

The Journal

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Monterey County Association of REALTORS

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Investing In Your Future....

Your Realtor Action Fund Dollars Work For You!

Articles of Interest

Some Mortgage Stability Seen

American Banker (04/17/08) P. 3; Sloan, Steven

During the past month, the **residential mortgage market** has shown some signs of **stabilization**, according to the **Federal Reserve's** latest **Beige Book** report. While lending stabilized in the central bank's **New York, Cleveland, Chicago** and **San Francisco** districts, **gains** were reported in the **Philadelphia, St. Louis** and **Richmond** districts. However, lenders imposed **stricter credit standards** in the **New York, Cleveland, Atlanta, Chicago, Dallas, San Francisco** and **Kansas City** districts; and **delinquencies** are increasing in the **New York, Philadelphia** and **Cleveland** districts.

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Why Lenders Are Leery of Short Sales

Wall Street Journal (04/17/08) P. D1; Simon, Ruth; Hagerty, James R.

The **National Association of Realtors** says **18 percent** of home transactions are now **short sales**, though experts point out that lenders are reluctant to approve such deals. Research from **Clayton Holdings Inc.** reveals that **lenders lose only 19 percent** of the loan amount on average with a short sale, compared to **40 percent** on a **traditional foreclosure** sale. However, short sales **require approvals** from primary lenders, servicers, investors and home-equity lenders--a process that can take several months to complete. Mortgage servicers blame delays on staff shortages resulting from the unexpected rise in problem loans, and **Mortgage Bankers Association** senior director **Vicki Vidal** points out that pricing also poses a challenge because buyers are making low-ball offers on distressed properties. While servicers prefer repayment plans and modifications to short sales, the process is getting easier for borrowers who are encountering financial difficulties but continue to make timely payments. Additionally, **Fannie Mae** and **Freddie Mac** both are taking steps to speed up the process, with Fannie Mae looking to make acceptable minimum prices known beforehand and Freddie Mac giving servicers more leeway in approving short sales.

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Second-Home Buyers Go Condo

Wall Street Journal (04/18/08) P. W10; Fletcher, June

Vacation home sales plunged 31 percent to 740,000 last year from 2006, according to the **National Association of Realtors**. However, while sales of **detached vacation homes fell 38 percent**, sales of **vacation condominiums dropped only 2.8 percent**. Condos also accounted for **29 percent** of the vacation-home market, rising from 21 percent the prior year, gaining popularity among second-home buyers because they provide pools and other amenities, do not require owners to undertake maintenance tasks, are priced lower than single-family properties and are easier to sell than detached homes. Nevertheless, vacation condos experienced a **10-percent decrease** in median price to **\$180,000** in 2007, mainly because investors are lowering prices to ensure a sale. Builders are erecting condos in new vacation spots, such as **Lake Michigan**, and also are offering "condo homes" for buyers who want detached properties without the maintenance hassles.

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U.S. 10-Year Notes Headed for Biggest Weekly Drop in Four Years

Bloomberg (04/18/08); Worrachate, Anchalee

With traders lowering their wagers on how far the **Federal Reserve** will slash interest rates, U.S. Treasury **10-year notes** are headed for their biggest weekly decline in more than four years. Speculation is rampant that the Fed will reduce its target rate by **0.25 percent** at the end of this month rather than the 0.50 percent that traders expected a month earlier. **Nick Stamenkovic**, fixed-income strategist at **RIA Capital Markets Ltd.**, states, "A combination of signs that the financial market is stabilizing and hawkish comments from policy makers put Treasuries on the defensive this week. Bonds may fall further in the near-term, and I see that as a buying opportunity." Treasuries, meanwhile, rose earlier on speculation that **Citigroup Inc.** will post additional losses linked to U.S. subprime-mortgage defaults.

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MGIC Posts Loss, But Tops Views

Investor's Business Daily (04/18/08) P. A2

MGIC Investment reported a **loss of 41 cents per share** for the first quarter, which is less than economists' expectations of a **\$1.69 loss**. However, the biggest mortgage insurer in the country failed to meet expectations for revenue growth, despite climbing **14.6 percent** to **\$424 million**. Rising defaults are taking a toll, pushing claims to **\$691.6 million** from \$181.8 million during the

2007 first quarter.

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