



Beyond the Headlines



The New York Times

Reform bill retools lending

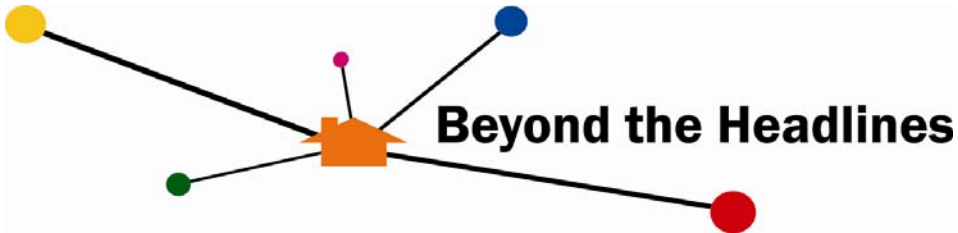
The Senate passed the financial regulation bill today, which will impact home buyers and lending guidelines. Chief among the changes impacting consumers is the creation a consumer bureau at the Federal Reserve and the requirement that lenders ensure a borrower is able to repay a home loan by verifying income, employment, and credit history.

KEEP THIS IN MIND

- Under the financial regulation bill, at least two categories of mortgages likely will see a dramatic decrease in their availability: interest-only loans and stated-income loans. Both loan types likely would fall short of the government's definition of "qualified" mortgages and therefore be avoided by many in the lending community.
- Many real estate analysts credit interest-only loans and stated-income loans as contributing factors to the decline of the housing market. With interest-only loans, borrowers pay none of the loan principal for a fixed period, typically 10 years, after which time they must make higher payments for the remaining 20 years of the loan. Unlike other loan products, stated-income loans do not require borrowers to verify their actual income. Only a few lenders continue to offer these loans, and typically only to borrowers with deep cash reserves and large down payments.
- The bill also severely limits the industry practice known as "yield spread premiums," which in many cases incentivized mortgage brokers and loan officers to sell higher-interest loans to borrowers. The reform bill will no longer allow commissions earned by mortgage brokers and loan officers to be linked to the interest rate, but rather the loan amount. Once the bill takes effect, the total commission and additional fees charged by lenders and others in the mortgage process will be limited to a maximum of 3 percent of the loan amount, not including the real estate commission.

To read the full story, please click here:

http://www.nytimes.com/2010/07/11/realestate/11mort.html?_r=1&ref=realestate



In Other News...



Press Enterprise

Homebuilders buying up land, pushing up values

Homebuilders have been buying read-to-build land in Riverside and San Bernardino counties at a fast clip, pushing land values sharply above what they were in 2009, according to a leading land brokerage firm.

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_D_hoffman09.1cba2b9.html



CNN Money

Home-buying loan applications at 13-year low

Mortgage applications to buy a home plunged last week to the lowest level in more than 13 years as the housing recovery continued to struggle following the expiration of the home buyer tax credit, an industry group said Wednesday.

To read the full story, please click here:

http://money.cnn.com/2010/07/14/real_estate/mortgage_applications_MBA/index.htm



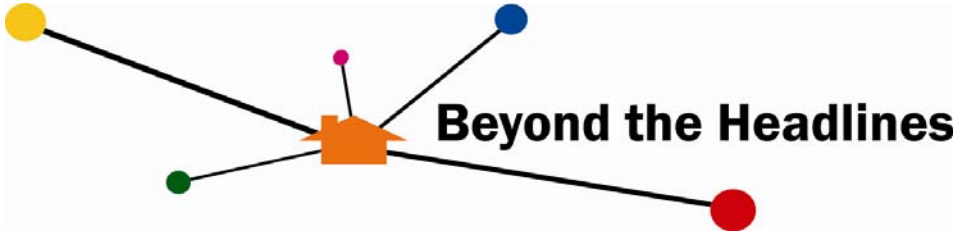
The Wall Street Journal

Homeowners vs. Home-loan buyers

Some borrowers are complaining that consumer-debt buyers have strong-armed them with threats, tried to collect the wrong amount, or sought money from the wrong person.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748704258604575360860682756080.html?mod=W_SJ_RealEstate_RIGHTTopCarousel



Sacramento Bee

California tax assessments of homes to go down

If you own a home in California, chances are the assessed value of your property just dropped.

To read the full story, please click here:

<http://www.sacbee.com/2010/07/13/2885972/california-tax-assessments-of.html>



Los Angeles Times

Credit scores sink to new lows

About 25.5 percent of Americans had credit scores below 500 in April, according to FICO Inc. Historically, only about 15 percent of consumers have had scores below that level.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-credit-scores-20100712,0,1240553.story>



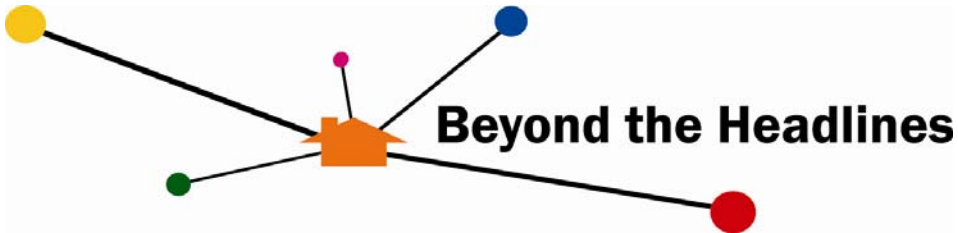
The New York Times

Biggest defaulters on mortgages are the rich

The housing bust that began among the working class in remote subdivisions and quickly progressed to the suburban middle class is striking the upper class in privileged enclaves.

To read the full story, please click here:

http://www.nytimes.com/2010/07/09/business/economy/09rich.html?_r=1&hp



What you should know about the market

- Although many home renovations improve the look of the property, some may not increase the home's value, while others actually can make it more difficult for the homeowner to resell. Some renovations, like in-ground swimming pools may discourage a buyer who views it as requiring too much upkeep. While in-ground swimming pools may work in areas with warm climates year-round, like many areas of California, it is unlikely a homeowner will recoup the costs associated with installing it.
- First-time home buyers easily can become overwhelmed with the various loan choices available. Experts recommend first-time home buyers apply for a loan with an interest rate fixed for the duration of time the buyer plans to live in the home. Hybrid loans may be an option worth considering, as they are fixed for a certain period and later change to an adjustable-rate mortgage. This may be a viable option for a buyer planning to stay in the home for just a few years. However, most buyers should consider a 30-year fixed-rate loan.