

News Flash

Homeowners win big with extension and expansion of federal tax credit

The U.S. House of Representatives today voted 403 to 12 to extend and expand the home buyer tax credit. The bill passed the U.S. Senate late yesterday and now will go to President Obama for his signature, where it is expected to be signed this week.

The tax credit will be extended through April 30, 2010, with a 60-day extension if a binding contract is in place prior to the deadline. First-time home buyers will continue to receive a tax credit of up to \$8,000, while existing homeowners will receive a credit of up to \$6,500. Existing homeowners will be eligible for the \$6,500 if they have lived in their current residences for at least five years. The bill also will increase the qualifying income limits from \$75,000 for single tax filers and \$150,000 for joint filers to \$125,000 and \$225,000, respectively. The purchase price of the home is capped at \$800,000.

Under additional provisions in the bill, taxpayers can claim the credit on purchases completed in 2010 on their 2009 income tax returns. The bill maintains the provision that home buyers do not have to repay the credit, provided the home remains their primary residence for 36 months after purchase, and waives this requirement for active duty military personnel who move due to a military order.

For weeks, the CALIFORNIA ASSOCIATION OF REALTORS (C.A.R) and its members have urged Congress and the U.S. Senate to extend and expand this crucial piece of legislation.

Nationwide, more than 1.4 million first-time home buyers were given the opportunity to become homeowners as a result of the Federal Tax Credit for First-time Home Buyers. According to C.A.R. research, nearly 40 percent of first-time home buyers surveyed said they would not have purchased a home without the federal tax credit, and approximately 70 percent said the tax credit was "the most important" or a "very important" factor in their decision to buy a home.

To read stories about the extension and expansion of this valuable home-buying incentive, please visit the following:

Aid for jobless, homebuyers clears Congress

To read the full story, please click here:

<http://www.reuters.com/article/newsOne/idUSTRE5A35YO20091105>

Congress Extends Jobless Benefits, Home-Buyer Credit

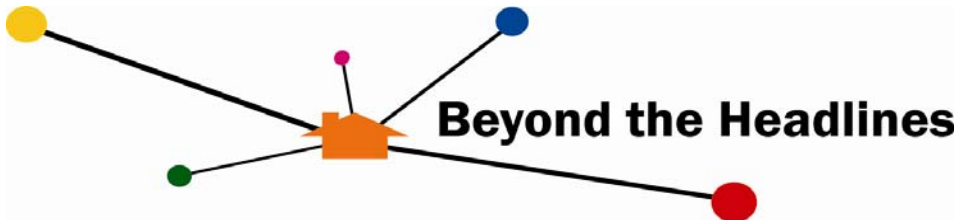
To read the full story, please click here:

http://online.wsj.com/article/SB125745002293831629.html?mod=WSJ_hpp_MIDDLETopStories

Congress passes bill extending unemployment insurance, home buyer tax credit

To read the full story, please click here:

http://voices.washingtonpost.com/capitol-briefing/2009/11/congress_passes_bill_extending.html?hpid=topnews



C.A.R. Mortgage Update

Thinking of halting payments on house?

Some homeowners underwater on their houses—who owe more on their mortgages than their homes are worth—wonder what would happen if they were to stop paying their mortgages.

When lenders do not receive payments, the first action taken by the lender is to report the missed payment to the credit bureaus by the first day of the next month. Sometimes this can happen in as little as two weeks from the due date, depending on when the payment is due. Generally, this action will leave a negative mark on a credit report and decrease the homeowner's credit score by as much as 200 points.

Because of the negative mark on the homeowner's credit report, within the next 30 days, homeowners can expect their other creditors to take note of the late payment and to take action. Credit card issuers may raise interest rates, lower credit limits, or close credit card accounts. The borrower's auto insurance, student loans, and other forms of credit also may change, as these are tied to the borrower's credit score as well.

If the homeowner does not pay for 90 days, the lender likely will start calling, trying to persuade the homeowner to enter into a loan modification. If a loan modification cannot be agreed upon between the homeowner and the lender, and the homeowner continues missing payments, the homeowner likely will be served with a foreclosure notice. After the foreclosure notice is received, the lender asks a court to issue a judgment against the homeowner, and a county sale is arranged.

Homeowners at risk of defaulting on their mortgages, or those who already are behind, should contact their lender immediately to work out a repayment plan and/or loan modification.

