

The Journal

Government & Community Affairs
Monterey County Association of REALTORS®

March 7, 2008

Investing In Your Future....

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Business License Tax Update

I wanted to bring each of you up to date on the City of Salinas Business License Tax issue. We have not stopped our efforts to reach a reasonable solution with the City of Salinas. The City Attorney waited until the last few days of the amnesty period to respond to the letter from our attorney. That letter followed our direct discussions with city staff.

Given that all the cities are in financial hardships, this may come up in other areas as well. I have spoken to Government Affairs Directors in other areas and they are beginning to see the business license tax reexamined by cities in their areas. We will be looking at the other MCAR cities' policy to see how their ordinance reads and creating a working group to assist. When completed we will have a matrix up on the MCAR Web site that you can refer to. Each individual broker and agent will need to make their own business decisions as to which cities they want to obtain a business license from. Remember, even though the ordinances vary, every city requires a business license.

Foreclosure Analysis Released



JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR



Today the Joint Economic Committee (JEC) released a state-by-state analysis showing that subprime mortgages in foreclosure have increased from the third to the fourth quarter last year in EVERY state, and prime mortgages in foreclosure have increased in all but two states (Montana and South Dakota). The JEC analysis of the Mortgage Banker's Association record-setting foreclosure data in the fourth quarter of 2007 is attached and can be found here: [New State by State Foreclosure Analysis](#).

www.jec.senate.gov

NEWS!!!

U.S. Mortgage Applications Rose Last Week: MBA

Reuters (03/05/08); Yoon, AI

The **Mortgage Bankers Association** reports a **3-percent jump** in its **mortgage application index** during the week ended **Feb. 29**, marking the first weekly gain in a month. **Refinancing** requests **climbed 4.5 percent**, up for the first time since Jan. 25, while **purchase applications rose 1.4 percent**. Experts attribute the increase in application volume to a **drop in the 30-year fixed** mortgage rate to **5.98 percent** from 6.27 percent the prior week.

[\(More\)](#)

Court Protects Down-Payment Program

American Banker (03/05/08) P. 12; Hochstein, Marc

The U.S. District Court for the Eastern District of California has struck down a rule **adopted by HUD** in October that would prevent nonprofits from providing down payments **to low- and middle-income home buyers that ultimately are** reimbursed through home sellers. The ruling in the suit filed against HUD by Nehemiah Corp. calls for the agency to reassess the rule without input from HUD Secretary Alphonso Jackson. **Jackson's** remarks to the media during the 90-day comment period that the proposal was "a fait accompli" indicated that he had "an unalterably closed mind," the court agreed. Additionally, the ruling says, "Given that

Secretary Jackson was not actually involved in the initial rulemaking proceeding, disqualifying him from further participation in this matter will likely impose little or no burden on the agency."

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Bernanke Wants Banks to Rework Mortgages

Washington Post (03/05/08) P. D1; Irwin, Neil

Mortgage foreclosures are likely to continue for some time, **Federal Reserve** Chairman **Ben Bernanke** said on **March 4**. During a convention of **community bankers** in **Orlando**, the economist called on mortgage **lenders to reduce the principal owed** on certain loans; but he **did not say** that mortgage originators should be **forced to delay foreclosures** or that the **government should buy** problem loans. "Efforts by both government and nonprofit entities to reduce unnecessary foreclosures are helping, but more can and should be done," Bernanke said. He noted that mortgage **lenders** have been **willing to allow subprime borrowers** with adjustable-rate mortgages to **keep** their interest at **low starter rates** but **not to renegotiate the value of the loans; additionally, he said that about 1.5 million of these loans are scheduled to reset to higher rates in 2008.**

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Fed Likely to Cut Rates Sharply Again

Wall Street Journal (03/06/08) P. A2; Ip, Greg; Reddy, Sudeep

The **Federal Reserve** is likely to implement an **additional interest-rate cut** in a few weeks as the **housing downturn** and **credit crunch** continue to worsen, with the degree of the cut likely to be debated at a **March 18 meeting** of Fed policy makers. It is not likely that the Fed will consider a **three-quarter-percentage-point** rate cut in light of the current economic situation, unless markets or economic data show a marked degradation over the next two weeks. **Securing loans** is proving to be **more difficult** for **commercial property developers** and purchasers of **expensive homes**, and the threat of an "adverse feedback loop" increases the odds of a major recession. Federal Reserve Vice Chairman **Donald Kohn** warned last week that a greater-than-expected deterioration of the housing sector could lead to large r bank losses, "and lenders might further reduce credit availability."

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FHA, Relic of Past, Is Rebounding

Wall Street Journal (03/06/08) P. A4; Hagerty, James R.

The **Federal Housing Administration (FHA)** could play a key role in the government's efforts to bring some **stability** to the nation's housing market. The FHA has taken over a **larger share** of the market now that **Fannie Mae** and **Freddie Mac** have **imposed upfront fees on lenders** to guarantee their loans and have **increased down payments** in areas where home prices are falling. The agency has not changed the terms for the loans it insures, which have quickly become the only alternative for borrowers who can swing just a small down payment. Earlier in the week, **Federal Reserve** Chairman **Ben Bernanke** called for "greater latitude" for the FHA on terms for insuring refinanced loans so it could "help more troubled borrowers."

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14 California Counties get Maximum FHA and Conforming Loan Limit

Monterey County is at the top at \$729,750 for one unit for both FHA and Conventional. At this point in time, Conventional is only until year end. Counties that get the \$729,750 maximum for FHA loans are likely to get that same level for Fannie and Freddie mortgages, experts have said. HUD is expected to designate new Freddie and Fannie limits for other parts of the country too. The duplex limit is \$934,200, 3-unit is \$1,129,250 and 4-unit is \$1,403,400.

ALAMEDA	729750	934200	1129250	1403400
CONTRA COSTA	729750	934200	1129250	1403400
LOS ANGELES	729750	934200	1129250	1403400
MARIN	729750	934200	1129250	1403400
MONTEREY	729750	934200	1129250	1403400
NAPA	729750	934200	1129250	1403400
ORANGE	729750	934200	1129250	1403400
SAN BENITO	729750	934200	1129250	1403400
SAN FRANCISCO	729750	934200	1129250	1403400
SAN MATEO	729750	934200	1129250	1403400
SANTA BARBARA	729750	934200	1129250	1403400
SANTA CLARA	729750	934200	1129250	1403400
SANTA CRUZ	729750	934200	1129250	1403400
VENTURA	729750	934200	1129250	1403400

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