

Media Advisory



[San Francisco Chronicle](#)

REALTORS® report glimmer of hope – pending sales up

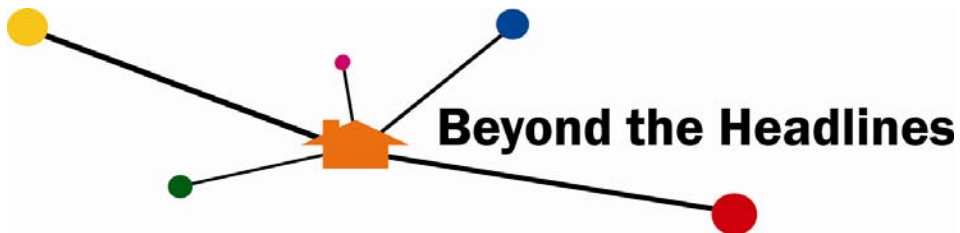
The Pending Home Sales Index (PHSI) increased 5.3 percent in June to 89 from 84.5 in May, according to the NATIONAL ASSOCIATION OF REALTORS® (NAR). Although the PHSI remains 12.3 percent below June 2007 levels, it is higher than what some economists had predicted. The PHSI is a forward-looking indicator and is based on pending sales of existing homes. Home sales are considered pending if the seller has accepted the offer, but the transaction has not yet closed.

KEEP THIS IN MIND

- All regions experienced PHSI increases in June. The West's index rose 4.6 percent to 101. A reading of 100 is equal to the average level of sales activity in 2001, when the PHSI started. Sales have increased consistently in recent months in areas such as Sacramento, Calif., Las Vegas; and Fort. Myers, Fla., where affordability conditions have greatly improved.
- Despite a decrease in existing home sales in June, NAR is forecasting that the recently signed federal housing bill will assist with the market's recovery. NAR also predicts that the provision in the bill allowing first-time home buyers to receive a \$7,500 tax credit will increase home sales, which could be sustained into 2009.

To read the full story, please click here:

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/08/BUUF126VHB.DTL&hw=REALTORS+report+glimmer+of+hope+pending+sales+up&sn=001&sc=1000L>



[The Mercury News](#)

Home buyers turn to private lenders

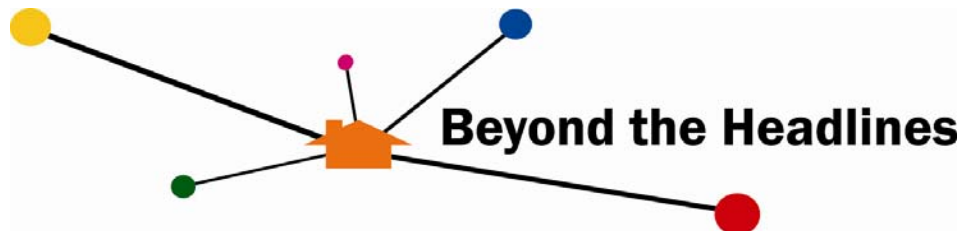
As a result of the credit crunch and many financial institutions requiring large down payments, borrowers with less-than-perfect credit scores are turning to private lenders to refinance homes and commercial projects. Private lenders are individuals or groups of investors that offer short-term loans, often with high rates of returns. For many years, private lending served as the real estate market's subprime financial source, prior to more traditional banks entering the arena. In 2007, \$3.3 billion in privately funded loans were made in California.