To read the full story, please click here:

<http://www.modbee.com/business/story/913445.html>

To view additional articles, which also may be of interest to clients in the market for a new home loan, loan modification, or mortgage refinance, please visit the following:

Home equity loan market remains very tight

To read the full story, please click here:

http://www.latimes.com/business/la-fi-home-equity2-2009nov02_0,4592192.story

More walk away from homes, mortgages

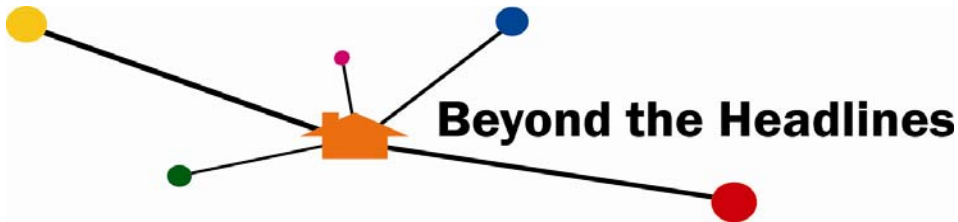
To read the full story, please click here:

http://www.usatoday.com/money/perfi/housing/2009-11-02-voluntary-foreclosure_N.htm

U.S. Mortgage Rates Fall for First Time in Four Weeks

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20603037&sid=acRxZuA0m8yE>



SmartMoney

Six signs your home will increase in value

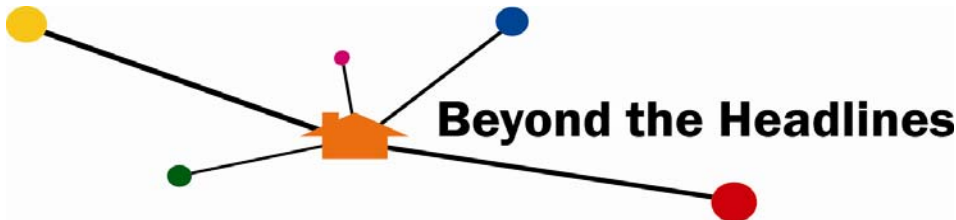
Recent reports on the health of the economy and the housing market have shown improved conditions. The federal tax credit for first-time buyers, affordable home prices, and low interest rates also are driving many buyers into the market. However, housing markets are local, and can vary greatly from one to the next. Still, there are indicators on which homeowners can rely to determine whether their home's value will rise.

KEEP THIS IN MIND

- The unemployment rate in an area can help homeowners determine if their homes' values is likely to rise. As the unemployment rate rises, fewer individuals are capable of purchasing homes, decreasing the demand for homes, and driving down prices. To find a city's unemployment rate and whether it's rising or falling, consumers can visit the Bureau of Labor Statistics' Web site at <http://www.bls.gov/lau>.
- On average, foreclosed homes sell for 30 percent less than similar homes in the same area. However, that figure varies by housing market, according to an executive at RealtyTrac.com, which tracks foreclosures. As foreclosures increase, the average prices of homes in the neighborhood decrease. Visit <http://www.realtytrac.com> to view properties in various stages of foreclosure, including foreclosure filings, auctions, and bank repossessions.
- Tracking a neighborhood's inventory supply also is a good indicator. A supply of five to six months is considered "normal." For the most extensive inventory level comparisons, homeowners should contact a local REALTOR®. Homeowners without an existing relationship with a REALTOR® can use the "[Find a REALTOR®](#)" function on the CALIFORNIA ASSOCIATION OF REALTORS®' Web site to find the REALTOR® nearest them.
- Following the list-to-sale-price ratios of a neighborhood can help determine the direction of home prices in an area. If the price difference is shrinking for an area, that suggests the real estate market is improving. Some real estate Web sites offer this information, or homeowners can contact their REALTOR® who can provide the average list-to-sales price ratio and a historical comparison.

To read the full story, please click here:

<http://www.smartmoney.com/personal-finance/real-estate/6-signs-your-home-will-increase-in-value/>



In Other News...



The Wall Street Journal

Why homeowners are raising the roof

People who refrained from splurging on big home-improvement projects during the housing boom are reaping the rewards now.

To read the full story, please click here:

http://online.wsj.com/article/SB10001424052748703790404574471683619819154.html?mod=WSJ_hpp_sections_personalfinance



San Francisco Chronicle

Overpriced homes offer a bargaining chip

In some areas there is a shortage of desirable, well-priced listings. Sellers who don't need to sell now are waiting for a better market. Many sellers who would like to sell now have unrealistic expectations about what a buyer would be willing to pay.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/11/01/REOL1ACOP8.DTL&type=realestate>



Los Angeles Times

Home valuation code could soon undergo major revamp

Could the controversial appraisal system imposed nationwide by mortgage giants Fannie Mae and Freddie Mac in May—and now tied to lowball property valuations, busted home sale transactions, and higher fees to consumers—be on its way out?

To read the full story, please click here:

http://www.latimes.com/classified/realestate/news/la-fi-harney1-2009nov01_0_3933509_story



San Francisco Chronicle

September pending home sales rise 6.1 percent

The volume of signed contracts to buy previously occupied homes rose for the eighth straight month in September as buyers scrambled to take advantage of a tax credit for first-time owners that expires at the end of this month.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/11/02/financial/f070014S22.DTL&type=realestate>