

The Wall Street Journal

Banks push home buyers to put down more cash

Many economists and housing analysts blame lax lending standards – including no-down payment, no-document loans – for contributing to the challenges in the current real estate cycle. As a result, most lending institutions have increased minimum down payment requirements. Now, a new proposal by the Obama administration calls for gradually raising down payments to a minimum of 10 percent on conventional loans – those that can be bought or guaranteed by Fannie Mae and Freddie Mac.

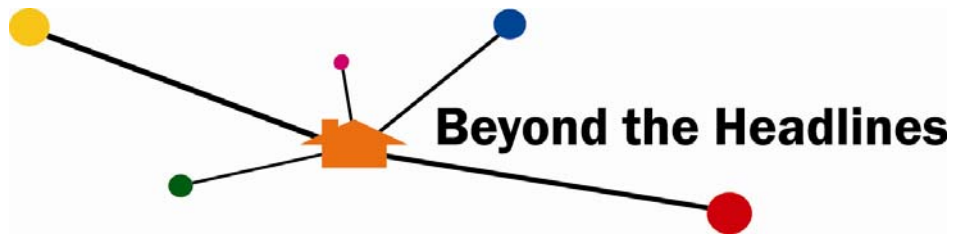
MAKING SENSE OF THE STORY

- Banks have found that larger down payments discourage delinquencies by increasing the buyers' exposure to loss and reducing the impact of declining prices. According to a study by the Federal Reserve Bank of St. Louis, buyers who made smaller down payments were more likely to default during “unfavorable economic circumstances, such as a housing market slowdown or job loss.”
- A recent analysis showed the median down payment in nine major U.S. cities rose to 22 percent last year on properties purchased with conventional mortgages. That percentage doubled in three years and represents the highest median down payment since the data were first tracked in 1997.
- Higher borrowing costs and larger down payments could cause housing prices to decline further, analysts say. For now, borrowers who can't afford such amounts are turning to alternative programs, such as loans for veterans or those backed by the Federal Housing Administration. Some industry experts say this has created a nonconventional mortgage market for riskier borrowers and those who don't qualify for conventional loans.

Read the full story

http://online.wsj.com/article/SB10001424052748703312904576146532935600542.html?mod=WJ_hp_LEFTTopStories

Feb. 17, 2011



In Other News...



CNN Money

30 percent of mortgages are underwater

Home prices dropped 2.6 percent nationwide during the last three months of 2010, pushing more borrowers underwater, according to a quarterly real estate market survey from Zillow.com.

Read the full story

http://money.cnn.com/2011/02/09/real_estate/underwater_mortgages_rising/index.htm



San Diego Union-Tribune

Will Millennials reinvigorate the U.S. housing recovery?

Millennials, those between 18-34, will drive America's housing recovery as prices have generally become more affordable and mortgage rates are still historically low, said Pete Flint, CEO of real estate website Trulia.com.

Read the full story

<http://www.signonsandiego.com/news/2011/feb/09/will-millennials-reinvigorate-us-housing-recovery>



San Francisco Chronicle

Foreclosures raise U.S. economic stress

The nation's economic stress inched up in December because higher foreclosures outweighed lower unemployment, according to The Associated Press' monthly analysis.

Read the full story

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2011/02/08/financial/f031330S84.DTL>



The New York Times

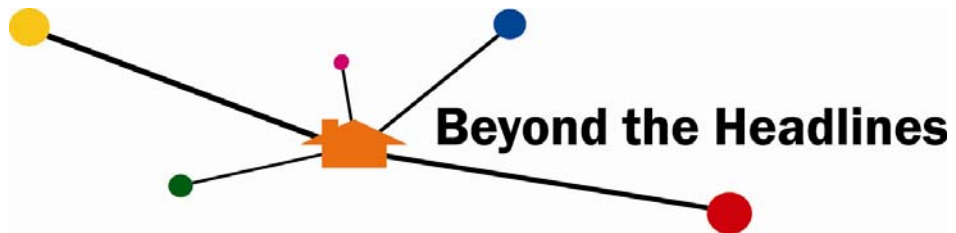
Calculating the annual percentage rate

The lending industry has tried to make it easier for borrowers to understand the true cost of a mortgage by disclosing both its interest rate and its annual percentage rate, or A.P.R. But consumers may often wonder which figure they should focus on when buying or refinancing a property.

Read the full story

http://www.nytimes.com/2011/02/13/realestate/mortgages/13mortgages.html?_r=1&ref=realestate

Feb. 17, 2011



CNN Money

Foreclosures are falling – but it's a fake out

Foreclosure filings plunged in January, but don't shake those pom-poms yet. It's strictly a fake out.

Read the full story

http://money.cnn.com/2011/02/10/real_estate/foreclosure_filings_fall/index.htm



Los Angeles Times

Rising construction costs could boost new-home prices soon

With interest rates near rock-bottom levels, most people realize it's only a matter of time before loan costs start to rise. After all, what comes down in the mortgage world always has a way of going up.

Read the full story

<http://www.latimes.com/business/realestate/la-fi-lew-20110213,0,6809981.story>



CNN Money

Home sales grow, aided by more stable prices

Home sales volume rose sharply in the final three months of 2010, aided by more stable prices on a year-over-year basis, a real estate industry group reported last week.

Read the full story

http://money.cnn.com/2011/02/10/real_estate/realtors_home_prices/index.htm



Los Angeles Times

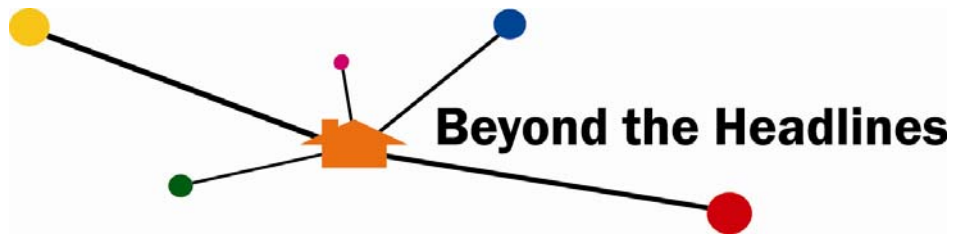
Federal Housing Agency backs off proposal to ban transfer fees

Thousands of homeowner associations and condominiums around the country just sidestepped a potentially costly problem: A federal agency this month backed off its controversial plan that would have made obtaining mortgages in their communities much more difficult, and would have dried up a key source of revenue that associations use to pay for improvements and property maintenance.

Read the full story

<http://www.latimes.com/business/realestate/la-fi-harney-20110213,0,6473192.story>

Feb. 17, 2011



What you should know about the market...

- When preparing for the purchase of a house, there are several items buyers must think about, such as their main priorities. Buyers should determine whether it's more important to live in a particular type of home, such as a single family home with a garage, or in a particular neighborhood.
- Some neighborhoods hold value more than others during a housing downturn. Buyers can work with a knowledgeable REALTOR® to find a neighborhood that meets their needs as well as one where home values are stabilizing or rising.
- Once a buyer finds a home he want to make an offer on, he should be sure not to make a low-ball offer. Some sellers are willing to negotiate and others are not. Working with a REALTOR® can help ensure the buyer is dealt with fairly and guided through the process.