KEEP THIS IN MIND

- Although private lenders cater to borrowers with poor credit scores or unusual financing needs, they do not approve everyone. Private lenders still require assurance that borrowers can repay the loan within the agreed-upon time limit, and that borrowers have equity in the property. Many private lenders require borrowers to have a minimum of 25 percent equity. If the borrower is unable to repay the loan, the private lender can sell the property, similar to repossession by a bank.
- While private lending may seem like a viable option for some borrowers, it also has its disadvantages. For example, interest rates for private money loans are higher than the rates offered by standard financial institutions to prime borrowers. It is not uncommon for a private lender to offer an interest rate of 10 percent or more. Additionally, the terms with a private lender are shorter than with a traditional bank, sometimes as short as five years. The payments, however, are calculated as a 30-year loan. Some loans, both by private lenders and traditional banks, also have balloon payments, meaning that once the loan matures, the remaining balance is due in one lump sum. With a bank, the balloon payment is normally due after 30 years, whereas a private lender typically requires the balloon payment after one or two years.
- Some borrowers with high credit scores also are turning to private lenders for assistance, because private lenders do not require a property to be appraised prior to funding the loan. Private lenders benefit from the partnership because they earn more interest by lending to a borrower than they would if their money was in a traditional savings account. However, private lenders are difficult to find and most only operate within limited geographical areas, because they like to view the properties they're lending against and prefer to know the market in that area.

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_10148753



[Reuters](#)

End to housing market meltdown in sight?

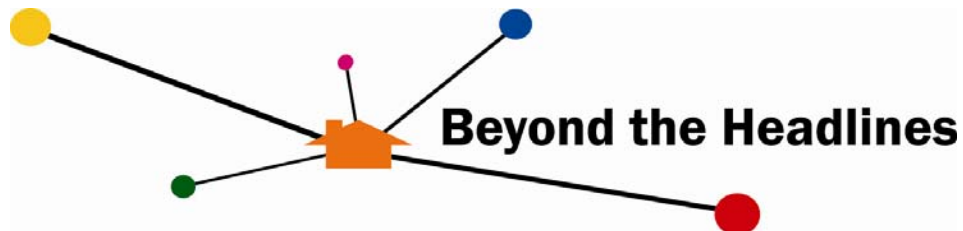
Although economists cannot predict when the housing market will end its decline, many believe that there are enough indicators to determine the bottom may be near, especially in California. Home prices in many regions are declining at slower rates, and some areas have actually experienced price increases. Some analysts predict that California may be the first state to plateau, as a result of a vast number of foreclosures, which translated to a decline in home prices.

KEEP THIS IN MIND

- New housing starts fell to 975,000 in April, from a peak of 2.27 million in January 2006. In the past 35 years, new housing starts have dropped from more than two million to less than one million only three other times. In each of those cases, the housing market rebounded within one quarter, according to Karl Case, co-developer of The Standard and Poor's S&P/Case-Shiller Home Price Indices.
- Although home prices decreased 15.8 percent year-over-year in May, they have only decreased 0.9 percent on a month-over-month comparison. This is the smallest monthly decrease since September 2007 and another sign that the housing market is in recovery mode, according to Case.

To read the full story, please click here:

<http://www.reuters.com/article/reutersEdge/idUSN0448581620080812>



In Other News...



[CNN Money](#)

Mortgage applications rise 2.8%

To read the full story, please click here:

http://money.cnn.com/2008/08/06/real_estate/mortgage_applications.ap/index.htm?postversion=2008080607



[Bloomberg](#)

Highest Home Supply Since '82 Seen Needing 50% Cut

To read the full story, please click here:

<http://www.bloomberg.com/apps/news?pid=20601103&sid=avPV2Oxmwf9w&refer=news>



[Los Angeles Times](#)

Condo buyers are in the driver's seat

To read the full story, please click here:

<http://www.latimes.com/business/la-fi-condo10-2008aug10,0,22826.story>

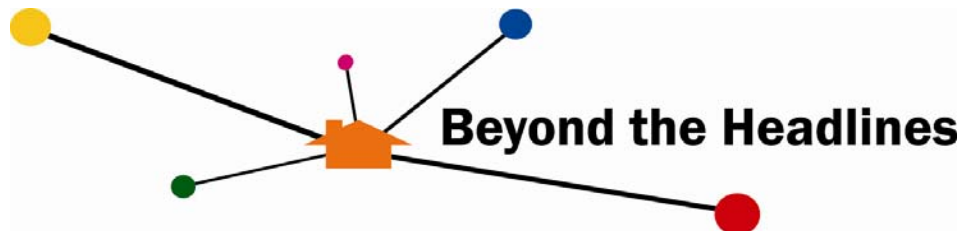


[CNN Money](#)

