

The Washington Post

FHA to toughen rules for borrowers

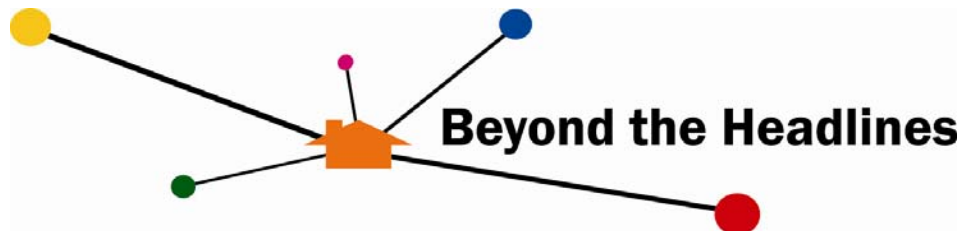
The Federal Housing Administration (FHA) is proposing raising minimum credit scores for borrowers who receive FHA-backed mortgages, increasing down payment requirements, and limiting the amount of money sellers can provide toward closing costs. The proposed changes are part of an effort to shore up the agency's finances, which have been hit with rising defaults to its mortgage insurance program.

KEEP THIS IN MIND

- Historically, the FHA has played a critical role in propping up the housing market by insuring lenders against default after the mortgage market failed. Currently, the agency guarantees approximately 30 percent of all home loans and 20 percent of refinancings. In the past, the FHA has resisted raising down payments or insurance premiums, fearing it would be shutting out qualified borrowers and stunting the housing market's recovery.
- The FHA is hoping that the proposed changes, including requiring that borrowers bring more cash to the closing table, will ensure that borrowers are less likely to default on their loans. Officials at FHA have yet to determine how much cash will be required.
- Up-front cash can include down payments as well as other payments. Currently, FHA borrowers can put down as little as 3.5 percent. One lawmaker has introduced legislation that would require FHA borrowers to put down a minimum of 5 percent.
- The agency also currently allows sellers to provide up to 6 percent of the home's value toward closing costs or down payments. Secretary of Housing and Urban Development (HUD) Shaun Donovan has said he wants the maximum permissible level to be lowered to 3 percent, in line with industry norms.
- The FHA has decided "for the time being" to raise its minimum credit score requirements for new borrowers. The new requirements have yet to be determined. Presently, borrowers with credit scores as low as 500 may qualify for an FHA loan.

To read the full story, please click here:

<http://www.washingtonpost.com/wp-dyn/content/article/2009/12/02/AR2009120200025.html>



In Other News...



San Francisco Chronicle

Gov't increases pressure on mortgage industry

The Obama administration said Monday it will crack down on mortgage companies that are failing to do enough to help borrowers at risk of foreclosure, as part of a broad effort to ramp up participation in its mortgage assistance program.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/11/28/national/w170610S38.DTL>



Reuters

U.S. housing market meltdown not over yet: Zandi

The meltdown of the U.S. housing market is not over yet, and home prices will soon start trekking downward again as a flood of foreclosures loom, a well-known economist said Wednesday.

To read the full story, please click here:

<http://www.reuters.com/article/newsOne/idUSTRE5B14TY20091202>



Los Angeles Times

New U.S. home sales rise 6.2 percent

Sales of new homes rose more than expected last month to the highest level in more than a year as the housing market shows stability after its historic collapse.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-homesales26-2009nov26,0,5478602.story>



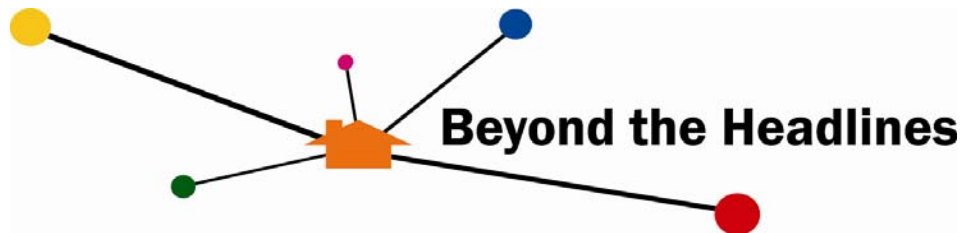
The Washington Post

Home sales rebound to early-2007 level

Economists and policymakers got what they were looking for Monday: a clear uptick in the housing market. The catch is few believe it's sustainable.

To read the full story, please click here:

http://www.washingtonpost.com/wp-dyn/content/article/2009/11/23/AR2009112301800.html?nav=rss_business



Orange County Register

State ruling to cut most property taxes

State officials say that property taxes will probably fall for most California property owners next year due to deflation, the first such property tax cut since Prop. 13 took effect three decades ago.

To read the full story, please click here:

<http://lansner.freedomblogging.com/2009/12/01/state-ruling-to-cut-most-property-taxes/46043/>



Los Angeles Times

Average home sale price virtually unchanged in third quarter

The average price of houses sold in the country's 32 largest metro areas was virtually unchanged in the third quarter from the same period a year ago, according to the latest government figures.

To read the full story, please click here:

http://www.latimes.com/classified/realestate/news/la-fi-lew29-2009nov29_0_3068835.story



San Francisco Chronicle

Gov't unveils rules to speed up "short sales"

The Treasury Dept. unveiled sweeping rules this week to help financially troubled homeowners who need to sell but can't get a price high enough to pay off their mortgages. Homeowners will even get \$1,500 to help cover their moving costs.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2009/12/01/financial/f142346S25.DTL&type=realestate>



Los Angeles Times

Home loans will hold fewer surprises

Anyone who has purchased or refinanced a few homes has probably learned to dread the closing statement, which all too often included a pile of new or inflated fees that your lender had never before mentioned.

To read the full story, please click here:

http://www.latimes.com/business/la-fi-perfin29-2009nov29_0_6612155.column