.html>



### In Other News...



[Los Angeles Times](#)

#### **Does a furnished house sell faster than an empty one?**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-lew28-2008sep28,0,7385802.story>



[Bloomberg](#)

#### **California Home Prices Drop Record 41% Amid Defaults**

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aE6gHmeYXcg>



[Orange County Register](#)

#### **Foreclosures put county's HOAs in financial bind**

To read the full story, please click here:

<http://www.ocregister.com/articles/association-hoa-foreclosures-2169589-hoas-aliso>



[Mercury News](#)

#### **Remodeling activity down, giving clients upper hand**

To read the full story, please click here:

[http://www.mercurynews.com/realestatenews/ci\\_10566982](http://www.mercurynews.com/realestatenews/ci_10566982)

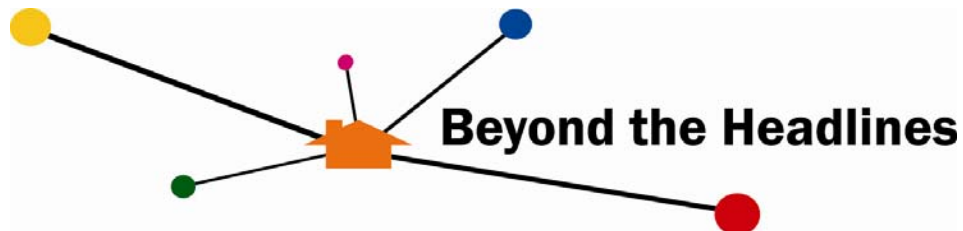


[Los Angeles Times](#)

#### **Home prices post 16% annual drop in July**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homes1-2008oct01,0,6892630.story>



**In Other News (cont.)...**



[Press Enterprise](#)

**And then there were 3 superbanks**

To read the full story, please click here:

[http://www.pe.com/business/local/stories/PE\\_Biz\\_S\\_banks30.1784f9a.html#](http://www.pe.com/business/local/stories/PE_Biz_S_banks30.1784f9a.html#)



[Mercury News](#)

**Consumer confidence unexpectedly improves in September**

To read the full story, please click here:

[http://www.mercurynews.com/breakingnews/ci\\_10598844](http://www.mercurynews.com/breakingnews/ci_10598844)



[Los Angeles Times](#)

**KB Home building smaller houses to lift sagging sales**

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-kbhome27-2008sep27,0,3606671.story>