

Los Angeles Times

Home appraisals still fraught with uncertainty despite new code of conduct

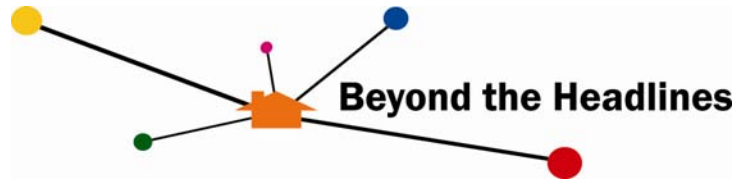
Last year, the Federal Housing Finance Agency (FHFA), Fannie Mae, Freddie Mac, and the New York State General Attorney created an agreement titled the Home Valuation Code of Conduct (HVCC), which prohibits lenders, mortgage brokers, and real estate agents from selecting and having any “substantive” communication with a home appraiser. HVCC was created to protect consumers against fraudulent appraisals, which some industry experts believe was a contributing factor to inflated home values. However, many lenders have turned to the use of third-party appraisal management companies and the practice has led to complaints.

KEEP THIS IN MIND

- HVCC, which may result in appraisers evaluating homes in areas with which they are not familiar and using comparables that are inaccurate, has caused delays in closing sales, and in some cases, undermined sales if the appraisals undervalue a home’s current worth.
- HVCC applies to conventional, single-family loans that are sold to Fannie Mae or Freddie Mac. It does not apply to loans backed by the Federal Housing Administration (FHA) or the Veterans Administration.
- Through HVCC guidelines, borrowers are entitled to receive, free of charge, a copy of the home appraisal at least three days prior to closing, giving the borrowers more time to contest what they view as an inaccurate appraisal.
- Borrowers and/or sellers who believe a home valuation is too low may appeal the valuation or request a second option. It’s important to note that the second valuation must be more than five percent higher than the first--anything less is considered an acceptable difference.
- Appraisers are required to view the inside of homes being valued, but not homes used as comparables. More often than not, the appraiser’s knowledge of the property is based solely on the description in the MLS or on the public land records. Yet, the previous owners may have removed appliances and caused other damages to the property. To guard against appraisers using non-comparable homes in the valuation, borrowers can work with their REALTOR® to review comparable homes in the neighborhood for differences the appraiser did not know about or failed to consider.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-lew-20100509,0,1809396.story>



In Other News...



Oakland Tribune

California home tax credit going, going

The popular state home buyer tax credit returned after running out of money last year in just four months. Buyers interested in obtaining the tax break to help reduce the cost of buying a home better act fast.

To read the full story, please click here:

http://www.insidebayarea.com/business/ci_15025131



Los Angeles Times

Median home prices up in first quarter

Home prices rose in nearly 60 percent of U.S. cities in the first quarter of this year, as the housing market started to stabilize, thanks to billions of dollars in federal spending.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-home-sales-20100512,0,7438762.story>



San Diego Union-Tribune

Census: Share of Americans on the move edging up

Americans are on the move again, after years of staying put. But they're not going very far, taking few chances because of weak housing and job markets.

To read the full story, please click here:

<http://www.signonsandiego.com/news/2010/may/10/census-share-of-americans-on-the-move-edging-up/>



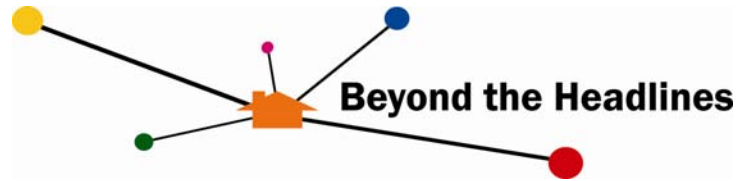
Los Angeles Times

Mortgage defaults in U.S. show signs of slowing

Two reports released Monday raise hope that the country's tide of home-loan defaults finally may be starting to recede, but the picture is far from clear.

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-mortgage-defaults-20100511,0,270272.story>



What you should know about the market

- Many lenders currently require down payments of 20 percent or more. One benefit of larger down payments is that the borrower owes less money and usually receives better terms on the mortgage loan. If the down payment is less than 20 percent, most lenders require the borrower to purchase private mortgage insurance, depending on the nature of the loan.
- Borrowers can determine the down payment required by the lender as part of the pre-approval process. The pre-approval process is typically a free service where a lender evaluates the borrowers' financial situation and determines the terms of the loan it is willing to offer. Most housing experts recommend that borrowers get pre-approved prior to searching for a home.