

Daily News

### **Should you buy or rent a home? Cost gap narrows**

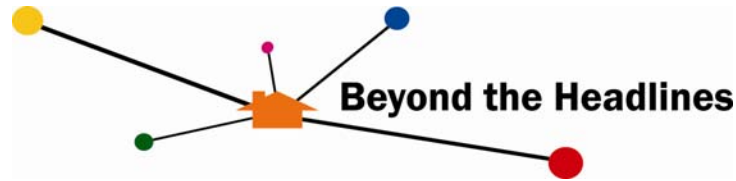
Affordable home prices and low interest rates have created an ideal time for many buyers to purchase homes, and now a new week-long look at homeownership confirms it. The national study, conducted for The Associated Press, shows that the difference between monthly rents and mortgage payments is at its lowest level in nearly 20 years.

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

- The analysis of 45 metro areas found the difference between the monthly mortgage payment on a median-priced home and the median rent has declined to \$256. In some areas, the difference is as low as \$100, according to the study. The last time the price gap was that close was in 1993, when it decreased to \$264.
- The study, conducted by Marcus & Milichap Real Estate Investment Services, used median prices for the last three months of 2009 and calculated mortgage payments by assuming a 10-percent down payment and a 30-year fixed loan at 5.07 percent. It also assumed borrowers paid for private mortgage insurance and didn't include repair costs and tax benefits.
- Although the difference between monthly rent and monthly mortgage payments is at its lowest level in nearly 20 years, more stringent lending standards have made the home-buying process more challenging. Home buyers can prepare by ensuring their credit reports are up to date and saving for a down payment of at least 20 percent. Borrowers putting down less than 20 percent likely will have to purchase private mortgage insurance.
- Owning a home has significant tax benefits, including deductions for property taxes and loan interest. Homeowners also can enjoy building equity and creating a means of forced savings as they pay down the principal on the home.
- Although home buyers should not focus solely on future home price appreciation, according to data collected by the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) over the last 40 years, homeowners who purchase a median-priced house, live in it for at least five years, and sell it at the then-current median price, have averaged an annual rate of return of more than 11 percent.

To read the full story, please click here:

[http://www.dailynews.com/business/ci\\_14916092](http://www.dailynews.com/business/ci_14916092)



## In Other News...



San Francisco Chronicle

### **Good timing could reap double tax credits**

Some home buyers in California could get a federal tax credit worth up to \$8,000 plus a new state credit worth up to \$10,000 if they time their purchase just right.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/04/01/BU9G1CNTVN.DTL&tsp=1>



The Wall Street Journal

### **Why it may be time to refinance your loan**

With the Federal Reserve out of the mortgage market and the economy gaining strength, some economists are warning that mortgage rates, still near historic lows, will soon start to rise.

To read the full story, please click here:

<http://online.wsj.com/article/SB10001424052702304830104575172032313214888.html?KEYWORDS=refinance>



Los Angeles Times

### **Consumer loan delinquencies decline again in fourth quarter**

In a positive sign for the economy, a bankers group said that delinquencies on consumer loans declined in the last three months of 2009, marking the second consecutive quarter of improvement, and a sampling of data suggests the trend has continued this year.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-delinquent-loans8-2010apr08,0,1397148.story>



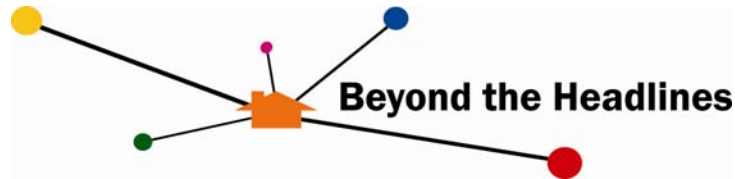
The Wall Street Journal

### **Reverse mortgages now look cheaper**

Reverse mortgages have long been considered one of the most expensive ways to extract cash from your house. But that is changing as some of the country's biggest reverse-mortgage lenders are slicing closing costs—helping even some affluent homeowners who want to generate additional income.

To read the full story, please click here:

[http://online.wsj.com/article/SB10001424052702304628704575186211956006190.html?mod=WSJ\\_hpp\\_sections\\_personalfinance](http://online.wsj.com/article/SB10001424052702304628704575186211956006190.html?mod=WSJ_hpp_sections_personalfinance)



The Wall Street Journal

### **Second mortgages vex borrowers**

Banks are coming under increasing political pressure to write off or at last write down second-lien and other junior mortgages as a way to help borrowers keep their homes or extract themselves from heavy debt.

To read the full story, please click here:

[http://online.wsj.com/article/SB10001424052702304846504575177720824287204.html?mod=WSJ\\_Real+Estate\\_LeftTopNews](http://online.wsj.com/article/SB10001424052702304846504575177720824287204.html?mod=WSJ_Real+Estate_LeftTopNews)



CNN Money

### **10 foreclosures for every home saved**

The Obama administration's mortgage-modification program is not keeping pace with the deluge of foreclosures hitting the market, a government watchdog found.

To read the full story, please click here:

[http://money.cnn.com/2010/04/14/real\\_estate/COP\\_foreclosure\\_mitigation\\_report/index.htm](http://money.cnn.com/2010/04/14/real_estate/COP_foreclosure_mitigation_report/index.htm)



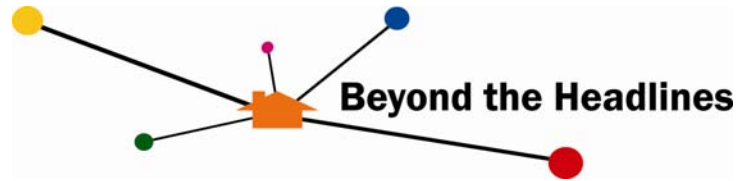
North County Times

### **Economist says California tax credit won't last through May**

New home buyers will burn through the California state tax credit no later than May 20, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.).

To read the full story, please click here:

[http://www.nctimes.com/business/article\\_5fb80b8a-7e42-500f-ad3d-bc3851850f15.htm](http://www.nctimes.com/business/article_5fb80b8a-7e42-500f-ad3d-bc3851850f15.htm)



### **What you should know about the market**

- Home buyers waiting for a mortgage loan to fund are advised to be conservative when it comes to buying new furniture, appliances, or the like for the house they are purchasing. It has become standard practice for lenders to check borrowers' credit scores in the weeks leading up to the closing, sometimes even the day prior to closing. Large purchases can use up a considerable proportion of a borrower's total credit limit, which can lead to a drop in the borrower's FICO score and possibly change the terms of the loan.
- Many homes currently on the market are distressed properties—foreclosures and short sales—which increases the importance of home inspections. According to the American Society of Home Inspectors, the owners of distressed properties usually didn't have the money to maintain their homes and often deferred property maintenance. A home inspection can find problems with the foundation, electrical, plumbing, roof, attic insulation, and heating and air conditioning. Although home inspections can be costly, in the long run, home buyers will be better situated when they know what, if anything, needs repairing on the home.