

Los Angeles Times

Private mortgage insurance companies return to market

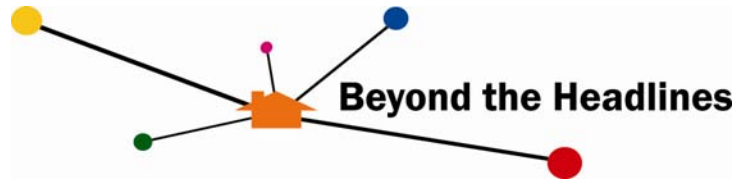
Generally, private lenders require borrowers with down payments of less than 20 percent to purchase private mortgage insurance. It is typically paid for by the borrower and protects lenders against default. However, mortgage insurance does not protect the borrower. The Federal Housing Administration (FHA) insures lenders against losses incurred when borrowers default on their home loans. However, because the FHA insured nearly 30 percent of all single-family loans—higher than the 10 percent share considered optimal by government officials—the FHA is tightening its requirements for borrowers with small down payments. This has resulted in private companies that provide lenders with similar protection against defaults entering the market.

KEEP THIS IN MIND

- Traditionally, the FHA enabled low- to moderate-income borrowers to put down as little as 3.5 percent as a down payment on a home. Beginning this month, down-payment requirements on loans insured by the FHA have increased to 10 percent for borrowers with credit scores below 580. Borrowers with credit scores of 580 or above still will be able to put down the traditional 3.5 percent.
- Other changes to the FHA mortgage program include increasing the upfront mortgage insurance premium from 1.75 percent to 2.25 percent and reducing permissible seller concessions from 6 percent of the loan amount to 3 percent. The FHA also has asked Congress for authority to increase the maximum monthly insurance fee from the current 0.5 percent level to 1.55 percent.
- Resulting from the more-stringent FHA policies, fewer borrowers qualify for government-insured mortgages and are turning to private mortgage insurers, who also have made changes to their borrower requirements. For example, one private mortgage insurance company now will insure five-percent down-payment loans to borrowers nationwide. Previously, such mortgages were not available to borrowers in markets with declining home prices, which included California.
- Premiums for both private mortgage insurance and government-insured FHA loans may be tax deductible. Additionally, in most instances, coverage can be canceled when the borrower's equity reaches 20 percent of the original loan amount. Borrowers are advised to review both options to decide which one works best for their situation.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-0425-lew-20100425,0,7739757.story>



In Other News...



The Wall Street Journal

Debate rages over supply of foreclosed homes

Why is there such a fierce debate about whether the housing market is slowly healing or heading for another free fall? Partly because no one can estimate with much confidence how many foreclosed homes banks need to sell or how fast they are getting rid of all that property.

To read the full story, please click here:

http://blogs.wsj.com/developments/2010/04/28/debate-rages-over-supply-of-foreclosed-homes/?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+wsj%2Fdevelopments%2Ffeed+%28WSJ.com%3A+Developments+Blog%29&mod=WSJ_Real+Estate_BLOGSDEV ELOPMENTSFEED



CNN Money

How foreclosure impacts your credit score

If you're delinquent on your mortgage, your credit score will suffer. Everyone knows that. The question is, by how much?

To read the full story, please click here:

http://money.cnn.com/2010/04/22/real_estate/foreclosure_credit_score/index.htm



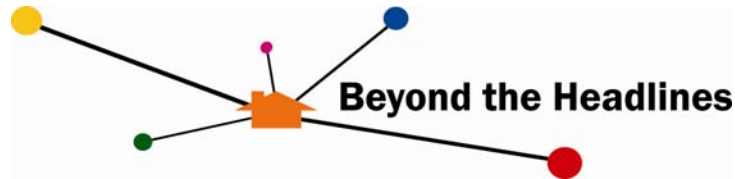
The Wall Street Journal

Tax deal lifts home sales but price pressures loom

Tax credits sparked a big jump in home sales last month, as first-time buyers took advantage of low prices and interest rates.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748704830404575200212503089010.html?mod=WSJ_Real+Estate_LeftTopNews



The Wall Street Journal

Tax credit extension? Don't bet the house on it

The NATIONAL ASSOCIATION OF REALTORS® touted a recent report that existing home sales rose by 6.8 percent in March as proof that the home buyer tax credit has been a “resounding success.” Indeed, home resales, which came in at a 5.35 million annual rate, exceeded analysts’ consensus expectations of a 5.25 million annual sales rate.

To read the full story, please click here:

<http://blogs.wsj.com/developments/2010/04/22/tax-credit-extension-dont-bet-the-house-on-it/>



The Wall Street Journal

The new rules of remodeling

You may have noticed the lines at home-improvement stores getting longer or heard the whirring of buzz saws in your neighborhood. After years of economic recession and housing-market malaise, people are starting to fix up their homes again.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748703404004575198603552079406.html?mod=WSJ_hpp_sections_personalfinance

What you should know about the market



- Most sellers are sentimental when pricing their home for sale and often insist on listing it at a higher price than it is likely to garner in today's market. If a home is priced unrealistically, it likely will stay on the market longer, often reducing its appeal and leading home buyers to question its value. Many factors influence home values. To prevent a listing from going stale, sellers must work with their REALTOR® to price the house correctly.
- While it may be common knowledge to REALTORS® that the first offer is often the best, some sellers may not feel the same way. Many believe that if the first potential buyer makes an offer close to the asking price, future offers may exceed it. In many instances, this is not the case, and subsequent offers often are for less.