How to buy a foreclosed home

To read the full story, please click here:

http://money.cnn.com/2008/08/06/real_estate/Foreclosure_bargains/index.htm?postversion=2008080811



In Other News (continued)...



[Yahoo News](#)

Credit unions hit by mortgage market problems

To read the full story, please click here:

http://news.yahoo.com/s/nm/20080811/bs_nm/creditunions_mortgagelosses_dc_1;_ylt=At8WEjPAYEI_PThxFLugonWz1q4B



[Press Enterprise](#)

California mortgage official says loaning criteria have been tightened too much

To read the full story, please click here:

http://www.pe.com/business/realestate/stories/PE_Biz_S_camb08.3d0dd0a.html#

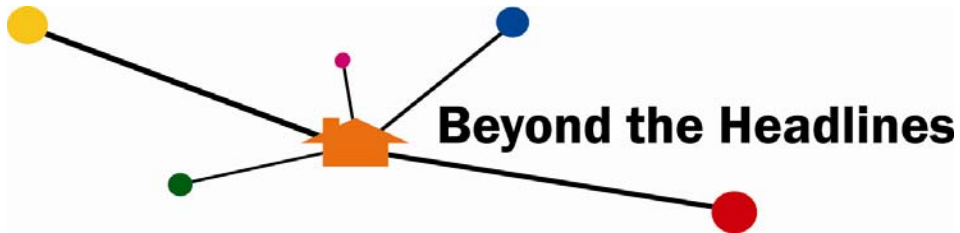


[Reuters](#)

House prices edge higher in June

To read the full story, please click here:

<http://www.reuters.com/article/newsOne/idUSN1138846820080812>



What you need to know about the market

- The California Association of Mortgage Brokers (CAMB) is calling for more lenient guidelines to allow borrowers with good credit and sizeable down payments to qualify for a home loan, regardless of proof of income. Due to the strict lending standards, some would-be home buyers are being denied home loans due to their inability to prove their income. Often, these borrowers are self-employed or public-sector employees, such as firefighters or teachers. Many traditional credit lenders will not include overtime or secondary jobs as a borrower's income, according to CAMB. Although CAMB is not advocating for "ultra-liberal lending practices," such as those used during the peak of the subprime mortgage market, it is advocating for exceptions to underwriting criteria that would allow this type of borrower to qualify for a traditional home loan.
- On average, homes are taking approximately 10 to 12 weeks to sell, compared with four or five weeks at the height of the five-year housing boom. However, in California, single-family existing homes are taking an average of seven weeks. Some analysts believe that California's homes are selling at a quicker pace in part because of the availability of the large volume of deeply discounted distressed properties in many parts of the state. With lower prices and favorable interest rates, affordability also has improved significantly in recent months, paving the way for many buyers to purchase their first home.
- In addition to conforming loans, mortgage insurance also is becoming harder to obtain for some borrowers. Many lenders require borrowers to have a 20 percent down payment or the borrower must purchase mortgage insurance. Prior to the mortgage meltdown, consumers were able to bypass purchasing mortgage insurance by providing a 10 percent down payment, obtaining a loan for 80 percent of the home's purchase price, and a separate "piggyback" loan for the remaining 10 percent. However, due to the high default rate in loans of this nature, most lenders are no longer permitting that practice. It is unlikely that borrowers without a 20 percent down payment will obtain a conventional loan. However, borrowers do have other alternatives, such as obtaining an FHA-insured loan or a loan through the California Housing Finance Agency.